CORPORATE GOVERNANCE AND PERFORMANCE OF PUBLIC BENEFIT ORGANIZATIONS IN MIGORI COUNTY, KENYA

BY

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DECLARATION

I declare that this research project is my original work and that it has never been submitted for award of any degree in any other institution of higher learning.

Sign……… … Date: 26/11/2021

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D61/6060/2017

I hereby confirm that this project was prepared and presented to the University of Nairobi for examination by Nancy Namasake under my supervision.

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DEDICATION

This work is dedicated to my sons Emmanuel Albert and Steve Stanley, my immediate family members, colleagues at UMB & MOH - Migori, and friends for support, inspiration and peace of mind during the time of my studies. To my children, nephews, nieces, siblings, the current and future generations, may this act as a motivation to strive for greater achievements in future.

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May the Almighty God bless you all.

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ABSTRACT

The concept of corporate governance among corporate entities has recently received a lot of attention due to an increase of scandals and crises globally. The contribution made by public benefit organizations to good governance has effected growth in economy as well as several social background aspects. However, PBOs within Migori County have continued to face many challenges in the implementation process of good governance practices. This has led to wastage of resources on formulation of plans of great governance which can give their counterparts a competitive edge. The intetion of this research was to determine the influence of corporate governance on performance of public benefit organizations operating within Migori County. The study was underpinned on stakeholder theory, resource dependency theory, together with agency theory which helped in prediction of the relationship that existed between variables. The present research was experimental and employed use of longitudinal research design. The study was interested in carrying out a survey on all the 36 PBOs operating in Migori County as at the time of study.The present research involved use of secondary data which was drawn from the annual reports and available records for a period of two (2) years 2019 and 2020. Collected data was analyzed through use of descriptive and inferential statistics. The findings revealed that board size and board composition individually influenced organizational performance of PBOs significantly. The results of the joint effect indicated that only board composition was found to influence organizational performance of PBOs in Migori County. On contrary, board independence and board size were not found to significantly affect organizational performance in the joint effect.The study therefore, concludes that corporate governance has an impact on the organizational performance of public benefit organizations. Thus, recommending that the board of directors, shareholders and owner managers of PBOs should review the structures of corporate governance regularly.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Governance among various organizations has recently received a lot of attention due to an increase of scandals and crises (Awino, 2011). More so, such issues of corporate governance raised in various sectors has led to privatization of many organizations which were previously in the hands of the state (Claessens, 2012). Many PBOs tend to serve the interests of the public and this has raised the need to improve corporate governance practices. International network has increased and this has led to many cross-border issues in corporate governance (Singh, Sethuraman & Lam, 2017). Organizations with good practices of corporate governance tend to do well as compared to those that do not manage well their corporate practices (Donaldson, 2003). The absence of good practices of corporate governance practices can be the main cause for failure of many well performing firms (Scarborough, Haynie & Shook, 2010).

The theories on corporate governance are used by researchers because of their applicability to the corporations of the modern world as well as private property. The current study therefore is majorly anchoring on agency theory (Elisenhardt, 1989). "The theory relates two parties, namely the principal who in this case are the investors/shareholders and the agent who include managers of PBOs and their representatives." This shall be supported by resource dependency theory (Lawrence & Lorsch, 1967) that addressed the issue of why firms outperform others based on availability of resources (Freeman, et. al., 2004). The research further focuses on stakeholders' theory which helps in identifying the phenomenal problems facing firms in modern times especially the incorporation of the aspect of corporate governance.

The contribution made by Public Benefit Organizations (PBOs) to good governance has effected growth in economy as well as several social background aspects. Many investors and/or shareholders seem not to have much confidence in their managers and this has led to poor performance, and low market value. Nonetheless, with the presence of globalization, there exists greater deterioration with limited control from government which eventually leads to a high accountability need (Crane & Matten, 2007). Therefore, the presence of corporate governance in Public Benefit Organizations is an important aspect in their operations.

1.1.1 Corporate Governance

The facet of corporate governance is used a reference to a system used in directing and controlling organizations so as to help in achievement of their goals (Cadbury Committee 1992). The KPSGT (1999) defines corporate governance as a way of exercising power in the managements of socioeconomic resources for the achievement of sustainable human developments. The systems of corporate governance can be viewed from the economic perspective, from whose aim is optimizing investors/shareholders' interests through improving their business for economical betterment. The concept of corporate governance has proven to be a wide and diverse subject. Majorly this concept deals with accountability issues concerned with enhancement of guidelines and mechanisms of execution (Nambiro, 2007).

Governance for better performance in non-profit organizations can be taken as a process of leadership provision, giving directions, as well as ensuring accountability for a given not for profit organization. An organization practicing good corporate governance tend to do well as compared to those that do not manage well their corporate practices (Donaldson, 2003). The corporate governance subject matter has also gained dominance in the policy agenda among the economies of developed countries more specifically, within larger companies. Subsequently, corporate governance is increasingly becoming a point of focus among the policy agenda of many African countries. In fact, there exist an ongoing argument on the corporate governance statements based on an assertion of the crisis of Asian countries together with poor performance among the African corporate sector (Kyereboah-Coleman, 2007).

Siele (2009) indicated that corporate governance can be measured by board independence whose indicators are based on various organizational committees such as executive, risk management, credit as well as audit committees. He further stated that organizations with independent boards have higher chances of performing better yielding high margins of profitability and bigger dividends. Thus, he gave a suggestion that board independence should be linked to other measures of corporate governance. The viewpoint of Renz (2007) articulates that the aspect of corporate governance should be measured based on board composition. Moreover, Tanna, Fotios and Matthias (2008) measured corporate governance based on board size and composition where board size was determined through "total number of directors and total number of" management committee members.

According to Singh (2005), investor goodwill and confidence is generated through good governance. The benefits that are brought about by good corporate framework within the firms include: betterment in performances of organizations, giving favours to entire stakeholders, reduce capital cost, as well as high chances of accessing finances. However, risky to operations patterns and poor organizational performance can be brought about by weak corporate governance. Becht, et. al. (2002) on the subject of corporate governance indicated that relevance growth among organizations has been hindered due to a number of scandals reported in the corporate world, the impact of privatization, lack of proper regulations on capital markets, and the reforms on pension funds as well as the development experienced by institutions in private sector. This study measured corporate governance through determination of the board size, the board diversity, and board independence.

1.1.2 Organizations' Performance

The definition of performance puts it as an umbrella that hosts various ideas which include quality, efficiency, transparency, production, as well as being accountable. Performance of organizations can be assessed through creation of indicators of performance together with collection of information that relates to such indicators (Dolton, Jacobs & Dalton, 2006). Teelken (2008) measured performance of not for profit organizations through four indicators in evaluation of their operations and these are: efficacy, efficiency, economy, and effectiveness.

