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INFLUENCE OF CORPORATE GOVERNANCE PRACTICES ON ORGANISATION PERFORMANCE: CASE OF KENYA POWER & LIGHTING COMPANY, KENYA

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ABSTRACT

Organisation management is regarded as a fundamental necessity for running any institution, strengthening directors' performance, openness, and disclosure, giving account, risk management, internal audit, effective leadership, and sound corporate citizenship. Kenya Power & Lightning Company is one of the parastatals in Kenya where the government is the major and controlling shareholder. The organisation is charged with the role of supplying electrical power to the citizens and commercial enterprises. Despite the growing population in the country, Kenya Power is the only organisation tasked with connecting the citizens to the power grid, therefore, acting as a monopoly. The aim of this study was to examine the influence of organisation management principles employed by Kenya Power & Lightning Company. This study was guided by two theories, the famous Agency Theory and Stakeholder Theory. The study involved a population of 376 personnel comprising corporate managers, tactical managers, and subordinate personnel working at the organisation's head office. The use of stratified random sampling assured objectivity and eliminated biases in the investigation. As a result, 30% of the study population was sampled, yielding a sample size of 113 from the three categories. Questionnaires were used to collect data from the sampled respondents. To address the study questions, the acquired data was analysed using descriptive analysis. According to the study, corporate governance can explain up to 20.5% of variations in a company's organizational performance. Although not statistically significant, there was a modest and positive relationship between board structure and organizational success. Stakeholder involvement and organizational performance had a statistically meaningful, albeit moderate, link. Board transparency and organizational success had a statistically meaningful, albeit moderate, link. A parastatal, improvements in KPLC's performance would yield immense value to the public. The study recommended KPLC to appreciate and elevate the role of board committees to enhance the efficiency of the company and create better synchronization between the board other stakeholders such as the managerial team.

Key Words: *Board Structure, Stakeholder Engagement, Transparency*

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INTRODUCTION

A major concern has been put globally emphasing the significance of entrenching the principles of organisation governance owing to the major and worst financial crisis (Tarraf, 2010). Organisation governance is described as how the organisation's accounting and Corporate Information Systems management impacts all the interest groups (Shah et al., 2011).Organisation management is a combination of systems that helps an organisation run and guide. The major objective of good organisation management is to safeguard the owners and related interest groups from the agent's exploitation and conflicting decisions. Organisation management aims to enhance value in an organisation. (OECD 2015).

In Kenya, good application of organisation management is paramount to every company: whether income generating or not, family owned, or government owned, varying sizes all aimed at ensuring that the objectives and visions of the organisation are achieved based on effective management of organisation assets (Machuki and Oketch, 2013). Further, it is important to appreciate that businesses thrive in challenging and diverse business surroundings that demand strategic but adjustable management policies and rules exhibiting the attributes of diverse circumstances emanating from unique situation for example legal and financial systems, culture, corporate ownership structures and economic conditions (Onyango, 2010).

The capability of an organisation to thrive is based on its OP, which means its potential to adequately actualise its competitiveness to attain organisational goals (Randeree and Al Youha,2009). OP refers to the actual results or output of an organisation as measured against that organisation's intended outputs (Tomal and Jones, 2015). The concept of OP takes root on the concept that an organisation is a free combination of capital comprising of "human capital, physical, and capital resources" to realise a shared goal (Carton, 2004). The effectiveness of a Company entails the competence of each of its workforce; therefore, individual productivity can be partially described, as an attribute of leadership. Specifically, individual productivity is attained by manipulating the attributes on which it relies upon. These factors entail a significant parameter of attributes. In contrast the managers in many instances lack the requisite ability required in altering these attributes. Furthermore, the key factors that contribute to organisational performance include leadership competencies (Mastrangelo et al, 2014).

This relates to the management of a Company aimed at ensuring that its stockholders or shareholders goals of wealth and profit maximisation are realised as well as the interests of other stakeholders too are realised. Organization Management remains key due occasioned byall the interested groups for integrity and openness in view of the world economic woes, Company losses and ultimately shut down (Mallin, 2010). Organisation Management entail a process through which organisations are effectively run. The management structure in organisations guides on to the allocation of rights and responsibilities among the stakeholders: the board of directors, managers, shareholders, creditors, auditors, regulators, and so on. It also points to the rules and procedures to be adhered to by the management in making decisions fororganisation goals (Enobakhare, 2010).

Owners (Shareholders) of an organisation have their interests geared towards profit and wealth maximisation. Owner's delegate and lose power to manage their own Companies to hire agents as Companies expand. Moreover with business expansion there arises the need for accessibility of additional resources procured from diverse areas, thus a shift from owners to other interest groups (Machuki and Oketch, 2013). As shareholders (owners) pursue their interests of proft and wealth maximisation, the managers (agents) also endeavour to satisfy their own interests which in most instances conflict with those of the owners. Organisation management through various policies and regulations has risen to the occasion to ensure

that the widespread of these conflicts are kept at bay. (Mwangi, 2013). Generally, Organisation governance is the ultimate management system and processes in a company that yield from the set of rules and company procedures of conduct entrenched freely (Onofrei, 2007).

