EFFECTIVENESS OF CORPORATE GOVERNANCE PRINCIPLES ON THE PUBLIC EXPENDITURE OF KIAMBU COUNTY GOVERNMENT IN KENYA

Munga, E. M., Miroga, J., & Ngahu, S.

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 9, Iss. 1, pp 818 – 837. March 19, 2022. www.strategicjournals.com, ©Strategic Journals

EFFECTIVENESS OF CORPORATE GOVERNANCE PRINCIPLES ON THE PUBLIC EXPENDITURE OF KIAMBU COUNTY GOVERNMENT IN KENYA

[1] Munga, E. M., [2] Miroga, J., & [3] Ngahu, S.

[1] MBA Candidate, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Kenya
[2,3] Doctor, Lecturer, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Kenya

Accepted: March 11, 2022

ABSTRACT

This study examined the effect of corporate governance on public expenditure of Kiambu County Government in Kenya. This study was built on the underpinning theories, Stewardship Theory, Agency theory and institutional Theory. The study used descriptive research design. The target population of this study was 104 respondents comprising of internal auditors, accountants, finance officers, Directors of departments and Chief officers where Taro Yamane's proportional sampling technique formula was used to get a sample size of 83 respondents. Primary data was collected from respondents directly using self- administered structured questionnaires. A pilot study was done in the county government of Nairobi City which neighbors Kiambu County, the study area. Content validity was used to check instrument validity while reliability of the research instruments was tested by the Cronbach alpha test, which is a measure of internal consistency. Data collected was edited, cleaned, and coded; and then SPSS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while inferential statistics was computed; that is, Pearson correlation coefficient and multiple regression analysis was computed to find out whether there is correlation, linear and multiple relationship between the independent and dependent variables. The study found that majority of the respondent agreed that adoption of governance principles influences on the public expenditure of the County Government of Kiambu. The study also found that principle of accountability, transparency, integrity and fairness had significant influence on the public expenditure of the County Government of Kiambu. The study concluded that corporate governance principles significantly influenced the public expenditure of the County Government of Kiambu. The study recommended that Kiambu County executives offer themselves to appropriate external scrutiny concerning the management of county resources; that nomination of employees by the Kiambu County Executive should ensure that potential nominees are suitable to serve the county with expected integrity; that auditing of financial statements should be done regularly in the County Government of Kiambu; and that effective implementation of the principle of fairness should apply to increase the robust public expenditure of Kiambu County Government in Kenya.

Key Words: *Accountability, Integrity, Transparency, fairness, expenditure*

CITATION: Munga, E. M., Miroga, J., & Ngahu, S. (2022). Effectiveness of corporate governance principles on the public expenditure of Kiambu County Government in Kenya. *The Strategic Journal of Business & Change Management,* 9 (1), 818 – 837.

INTRODUCTION

The worst economic crisis in the world since the Great Depression of the 1930's was experienced in mid-2007, Maria and Amina, 2010). This crisis was characterized by the bankruptcy of manufacturing firms, decline in consumer wealth as well as the wealth of the affected nations and losses in global stock. What followed was a frenzy of activities geared towards restoring economies and enterprises. Governments and international economic bodies funded bailouts; an endeavor that was costly yet desperately needed at the time. Mergers and acquisitions became the lifeline by which some firms sailed through the crisis. Manufacturing firms were at the heart of the crisis as they grappled with credit and liquidity problems. Researchers and analysts have come up with several explanations as to why the credit crunch happened (Maria and Amina, 2010). A breach in corporate governance has been cited as one of the major causes of the credit crunch. It has been suggested that board members in most firms failed to understand and appropriately address the financial crisis, an indication of the breakdown of corporate governance. Since then, there has been a renewed interest in corporate governance.

Both the developing and the developed nations have emphasized upon corporate Governance Principles. According to Mousavi and Moridipour (2013), the conceptualization of Corporate Governance Principles is attributed to the Institution for Economic Co-operation and Development (OECD). Having a working system and practices that manage corporate governance in an institution is important as such will create room for establishing an enabling environment needed for doing businesses in the markets and hence competition (Pham, Yu & Agha, 2018).

Zimbabwe, Ghana, Uganda and South Africa have put in place national institutional mechanisms to promote good corporate governance (Tait & Megan, 2017). Training, technical and awareness raising support has been extended by the World Bank and the Commonwealth Secretariat to various African countries such as Botswana, Senegal, Tunisia, Mali, Mauritania, Cameroon, Gambia, Mozambique, Mauritius, Sierra Leone and Zambia to help them put in place appropriate mechanisms to promote good corporate governance (Tait & Megan, 2017).

In Kenya, the institutions that have been at the forefront in sensitizing the corporate sector in Kenya on Corporate Governance are: Capital Markets Authority (CMA), Nairobi Security Exchange (NSE), and Centre for Corporate Governance (CCG) and Central Bank of Kenya (CBK) which regulates the banking industry. CMA created a major impact in the development of Corporate Governance guidelines in Kenya when it issued the Capital Market Guidelines on Corporate Governance Practice by public listed companies in 2002. These guidelines were published under a gazette notice No. 369 of 25th January 2002 and not a legal notice and therefore do not have the force of law. However, certain guidelines have subsequently been incorporated into legal notice No.60 of 3rd May 2002 as part of the Capital Markets guidelines and are enforceable in law.

Kiambu County is one of the 47 counties in Kenya and was established in 2013 following the implementation of Kenya's new constitution. The County is subdivided into 12 constituencies. Based on the 2009 National Census, Kiambu County had a population of 1.62 million people and covers an area of approximately 946 square miles (KNBS, 2016). The economic mainstay of Kiambu County is Agriculture though commercial activities and real estate also significantly contribute to the economy of the county. Kiambu County borders Nairobi and Kajiado Counties to the South, Machakos to the East, Murang'a to the North and Northeast, Nyandarua to the Northwest, and Nakuru to the West. As of 2016, the Kiambu County Government was only able to meet 70 percent of its revenue collection projections implying that a significant amount of revenue still remains uncollected (Ngugi, 2016). Inability to optimally collect sufficient revenues, on the part of the Kiambu County

Government, implies that the residents of Kiambu County will suffer poor delivery of essential public services. The implementation of corporate strategies in the various county services aims at helping the County Government of Kiambu to achieve efficiency and effectiveness in its revenue collection (Oduor *et al*., 2016).

Statement of the Problem

Organization for Economic Co-operation and Development (OECD) (2020) reported that county governments in Kenya have been facing performance challenges. According to Lien, Piesse, Strange, and Filatotchev (2019) lack of maintained governance principles such as integrity, transparency and accountability highly affects state corporates performance. Bonner (2010) stated that governance relates to the rules and practices governing the negotiation and the implementation of its objectives and principles through the exercise of authority, management and control within the organization. It encompasses the structures and processes for making decisions, as well as the relationship between the organization and its members.