Carman (2007) postulated that the main performance indicators by PBOs should include and not limited to incorporation of fundraising, audits, efficiency, costs, effectiveness, as well as beneficiaries' satisfaction. In the same context, Fine and Snyder (1999) stated that performance in PBOs should be measured based on identification and assessment of indicators that mainly focus on effectiveness and efficiency. Benjamin and Misra (2006) highlighted inputs, outputs, outcomes and impact as the measurement of PBOs' performance. Moreover, Performance within such kind of organizations should be linked to the budgetary systems from within because they are considered to be fundraising-oriented.

PBOs can guarantee their success through development and implementation of effective management systems which can be used to control and measure their performance (Moxham, 2010). The performance of these organizations are managed and evaluated via various perspectives, taking into consideration the agenda of donors, the internal effectiveness, the number of programs and/or projects being undertaken, as well as the needs of beneficiaries (Thomson, 2010). Nonetheless, the nature of environment in which the PBOs operate in, forces them to enhance their strategies and to assess their performance (Epstein & McFaralan, 2011). Indeed, this kind of working environment tends to be dynamic and riskier and therefore, one of their key aspect of their effectiveness in performance is to meet the demands of their respective stakeholders (Kareithi & Lund, 2012).

1.1.3 Public Benefit Organizations

Public Benefits Organizations (PBOs) can be defined as "institutions that are in charge of providing welfare, humanitarian and development services like healthcare, belief or philosophy, land and housing, cultural, education, religion, environment, conservation, and animal welfare, provision of funds, research, assets or other resources not excluding consumer rights to the public for free or at a subsidized cost especially in hardship areas and to disadvantaged" (Waters, 2009, p. 15). Perkins (2005) referred a PBO to an agency without governmental controls or restrictions but can receives aids and donations from well-wishers, national and international agencies with an aim of carrying out poverty alleviation programmes on humanitarian sectors.

According to a survey carried out in the USA encompassing eight hundred firms, it was reported that about 75% of the PBOs were found to have been affected by the then reduction in the donor funding (Renz, 2010). Approximately 61 percent of public benefit organizations were found to depend on Federal governments funding who were then found to experience funding cuts and about 48% of the PBOs that depended on funding from different foundations, experience a decrease in accessibility of such funds (Brulle, 2014). Furthermore, Vaceková and Svidroňová (2016) reiterated that PBOs operating within Europe were as well found to grapple with challenge of financial sustainability and some of them were reported to be depending much on the Structural funding of European. Furthermore, Wood (2016) stated that PBOs in Africa are operating amidst being faced with numerous challenges. According to USAID report (2019) major challenge PBOs in Sub Saharan Africa to be sustainability index which included legal hurdles like denial of registration, being restrained on the amount to be received from foreign funding, poor infrastructure, lack of transparency, poor governance, lack of accountability, as well as donor dependency.

PBOs in Kenya became vibrant in the year 1960s due to the fact of government promoting development within the grass roots and having action to spearhead social and economic growth, and this kind of philosophy denoted “harambee” (Nganga, 2013). Most of the PBOs operating in various counties across Kenya tend to serve the marginalized communities and disadvantaged, however they are found to grapple with the challenge of financial sustainability because of the decline in donor funds brought about by various factors including changing donor priorities, economic recession, reduction in number of stakeholder who are involved in various phases and/or stages of project (Osano, 2016).

1.2 Research Problem

Governance for better performance in non-profit organizations can be taken as a process of leadership provision, giving directions, as well as ensuring accountability for a given not for profit organization. An organization practicing good corporate governance tend to do well as compared to those that do not manage well their corporate practices (Donaldson, 2003). The corporate governance subject matter has also gained dominance in the policy agenda among the economies of developed countries more specifically, within larger companies. Subsequently, corporate governance is increasingly becoming a point of focus among the policy agenda of many African countries. In fact, there exists an ongoing argument on the corporate governance statements based on an assertion of the crisis of Asian countries together with poor performance among the African corporate sector (Kyereboah-Coleman, 2007).

PBOs operating within the County government of Migori have made significant impact in the societal and fiscal growth of the county and nation at large. Their interventions fill the humanitarian and development gaps that exist because of the limited capacity of the Government. However, PBOs within Migori County have continued to face many challenges in the implementation processes towards practices of proper management (Hamid, 2010). Despite the fact that most of them understand the benefits that come along with fully implementation of such systems, they seem not to have put into place proper and viable ways to actualize such implementation. This has led to wastage of resources on formulation of plans of great governance which can give their counterparts a competitive edge. Some of the PBOs in operating in Migori County are not aware of whether management plans of the organizations are implemented or not. Donors, then again, have surveyed subsidizing approaches, wanting to work in alliances and financing just with those PBOs with proper governance.

The nexus of corporate governance towards performance of firms have been widely examined both internationally and locally. Internationally, Meyer (2013) examined corporate governance and investment in public benefit organizations. He analyzed financial and social returns and reached to conclusive resolution that the aspect of corporate governance is a key driver in the institutions that offer financial services. Taiana (2012) focused on financial performance in socially responsible investment and indicated that microfinance banks play a major financial role. Nelson (2011) studied on performance of Microfinance banking institutions and recommended for a study to evaluate corporate governance. Adhikary (2014) evaluated financial performance of microfinance banks and outreach to the poor and indicated that capitalization and better liquid position enhance profitability. In their study whose title was based on the association which governing of corporations has on their performance financially in

Tehran, Manafi, Mahmoudian and Zabihi (2015), found out that managerial ownership, shareholding, and duality of Chief Executive Officer (CEO)'s tasks, had a negatively but significant influence on financial performance. However, only ownership of institutions was influencing financial performance positively.

Locally, Mirero and Mutua (1985) did an estimation establish the lesson microfinance banks was to learn from the "Grameen Bank's Credit Model" and discovered that institutions lacked proper structure for loan disbursements and collection of repayments; Kamau (1992) provided a credit training manual. Wainaina (2003) researched on the practices corporate of governance as experienced in the Microfinance banks in Kenya." Mwololo (2011) on corporate governance strategies established that financial incentives as a form of corporate governance strategy do not affect stakeholders' returns. banks. Gevera and Ayuma (2014) evaluated the effects of corporate governance on the social-economic standards of microfinance banks and concluded that more women use Micro Finance Institutions than men and personal development is the main driver.

All these studies have contributed a lot among others to the available literature on corporate governance and organizations' performance. However, their findings have revealed lack of consensus as some found positive relationship (Meyer, 2013; Nelson,2011; Adhikary, 2014), while others registered negative effect (Tehran, Manafi, Mahmoudian & Zabihi,2015; Mwololo (2011). Moreover, due to context disparities, their finding cannot be generalized to the Kenyan setup. None of them established the perceived linkage existing within corporate governance being the predicting variable and performance being the target variable in public benefit organizations. This therefore posed a question: what influence does corporate governance have on performance of PBOs in Migori County?

1.3 Research Objective

The study's objective was focused on determining the influence of corporate governance on performance of Public Benefit Organizations operating within Migori County.

1.4 Value of the Study

The research findings are of boundless importance on policy makers towards formulation of viable rules and regulations governing operations of PBOs in Kenya and specifically those in Migori County. Valuable information on the concepts of corporate governance and performance among Public Benefit Organizations to be drawn from the outcomes of this research can serve as a guideline which can help the policy makers in coming up with workable legal mechanisms and policies that can help in steering the operations and growth of PBOs.