KPLC has for the last sixty-five years existed as a monopoly in Kenya owning and operating power lighting and generation system and currently sells power to over 8 million households and industrial consumers in the country. KPLC's end goal is to be the country's leading power distributor by affording "quality and reliable service" to connect and ensure the citizens are powered to enhance their lives and facilitate the nation's development both economically and socially. KPLC's core objective is to arrange for enough power production and distribution ability to ensure that the country's power requirements are met.

The state commands a slightly majority stake of 50.1% with the private investors commanding a minority of has a majority stake at 49.9% of the quoted shares. Despite the company being owned by both the government (50.1% shareholding) and the private investors (49.9% shareholding) the company's financial performance has been on the down trend for example the Audited Financial performance as of 30th June 2020 reveals that the loss before tax was KES 7,042 million against a loss before tax of KES 334 million. This poor performance led to the company paying no dividend to the Shareholders in the year.

Statement of the Problem

Organisations that have a state stake in our country have established in various sectors of the economy dating back on their formation in the early 20th century. These organisations however even with the robust control mechanism they continue to exhibit poor organisation governance as evidenced by their poor performance. Many companies have been characterised by scandals for example Kenya Airways has registered financial losses for the last couple of years resulting to government's intervention and bailing out, Uchumi supermarket has also suffered greatly as a result of poor governance as well many other Companies which even most of them have closed. (Kiarie, 2018). The aim of this study was to understand the impact of organisational management on organisational productivity and service delivery of quoted companies where the state has a stake in our country. Previous researchers have laid great emphasis on financial institutions and few service sectors while ignoring many other sectors of the economy although Corporate Governance has become an issue of concern in almost all organisations. Specifically, this study aimed at examining the Board Structure in relation to its size, composition and qualifications & expertise of the Board, stakeholder engagement and how they influence or are influenced by the organisation as well as the levels of transparency in the organisation.

Research Objectives

The study was guided by the following objectives;

- To establish the effect of board structure on the organisational performance at Kenya Power & Lighting Company
- To establish the effects of stakeholder engagement on organisation performance at Kenya Power & Lighting Company
- To assess the levels of transparency on the organisational performance at Kenya Power & Lighting Company

LITERATURE REVIEW

Review of Related Literature

Organization Performance

Many studies have dwelled on the material and immaterial aspects of Organization Performance. Yeo in his studies considers the income and non-income results thereby coming up with the notion regarding the social outcomes. He outlines the fundamental value of organisational learning and experiences. He opines that addressing only the material aspects can deceive the organisational managers as the corporate factors and parameters are fluctuating often. This study as furthered by Lewis (1994: 41) observes that organisation

performance is amatter requiring regular review and address. This observation and results provide for more guidance and direction towards further research (Yeo, 2003: 199).

Results evaluation should exceed the financial aspects to include other non-economic aspects such as the business environmental aspects and social aspects. It is therefore imperative that businesses must redefine all interest groups widely. There is sufficient pointer that companieswhich re- evaluate results on a wide scope factoring in all interest groups experience competitive growth and remarkable margin (Coomber, 2014). "Performance refers to carrying out an action and attaining some results". In line with this "performance" should entail the output realised and the ways adopted to realise these outputs. Therefore, to enable an effectiveand efficient "performance organisation" a combination of the output and the ways to realise those outputs should be explained and a consensus reached. (De Waal and Chipeta, 2015).

Hansen et al. (2013) examined the pointers for results differences among small businesses. Evaluation was carried out on the organisations surroundings (systems, processes, procedures) and assets/competencies as possible pointers for differences of incomes which is the only determinant employed by the researchers to gauge remarkable results. They opined that the nature of organisation surrounding, capital, and competencies varied organisations in terms of incomes. The researchers however did not establish any findings conceptually or empirically that pointed the specific attributes that would associate the high productive organisation considering the African economic the African economic, socio-cultural, and surrounding considerations. (Hansen, Ishengoma and Upadhyaya 2018).

Dr. Mustafa Ta while reviewing the work of Iselin et al. (2008: 76) points that the indicators of business performance are income (high margin, high liquidity), high turnover, workforce motivation, social responsibility, competitive products, innovation R&D/markets. They opine that business performance is key in evaluating the goals and outlining the performance. The issues highlighted in these findings for determining the business Performance can be applied in theory building (Dr.Mustafa Ta et al., 2018).

Board Structure and Performance

Directors in most instances include the management as well as independent directors. Management directors entail the executive directors while the independent directors relate to non-executive directors. A minimum of one out of three directors of non-executive directors are recommended in every organisation in order to ensure good oversight and that the board carries out its mandate properly and without bias since their advice is neutral as they are not involved in the day to day running of the organisation. On the other hand, executive directors are key as they are engaged in the day to day running of the organisation and therefore have insider information which is mostly beneficial to the board as they are able to update the board on the organisation status and therefore making it possible to make relevant and effective decisions (Shah et al, 2011).