In relation to Kiambu County government, the Auditor General's report, 2020 showed that Kiambu County was unable to account for over Kshs 20 billion raising concerns over mismatch between county budgets and county public expenditures thus generally implying that a weak PFM system means that scarce resources are wasted through poor allocations and inefficient public expenditure management (The National Treasury report, 2018). The County received Kshs. 26 billion as the total allocation. This was a variance from the budgeted receipts which were Ksh. 35 billion. Out of the 26 billion allocated to the County, only 23 billion was utilized. A total of 22 billion was spent on recurrent expenditure with a balance of only 1.4 billion being utilized on development expenditure being 6% of the total expenditure. This is contrary to the Public Finance Management regulations (2015) which require that 30% of total amount expended should be on development expenditure. Such high level of underutilization of the development expenditure impacts positively on the service delivery to the public.

According to Otieno (2012) corporate governance plays an important role on bank stability, financial performance, and bank's ability to provide liquidity in difficult market conditions. Otieno (2013) revealed that board meeting frequency, Audit Committee size and Audit Committee Meeting Frequency have positive relations to the financial performance indicator as measured by Return on Assets among the SACCOs in Kenya. Wandabwa (2010) established that integrity and composition, splitting of the roles of chairman and chief executive, optimal mix of inside and outside directions and number of board of directors affected the financial performance of the companies. Several studies have been conducted on effects of Corporate Governance on the financial performance; Otieno, (2011) focused on commercial banks; Munyao (2012) investigated on the Forex Bureaus in Kenya; Otieno (2013) focused on savings and credit co-operatives in Kiambu County, while Wandabwa (2010) surveyed broadcasting stations in Kenya.

From the above studies, none had focused on effects of corporate governance on the financial performance of the County Governments in Kenya, further none had focused on Kiambu County Government despite its strategic role in enhancing the economic growth of the country. Informed by this knowledge gap, this study attempted to answer the following research question: what is the effect of corporate governance on the public expenditure of the County Government of Kiambu?

Objectives of the Study

The main objective of the study was to determine the influence of corporate governance on the public expenditure of the County Government of Kiambu. The study was guided by the following specific objectives:

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

- To evaluate influence of accountability principle on public expenditure of Kiambu County Government in Kenya in Kenya
- To establish the influence of integrity principle on the public expenditure of the County Government of Kiambu
- To investigate influence of Transparency principle on public expenditure of Kiambu County Government in Kenya in Kenya
- To determine influence of fairness principle on public expenditure of Kiambu County Government in Kenya

LITERATURE REVIEW

Theoretical Framework

Agency theory

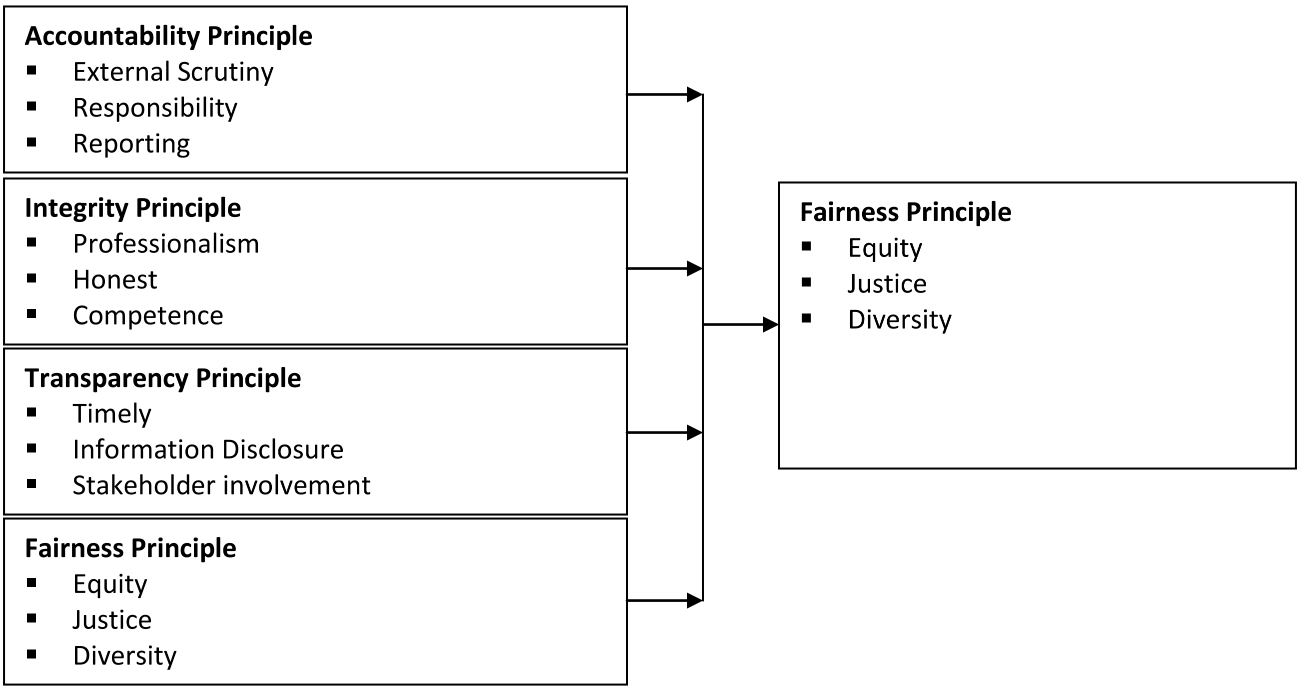
According to Anon (2008), the agency theory is concerned with analyzing and resolving problems that occur in the relationship between principles (owners or shareholders) and their agents or top management. The theory rests on the assumption that the role of organizations is to maximize the wealth of their owners or shareholders (Arneson, 2011). The agency theory holds that most businesses operate under conditions of incomplete information and uncertainty. Agency theory advocates that agent is accountable for their duties to the principle. Also the theory emphasize that the agent is reliable for any negligence. On the other hand, moral hazard is a condition under which a principle cannot be sure if an agent has put forth maximal effort (Bierstaker, 2009). According to the agency theory, superior information available to professional managers allows them to gain advantage over owners of public institutions. The reasoning is that an institution's top managers may be more interested in their personal welfare than in the welfare of the institution's shareholders (Collier, 2013) argue that managers will not act to maximize returns to shareholders unless appropriate governance structures are implemented to safeguard the interests of shareholders. Therefore, the agency theory advocates that the purpose of governance is to minimize the potential for managers to act in a manner contrary to the interests of shareholders.