The research findings have given insights which can help in improvement and facilitation of the management and staff of PBOs in making sound decisions with regarding how corporate governance had influenced the performance of organizations. The research has as well provided invaluable information on how corporate governance has impacted performances of various organizations. The positive relationship in the findings has an indication that managers of PBOs should adopt best corporate governance practices to better their performance.

This study has also drawn invaluable contribution on theoretical viewpoints and empirical studies in that it provided information on the field of corporate governance. The conclusions and recommendations arrived at by the study is useful to theoretical underpinning the linkage between variables under investigation within the Public Benefit Organizations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gave an evaluation of literature on the constructs under investigation. An analysis of theories that were used to predict the relationship of variables in the current research is also provided. The chapter as well narrates various empirical studies focusing on past researches in relation to the subject being investigated. Thereafter, the chapter ends by providing a conceptual model illustrating the relationship of the variables of the study. Survey

2.2 Theoretical Framework

Various theoretical models have been used in attempt to explain the linkage of the variables under investigation. Therefore, the part of theoretical review presents theories that informed this study and which were related to subject under investigation. These included: stakeholder theory, resource dependency theory, together with agency theory. Agency theory comes in hand as it separates organization ownership structure from the management structure (Jensen & Meckling, 1976). This integrates well with the stake holder's theory which still incorporates the shareholders but also other players such as business environment and employees (Freeman, Wicks & Parmar, 2004). The two aforementioned theories have a shortfall of addressing the issue of corporate governance and organization performance based resources (Donaldson & Davis, 1991). That is why the resource dependency theory was involved to support the agency and stakeholders' theory. These theories are therefore recognized by many organizations which are managed by professional agents/managers who dependent on the resources found in organizations and therefore being accountable to their respective shareholders in current competitive time.

2.2.1 Agency Theory

It deals with aspect of relating two parties such as managers and principal (Elisenhardt, 1989). This theory examines aforementioned connection starting with a behaviour and a structured perspective indicating that in case of an open opportunity, agents have a possibility of behaving in a self -interested manner, thereby conflicting the interests of their respective institutions (Wiseman, cueva-Rodriguez & Gomez-mejia, 2012). Cruz, Gomez-Mejia and Becerra (2010) further assert that the structural and strategic mechanisms are enacted by institutions to curb and better align the parties' interest.

Berle and Means (1932) bickered that this theory is relevant to the subject matter since it hypothesizes corporate governance as being a necessity in ensuring mitigation of problems realized between the principal and agent. The challenges rising in relationship between principal and agent can be seen as impossible for principals only to be able contract all the activities of an organization to agent (Bonazzi & Sardar. 2007). This means that the ideal contract is impossible due to bounded rationality. In this study, agency theory is used to align the respective corporate responsibility to microfinance banks' financial performance. The board together with other decision team(s) follow the institutions they act for bringing out strategies and decisions that enhance financial performance (Wiseman, et al., 2012).

2.2.2 Stakeholder Theory

The stakeholders' theory was founded in the year 1984 by Freeman. This theorist described stakeholder's concept based on individuality or on various groupings affecting achievements of organizations in relation to their goals and objectives. Kaler (2002) gave two dichotomous views on stakeholders' theory, the first being the claimant definition and the second one was based on the influencer definition of what it is to be a stakeholder. In this case, the claimant could be the university owners and the influencers are the university leadership. On the other hand, Clarkson, (1995) described stakeholders as an individual or a group of people who can be referred to as heirs through organizations' rights and ownership.

The theory of stakeholders has three major concerns. Firstly, the accuracy of description and the interaction between the firms, stakeholders and managers; secondly, it takes into account the interests of stakeholder linking to instrumental power with assumption that managers desire to maximize the firms' objective functions; thirdly, it prescribes what managers ought to do. The dimensions can further be categorized into two approaches. First one being regrouping the instrumental and descriptive stakeholders' dimension, referred to as "analytical approach" of stakeholders' theory. Secondly, regrouping the metaphoric and normative dimensions referred to as the narrative approach (Donaldson & Preston, 1995).

2.2.3 Resource Dependency Theory

This has been found to a vital tool which can be used in describing the motives as to why various institutions outperforms others by offering limitation guidance on norms to both stakeholders and the management (Freeman, 198). In principality, the examination of this theory can be typically articulated in collectiveness where it can be applied on any available resource of the company (Butler, 2001). The extensive generalization can either strengthen as well as a weaken an organization. Many organizations tend to have very limited resources and at the same time few substitutes, therefore, forcing them to imitate much in effort to explore available opportunities that helps in enhancing the company's sustainability and making them remain relevance and competitive (Barney, 1991).

The resource based view can help Public Benefit Organizations to come up with strategies that emphasize on good governance and performance based on their best capabilities. Performance value added, is what these organizations need beyond the donations or initial capital invested. Moller and Broderick (1998) articulates that the RDT is of great importance to running of PBOs since it helps them understand their resources which support directly and/or supplement the strategy of positioning the organization.

2.3 Empirical Literature Review

The good governance rules of can be determined by best practices recommended dealing with limitations in systems of governance with aim of transparency and accountability improvement within directors and top managers (Abdullah, 2004). Among many legal systems, good governance principles seem not to have a legal basis that is specific without being bound legally. Therefore, there is general enforcement set aside for external market forces and the board of directors.

As a result, the study by Fernandez-Rodriquez et al. (2004) made a suggestion that most firms react in a positive manner and are able to comply with the existing principles and codes. The substances that form the foundation of these principles and guidelines were found to have a strong influence from corporate governance and practices. In particular, this could be because they address the important aspects of governance like the board structure, board composition, equality of shareholders, law compliance, interests of stakeholders, compliance with the law, directors and managers being accountable, as well as reporting on non-financial and financial matters being done in transparent manner (Abbott, et. al., 2003).

Contrary to that, the guidance of theories in the management codes has encouraged the board of directors of several firms to participate fully in taming the conduct of top level management. More specifically, most practitioners and scholars recommended increment of the number of independent directors as well as non-executives, (differentiating the roles of CEOs and Chairmen). Therefore, it was necessary to introduce these practices so as to prevent problems of governance, hence increasing performance of firms (Jensen, 1983).

2.3.1 Board Size

Board size comprises of all directors both executive and non-executive so long as they are selected on a given organization’s board (Agoraki, Manthos & Panagiotis, 2009). The conclusion made by most findings indicate that bigger board size tends to benefit more and therefore, when the number of board members increases it leads to increase in the performance margin of a given firm since an increase in number of members of board, the greater chances of a firm being able to advice, monitor, and expand external business networks (Beasley, 1996). In order to incorporate major skills and viewpoints, the size of organization board has to be big to facilitate active participation from all members and should be small enough to necessitate functions of the meetings to run well.