The most significant organisation management mechanism is the board of directors. "The theory of Agency" stresses the significance of the directors in minimising the collision of conflicts on the principals and agents in a company and there is sufficient proof to this claim (Claessens & Yurtoglu, 2013). The function of the board as observed from an agency theory view, entails addressing agency conflicts on agents and principals through remunerating the performing agents and dismissing those who are not adding worth to the owners. In addition, the advocates on the theory of resource dependency take cognizant that the board offer to the organisation significant value. Researchers agree that for effective governance practice, owners elect the team of directors who are mandated to supervise the functions of the management on behalf of the owners. (Masdoor, 2011).

In instances where boards consist of too many members agency problems may increase, as some

directors may tag along as free riders. Weisbach et al (2013) observes that when a team of directors is very large it normally converts into a lot of "symbolic role" as opposed to delivering its mandate effectively complementing the management. Alternatively, "small boards" suffer the deficit of professional expertise, innovation, the requisite skills, experience, and board diversity experienced by well-balanced boards (Dalton & Dalton, 2005).

Stakeholder Engagement and Performance

Stakeholders consists of persons, common groupings, or institutions which might affect, affected by, or assumed to be affected through a choice, activity, or by an output of an activity. (PMI, 2013). The organisation's aim is to guarantee that the interests of the "stakeholders", who are essentially the owners, are highly considered and are fairly treated. This argument has however met objection with some researchers criticising that the theory runs short in its scope (Coleman and others, 2008). Matching with "Stakeholder" collaborative approach, corporate management strategy to OP is key.

Over the years, the organisation managers have not been keen with the company surroundings rather they have been concerning themselves with the operations of the organisations geared towards profit and wealth maximisation. The changes in this approach have been rare and occurring after a long duration therefore well planned, implemented and assimilated into the organisation. The work environment of these organisations is framed within the organisational chain of command, channels of authority, centralised management, and routine jobs. This traditional organisational management approach fails where OP is concerned. Therefore, this calls for new management relationships, which applies and cuts across the normal flow of authority and responsibility and radiate outside of the functional unit (McKinley, 2005).

The Board should recognise the legitimate rights of the stakeholders and develop policies to safeguard those rights as well as identifying the interests of core interest groups ascertaining that their interests are well taken care of as well as considered in policy formulation and implementation. A dispute resolution mechanism needs to be established to ensure that disputes are resolved amicably and in a timely manner in order to safeguard the interest of the stakeholders by ensuring conflicts arising are solved amicably and promptly. (Mwongozo, 2015).

Stakeholders include donors, beneficiaries, employees, linked companies, investors, the government and its agencies, creditors and suppliers, and clients of the organization. Stakeholders' theory has been used to a variety of fields, including law, investment management, and human resource management, where it excelled in challenging the conventional evaluation framework by focusing on the demands of the stakeholders from the outset of any endeavour (Gitamo, 2018). This study sought to learn how to assess organizational stakeholders according to their importance to a particular organization and to attempt to strike a balance between the interests of all stakeholders.

Board Transparency and Performance

Owing to the numerous financial crises abroad in the beginning of this 21st Century that led tothe collapse of many companies, the concept of "voluntarily disclosure" and "transparency" was greatly entrenched and emphasised by the organisational investors. After these crises numerous controls and "voluntary disclosures" took a part in modern day reporting. Currently "reporting" is a major issue exceeding the mere "reporting of accounting figures". Concern of investors has focussed to not only the "effectiveness of corporate governance practices" but also to "transparency and disclosure of information". It implies full disclosure of the information to reduce information imbalance among organisations. The principle behind any organisation management system is premised on the goal of sound reporting which is in line with the technical standards in line with other regulatory requirements globally (Fung, 2014).

Transparency adequately enhances engagement,

minimises abuse of office and misallocation of resources, thereby reinforcing organisation governance. Institutions employing transparent approaches are very vibrant in assuring and enhancing trust among "stakeholders". Contrary, where the aspect of transparency is not entrenched in an organisation it fosters mistrust and encourages and builds an opportunity for squandering of resources since "stakeholders" lack the opportunity of understanding how the resources are managed. This research ascertains that transparency promotes trust by "stakeholders" (Cucciniello et al. 2017).

Public Institutions are perceived to be more transparent since they are obliged to render accounts and disclose information to "stakeholders". In contrast private institutions are perceived to be less transparent as they are not thoroughly obliged to disclose their information and render accounts to the public. (Qian et al. 2015). Transparency is a significant factor in organisational governance and function. It encourages, enhances, and strengthens investors, interest groups and the general public confidence. Furthermore, it affords and promotes an environment for sustained and accelerated improvement of corporate systems and operations. (Code of Governance for Organisations in Kenya, ICPSK 201. The study strived to investigate the organisation's level of transparency among its stakeholders bearing in mind that it is a public entity thus expected to be more transparent and how that influences its performance.

Theoretical Review

Agency Theory

"Agency theory" perceives an institution based on the connection between the owners, who cede control to an agent. In most instances owners lack necessary skills and the time to adequately manage the organisation and hence appoint the representatives for management and daily operations. Managers in "agency theory", should limit themselves to accomplishing shareholders goals while running the affairs of the organisation. Despite this the agents, are also assumed to take actions which are in line with their own interests, plights, and aspirations, contrary and conflicting the plight of the owners and where the interests or preferences of the principals vary with those of the Agents there arises Agency problems (Machuki and Oketch, 2013). This theory helped the study to understand the correlation between the owners (shareholders), the Directors and the Managers who are involved with the day to day running of the company.