Stewardship theory

The stewardship theory, also known as the stakeholders' theory, adopts a different approach from the agency theory. It starts from the premise that organizations serve a broader social purpose than just maximizing the wealth of shareholders (Kaptein & Van 2008). The stakeholders' theory holds that corporations are social entities that affect the welfare of many stakeholders where stakeholders are groups or individuals that interact with an institution and that affect or are affected by the achievement of the institution's (Morck, Shleifer, & Vishny, 2008). Successful organizations are judged by their ability to add value for all their stakeholders. Some scholars consider the natural environment to be a key stakeholder (Munday, 2009). Stakeholders can be instrumental to success and have moral and legal rights (Lien et al., 2009). When stakeholders get what they want from an institution, they return to the institution for more (Freaman & McVea, 2001). Therefore, leaders have to consider the claims of stakeholders when making decisions (Blair, 1995) and conduct business responsibly towards the stakeholders (Manville & Ober, 2003; White, 2009). Participation of stakeholders in decision-making can enhance efficiency and reduce conflicts (Richard, 2009). Application of the stewardship theory suggests that institution's board of directors and its CEO acts as stewards are more motivated to act in the best interests of the institution rather than for their own selfish interests. This is because, over time, senior executives tend to view an institution as an extension of themselves (Shapiro & Stefkovich, 2010). The stewardship theory argues that shareholders in an institution's care more about the institution's long15 term success (Hall, 2012). This theory is relevant to this study since it elaborates on the influence of integrity principle on the on the public expenditure of the County Government of Kiambu

Institutional Theory

Institutional theory is a widely accepted theoretical posture that emphasizes organizations is social cultural systems and it focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines as authoritative guidelines for social behaviour (Arneson, 2011). Different components of institutional theory explain how these elements are created and adapted over time. The emphasis on institutional theory is normally viewed from the regulatory perspective. Better legal environment encourages the adoption of good corporate governance practices due increased incentives to the firms and countries have different governance codes that serve as templates for practice in the concerned countries (Anon, 2004). The main idea of institutional theory is that the organizations are exposed and linked to external environment accordingly; corporate governance should ensure that, there is a clear link between the organizations and environment based on organizations goals and objectives. Corporate governance should have an effective influence and involvement in formalizing and identifying corporate goals. Bonner (2010) suggested that, in order to formulate a compensation policy senior manager should understand all norms and traditions of the organization. However, those policies are resistant to change even in the face of major changes in job content and technology complexity. The adaptation and rejection of these changes should be examined and investigated based on the historical, social and political issues that are linked to recognizing organizational changes.



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Review of the Variables

Accountability Principle: Accountability is one of the cornerstones of good governance; however, it can be difficult for scholars and practitioners alike to navigate the myriad of different types of accountability (Bierstaker, 2009). Recently, there has been a growing discussion within both the academic and development communities about the different accountability typologies (Carpenter & Westpal, 2011). Currall and Epstein (2013) stated that accountability ensures actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance and poverty reduction.

Transparency Principle: Starik and Rands (2007) argued that transparency improve the organization performance and governance structure of companies. Starik and Rands added that access to information improves transparency and governance. Especially Management Information Systems reporting, company intranet websites, company websites, Internet, email, and business intelligence systems that enable people to query almost everything, makes hiding information almost impossible.

Fairness Principle: According to Baharifar and Javaheri (2010) justice or fairness refers to the idea that an action or decision is morally right, which may be defined according to ethics, religion, fairness, equity, or law. Trevino and Nelson (2010) stated that an individual's perceptions of these decisions as fair or unfair can influence the individual's subsequent attitudes and behaviors. Fairness is often of central interest to organizations because the implications of perceptions of injustice can impact job attitudes and behaviors at work. Justice in organizations can include issues related to perceptions of fair pay, equal opportunities for promotion, and personnel selection procedures.

Integrity Principle: Chandima and Markeset (2011) argued that concept of Corporate Governance hinges on total transparency, integrity and accountability of the management which includes nonexecutive directors. Chandima and Markeset added that institutional directors are nominated to the Board of Directors, by financial institutions to take care of the interest of their institution, where they belong, they should play a key role in integrity, transparency and accountability. The Government must act with respect to the appointment of institutional director, in time and put certain amount of responsibility and accountability towards the general public at large. Audit Committee is another important instrument of Corporate Governance. This is the sub-committee of the board with minimum three independent directors, having a function of watchdog of all financial activities. Even though this concept was existing earlier in West, in India it was brought first by Ministry of Petroleum and Natural Gas by way of guidelines, and was the first to establish audit committee in pursuance of these guidelines (Verhezen, 2013.

Empirical Review

Accountability is enhanced when the roles and responsibilities are clearly articulated in a program charter, memorandum of understanding, or partnership agreement and when these agreements work out such issues as to whom and for what purposes the members of the governing body are accountable to the program or the organization (Douglas, Mertens & Wasley, 2012). Stakeholder participation in the formulation of these agreements and their public disclosure also strengthens the accountability of program governance. All persons in leadership positions should uphold high standards of ethics and professional conduct over and above compliance with the rules and regulations governing the operation of the program (Albuquerque & Wang, 2008). Members of the governing, executive and advisory bodies, as well as members of the management team, must exercise personal and professional integrity, including the avoidance of

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

conflicts of interest. Programs decision-making, reporting, and evaluation processes should be open and freely available to the general (Fasterling, 2005).

Recent studies, by Burger and Owens (2012) generally show higher degrees of transparency & disclosure for highly liquid companies. Thus, these companies may easier finance high costs for corporate governance reporting. Conyon and Mallin, (2010) argued that positive effects of firm performance on transparency & disclosure on corporate governance may also occur with a negative effect. Lower success could induce companies to increase transparency & disclosure on corporate governance and simply use it as an impression management tool to distract investors from low performance.

Organizational injustice was found to have moderately strong associations with burnout, negative emotional states, and perceived stress; weak to moderately strong associations with mental health; and weak associations with health problems and absenteeism. The association between unfairness and health behaviors was the weakest. The authors noted that including all justice facets consistently improved predictions as compared to predictions based only on one justice dimension. It may be that overall justice is a better predictor of health than individual justice dimensions, as would be predicted based on concerns that constructs of similar generality enhance predictions (Kahneman, Knetsch & Thaler, 2010).

Turnbull (2012) stated that Corporate Governance has become a key focus in the business around the world not only for corporations, but also of Government and Quasi Government authorities. Rothman and Friedman (2011) argued that sudden collapse of business giants like Enron and World Com around the world sent shockwaves to the International business community on the very basis of governance of these corporations, which were key motivators for the heightened interest in Corporate Governance. Rothman and Friedman (2011) added that integrity of corporations, financial institutions and markets is essential to maintaining confidence and economic activity, and to protecting the interests of stakeholders. Corporate failures and scandals have called into question the veracity of published financial information and have compelled governments to take policy initiatives of a legal and regulatory.

METHODOLOGY

This research project used the descriptive research design which refers to the process of collecting data on prevailing circumstances for the purpose of understanding and explanation. The target population or those cases that contain the desired information consisted of internal auditors, accountants, directors of departments, chief officers and finance officers in County government of Kiambu as summarized. The sample size of this study was determined by Taro Yamane's proportional sampling technique formula. From the calculation, 83 respondents were used for this study as the sample size. Primary data was collected from respondents directly using self-administered structured questionnaires (closed ended questions). Data collected was edited, cleaned, and coded; and then SPSS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while inferential statistics were computed; that is, Pearson correlation coefficient and multiple regression analysis was computed to find out whether there is correlation, linear and multiple relationship between the independent and dependent variables. The following multiple regression equation was applied;

$$\mathbf{Y=\alpha + \beta_1X_1 + \beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon}$$

Where **y**= Dependent variable [Public expenditures in Kiambu County Government]

α=Constant; the y intercept or the average response when both predictor variables are 0

$\mathbf{X_1}$= Independent variable 1 [Accountability Principle]

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

X_2= Independent variable 2 [Integrity Principle]
X_3= Independent variable 3 [Transparency principle]
X_4= Independent variable 4 [Fairness Principle]
ε= error term
$\beta_1 \ldots \beta_4$ = Beta Coefficients

FINDINGS AND DISCUSSION

Analysis of Descriptive Data

These are descriptive statistics based on summarized responses on the structured questions about the influence of corporate governance principles on public expenditure of County Government of Kiambu. The responses are based on Likert scale with values ranging from 5 to 1; that is; where 5 = strongly agree, 4 Agree, 3, partially agree, 2, Disagree and 2 Strongly disagree.