Brass (2010) stated that the tendency of number of directors affecting companies' performance is basically based on performance on an organization. The scholar measured board size based on committee members, the entire management staff members as well as total number of directors. A study conducted by Kalsie and Shrivastav (2016) realized that that board size influenced firm performance positively. Furthermore, research by Xi, et. al (2014) realized that board size had a statistically influence towards bank performances.

2.3.2 Board Independence

The aspect of board independence provides possibly better scrutiny and accountable operations, since they tend to have low likelihood on subjective principal-agent challenges. The various measures of board composition include number of independent members who serve in various committees, such as corporate governance and nominating committee, audit committee, supervisory committee, human resource committee, and strategy committee, etcetera (La Porta et al., 1999).

The studies on the impact of corporate governance conclude that the presence of board of directors strongly influences performance of organizations. A research done by Zubeltzu-Jaka, Ortas and Álvarez-Etxeberria (2019) discovered a significant positive relationship between boardroom independence and accounting. It further revealed a negative impact between boardroom independence and corporate financial performance based on market measures

2.3.3 Board Composition

Most directors of organizations are classified either as "executive" or "independent non-executive" directors. According to Beasley, et. al. (2000) and Tian and Lau (2001) noted that believe by many organizations that the person to chair the BoD must also be a director, has increasingly gotten much boost as one of the mechanism for internal governance. The concept of companies' Boards of Directors (BoD) being incorporated largely by external directors, with assumption of gaining independence from management, has been in existence (Kang, Cheng & Gray, 2007). These directors are supposed to reveal limited information with regard to directors of organizations as far as external stakeholders are concerned.

Consequently, researches which were involved in investigating the directors' composition discovered some difficult in comparison of organizations. Ajinkya, et. al. (2005) did not use the word "independence" but used the term "outside directors" in explanation to mean independent and not included in management. Wu (2009) did not find any significance associations existing in the proportions of board independent directors towards organizational performance. However, the study realized a noteworthy linkage between the aspect of ownership structure and firm performances. The results by Rampling, Eddie and Liu (2008) revealed mixed findings between universal boards structure in the legal systems of common law and that of dual boards.

2.4 Summary of Knowledge Gaps

Authors	Focus	Methodology	Findings	Knowledge Gap
Wu (2009)	Estimated the relationship between board composition and organizational performance	A quantitative study Researched on listed companies in China Analyzed data through correlation statistics	Found out that board size had a statistically but negatively correlated with firm performance. Ownership structure was positively associated with firm performance. On the other hand, the association between the boards' independent directors and firm performance was weak.	The study focused only on one aspect of corporate governance (board composition) and how it relates to organizational performance. The focus of current research was on three aspects of corporate governance namely:

				board size, board independence and board composition
Kalsie and Shrivastav (2016)	Analyzed the influence of board size on organizational performance	Focused on NSE Companies in India Used Panel Data (secondary data) Estimated firm performance based on return on capital employed (ROCE) as well as return on assets (ROA)	They found out that board size influenced firm performance positively	The current focused on PBOs in Migori County Measured organizational performance based on the ratio of target achieved/target set
Meyer (2013)	Corporate governance and investment in microfinance institutions.	Quantitative study Research tool used was a questionnaire	The findings indicated "that corporate governance is a key driver in the financial" performance of	The current study focused on PBOs in Migori County Will collect secondary data

			the microfinance banks.	
Zubeltzu-Jaka, Ortas and Álvarez-Etxeberria (2019)	Researched on board independence and firm Performance	Relied on a sample size of 126 Used regression estimations	Their research discovered a "positive relationship between boardroom independence" & accounting. The study further revealed a negative Impact between boardroom independence and corporate financial performance based on market measures	The estimated solely board independence and its effect on firm performance The present research included the aspect of board size and board composition

Rampling, Eddie and Liu (2008)	Board structure /composition and its influence on remuneration among institutional finances	Focused on two legal systems namely common law and codified law Collected data from listed public corporations ranging from 2000 to 2006 Used multivariate regression	The findings revealed a mixture of results	The research did tested only board composition but didn't include "the effect of board size and board independence"
Ouna 2014	The corporate governance practices and the efficiency of local agricultural nongovernmental organizations in Nairobi County	Focused on a sample size of 90 Used questionnaire Collected primary data	The findings revealed that the practices of corporate governance positively influences organization efficiency.	The study focused only on local agricultural NGOs in Nairobi County The current research is a survey of all

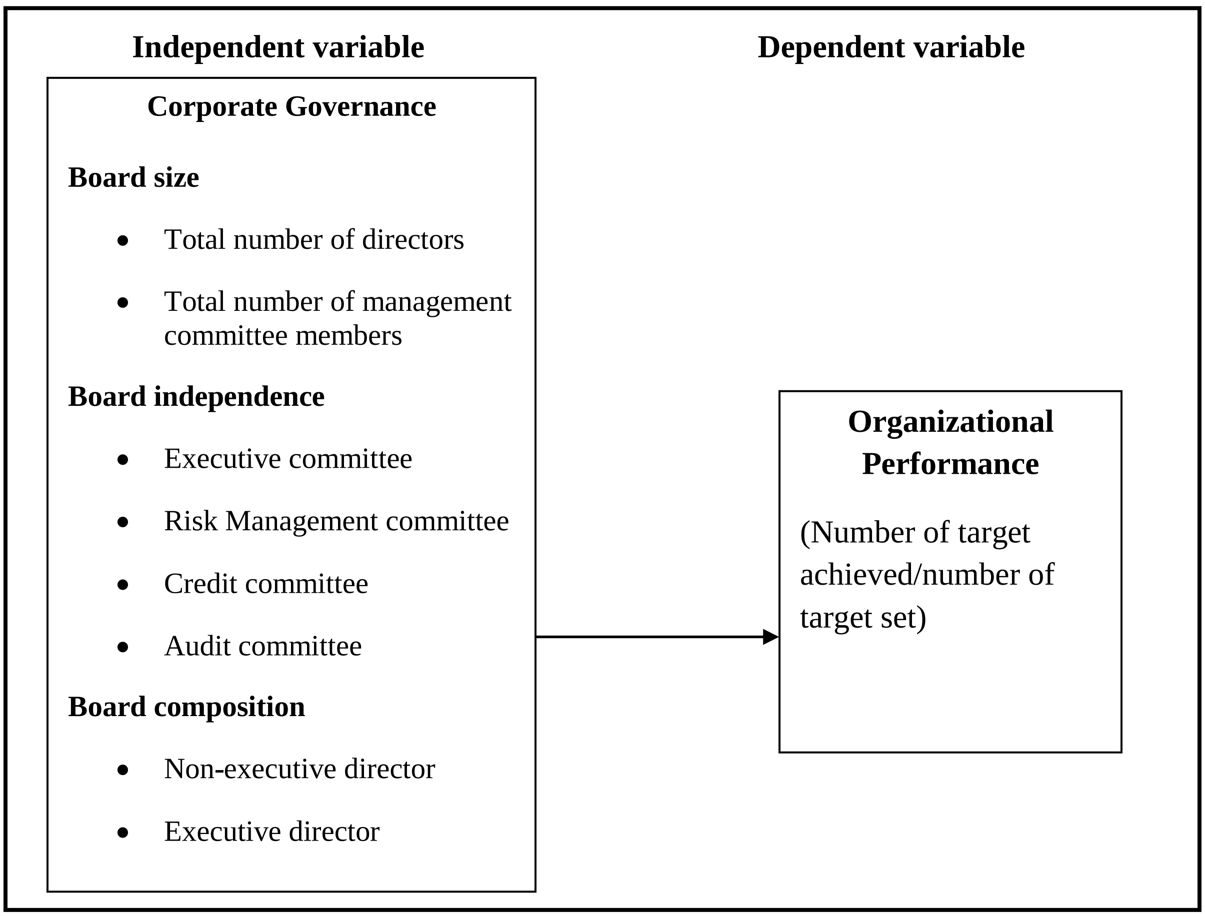
				PBOsoperating in in Migori County
Xi, et. al (2014)	Tested the “role of board size in corporate governance and firm performance”	Applied Pareto approach Carried out on banking sector of Pakistani. The study collected secondary data of between 2008-2012	Found out a “statistically positive relationship between board size and bank performance.”	Their research was conducted in Pakistan
Webi (2017)	The influence of board diversity on performance of NGOs	The study covered “both local and international NGOs in Nairobi County.” The study tested the variable of occupational diversity, professional	The study revealed a positive relationship between occupational diversity, professional networks/connections diversity, and age diversity	The current study is longitudinal and will collect secondary data based on the “three main aspects of