Stakeholder Theory

The concept of defining the term stakeholders becomes obscure without giving elaborate limits on the same. Various categories of these groups are perceived as core or secondary which has ultimately led Organisations to consider concentrating on those groups who were key to organisation success. This limited the stakeholder perspective's overall essence, which emphasised the significance of these groups by creating a pecking order among them. In the end, the analysis by the management targeted on distinguishing these groups by concentrating to work with whom the organisation would flourish. (Garcia-Castro & Aguilera, 2015).

The "stakeholder theory" proposes that organisations ought to be concerned with the plight and aspirations of diverse stakes, in addition to the owners. The theory has a wide perspective as it addresses the governance policies and considers a range of interested groups (Machuki and Oketch, 2013). Furthermore, institutions must recognise their lawful and moral duties every worthwhile interest group, inside and outside the organisation, single person or a group of people, organisational or other interest parties. The research strived to understand the various stakeholders at KPLC and how these stakeholders relate with the company as well as how their interests are satisfied or at least addressed.

Conceptual Framework

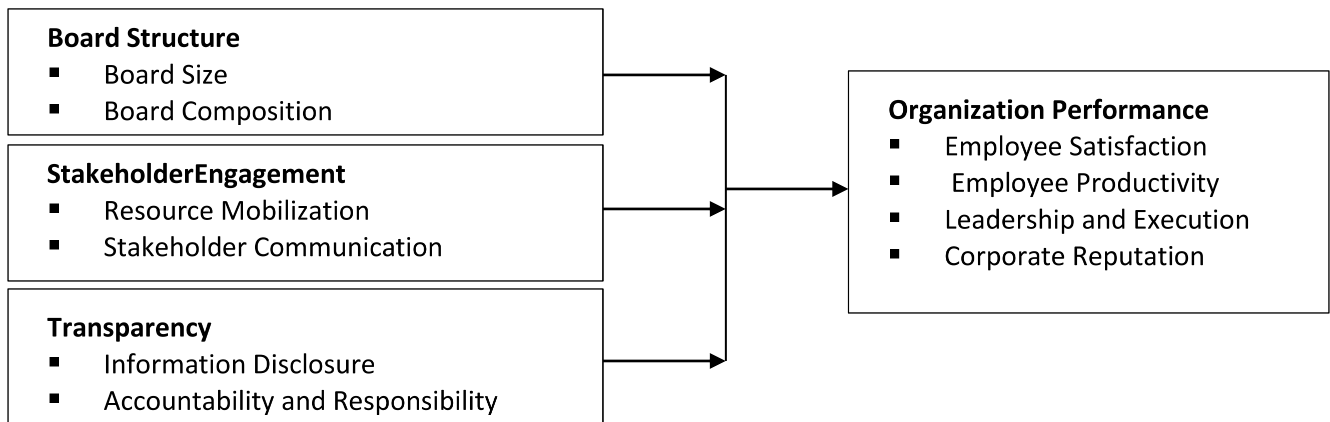

Figure 1: Conceptual Framework

Source: Author (2021)

METHODOLOGY

The study employed descriptive research design. The area of research was Kenya Power & Lighting Company headquarters located at "Stima Plaza, Kolobot Road in Parklands, Nairobi". The population of interest was the employees working at KPLC headquarters. There were a total of 376 employees working at the Company headquarters and the studies focused on these employees who were majorly involved in execution of various managerial functions. In this case, the study targeted a total of 376 employees as follows: 30 top level employees, 120 middle level employees and 226 lower-level employees. The research employed a "probability sampling" method and specifically employ the technique of stratified random sampling to pick respondents from the target population. The method used to gather information involved conducting simple oral interviews, use of both structured and unstructured questionnaires as well as participant observation and desk review. The study used both primary and secondary data for analysis. The study employed "both quantitative and qualitative methods of data analysis". SPSS software was applied for analysis of the more structured questions. The dependent and the independent variables was represented as follows:

$Y = f(X)$

Where Y is the dependent variable and X refers to the independent variables. Y denotes Organisation Performance while (X) denotes corporate governance. This model infers organisation performance as a function of corporate governance variables. Based on the above function, the model below was derived.

$OP = a_0 + a_1 BS + a_2 SE + a_3 BT + \varepsilon$

OP – Organisation Performance

BS – Board Structure

SE – Stakeholder Engagement

BT – Board Transparency

a_0 – Model intercept

a_1, a_2, a_3 – Corresponding coefficients to the variables

FINDINGS

This study targeted 113 respondents, as determined by the sampling method. The feasibility of involving several such respondents was confirmed during the pilot study. To that effect, the author issued remote research questionnaires to 113 target respondents. Only 101 surveys were completed. Four survey responses were significantly incomplete, rendering them unusable for data analysis.

Descriptive findings

The study used descriptive and inferential analyses to address the study's guiding research questions

and objectives. The descriptive analysis was made based on the direct feedback obtained from the respondents regarding the research questions. The author's intention was to explore and understand the company's corporate governance practices and organisational performance attributes.