Accountability principle and Public expenditure of County Government of Kiambu

These are descriptive statistics to determine whether accountability principle affect the public expenditure of County Government of Kiambu as summarized in table 1.

Table 1: Descriptive statistics: Accountability principle

N=59; 5- strongly agree, 4-Agree, 3-partially agree, 2-Disagree and 1-strongly disagree, f-frequency, %-percentage

Statements	Stats	5	4	3	2	1
Kiambu County executive provide accessible information on what it is doing and why it is doing it	f	7	29	13	5	5
	%	11.9	49.2	22	8.5	8.5
Kiambu County executive offer themselves to appropriate external scrutiny in regard to management of county resources	f	8	25	14	9	3
	%	13.6	42.4	23.7	15.3	5.1
Kiambu County financial reports are revealed to all the stakeholder	f	17	15	17	6	4
	%	28.8	25.4	28.8	10.2	6.8
Kiambu County financial reports are audited by internal and external auditors	f	11	34	8	5	1
	%	18.6	57.6	13.6	8.5	1.7
Kiambu County executive provide feedback on their roles to various stakeholder	f	13	23	14	7	2
	%	22	39	23.7	11.9	3.4

From table 1, few of the respondents strongly agreed (11.49) and strongly agreed (49.2%) that the Kiambu County executive provides accessible information on what it is doing and why it is doing it and further 22.0% were partially agreed on the same. More so, 13.6% and 42.4% of respondents strongly agreed and agreed respectively that the Kiambu County executive offers themselves to appropriate external scrutiny in regard to management of county resources while 23.7% partially agreed and 15.3% disagreed.

Further, slight majority of the respondents agreed (25.4%) that Kiambu County financial reports are revealed to all the stakeholder, 28.8% strongly agreed and additional 28.8% partially agreed and 10.2% disagreed on the same. More so, 57.6% and 18.6% of the sampled respondents agreed and strongly that Kiambu County financial reports are audited by internal and external auditors while 14.0% of the respondents partially agreed on the same.

Lastly, 22.0% of the respondents strongly agreed that Kiambu County executive provide feedback on their roles to various stakeholder and further supported by 39.0% of the respondents who agreed while 23.7% of them partially agreed and 11.9% disagreed on the same. The above findings agree with Douglas, Mertens and Wasley (2012) in their study they argued that accountability is enhanced when the roles and responsibilities are clearly articulated in a program charter, memorandum of understanding, or partnership agreement and when these agreements work out such issues as to whom and for what purposes the members of the governing body are accountable to the program or the organization. The study also agree with Albuquerque and Wang (2018) who stated that persons in leadership positions should uphold high standards of ethics and professional conduct over and above compliance with the rules and regulations governing the operation of the program.

Integrity principle on Public expenditure of County Government of Kiambu

These are descriptive statistics to find out the extent to which integrity principle determines the public expenditure of County Government of Kiambu as summarized in table 2.

Table 2: Descriptive statistics: Integrity principle

Statements	Stats	5	4	3	2	1
Kiambu County Executive observes professionalism in their work	f	8	28	11	9	3
	%	13.6	47.5	18.6	15.3	5.1
The acts governing Kiambu County define the details of the competence of the executive	f	8	31	12	4	4
	%	13.6	52.5	20.3	6.8	6.8
The Kiambu County Executive hire candidate who are professionally qualified	f	12	25	7	12	3
	%	20.3	42.4	11.9	20.3	5.1
The County acts defines criteria required for expert and professional knowledge and experience	f	11	25	16	4	3
	%	18.6	42.4	27.1	6.8	5.1
The nomination of employee by the Kiambu County Executive ensures that potential nominees are suitable to serve the county with expected integrity	f	6	30	18	3	2
	%	10.2	50.8	30.5	5.1	3.4

From table 2, it was evident that 47.5% and 13.6% of respondents agreed and strongly agreed respectively that Kiambu County Executive observes professionalism in their work. On the other hand, 18.6% of the respondents partially agreed and 15.3% disagreed that the Kiambu County Executive observes professionalism in their work. Further 52.5% of the sampled respondents agreed that the acts governing Kiambu County define the details of the competence of the executive and 13.6% strongly agreed on the same while 20.3% partially agreed.

More so, 42.4% of respondents agreed that the Kiambu County Executive hire candidate who are professionally qualified and 20.3% of the respondents strongly agreed. On the other hand, 20.3% disagreed and 11.9% partially agreed on the same. The results also revealed that most of the respondents (42.4%) agreed that the County acts defines criteria required for expert and professional knowledge and experience and 18.6% strongly agreed on the same while 27.1% partially agreed.

Lastly, 50.8% of respondents agreed that the nomination of employee by the Kiambu County Executive ensures that potential nominees are suitable to serve the county with expected integrity and further 10.2% strongly agreed on the same while 30.5% partially agreed on the same. The study agree with those of Chandima and Markeset (2011) argued that concept of Corporate Governance hinges on total transparency, integrity and accountability of the management which includes non-executive directors. Chandima and Markeset added that institutional directors are nominated to the Board of Directors, by financial institutions to take care of the interest of their institution, where they belong, they should play a key role in integrity, transparency and accountability. The Government must act with respect to the appointment of institutional director, in time and put certain amount of responsibility and accountability towards the public at large. Audit Committee is another important instrument of Corporate Governance.

The results of this study concurs with those of Turnbull (2012) stated that Corporate Governance has become a key focus in the business around the world not only for corporations, but also of Government and Quasi Government authorities. According to Rothman and Friedman (2011) integrity of corporations, financial institutions and markets is essential to maintaining confidence and economic activity, and to protecting the interests of stakeholders.

Transparency principle on Public expenditure of County Government of Kiambu

There are descriptive statistics on the extent to which Transparency principle determine the public expenditure of County Government of Kiambu as summarized in table 3.