		networks/connections diversity, and age diversity Used questionnaire Collected primary data	towards organizational performance	corporate governance namely board size, board independence and board composition”

2.5 Conceptual Framework

The model provided in Figure 2.1 indicates the relationship that exists between variables under study. From this illustration of conceptual framework, the research assumed that there is a significant association between the predictor (corporate governance) and target (performance of PBOs).

Figure 2.1 Conceptual Model



Source: Author (2021)

Thus, this research, used the aspect of corporate governance as the independent variable measured based on board composition, board independence and board size. Board independence measured by executive committee, risk management committee, credit committee and audit committee. Board composition shall be number of non-executive directors and number of executive directors, while board size shall be operationalized through total number of directors and total number of management committee members. The model further provides dependent variable as organizational performance which shall be measured through a ratio of number of target achieved/number of target set.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The sections in this chapter highlight the methodological procedural steps followed in the current research. It pointed out the research design followed, target population of interest, tools used for data collection and provided procedures used in collecting data and eventually stated techniques used in data analysis.

3.2 The Research Design

The present research was experimental and employed use of longitudinal research design. Saunders, Lewis and Thornhill (2009) stated that research designs can either be non-experimental or experimental. According to Kothari (2011), the method tends to gain a universal efficiency on the likelihood of its application towards gathering of data within a period of time. The technique deemed fit since it can enable broad collection of data in various categories (Saunders, Lewis & Thornhill, 2016).

The technique was therefore quite fit for the present study, since the information to be collected from Public Benefit Organizations in Migori County is based on duration of time as indicated in their annual reports. This data will assist in description of the patterns of aspects of corporate governance under investigation and their relationship with firms' performances.

3.3 Population of the Study

The study was interested in carrying a survey on all the PBOs operating in Migori County. In totality, the county had thirty-six (36) Public Benefit Organizations registered and licensed to operate in the county by the PBO coordination Board (see appendix II). These PBOs have ownership foundations where some are locally owned, others are foreign owned while some of them are owned both locally and internationally.

These organizations are established to give service to the public, as they support social cohesion, community development, and forbearance in societies; they support respects towards the rule of law, promote democracy, and provide mechanisms of accountability contributing towards improvement of governance (GoK, 2017). They offer services in various sectors including health sector, agricultural sector, education, among others. Their key role is to eradicate poverty, enhance literacy level as well as improve people's health and standard of living. Therefore, there being thirty six (36) PBOs in Migori County, the present study was a census of all the PBOs which were in operation in Migori County as at the time of study.

3.4 Data Collection

The present research involved utilized secondary data. The data was drawn from the annual reports and available records of the Public Benefit Organizations under investigation. The data collected covered a period of two (2) years 2019 and 2020 for 36 PBOs. Thus, the study was expected to register 72 observations. Data collection instrument for this study was a data collection form which served as a guide on the type of data captured as indicated in Appendix I. The data identification was based on constructs of corporate governance and organizational performance. In this case, the data collected for dependent variable of the study (organizational performance), was the number of target achieved and number of target set annually.

The study further collected secondary data on aspects of independent variables which in this case were board independence where the study looked at the number of executive committee, risk management committee, credit committee as well as audit committee. Data on board composition included number of independent non-executive directors and number of executive directors. The study also collected data on board size which included all the committee members, the entire management and all the directors

3.5 Data Analysis

Once data is collected, it was edited in order to ensure consistency and comprehensiveness. Thereafter, it was analyzed through use of descriptive and inferential statistics. Descriptive analysis was employed in description of all the items from which data was collected in the study. This method helped in provision of simple measures and summaries of the sampled feedback. Descriptive aided in estimating the extent of practices of corporate governance and organizational performance among the PBOs in Migori County. Besides, inferential statistics helped in estimation of the linkage between predictor variable (corporate governance) and target variable (performance) of PBOs. The linear regression equation used by the present study was as illustrated below.

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Y - Organizational Performance

α - Autonomous factors (Constant)

X_1 - Board size

X_2 -Board independence

X_3 -Board composition

$\beta_1 - \beta_3$ was representations of coefficients of board size, board independence and board composition

ε - the error term

Each independent variable was tested against the dependent variables using correlation/regression to gauge the interrelations among the variables under investigation. For board independence, the study looked at the number of credit committee, audit committee, risk management committee, executive committee, as well as. The aspect of board composition the focus was on the number of independent non-executive directors and number of executive directors. Board size included all the committee members, the entire management and all the directors.

CHAPTER FOUR

ANALYSIS OF FINDINGS, PRESENTATION AND DISCUSSION

4.1 Introduction

The analysis of data collected was done in line with the methods highlighted in chapter three. The research findings and presentation chapter is comprised of reports on feedback rate, descriptive as well as inferential statistics included the testing of associations between variables as well as hypothesis of variables under study. The inferential analysis employed in the present study comprised of correlation and regression estimations. For regression analysis part, the study tested the individual effect of board size, board independence and board composition on organizational performance. Thereafter, the study estimated the combine effect of all the predicting constructs towards target construct.

4.2 Feedback Rate

Initially, the research intended to gather information from thirty-six (36) Public Benefit Organizations registered and licensed to operate in the county as at the time of study. This was based on a two-year period time (2019 and 2020) which translated to seventy-two (72) observations. Nevertheless, the researcher managed to get information from only thirty (30) organizations whose records were available for the study. This translated to 60 observations and a feedback rate of 83% compared to the six (6) PBOs whose records were unavailable with 17% as indicated in Table 4.1.