Board structure and organisational performance

The author assessed the board structure characteristics of the company using a set of predetermined metrics. These include the number of board members, diversity of the board, board responsibilities, number of meetings, board committees, and perceived effectiveness of the board. The respondents were expected to agree or disagree with the sentiments. The outcome of this assessment is presented in Table 1.

Table 1: Board structure at KPLC

Sentiment	Mean	StandardDeviation
The board has the appropriate number of members.	2.67	1.02
Members of the board have the necessary skill, experience, diversity, independence,character, and judgment.	2.98	0.790
Board members' roles and responsibilities are well defined.	2.92	0.731
The Board has the appropriate number of meetings each year.	2.75	0.830
Board meetings are well-organized and well-planned, and they make good use of time.	2.78	0.710
The proper committees are present on the Board.	1.75	0.062

Source: Research Data (2022)

The respondents agreed that the board had the right members (*M=2.67, SD = 1.02*). They alsoagreed that the board's role was clearly outlined, the board had an appropriate number of meetings each year, and its meetings were planned optimally and effectively. However, the respondents disagreed with the sentiments that the board had the appropriate committees and that it was inclusive and diverse. Board committees are recommended as part of promoting oversight in an organisation. According to Peterson and Gardner (2022)**,** board diversity and inclusion are attributed to a positive impact on organisations through improved collaboration in decision-making. It also improves board-shareholder relations and firm performance (Peterson & Gardner, 2022). Diverse boards are known to record 10% more stock returns than less diverse ones. As such, the lack of diversity at the company could result in poor parastatal performance.

The structure of a board of directors can have a significant impact on the performance of an organization (INSEAD, 2019). A well-functioning board with a diverse set of members who possess the necessary skills, knowledge, and experience can provide valuable guidance and oversight to help an organization achieve its goals (Merendino & Melville, 2019). On the other hand, a poorly functioning board can lead to strategic missteps and poor decision-making, which can negatively impact organizational performance (Merendino & Melville, 2019). Factors that can affect board structure and its impact on organizational performance include board size, composition, independence, and the presence of a strong chair. Additionally, the effectiveness of board committees, such as audit and compensation committees, can also play a role in determining the performance of an organization (Arosa et al., 2013).

Stakeholder engagement and organisation performance

The author's first assessment concerned stakeholders' involvement in the power company's day- to-day operations. This assessment was based on predetermined sentiments the author providedto the respondents. They were expected to indicate the extent to which they agreed or disagreed with the sentiment. The outcome of this assessment is presented in table 2.

Table 2: Stakeholder engagement at KPLC

Sentiment	Mean	Standard Deviation
The company recognises and appreciates all stakeholders	1.85	0.651
All stakeholders are engaged in jointly developing policy and procedures	0.79	0.763
The board always seeks input from all stakeholders for the company's agenda	1.04	0.726
The board ensures all items raised in past meetings are addressed and followed through	1.12	0.17
The board regularly asks stakeholders for advice on the agenda of eachmeeting.	1.27	0.31

Source: Research Data (2022)

Considering the observations, the respondents noted recognition and appreciation from KPLC towards all stakeholders (*M=2.85, SD = 0.651*). However, the respondents noted poor engagement of all stakeholders are engaged in developing procedures and policies (*M=0.79, SD = 0.763*). They also disagreed that the board of directors at KPLC always sought input from all stakeholders when forming the corporate agenda (*M=1.04, SD = 1.02*).

Based on published literature, stakeholder engagement can take many forms, including direct communication, such as meetings and surveys, and indirect communication such as using social media (Kenyoru, 2015). It is important for organizations to have a clear and consistent approach to stakeholder engagement, and to ensure that the engagement is timely, transparent, and responsive to stakeholders' needs and concerns (Sciulli & Adhariani, 2022). According to stakeholder engagement can have a positive impact on organizational performance. Engaging with stakeholders, including shareholders, customers, employees, suppliers, and the community, can help organizations gain a better understanding of their needs and expectations, and make more informed decisions (Isike & Ajeh, 2017).

This can lead to improved relationships and increased trust, which can in turn help organizations to achieve their strategic goals and improve their financial performance. Additionally, stakeholder engagement can also help organizations to identify and manage risks, as well as identify and capitalize on new opportunities (Isike & Ajeh, 2017). Literature also suggests that organizations with a strong stakeholder engagement strategy tend to have better reputation, improved employee retention, motivation, and satisfaction. It can also lead to more innovative ideas and better decision making (Sciulli & Adhariani, 2022).

Board Transparency and organisation performance

Board transparency is vital in protecting the principle-agent relationship that guides organisations (Oino, 2019). Transparent companies are likely to have more satisfied shareholders than opaque boards. To that effect, the author examined the transparency attributes of the board at the subject company. The author developed predetermined sentiments concerning the operations at the company and the effort the company made to ensure that all stakeholders were conversant with those operations. The outcome of this assessment is available in Table 3.