Table 3: Descriptive statistics: Transparency principle

N=59; 5- strongly agree, 4-Agree, 3-partially agree, 2-Disagree and 1-strongly disagree, f-frequency, %-percentage

Statements	Stats	5	4	3	2	1
There is no withholding of relevant information in the County Government of Kiambu	F	10	30	6	5	8
	%	16.9	50.8	10.2	8.5	13.6
Auditing of financial statement is done regularly in the County Government of Kiambu	F	19	13	20	5	2
	%	32.2	22	33.9	8.5	3.4
Kiambu County executive organize invitation for meeting of various stakeholder for deliberation before arriving at a specific decision	F	16	21	15	4	3
	%	27.1	35.6	25.4	6.8	5.1
Kiambu County executive discloses information to the required stakeholders	F	13	21	14	8	3
	%	22	35.6	23.7	13.6	5.1
Kiambu County executive discloses information in relevant and timely manner	F	9	24	17	7	2
	%	15.3	40.7	28.8	11.9	3.4

From table 3, half of the respondents agreed (50.8%) and strongly agreed (16.9%) that there is no withholding of relevant information in the County Government of Kiambu. On the other hand, 13.6% of the respondents strongly disagreed and 10.2% partially that there is no withholding of relevant information in the County Government of Kiambu. The results also revealed that 32.2% of the respondents strongly agreed that auditing of financial statement is done regularly in the County Government of Kiambu and 22.0% agreed while 33.9% partially agreed that auditing of financial statement is done regularly in the County Government of Kiambu.

Further, 35.7% of the respondents agreed that Kiambu County executive organize invitation for meeting of various stakeholder for deliberation before arriving at a specific decision and additional 27.1% strongly agreed on the same while 25.4% partially agreed. The results also revealed that 35.6% and 22.0% of the respondents agreed and strongly agreed that Kiambu County executive discloses information to the required stakeholders although 23.7% of the respondents partially agreed.

Lastly, 40.7% of the respondents agreed that Kiambu County executive discloses information in relevant and timely manner and further 15.3% strongly agreed while 28.8% partially agreed on the same The study is in line with that of Wheelen and Hunger (2009) showed that governance have the potential to facilitate the achievement of transparency within public sector and organizations. They showed how the open systems nature of Internet technologies can facilitate greater cooperation and communication across organization units both internally and externally. The study is in agreement with that of Yermack (2009) in his study reported that besides transparency impact on corporate also it has effects on company performance.

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

Fairness principle on Public expenditure of County Government of Kiambu

These are descriptive statistics on the extent to which fairness principle determines the public expenditure of County Government of Kiambu as summarized in table 4.

Table 4: Descriptive statistics: Fairness principle

N=59; 5- strongly agree, 4-Agree, 3-partially agree, 2-Disagree and 1-strongly disagree, f-frequency, %-percentage

Statements	Stats	5	4	3	2	1
Stakeholders are equally treated by the management	f	10	23	18	2	6
	%	16.9	39	30.5	3.4	10.2
There is an established mechanism for prevention and settlement of possible conflicts among various stakeholders in the county	f	8	13	34	1	3
	%	13.6	22	57.6	1.7	5.1
Diversity is embraced in the county Government of Kiambu	f	16	28	8	4	3
	%	27.1	47.5	13.6	6.8	5.1
Employees in the county government of Kiambu are treated equally by the executive	f	13	13	28	2	3
	%	22	22	47.5	3.4	5.1
There is fair distribution of opportunities to various stakeholders in Kiambu County	f	9	8	35	5	2
	%	15.3	13.6	59.3	8.5	3.4

From table 4, few of the respondents strongly agreed (16.9%) that the management and 39.0% equally treat stakeholders of the respondents agreed. On the other hand, 30.5% of the respondents partially agreed and 10.2% strongly disagreed. Further, 22.0% and 13.6% agreed and strongly agreed respectively that there is an established mechanism for prevention and settlement of possible conflicts among various stakeholders in the county. However, 57.6% partially agreed that there is an established mechanism for prevention and settlement of possible conflicts among various stakeholders in the county.

The results also revealed that most of the respondents agreed (47.5%) that diversity is embraced in the county Government of Kiambu while 27.1% strongly agreed on the same. However, 13.6% partially agreed that the diversity is embraced in the county Government of Kiambu. The results further revealed that 22.0% of the respondents agreed that employees in the county Government of Kiambu are treated equally and 22.0% strongly agreed while 47.5% partially agreed.

Lastly, most of the respondents agreed that there is fair distribution of opportunities to various stakeholders in Kiambu County as shown by 13.6% and further 15.3% strongly agreed on the same. On the hand, 59.3% of the respondents partially agreed that there is fair distribution of opportunities to various stakeholders in Kiambu County. The results of this study concurs with those of Shapiro and Stefkovich (2010) who argued that there are no viable arguments to support anyone in a leadership position being less than fair in all of their business dealings, or in expecting or accepting any less from others. Fairness facilitates improved communication and builds commitment, self-confidence, self-esteem, group cohesion, information and resource sharing and a sense of purpose and enthusiasm for success. And those characteristics in a work force feed the bottom line which of those benefits of fairness in the workplace they are willing to do without. The study agree with those of Abor (2007) stated that on average, justice perceptions had a strong association with organizational commitment, perceived organizational support, and the quality of the relationship between supervisor and employee.

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

Also Drobetz (2002) in his study revealed that individual predictability of the various fairness facets, the combination of them had stronger associations with outcomes such as job satisfaction, affective commitment to the organization, and perceived organizational support.

Public expenditure of County Government of Kiambu

These are descriptive statistics to find out the extent of public expenditure of County Government of Kiambu as summarized in table 5.

Table 5: Descriptive statistics: Public expenditure

N=59; 5- strongly agree, 4-Agree, 3-partially agree, 2-Disagree and 1-strongly disagree, f-frequency, %-percentage

Statements	Stats	5	4	3	2	1
There are efficient absorption rates for development and recurrent expenditures	f	10	18	25	3	3
	%	16.9	30.5	42.4	5.1	5.1
There is prudent budgetary utilization in Kiambu County.	f	4	24	13	13	5
	%	6.8	40.7	22	22	8.5
Development expenditure reflects value for money	f	8	9	16	23	3
	%	13.6	15.3	27.1	39	5.1
There is parity on the share of actual expenditure out of the budgeted expenditure.	f	13	11	26	7	2
	%	22	18.6	44.1	11.9	3.4
The county's recurrent expenditure does not exceed county total revenue	f	10	18	25	3	3
	%	16.9	30.5	42.4	5.1	5.1

From table 5, 16.9% and 30.5% of respondents agreed and strongly agreed respectively that the there are efficient absorption rates for development and recurrent expenditures. On the other hand, 42.4% of the respondents partially agreed that there are efficient absorption rates for development and recurrent expenditures. Further, 40.7% of the sampled respondents agreed that there is prudent budgetary utilization in Kiambu County and 6.8% strongly agreed on the same. On the other hand, 22.0% partially agreed and 22.0% of the respondents disagreed that there is prudent budgetary utilization in Kiambu County.

More so, 15.3% of respondents agreed that development expenditure reflects value for money and 15.3% of the respondents strongly agreed while 27.1% partially agreed and 39.0% disagreed on the same. The results also revealed that few of the respondents (18.6%) agreed that there is parity on the share of actual expenditure out of the budgeted expenditure and 22.0% strongly agreed on the same. However, 44.1% partially agreed and 11.9% of the respondents disagree that right quantity of goods and services are procured. Lastly, 16.9% of respondents agreed that the county's recurrent expenditure does not exceed county total revenue while 30.5% strongly agreed on the same while 42.4% partially agreed that the county's recurrent expenditure does not exceed county total revenue.