Some organizations whose records were unavailable cited that they required to be given more time because they had a busy schedule while others clearly stated that such data was confidential only to be accessed by their senior management. Zikmund, Babin, Carr & Griffin (2010) indicated that a response rate of seventy percent (70%) and over to be excellent for analysis and making conclusions. For that reason, the feedback rate for this study was deemed excellent and adequate for further analysis.

Table 4.1: Distribution of Response Rate

Responses	**Frequency (n)**	**Frequency (%)**
Available records	30	83
Unavailable records	6	17
Total	**36**	**100**

Source: Author (2020)

4.2 Descriptive Statistics

This sub-section gave a description of the outcomes given from the analysis of the study variables. The organizational performance as dependent variable was based on a ratio of number of targets achieved / number of targets set. The independent variables included board independence whose basis of analysis relied on the composite value of credit committee, risk management committee, audit committee, and executive committee. In addition, the composite value of board size calculated from the average value of total number of directors and that of total number of management committee members. Ultimately, board composition included a composite value of number of non-executive directors and number of executive directors realized. The results provided in Table 4.2

are for descriptive analysis of the aforementioned variables. From the output given, means and standard deviations were used as a measure of central tendency and as measure of deviance of values, the lowest and the highest values were represented in terms of minimum and maximum for the period of two years under study.

Table 4.2: Descriptive Statistics

Constructs	N	Minimum	Maximum	Mean	Std. Deviation
Organizational Performance	60	.02	.95	.7171	.27158
Board independence	60	1.00	6.75	1.8583	2.04109
Board size	60	4.50	29.00	9.2417	10.86609
Board composition	60	1.00	7.50	2.6167	2.83197

Source: Research Analysis (2020)

From the output given, it can be deduced that the entire thirty PBOs in a period of two years had a minimum performance ratio of 0.02 and a maximum ratio of .95 with a mean ratio of .7171 and standard deviation ratio of .27158. This has indication that the lowest performance in two years of study for not for profit firms under investigation was 2% while the highest performance was at 95%. On average, the performance of the entire organizations in two years was 72%. The executive committee, risk management committee, credit committee and audit committee had minimum of 1 person and a maximum number of 7 people in those committees. These results further indicated that all the thirty public benefit organizations under study had an average of two (2) committee members within the stated period of two (2) years.

The minimum composite value of board size is 5 people with the maximum number of members being 29 members. The total number of directors together with total number of management committee members produced an average of 9 members at the time period ranging from 2019 – 2020. Accordingly, board composition of all the public benefit organizations under study produced a minimum composite value of 1.00 and a maximum value of 7.50. On average, the boards were composed of three (3) members.

4.3 Correlation Analysis

From the findings provided in Table 4.3, it can be construed that board independence is not statistically associated to organizational performance since it provided an *r* value of .226 and *p* value of .082. It can further be shown that board size has a positively association towards organizational performance with an r value of .334, p value of .009. In other words, a unit increase in board size of public benefit organizations is statistically associated with 33.4% increase in organizational performance. Similarly, board composition has a positive association with organizational performance ($r = .437$ and $p < 0.05$). Which can also be interpreted as, a unit increase in the number of executive and non-executive directors can be associated with 71.7% increment in organizational performance.

Table 4.3: Pearson's Correlation and Significance Test

Variables		Organizational Performance	Board independence	Board size	Board composition
Organizational Performance	Pearson Correlation	1	.226	.334**	.437**
	Sig. (2-tailed)		.082	.009	.000
	N	60	60	60	60
Board independence	Pearson Correlation	.226	1	.775**	.709**
	Sig. (2-tailed)	.082		.000	.000
	N	60	60	60	60
Board size	Pearson Correlation	.334**	.775**	1	.903**
	Sig. (2-tailed)	.009	.000		.000
	N	60	60	60	60
Board composition	Pearson Correlation	.437**	.709**	.903**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	60	60	60	60

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

Source: Research Analysis (2020)

4.4 Regression Analysis

This sub-section contains the results on regression analysis used by this study to estimate the relationship between predictor variables (board independence, board size and board composition) and target variable (performance of PBOs). The study started by testing the individual effect of independent constructs on dependent one and thereafter, estimated the joint effect of all the predictors on dependent.

4.4.1 The Effect of Board Independence on Organizational Performance

Table 4.4 has the findings of the regression model testing the linear relationship between the board independence and organizational performance. The results of the model summary indicated an R^2 value of .051. Meaning that board independence alone can explain only 5.1% of the variation in organizational performance within the PBOs in Migori County.

The estimations of ANOVA results provided regression sum square of .220 with equal regression mean square. The residual sum square was 4.080 with a mean square of 0.070. In addition, the results further presented an F- test value of 3.124 accompanied by a weak p value of .082. This would imply that we fail to reject the null hypothesis that board independence has no effect on organizational performance of public benefit organizations since the error we make by doing so, is >5%.

Table 4.4: Effect of Board Independence on Organizational performance

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.226[a]	.051	.035	.26524
a. Predictors: (Constant), Board independence				

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	.220	1	.220	3.124	.082[b]
	Residual	4.080	58	.070		
	Total	4.300	59			
a. Predictors: (Constant), Board independence						
b. Dependent Variable: Organizational Performance						

Coefficients[a]								
		Unstandardized Coefficients		**Standardized Coefficients**			**95.0% Confidence Interval for B**	
Model		**B**	**Std. Error**	**Beta**	**T**	**Sig.**	**Lower Bound**	**Upper Bound**
1	(Constant)	.658	.046		14.159	.000	.565	.751
	Board independence	.030	.017	.226	1.768	.082	-.004	.064
a. Dependent Variable: Organizational Performance								

Source: Research Analysis (2020)

The output on beta results indicate that board independence has insignificance influence on performance of PBOs in Migori County having shown a coefficient value of 0.030, backed up with a weak *t* value of 1.768 and a $p > 0.05$.

4.4.2 The Effect of Board Size on Organizational Performance

The results on the "effect of board size on organizational performance" of public benefit organizations are as displayed in Table 4.5. The model summary results produced an R^2 value of .096. This means that board size of PBOs have ability of explaining9.6% of the changes in organizational performance. The estimations of ANOVA results provided. In addition, the results further presented an *F*- statistics of 7.273 with an acceptable $p < 0.009$. This has an implication that the study rejects "the null hypothesis that board size has no effect on organizational performance" among public benefit organizations in Migori County.

In addition, the results of beta coefficients indicate that board size can statistically influence performance of public benefit organizations. This is because this construct provided a positive coefficient value of .009 and *t* value of 2.697 and an acceptable a strong *p* value of .011. In other words, "a unit increase in the number of board size," has a high chance of increasing the performance of a given PBO by 1.1%. A study by La Porta, et al. (1999) on the impact of "corporate governance" concludes that the presence of board of directors strongly influences performance of organizations.