Table 3: Board transparency at KPLC

Sentiment	Mean	Standard Deviation
Our current operations are reasonably straightforward for all stakeholders	1.28	0.339
Our operations are very complex, making it difficult for the average investor to understand our business.	2.74	0.020
Our current operations are complex, but we provide investors with someinformation on our operations.	2.80	0.702
The company provides financial guidance to the investment community	0.61	0.885
All stakeholders are aware of the company's vision and mission	1.16	0.039

Source: Research Data (2022)

The respondents mostly disagreed that the company's operations were straightforward for all stakeholders to understand. They also mostly concurred with the sentiment that the company's operations were complex (*M=2.74, SD=0.02*). The respondents indicated that an effort was made to provide all investors with the necessary information to understand those operations (*M=2.80, SD=0.702*). However, the respondents did not concur with the sentiment that KPLC provided financial guidance reports to investors and always ensured its stakeholders understoodits new frontiers (*M=0.61, SD=0.039)*. They also indicated lack of sufficient awareness from the company regarding KPLC's mission and vision (*M=1.16, SD=0.039)*

A transparent board is one that operates in an open and accountable manner and provides stakeholders with clear and accurate information about its activities, performance, and plans (Langenbucher, 2012). Transparency can help to build trust and credibility with stakeholders, which can in turn lead to improved relationships and increased support for the organization. It can also help to identify and manage risks, as well as identify and capitalize on new opportunities (Soppe et al., 2010). Additionally, transparency can help to promote good governance and accountability, and can help to deter fraud and unethical behaviour. Board transparency can be enhanced by providing stakeholders with access to accurate and timely financial and non-financial information, holding regular and open meetings, and providing clear explanations of the board's decision-making processes (Soppe et al., 2010). Transparencycan also be increased by having a clear and consistent communication strategy, and by using a variety of communication channels to reach stakeholders (Langenbucher, 2012).

Inferential analysis

As previously noted, this research aimed to determine corporate governance's effect on organisational performance. From this aim, corporate governance was deduced as the independent variable, while organisational performance was deduced as the dependent variable. The inferential analysis regarding this aim consisted of correlation analysis and regression analysis. The author averaged the responses from the four variables, namely employee satisfaction, motivation, leadership, and corporate reputation, to obtain analytical measures of the organisational performance of KPLC for this research.

Correlation analysis

The author performed correlation analysis to establish whether there was any association between organisational performance and corporate governance at the KPLC. The analysis also informed about the strength and direction of association between the two primary variables. Correlation analysis is recommended in studies where two variables are compared and as a reliable guide before performing the causal analysis (Stephanou & Varughese, 2021). The correlation herein was performed using the Spearman Rank technique. This method is optimal when assessing ordinal variables,

which was the case for this study (Stephanou & Varughese,2021). The variables were measured using self-reported data and quantified using dummy, non-continuous data.

Correlation between two variables ranges between +1.00 (perfect positive correlation) and -1.00 (negative correlation). A positive correlation occurs when the two connected variables increase or decrease concurrently and proportionately, whereas a negative correlation occurs when one variable increase and the other drops proportionately. The guiding decision criterionstates that the association between two variables is vital if the correlation coefficient is between
0.5 and 1, moderate if it is between 0.3 and 0.5, and weak if it is less than 0.3 (Wartenberg, 2010). The statistical significance of the association was measured at a 95% confidence level.The outcome of the correlation analysis is shown in table 4.

Table 4: Correlation analysis

	Organisational Performance	Stakeholder Engagement	Board Structure	Board Transparency
Organisational Performance	1.000			
Stakeholder Engagement	0.409*	1.000		
Board Structure	0.344	.555**	1.000	
Board Transparency	-.679**	.715**	.603**	1.000

Source: Research Data (2022)

Based on the decision criterion, there was a statistically significant albeit moderate correlation between stakeholder engagement and organisational performance ($p<0.05$). This observation suggests that positive changes in stakeholder engagement at the company could result in positive changes in organisational performance. The finding coincides with Kenyoru et al. (2015) observation that the engagement of employees and other stakeholders in the organisational affairs of KPLC had a strong influence on the company’s performance. The observation was also consistent with Kimutai and Kwambai (2018) who observed a significant and positive association between stakeholder engagement and organisation effectiveness at Eldoret University.

There was a moderate association between board structure and organisational performance ($p<0.344$). Rafique at al. (2017) made related observation that components of board structure such as board independence were not necessary for public sector company. This study observed a strong positive correlation between board transparency and organisational performance ($p<0.001$). However, the correlation was not statistically significant. The association between corporate governance and organisational performance was positive. This observation implies that an improvement in corporate governance practices at KPLC was likely to improve the company's performance.

Regression analysis

The author also performs a cause-effect analysis between corporate governance and organisational performance. Regression analysis demonstrates the causality and magnitude ofthe association between independent and dependent variables (Ludbrook, 2012). For this study, it was essential to inform the author of the extent to which corporate governance influenced the company's organisational performance in the company in question and whether the influence was statistically significant. The model summary of the research variables was obtained to demonstrate the importance of the predictor variables on the outcome, as shown in Table 5.