Pearson Correlation Results

The correlation coefficient (r) results are presented as shown in Table below using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables.

Table 6: Multiple Correlation Matrix

		AP	IP	TP	FP
AP: Accountability principle	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	59			
IP: Integrity principle	Pearson Correlation	.485**	1		
	Sig. (2-tailed)	.000			
	N	59	59		
TP: Transparency principle	Pearson Correlation	.595**	.422**	1	
	Sig. (2-tailed)	.000	.000		
	N	59	59	59	
FP: Fairness principle	Pearson Correlation	.141	.225**	.322**	1
	Sig. (2-tailed)	.078	.005	.000	
	N	59	59	59	59
Public expenditure	Pearson Correlation	.497**	.457**	.505**	.400**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	59	59	59	59

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

From the correlation Table 6, accountability principle is positively correlated to public expenditure of County Government of Kiambu, the coefficient is 0.497 (p value < 0.01) this is significant at 99% confidence level. Thus increase in accountability principle would make public expenditure of County Government of Kiambu to increase in same direction. Similarly, the correlation coefficient for integrity principle was 0.457, P=0.000, suggesting that there is significant positive relationship between integrity principle and public expenditure of County Government of Kiambu. Increase in integrity principle would results to increase in public expenditure of County Government of Kiambu. Similarly, a correlation coefficient of 0.505** implied that there is significant positive relationship between Transparency principle and public expenditure of County Government of Kiambu. Lastly, there is significant positive relationship between fairness principle and public expenditure of County Government of Kiambu as indicated by .505**, p=0.000. This implies that increase in fairness principle would results to increase in public expenditure of County Government of Kiambu.

Multiple regression analysis

Multiple regression analysis was computed to assess the multivariate influence of the study's independent variables (accountability principle, integrity principle, Transparency principle and fairness principle) on the dependent variable (public expenditure of County Government of Kiambu). This was after the compulsory assumptions of multiple regression analyses were checked and met. The multiple regression results were shown in table 7.

Table 7: Multiple regression results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.643[a]	.414	.398	.6580	.414	26.666	4	54	.000

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	46.178	4	11.544	26.666	.000[b]
	Residual	65.372	54	.433		
	Total	111.550	58			

a. Predictors: (Constant), Fairness principle, Transparency principle, Integrity principle, Accountability principle

b. Dependent Variable: Public expenditure

Multiple regression analysis in table 7 shows the multiple regression results of the combined influence of the study's independent variables (accountability principle, integrity principle, and Transparency principle and fairness principle). The model's R squared (R^2) is 0.414 which shows that the study explains 41.4% of variation in public expenditure of County Government of Kiambu, while other factors not in the conceptualized study model accounts for 58.6%, hence, it is a good study model. Furthermore, Analysis of Variance (ANOVA) shows the mean squares and F statistics significant (F=26.666; significant at *p<.001*), thus confirming the fitness of the model and also implies that the study's independent variables (accountability principle, integrity principle, Transparency principle, fairness principle) have significant variations in their contributions to public expenditure of County Government of Kiambu.

Finally, the values of unstandardized regression coefficients with standard errors in parenthesis in table indicate that all the study's independent variables (accountability principle; β = 0.326, t=3.068 at *p<0*.01, integrity principle; β = 0.210, t=2.693 at *p<0.01;* Transparency principle; β = 0.194, t=2.293 at *p<0.05,* fairness principle; β = 0.318, t=3.891 at *p<0.01* significantly influenced public expenditure of County Government of Kiambu (dependent variable).

In this regard, the study's final multiple regression equation is;

(v) $y = 0 - .475 + 0.326X_1 + 0.210X_2 + 0.194X_3 + 0.318X_4$

Where;

y= public expenditure of County Government of Kiambu.

X_1= accountability principle

X_2= integrity principle

X_3= Transparency principle

X_4= fairness principle

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.475	.394		-1.206	.230
	Accountability principle	.326	.326	.252	3.068	.003
	Integrity principle	.210	.078	.197	2.693	.008
	Transparency	.194	.085	.188	2.293	.023
	Fairness principle	.318	.082	.259	3.891	.000

a. Dependent Variable: public expenditure

From the findings presented in Table 8, we look at the model results and scan down through the unstandardized coefficients B column. All corporate governance principles had significant effect on the public expenditure. If corporate governance principles are held at zero or it is absent, the public expenditure would be -0.475, p=0.230. Though be negative but insignificant.

Multiple regression coefficients results indicate that accountability principle practice significantly determined public expenditure of County Government of Kiambu (β = 0.326 at *p<0.01*). The results indicate that one percent improvement in accountability principle will lead to 32.6% improvement in public expenditure of County Government of Kiambu when other factors in the model are controlled. This finding agree with Akicho, Oloko and Kihoro (2016) who found out that revealed a positive and significant relationship was also established between accountability and public sector performance in Kenya. Starik and Rands added that access to information improves accountability and governance. The study is in consensus with Wheelen and Hunger (2019) where they showed that governance have the potential to facilitate the achievement of accountability within public sector and organizations. They showed how the open systems nature of Internet technologies can facilitate greater cooperation and communication across organization units both internally and externally.

Multiple regression coefficient results indicate that integrity principle practice significantly determined public expenditure of County Government of Kiambu (β = 0.210 at *p<0.01*). The results indicate that one percent improvement in integrity principle practice will lead to 21.0% improvement in public expenditure of County Government of Kiambu when other factors in the model are controlled. Hall, (2018) stated that Corporate Governance is the system of rights, structure and control mechanism established internally over the management of a listed public limited company, with the objective of protecting the interests of the various stakeholders. According to Conyon and Mallin (2020) stated that Corporate Governance is different from corporate management, as the former is more ethical oriented and the later on operations specific. Management has the specific connotations of using the available resources comprising time, resources -finance and human.

Multiple regression coefficient results indicate that Transparency principle does not significantly determine the public expenditure (β = 0.194 at *p<0.05*). The results indicate that one percent improvement in Transparency principle will lead to 19.4% unit improvement in public expenditure of County Government of Kiambu when other factors in model are controlled. The study is supported by Starik and Rands (2007) who argued that transparency improve the organization performance and governance structure of companies. Starik and Rands added that access to information improves transparency and governance. Yermack (2009) in his study reported that besides transparency impact on corporate also it has effects on company performance.

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

Multiple regression coefficients results indicate that fairness principle has significantly determined public expenditure of County Government of Kiambu ($\beta = 0.318$ at $p<0.01$). The results indicate that one percent improvement in fairness principle will lead to 31.8% improvement in public expenditure of County Government of Kiambu when other factors in the model are controlled. A study by Gotsis and Kortezi (2010) revealed that organizational fairness to the employees had a moderately strong association with positive affect to the performance of the organization. The study is in consensus with Hermalin, (2005) who reported that organizational fairness has reached a point where there is enough evidence to strongly suggest that fairness is important to individuals at work.