Table 4.5: Effect of Board Size on Organizational performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
.334[a]	.111	.096	.25667	.334[a]
a. Predictors: (Constant), Board size				

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.479	1	.479	7.273	.009[b]
	Residual	3.821	58	.066		
	Total	4.300	59			
a. Predictors: (Constant), Board size						
b. Dependent Variable: Organizational Performance						

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.633	.045		14.165	.000	.543	.722
	Board size	.011	.004	.334	2.697	.009	.003	.019
a. Dependent Variable: Organizational Performance								

Source: Research Analysis (2020)

4.4.3 The Effect of Board Composition on Organizational performance

The outputs displayed in Table 4.6 are for testing the linkage of board composition towards performance of public benefit organizations. The model summary provided an R^2 of .191 which could imply that board composition is able to explain about 19.1 percent of the variance in organizational performance of PBOs in Migori County.

Table 4.6: Effect of Board Composition on Organizational performance

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.437[a]	.191	.177	.24496
a. Predictors: (Constant), Board composition				

ANOVA[b]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	.820	1	.820	13.664	.000[b]
	Residual	3.480	58	.060		
	Total	4.300	59			
a. Predictors: (Constant), Board composition						
b. Dependent Variable: Organizational Performance						

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.605	.043		13.976	.000	.518	.691
	Board composition	.042	.011	.437	3.696	.000	.019	.065
a. Dependent Variable: Organizational Performance								

Source: Research Analysis (2020)

The ANOVA estimations provided an *F*- statistics of 13.664 with an acceptable 0.000. This could mean that the null hypothesis that board composition has no effect on organizational performance of public benefit organizations is rejected." Furthermore, the estimation of beta coefficients revealed that board composition has a significant influence on the organizational performance of PBOs. The evidence provided indicates that this variable gave a positive coefficient value of .042 (t = 3.696) and a strong p value of .000.

4.4.4 Test of the Joint Effect of Board Independence, Board Size and Board Composition on Organizational Performance

The study further resolved to carry out the estimations for the joint effect of all the predictors under study on organizational performance of PBOs within Migori County and the results are as indicated in Table 4.7. The model produced an R^2 of .214. This can be simplified to mean that all the predicting constructs used in this study namely, board independence, board size, and board composition jointly can explain 21.4% in variance of organizational performance of public benefit organizations. It implies that there exist more factors besides those in this study which if included would improve the goodness fit of this model.

Table 4. 7: Joint Effect of Board Independence, Board Size and Board Composition on Organizational Performance

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.463[a]	.214	.172	.24562
a. "Predictors: (Constant)," Board composition, Board independence, Board size				

ANOVA[b]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	.922	3	.307	5.093	.003[b]
	Residual	3.378	56	.060		
	Total	4.300	59			
a. "Predictors: (Constant), Board composition, Board independence, Board size"						
b. "Dependent Variable:" Organizational Performance						

Coefficients[a]					
Model	**Unstandardized**	**Standardized**	**T**	**Sig.**	**95.0% Confidence**

		Coefficients		Coefficients			Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.616	.045		13.715	.000	.526	.706
	Board independence	-.013	.025	-.099	-.527	.600	-.063	.037
	Board size	-.008	.010	-.255	-.830	.410	-.028	.012
	Board composition	.071	.027	.737	2.673	.010	.018	.124
a. "Dependent Variable:" Organizational Performance								

Source: Research Analysis (2020)

The results of ANOVA highlighted production of a regression sum square of .922 and a regression mean square of .307." The model further provided a "residual sum square of 3.378 accompanied by a mean square of 0.060." It further gave an *F*- statistics of 5.093 and a recommendable *p* – value of .003. This means the study should "reject the null hypothesis that the relationship that exists "between corporate governance" and organizational performance" of public benefit organizations is not significant due to the fact that the error margin is less than 5% based on 95% confidence interval.

The beta coefficients estimations of the joint effect indicated that only "board composition was found to influence organizational performance" of PBOs in Migori given a beta coefficient of .071 (*t* =2.673) and a *p* – value of .010. this could as well imply that, a unit increase in the number of board composition increases the chances of bettering performance of public benefit organizations in Migori County by 7.1%. On contrary, board independence lacked noteworthy effect on organizational performance of public benefit organizations significantly, having provided a coefficient of -.013 (*t* – .527) and a *p* – value of .600. Likewise, board size does not affect organizational performance significantly. This argument can be supported by the results which display a coefficient value of -.008 (*t* - .830) with *p* – value weighing above the critical threshold of 0.05. The findings support that of Ouna (2014) that showed the practices of "corporate governance" positively influence organization efficiency. Furthermore, La Porta, et al. (1999) studied on the impact of "corporate governance" found out that the presence of board of directors strongly influences performance of organizations.

The new model is as follows:

$Y = .616 + .071X_3$

This therefore implied that out of the three predictor variables under study namely, board independence, board size, and board composition, only board composition was found to be statistically significant in influencing organizational performance within the public benefit organizations operating within Migori County.

4.5 Discussion of the Key Study Findings

The findings have shown that board size reported a positive relationship towards organizational performance. On this note, the study disclosed that a unit increase in the number of board size increases the performance” of PBOs in Migori County by 1.1%. This revelation is in line with that of Kalsie and Shrivastav (2016) who realized that that board size influenced firm performance positively. They further support that of Xi, et. al (2014) that found out board size having a statistically “positive relationship towards bank performance.” Nevertheless, these findings are contrary to that of Wu (2009) whose study realized that board size was negatively correlated to firm performance.

Still on individual tests of independent variables, board composition revealed positive on organizational performance. The findings contradict that of Wu (2009) who did not find any significance associations existing in the proportions of board independent directors towards organizational performance. However, the study realized a significant association between the aspect of ownership structure and firm performance. The findings by Rampling, Eddie and Liu (2008) revealed mixed findings between universal boards structure in the legal systems of common law and that of dual boards.

The results of joint effect of all the independent variables put together (board independence, “board size and board composition) on organizational performance, the study revealed that only board composition was found to influence organizational performance” of PBOs in Migori. The findings indicated that a unit increase in the number of board composition increases the chances of bettering performance of public benefit organizations in Migori County by 7.1% when they are incorporated with board size and board independence. Brass (2010) stated that the tendency of number of directors affecting companies’ performance is basically based on performance on an organization. A research done by Zubeltzu-Jaka, Ortas and Álvarez-Etxeberria (2019) realized a significant “positive relationship between boardroom independence and accounting.” It further revealed “a negative impact between boardroom independence and corporate financial performance” based on market measures

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the study summary of findings as outlined in chapter four. Conclusions were also made with focus on the results of the research as well as giving recommendations to be considered by the relevant authorities. Suggestions for further research are also given at the end of the chapter.

5.2 Summary of Major Findings

The summary of the study was done with focus on the main objective under study findings. This research's aim was determination of the influence of corporate governance on the performance of public benefit organizations in Migori County. This objective was achieved through use of three aspects of corporate governance which included: "board size, board independence and board composition" which were fitted in the study as independent variables. Contrariwise, organizational performance was employed in the study as targeted variable being estimated through a ratio of number of goals achieved / number of targets set.