Table 5: Model Fitness Summary

Model Summary[b]

R	Adjusted R Square	Std. Errorof the Estimate	Change Statistics				
			R Square Change	F Change	df1	df2	Sig. F Change
.479[a]	0.205	0.29498	0.230	9.155	3	92	0.000

a. Predictors: (Constant), Board Transparency, Board Structure, Stakeholder Engagement

b. Dependent Variable: Organisational Performance

Source: Research Data (2022)

The author used the adjusted coefficient of determination (Adjusted R-squared) to examine whether the independent variables could explain changes in the dependent variables. The coefficient helped to tell whether corporate governance variables could be attributed to the changes in organisational performance (Ludbrook, 2012). The analysis showed that corporategovernance variables could explain up to 20.5% of changes in organisational performance in the context of this study. These means that 79.5% of the changes in the organisational performance of KPLC were attributable to other factors outside the scope of this research. In validation of this idea, the reviewed literature indicated that the performance recorded by an organisation is dependent on factors as availability of capital, level of innovation, and competitiveness of the company's products (De Waal and Chipeta, 2015).

The author also analysed variance (ANOVA) to examine the overall significance of the guiding linear model. ANOVA demonstrates whether the means of all variables and the model's mean are statistically significant (Ludbrook, 2012). The F-statistic and its corresponding p-value are used as the decision criterion. A summary of the ANOVA test is shown in Table 6.

Table 6: Analysis of variance summary

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.390	3	0.797	9.155	.000[b]
Residual	8.005	92	0.087		
Total	10.395	95			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Board Transparency, Board Struct, Stakeholder Engagement

Source: Research Data (2022)

The decision criterion is such that the model is statistically significant if the F-statistically is notably high and its corresponding p-value is less than the critical value at a 95% confidence level (Emerson, 2018). The model had an F-statistic of 9.155, which was statistically significant (p<0.001). Based on this observation and the decision criterion, the guiding linear model was said to be statistically significant.

The effect of corporate governance on organisational performance was determined using statistical coefficients, as shown in Table 7. The statistical significance of these coefficients was determined using their corresponding probabilities measured at a 95% confidence level.

Table 7: Cause-effect coefficients

Model	Unstandardised Coefficients		Standardised Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.090	0.192		10.875	0.000
Stakeholder Engagement	0.114	0.092	0.170	-1.245	0.016
Board Structure	0.058	0.079	0.090	-0.738	0.006
Board Transparency	0.359	0.081	0.635	4.449	0.000

a. Dependent Variable: Organisational Performance

Source: Research Data (2022)

The author observed that an improvement in stakeholder engagement could improve the organisational performance of the company by 17.0% at 5% significance level (β = 0.170, p = 0.016). Improvement in the company's board structure could result in a 9% improvement in its organisational performance at 5% significance level (β = 0.090, p = 0.006). Lastly, improvement in the board transparency had a high impact potential at 63.5% at 5% significance level (β = 0.635, p = 0.000). All the coefficients were statistically significant at a 5% critical level. Moreover, all coefficients were positive, which suggests thatoverall improvement in corporate governance at the company could improve the firm's performance. The effect of corporate governance on the company's organisational performance was relatively small based on the outcomes. The coefficient was notably small across all the variables, which was deduced as relatively small. This observation could be attributed to the fact that the underlying variables were not statistical,and we based them on self-reported data. As previously noted, the guiding model for this study was as follows.

$$OP = a_0 + a_1 BS + a_2 SE + a_3 BT + \varepsilon$$

Based on the observations, the following model was derived.

$$OP = 2.090 + 0.090 BS + 0.170 SE + 0.635 BT$$

Where BS – Board Structure, SE – Stakeholder Engagement, BT – Board Transparency.

Based on Table 8, there was a statistically significant relationship between board structure and the company's organisational performance because the coefficient for board structure hada p-value of 0.006 against a critical probability of 0.05. There was also a statistically significant relationship between stakeholder engagement and the company's organisational performance because the coefficient for stakeholder engagement had a p-value of 0.016 against a critical probability of 0.05. Lastly, there was a statistically significant relationship between board transparency and the company's organisational performance because the p-value of the coefficient for board transparency was below the critical probability of 0.05.

The outcomes of this study were consistent with the reviewed literature undergirding this study. Regarding board structure, Weisbach et al. (2013) noted that where a board of directors is toolarge, it is susceptible to the free rider problem and where too small, it can suffer from lack of essential skills and diversity of ideas. This study has found that the board of KPLC has the potential to influence the company's performance. This suggests that the company has some room to experimenting with a larger board of directors to reach its optimal level. Regarding stakeholder engagement, literature underscores the right for stakeholders to be involved in the formulation and implementation of corporate policy. This study found that the subject organization performed better when stakeholders were more involved in the activities of the company.

This study has found that board transparency can have a positive impact on the organizational

performance of KPLC particularly in terms of employee motivation and reputation. This outcome is consistent with the reviewed literature that made related suggestion. For instance, Wang et al. (2011) found that transparent boards can improve employee motivation by increasing their trust in the organization and their sense of accountability. When employees see that the board is open and transparent in its decision-making process, they are more likely to feel valued and respected, which can increase their engagement and motivation (Wang et al., 2011). Similarly, when an organization is transparent about its operations, it can build trust with stakeholders and demonstrate its commitment to ethical and responsible practices (Ortega-Rodríguez et al., 2020). It is crucial to highlight, however, that the link between board openness and organizational performance is complicated and can be impacted by several factors, including the amount of transparency, the kind of organization, and the cultural environment (Kakanda et al., 2016).