Hypothesis Testing

First**, study hypothesis one (H_{01})** stated that accountability principle do not significantly affect public expenditure of County Government of Kiambu. Multiple regression results indicated that accountability principle practice significantly determined public expenditure of County Government of Kiambu ($\beta = 0.326$ at $p<0.01$). Hypothesis one is therefore rejected. The results indicate that one percent improvement in accountability principle will lead to 32.6% improvement in public expenditure of County Government of Kiambu.

Secondly, study hypothesis two (H_{02}) stated that integrity principle do not significantly affect public expenditure of County Government of Kiambu. Multiple regression results indicate that integrity principle practice significantly determined public expenditure of County Government of Kiambu ($\beta = 0.210$ at $p<0.01$). Hypothesis two is therefore rejected. The results indicated that one percent improvement in integrity principle practice will lead to 21.0% improvement in public expenditure of County Government of Kiambu.

Thirdly, study hypothesis three (H_{03}) stated that transparency principle do not significantly affect public expenditure of County Government of Kiambu. Multiple regression results indicate that transparency principle does not significantly determine the public expenditure ($\beta = 0.194$ at $p<0.05$). Hypothesis three is therefore rejected. The results indicated that one percent improvement in transparency principle will lead to 19.4% unit improvement in public expenditure of County Government of Kiambu.

Fourthly, study hypothesis four (H_{04}) stated that fairness principle do not significantly affect public expenditure of County Government of Kiambu. Multiple regression results indicate that fairness principle has significantly determined public expenditure of County Government of Kiambu ($\beta = 0.318$ at $p<0.01$). Hypothesis four is therefore rejected. The results indicated that one percent improvement in fairness principle will lead to 31.8% improvement in public expenditure of County Government of Kiambu.

CONCLUSIONS AND RECOMMENDATIONS

Based on the study findings, the study concludes that the principle of accountability influences the public expenditure of Kiambu County Government in Kenya in Kenya. The results of Analysis of variance (ANOVA) revealed that the significance of F statistics which is less than confidence level imply a good fit for the model since it shows that there is a significant relationship between Principle of accountability and public expenditure of Kiambu County Government in Kenya in Kenya. The coefficient of public expenditure of Kiambu County Government in Kenya in Kenya was greater than the confidence level. The t statics for this coefficient and p-value, which was less than confidence level showing that it was statistically positively significant.

Principle of integrity positively significantly influences public expenditure of Kiambu County Government in Kenya in Kenya and thus has a negative significant relationship with Public expenditure of Kiambu County Government in Kenya. Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics and p-value is greater than confidence level this imply no good fit for the model since it shows that there is a significant relationship between principle of integrity and public expenditure of Kiambu County Government in Kenya in Kenya.

The study thus concluded that principle of transparency significantly influences public expenditure of Kiambu County Government in Kenya in Kenya and thus has a significant relationship with public expenditure of Kiambu County Government in Kenya in Kenya. This therefore demonstrates that there is a positive linear relationship between principle of transparency and public expenditure of Kiambu County Government in Kenya in Kenya. The study found out that principle of transparency has a significant strong positive correlation with public expenditure of Kiambu County Government in Kenya in Kenya.

Principle of Fairness significantly influences public expenditure of Kiambu County Government in Kenya in Kenya and thus has a significant relationship with public expenditure of Kiambu County Government in Kenya in Kenya. This therefore demonstrates that there is a positive linear relationship between principle of fairness and public expenditure of Kiambu County Government in Kenya in Kenya. The study established that principle of fairness has a significant positive correlation with public expenditure of Kiambu County Government in Kenya in Kenya.

In regards to the first objective of the study, the study recommended that Kiambu County executive should provide accessible information on what it is doing and why it is doing it. Further, Kiambu County executives offer themselves to appropriate external scrutiny concerning management of county resources. This would enhance accountability and therefore, improvement in public expenditure.

In relation to integrity principle on public expenditure of County Government of Kiambu, the study recommended that Kiambu County Executive should observe professionalism in their work. Further, the nomination of employee by the Kiambu County Executive should ensure that potential nominees are suitable to serve the county with expected integrity. This would enhance public expenditure in the county.

In regards to influence of transparency principle on public expenditure, the study recommended that auditing of financial statement should be done regularly in the County Government of Kiambu. Further, Kiambu County executive should organize invitation for meeting of various stakeholders for deliberation before arriving at a specific decision. This would enhance transparency, which is key to robust public expenditure.

Lastly, the study established that principle of fairness is moderately applied in the Kiambu County Government in Kenya. The study also recommended that effective implementation of Principle of fairness should apply to increase robust public expenditure of Kiambu County Government in Kenya. This can be achieved by establishing mechanism for prevention and settlement of possible conflicts among various stakeholders in the county. Further, there should be fair distribution of opportunities to various stakeholders in Kiambu County.

Areas for further research

The study investigated effect of corporate governance principles on public expenditure of County Government of Kiambu. Future studies can also be conducted linking corporate governance practices and corporate governance practices with public expenditure in the county governments in Kenya. The study factored four corporate governance principles; accountability, transparency, fairness and integrity. Other studies can focus on corporate governance principles such as responsibility as well as moderating variables such as corporate regulations and policies.

The study established that Principle of Integrity, Principle of Fairness, Principle of Transparency, Principle of Accountability influences public

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

expenditure of Kiambu County Government with 41.4% while 58.6% are other factors influencing public expenditure of Kiambu County Government.

The study recommends on further research to be conducted on other factors influencing public expenditure of Kiambu County Government.

REFERENCES

Aguilera, R.V. & Jackson (2003). Corporate Governance and Director Accountability: An Institutional Comparative Perspective. *British Journal of Management*, 16(2)39–53.

Aksu, M & Kosedag, A. (2005). The Relationship between Transparency and Firm Performance in the Istanbul Stock Exchange. *Journal of Social Sciences*, 3(10) 11- 34

Al-Hussein, A.H. & Johnson, R.L. (2009). Relationship between Corporate Governance Efficiency and Saudi Banks' Performance. *The Business Review*, 14(1) 111-17.

Arun, T. G., & Turner, J. D. (2002). Corporate Governance of Banks in Developing Economies. Advisory Group on Corporate Governance *(AGCG) Report on Corporate Governance and International Standards,* Reserve Bank of India.

Bairathi, V. (2009). Corporate governance: A suggestive code. *International Research Journal, 11*(6),753-754.

Barako, G. & Tower, G. (2007). Corporate Governance and Bank Performance: Does Ownership Matter? Evidence from the Kenyan banking sector", *Corporate Ownership and Control Journal,* 4(2) 23-50

Beasley M, Carcello J, Hermanson, D., Lapides P (2000). Fraudulent Financial Reporting: Consideration of Industry Traits and Corporate Governance Mechanisms. *Accounting Horizons 14*(4):441-454

Bebchuk, L.,& Cohen, A. (2004), The Cost of Entrenched Boards, National Bureau of Economic Research, Inc., Cambridge, MA, *NBER Working paper*, No.10587.