The descriptive statistics have shown that the lowest performance ratio in two years of study for all PBOs under investigation was 2% while the highest performance was at 95%. On average, the performance of the entire organizations in two years was at about 72%. It was further revealed that that all the thirty public benefit organizations under study had an average of two (2) committee members within the stated period of two (2) years. The total number of directors together with total number of management committee members produced an average of 9 members within the time period ranging from 2019 – 2020. The boards were composed of three (3) members.

The correlation estimations disclosed that board independence did not significantly predict its association with organizational performance. It was as well revealed that a unit rise in board sizes of public benefit organizations is statistically associated with 33.4% increase in organizational performance. In addition, the findings showed that a unit increase in the number of executive and non-executive directors can be associated with 71.7% increment in organizational performance.

On the estimation of individual effect of independent variables on dependent, board independence was found to be able to explain only 5.1% of the variation in organizational performance within the PBOs in Migori County. However, findings of ANOVA showed that we fail to reject the null hypothesis that board independence has no effect on organizational performance of public benefit organizations since the error we make by doing so, was >5%. The outcomes on beta results indicated that board independence insignificantly influenced performance of PBOs in Migori County.

The estimation on the relationship that existed between board size and organizational performance revealed that the board size of PBOs in Migori County had ability of explaining 9.6% of the changes in organizational performance. Given an F- value of 7.273 supported with an acceptable $p < 0.009$ it was a clear implication that the study rejects the null hypothesis that board size has no effect on organizational performance among public benefit organizations in Migori County. It was therefore established that a unit increase in the number of board size, has a high chance of increasing the performance of a given PBO by 1.1%

Another aspect estimated was board composition still on organizational performance and the findings revealed that board composition was able to explain about 19.1 percent of the variance in organizational performance of PBOs in Migori County. The null hypothesis that board composition has no effect on organizational performance of public benefit organizations was rejected by the study in relation to ANOVA results. Accordingly, the estimation of beta coefficients revealed that board composition had a significant influence on the organizational performance of PBOs.

Tests of the joint effect of the entire set predictors under study including board independence, board size and board composition on organizational performance revealed that variables jointly explained 21.4% in changes of performance of public benefit organizations in Migori County. The null hypothesis that the relationship that exists between corporate governance and organizational performance of public benefit organizations is not significant was rejected. The beta coefficients estimations of the joint effect indicated that only board composition was found to influence organizational performance of PBOs in Migori. It was discovered that a unit increase in the number of board composition increases the chances of bettering performance of public benefit organizations in Migori County by 7.1%. On contrary, "board independence and board size had an insignificant effect towards organizational performance.

5.3 Conclusion of the Study

Generally, the survey came to conclusion that corporate governance has an impact of the organizational performance of public benefit organizations which were in operation in Migori County within the period ranging from 2019 – 2020. In the test of corporate governance, the study focused on board independence, board size and board compositions as independent variables and organizational performance to measure organizational performance.

The study therefore concludes that board size positively influences organization performance independently. However, when joined with other covariates it seems to lack noteworthy effect on firm performance. The size of a board matters in corporate governance since it seems an easy task to manage a large board in a given public benefit organization as it might lead to good performance of organizations. The argument is that PBOs having larger board sizes seem to have performed well as compared to those with small sizes. However, the issue of hidden costs also can surface to public benefits organizations with larger board sizes.

Furthermore, board composition was found to affect organizational performance of PBOs significantly. It is evident that the PBOs are therefore critically keen in selecting of non-executive and executive directors who seem to relate well with stakeholders, community where they serve, customers, and suppliers among others. On other hand, board independence not significantly influences organizational performance of public benefit organizations. Lack of significant association or presence of negativity impact on linkage of board independence and performance of organizations, can reveal danger in the performance of such organizations' independent directors. An organization can apply good governance not only because of bringing profit to that firm, but also to enhance corporate social performance. Public benefit organizations should exercise their corporate accountability to all their stakeholders.

5.4 Recommendations of the Study

It can be recommended as below:

The police makers should come up with viable rules and regulations guiding the management of the public benefit organizations on the recommendable number of committee members and composition of directors who should be innovative and creative. This will enable them save more expenses in terms of human resource.

The board of directors, shareholders and owner managers of PBOs should review the structures of corporate governance regularly to help in improvement and facilitation of the management and staff of PBOs in making sound decisions. The emphasis should be put on the aspect of board composition as it was found to contribute to improvement of performance of organizations. This will help in incorporating major skills and viewpoints and facilitate active participation from all members necessitating the functions of the meetings to run well.

Every board and committee members should be advised to observe their responsibility and ensure that they participate fully to the betterment of their respective organizations to help in achievement of their organizational goals and objectives.

5.5 Limitation of the Study

The study encountered various limitations based on concepts, context, resources and time. The current study was limited on determining the influence of corporate governance on performance" of public benefit organizations. The focus of the concept of corporate governance which was "used in this study as independent variable," was researched in limitation based only on the aspects of board size, board composition and board independence whereas organizational performance was measure as a ratio of number of target achieved/number of target set. The study only focused on public benefit organizations operating within Migori County as at the time of survey. This was due to limited time and resources available at the time of study.

5.6 Suggestion for Further Study

The achievement of this research is minimal citing time, finance and other resources. The study therefore tested corporate governance in relation to organizational performance among the thirty-six (36) public benefit organizations in Migori County. However, this kind of study can be extended to other regions in Kenya based on the larger scope and sample size. Such research will necessitate generalization of the findings on the concepts being investigated in line with the context surveyed on.

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APPENDICES

Appendix I: Data Collection Form

Name of a Public Benefit Organization (Optional) ……………………….…………

Variable	**Year**	
DEPENDENT VARIABLE	**2019**	**2020**
Organizational Performance		
"Number of targets achieved"		
"Number of targets set"		
Ratio of Number of targets achieved/Number of targets set		
INDEPENDENT VARIABLES		
Board independence		
Executive committee		
Risk Management committee		
Credit committee		
Audit committee		
Composite value of Board Independence		
Board Composition		
"No. of non-executive directors" (independent)		
"No. of Executive Directors"		
Composite value of Board Composition		

Board Size		
Total number of directors		
Total number of management committee members		
Composite value of Board Size		

Source: Researcher, 2020

Appendix II: List of PBOs Operating in Migori County, Kenya in 2021

1. Afya Halisi
2. Afya Ziwani
3. AIHA
4. AMREF Kenya
5. Blue Cross
6. CMMB
7. Fred Hollows
8. GIS
9. Health IT
10. IMC
11. Impact malaria
12. IMPACT RDO
13. Intra Health International
14. JHPIEGO
15. Jilinde

16. KCCB
17. KEMRI
18. Kenya Red Cross
19. Kenya Relief
20. KIWASH
21. KMET
22. LVCT Health
23. LWALA COMMUNITY
24. Mercy Orphans
25. NYARAMI VCT
26. PS Kenya
27. PTBi
28. RAPADO
29. St. Camillus
30. TCI –World Bank
31. Tupime Kaunti/PIMA/Palladium

32. UMB
33. UNFPA
34. UNICEF
35. We World
36. World Vision