CONCLUSION AND RECOMMENDATIONS

The purpose of this study was to determine the impact of corporate governance on Kenya Power and Lighting Company's organizational performance. According to the study, corporate governance can explain up to 20.5% of variations in a company's organizational performance.

The initial research aim that guided this study attempted to determine if board structure influences Kenya Power & Lighting Company's organizational performance. The study discovered a small but favourable relationship between board structure and organizational performance; however it was not statistically significant. It also discovered a statistically significant cause-effect link between board structure and organizational success within the firm.

The second research objective attempted to determine if stakeholder involvement influences Kenya Power & Lighting Company's organisational performance. Stakeholder involvement and organisational performance were shown to have a statistically significant, albeit moderate, link in the study. It also discovered a statistically significant cause-effect link between stakeholder involvement and organisational effectiveness within the corporation.

The final research objective aimed to determine if board transparency impacted the Kenya Power & Lighting Company. Board transparency and the organisational performance had a statistically significant, albeit moderate and unfavourable, association. The study also discovered a statistically significant and unfavourable cause-effect link between board transparency and organisational success at the firm.

The overarching objective of the study was to establish the effect of corporate governance on the organisational performance of Kenya Power and Lighting Company. The study was conducted on the premise that the board of management has a role of protecting the interests of shareholders as provided by the agency and stakeholder theories. Corporate governance stems out of this need to ensure that board of directors in a company are not oblivious and insensitive to shareholder interests. The result is the maximization of shareholders' wealth. This study has underscored this theory, by demonstrating how several pieces of corporate governance influences the performance of an organization. Based on this study, corporate governance practices at KPLC can account for to at least 20% of the organisational performance experienced by the brand. This proportion was obtained based on the model fitness involving the three variables namely structure of the corporate board, transparency, andstakeholder engagement.

The first objective of this study sought to establish whether board structure affected the organisational performance of KPLC. Based on the findings obtained, the study concluded that indeed, board structure had been influencing the company's performance, albeit in small way. This conclusion was attributed to such attributes as having the right board size and tendency ofthe board to have regular meetings as provided by the respondents. Literature

provided that board structure can have nebulous benefits to an organisation, which means that it can either benefit or harm a firm. The positive correlation between board structure and the corporate performance of KPLC led to the conclusion that the company had an optimal number of board members. Effort towards optimising the board of directors at the company was expected to result in better performance.

The second objective sought to establish the effect of stakeholder engagement on the organisational performance of KPLC. The study concluded that stakeholder engagement had a statistically significant effect on the organisational performance of KPLC. This observation was consistent with the guiding literature and the overarching expectations of the author. However, the effect was not arithmetically large, an observation that could be attributed to theordinal nature of the analysed data and the sample size involved.

The third objective of the study concerned examining the influence of board transparency on the performance of KPLC. The study concluded that the level of transparency at KPLC had negatively influenced the performance recorded at the firm. In the context of this study, the respondents alluded to low levels of transparency at the company characterised with opaqueness and vagueness of operations and the board's activities. The author concluded that improvements in transparency practices at the company could enhance KPLC's performance.

Being a parastatal, improvements in KPLC's performance would yield immense value to the public. This study has demonstrated the effect that extant corporate governance practices have been having on the company's performance. However, the company has several areas to improve on the observations made herein.

Enhancing the role of board committees – KPLC might want to appreciate and elevate the role of board committees. The respondents to this study indicated that KPLC barely had relevant board committees, a reality that could be hampering the company's ability to performance optimally. Board committees are vital for enhancing the efficiency of the company and creating better synchronization between the board other stakeholders such as the managerial team.

Appreciating stakeholders – The company might also take it upon itself to improve it appreciate for stakeholders. The respondents to this study indicated poor stakeholder appreciation. This reality contravenes the anchoring purpose of corporate governance, which concerns protecting their interests and keeping them on the know. One way of approaching and engaging stakeholders is by involving them in the development of the company's vision.

Improving board transparency – KPLC should consider improving its stakeholder-oriented communication for better transparency. The responses obtained indicated low levels of transparency at the company, which has been impact the company's performance negatively. This study recommends openness concerning the company's operations and investments to ensure that all stakeholders are onboard. The board might want to experiment with board portals or board management systems to improve transparency within the board and towards shareholders.

Directions for Future Research

The recommendations for further research based on this study are based on the specific weaknesses and gaps observed during the preparation of the study. First, this study was based on the company's non-financial performance as measured using metrics such as leadership, employee satisfaction, and motivation. The study did not measure any financial metric about KPLC for use in this study. To that end, the study recommends future research in this area to go a step further in measuring the financial performance as reported in the company's financial statements. Such pursuit will play a critical role in advancing the literature and understanding regarding the role of good corporate governance in propelling public organisations. Second, this study

only measured three variables for corporate governance namely stakeholder engagement, board transparency, and board structure. Although they are collectively critical pillars of corporate governance, it is vital to recognise other parameters such as skills and diversity. This study recommends scholars to embrace a comprehensive approach in examining the role of corporate governance in enhancing the performance of public companies.

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