Berglof, E. & Von Thadden, E.-L., (2009). The Changing Corporate Governance Paradigm: Implications for Transition and Developing Countries, Conference paper*, Annual World Bank Conference on Development Economics*, Washington, DC.

Bhagat, S., & Jefferis, B. (2002). The Non-Correlation between Accountability and Long-Term Firm Performance. *Journal of Corporation Law*, 27(2) 231–274

Bhagat, S., & Black, B. (2002). The Non-Correlation between Accountability and Long-Term Firm Performance, *Journal of Corporation Law* 27 (3) 231-73.

Cadbury A. (2003). Overview of Corporate Governance: A Framework for Implementation. The World Bank Group: Washington. DC: V-V1.

Carter, C.B., & Lorsch, J. (2004). *Back to the Drawing Board: Designing Corporate Boards for a Complex World*, Harvard Business School Press, Boston, MA.

Chalhoub, M.S. (2009). Relations between dimensions of corporate governance and corporate performance: an empirical study among banks in the Lebanon, *International Journal of Management*, 26(3)476-88.

Claessens, S., Djankov, F. & Lang, H. P. (2002). Disentangling the Incentive and Entrenchment Effects of Large Shareholdings, *Journal of Finance,* 57 (5)274-279

Coleman, A., & Biekpe, N. (2006). Does Board and CEO Matter for Bank Performance? A Comparative Analysis of Banks in Ghana. *Journal of Business Management, University of Stellenbosch Business School (USB),* CapeTown, South Africa.13.46- 59.

Cullen, M., Kirwan, C. & Brennan, N. (2006). Comparative Analysis of Corporate Governance Theory: The Agency-Stewardship Continuum. *Paper presented at the 20th Annual Conference of the Irish Accounting & Finance Association, Institute of Technology Tralee*.

Daily, C., Dalton, D. & Canella, .A. (2003). Corporate Governance: Decades of Dialogue and Data. *Academy of Management Review*. 28(3)371-382.

Davis, J., F. Schoorman & L. Donaldson (1997). Toward a Stewardship Theory of Management. *Academy of Management Review*, 22 (1) 20-47.

Demsetz, H. & Villalonga, B. (2002), Ownership Structure and Corporate Performance, *Journal of Corporate Finance*. 7(16)209-33.

Donaldson, W. (2003), Congressional Testimony Concerning the Implementation of the Sarbanes-Oxley Act of 2002.

Freeman, R., Wicks, C. & Parmar, B. (2004): Stakeholder Theory and the Corporate Objective Revisited, *Organization Science*, 15(3), 364-369

Hossain, M. (2007). The Corporate Governance Reporting Exercise: The Portrait of a Developing Country. *International Journal of Business Research, 7*(2)45-67.

International Swaps and Derivatives Association (ISDA). (2002). Washington.

Jensen, M. (2001).Value Maximization, Stakeholders Theory and the Corporate Objective Function. *Journal of Applied Corporate Finance*, Fall.

La Porta, R, Lopez-de-Silanes, & Shleifer, A (2000). Investor Protection and Corporate Governance. *Journal of Financial Economics*. 58(3)21-27.

La Porta, R., Lopez-de-Silanes, & Shleifer, A. (1999). Corporate Ownership around the World. *Journal of Finance*. 54 (2) 471-500.

Macey, Jonathan R., & O'Hara (2001). Corporate Stakeholders: A Contractual Perspective. *University of Toronto Law Journal* 2(43) 11-123.

Maria, P., & Amina, P. (2010). *Corporate Governance and Banking Performance.* International Hellenic University.

Mcconomy, Bruce, J., Bujaki, & Merridee, L. (2000). Corporate Governance: Enhancing Shareholder Value [Includes overview of TSE guidelines] *CMA Management,* 47(8) 10-13

McDonald, D. & Puxty, A. (1979).An Inducement Contribution Approach to Corporate Financial Reporting", *Accounting, Organization and Society*, 4(12) 53-65

Munyao, D. (2012*). The Effects of Corporate Governance Principles on the Financial Performance of Forex Bureaus in Kenya*. Unpublished MBA Project, University of Nairobi.

Murage, H. N. (2010). *The Relationship between Corporate Governance and Financial Performance of Parastatals in Kenya*. (Doctoral dissertation, University of Nairobi, Kenya).

Muth, M. & Donaldson, L (1998). Stewardship and Board Structure: A Contingency Approach. *Scholarly Research and Theory Papers Journal* 6(8)122-137.

Ntim, P. (2009). Additional Evidence on Equity Ownership and Corporate Value. *Journal of Financial Economics* 3(27)595-612.

Nyokabi, E. M., (2009). A Survey of Transparency of Risk Information in Listed Firms at the NSE. *Unpublished MBA Project, University of Nairobi*.

OECD (2004), Principles of Corporate Governance. *OECD Publications Service*. Paris Cedex 16, France.

Ongore, V. O., K'obonyo, P. O., & Ogutu, M. (2011). Implications of Firm Ownership Identity and Managerial Discretion on Financial Performance: Empirical Evidence from Nairobi Stock Exchange. *International Journal of Humanities and Social Sciences*, *1*(9)187-195.

Otieno, M. (2012). *The Effect of Corporate Governance on Financial Performance of Commercial Banks in Kenya*. Unpublished MBA Thesis, University of Nairobi.

Parker (2007). The Effect of Integrity and Composition on European Bank Performance, *European Journal of Law and Economics*, 23(1) 1-27.

Rajagopalan, K. & Zhang, P. (2009). Corporate Governance in India: The Case of HDFC Bank. *The IUP Journal of Corporate Governance* 3(4)119-30.

Rashid, A. (2011). Fairness, Board Leadership Structure and Firm Performance: Evidence from Bangladesh. In *A paper for inclusion in the Accounting and Finance Association Australia and New Zealand Annual Conference Adelaide* (Vol. 57).

Sanda, A., Mukaila, A. & Garba, T. (2005): Corporate Governance Mechanisms and Firm Financial Performance in Nigeria*, AERC Research Paper*, No. 149

Sandeep, Patel, & Lilicare, (2002). The Corporate Governance of Banks, *Journal of Financial Regulation Compliance* 14 (4) 375-82.

Shleifer A. & R. Vishny (1997). A Survey of Corporate Governance, *Journal of Finance.* 52(3)246-253.

Solomon, P. & Solomon, E. (2004). Ownership, Independent Directors, Agency Costs and Financial Distress: Evidence from Chinese listed companies*. Corporate Governance*. 8(5) 622-36

Suchada, J. (2007). The Performance Effects of Transparency and Board of Directors. A Case of SET100 Thailand Companies. Thai Publishers. Bangkok.

Sundaramurthy, C. & Lewis, M., (2003). Control and Collaboration: Paradoxes of Governance, *Academy of Management Review* 29 (3)397-415.

Wandabwa, G. (2010). *The Relationship between Corporate Governance and Financial Performance among Broadcasting Stations in Kenya*. Unpublished MBA Project, University of Nairobi.

Wang, Z.-J. & Xiao, L.D. (2006). Corporate Governance and Financial Distress. *The Chinese Economy*. 39(5)5-27.