INFLUENCE OF CORPORATE GOVERNANCE ON ORGANIZATIONAL PERFORMANCE IN KENYA: A CASE OF AGRICULTURAL STATE CORPORATIONS

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INFLUENCE OF CORPORATE GOVERNANCE ON ORGANIZATIONAL PERFORMANCE IN KENYA: A CASE OF AGRICULTURAL STATE CORPORATIONS

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ABSTRACT
Corporate governance is increasingly becoming important in organizations as an approach of improving organizational performance. Lack of sound corporate governance has led to poor performance of state corporations throughout the world as well as suppressing sound and sustainable economic decisions. Economic crisis that is being experienced in many developing countries are due to weak corporate governance in many state corporations. Despite tight regulatory framework, corporate governance continues to weaken in Kenya. The purpose of the study was to establish the influence of corporate governance on organizational performance in Kenya with a case of agricultural state corporations. The study is built on the stakeholder theory, resource independence theory, stewardship theory and agency theory. The study adopted a descriptive survey and a sample of 80 respondents was used for this study. The primary data was collected by use of questionnaires. The secondary data was obtained from published documents. A pilot study was conducted to pre-test the validity and reliability of instruments for data collection. The data was analyzed with the help of SPSS version 21 and Excel. The study adopted correlation and regression analysis at 5% level of significance to determine strength and direction of the relationship of the variables under study. The analysis showed that managerial skills had the strongest positive (Pearson correlation coefficient =.755 influence on organizational performance. In addition, board structure, organizational culture and customer relation management were positively correlated to organizational performance. The study established that board managerial skills were the most significant factor. The study recommends that the managers to be trained on leadership, financial management and strategic management skills in their organizations and large organizations which require a larger board size to manage them and they can have both internal directors and external directors. The organization culture should be the one that can promote organizational performance. The organizations should ensure that there is good customer relationship. The study recommends for similar studies to be undertaken in other state corporations for generalization of the findings of this study. There is also need to undertake another research to examine the other factors affecting performance of agricultural state organizations in Kenya.

Key Words: *Board managerial skills, Board Structure, Organization Culture, Customer Relation Management, Organizational performance*

Background of the study

The economic well-being of a nation is a reflection of the performance of its organizations. Thus the low level of development of developing nations is attributed to the low level of good Corporate Governance practices. Corporate Governance is defined as the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholder long term value while taking into account the interest of other stakeholders (Eckart, 2005). Corporate Governance is the system by which organizations are directed and controlled. It's a set of relationships between company directors, shareholders and other stakeholder's as it addresses the powers of directors and of controlling shareholders over minority interest, the rights of employees, rights of creditors and other stakeholders (Bellin & Thomas, 2008).

The concept of corporate governance began to be used and spoken about more commonly in the 1980s (Parker, 1996) but it originated in the Nineteenth Century when incorporation was being advocated for as a way of limiting liability. (Eckart, 2005) perceives creation of the registered company to be the real starting point for any discussion on corporate governance. The issues associated with corporate governance have assumed multifarious dimensions with wide implications, especially for profit-oriented business organizations. There has been growing interest in corporate governance in recent times such that it has become an issue of global significance. The main reason for the search for a universal understanding of the indicators, drivers and mitigating instruments of corporate governance has been heightened in recent times by the spectacular failure of top organizations (Claessens & Yurtoglu, 2013). In most corporate organizations, conflict of interest is a pervasive phenomenon which characterizes relationships between and among the various stakeholders. Conflict exists at many levels and in varying degrees of intensity. For instance, it is commonly observed between the majority and minority shareholders, and between the internal organizational controllers and some of the external stakeholders.

Corporate Governance is also defined as an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity (Claessens & Yurtoglu, 2013). The concept of Corporate Governance has also been defined as "dealing with the ways in which suppliers of finance to corporations assures themselves of getting a return on their investment" (Bellin & Thomas, 2008). It deals precisely with problems of conflict of interest, design ways to prevent corporate misconduct and aligns the interests of stakeholders using incentive mechanism. Corporate Governance is viewed as ethics and a moral duty of firms. A variety of Corporate Governance frameworks have been developed and adopted in different parts of the world. According to Mulili and Wong (2010), countries that followed civil law (such as France, Germany, Italy and Netherlands) developed corporate frameworks that focused on stakeholders. On the other hand, countries that had a tradition of common law (e.g. Australia, United Kingdom, USA, Canada and New Zealand) developed frameworks that focused on shareholders returns or interests.

Corporate Governance has become a topical issue because of its immense contribution to the economic growth and development of nations. The absence of good Corporate Governance is a major cause of failure for many well performing organizations. Existing literature generally support the position that good Corporate Governance has a positive impact on organizational performance (Claessens & Yurtoglu, 2013). Hence the emphasis placed on good Corporate Governance in the existing literature as the most important problem facing the development of countries, such as Kenya.

Global Perspective of Corporate Governance

The improvement of corporate governance practices is widely recognized as one of the essential elements in strengthening the foundation for the long-term economic performance of countries and corporations (Pletzer *et al*., 2015). The term corporate governance relates to how corporations, firms, organizations etc. are owned, managed and controlled. Wanyama & Helliar (2009) stress that corporate governance is about ensuring that the business is running well and investors receive a fair return. Trickler (2015) asserts that core corporate governance institutions respond to two distinct problems, one of vertical governance (between distant shareholders and managers) and another of horizontal governance (between a close, controlling shareholder and distant shareholders).

The reasons for poor corporate governance are found throughout the world which is mostly coupled with fraudulent acts and other major malpractices. They include irregularities in accounts, non-compliance with law, nepotism, non-merit based system and exploitation of minority shareholders (Bellin & Thomas, 2008). Sugar firms have also had their share in corporate frauds and scandals. However the government has taken strides to reduce such malpractices and their effects on corporate environment. Governance is all about encouraging corporate sector to be accountable, fair, transparent and responsible as spelled out by the World Bank president. Companies today have established the concept of corporate governance which is characterized by major components that include company polices, rules and regulations, board of directors, role of CEO and chairman, stock holders, creditors, institutional investors and regulators reporting and maintaining overall transparency, fairness and accountability about the business operations (Pletzer *et al*., 2015).

The World Bank, in 1999, states that corporate governance comprises of two mechanisms, internal and external corporate governance. Internal corporate governance, giving priority to shareholders' interest, operates on the board of directors to monitor top management. On the other hand, external corporate governance monitors and controls managers' behaviors by means of external regulations and force, in which many parties involved, such as suppliers, debtors (stakeholders), accountants, lawyers, providers of credit ratings and investment bank (professional institutions). Consequently, corporate governance mechanism has been a crucial issue discussed again (Pletzer *et al*., 2015). Poor corporate governance has been a problem in agricultural state corporations. For efficiency and profitability of state corporations, the reform process should be geared towards developing and implementing policies that will ensure the principles of good corporate governance are instilled and maintained. This will ensure competitiveness and sustainability of industry business enterprises and attract investment (GoK, 2009).

Local Perspective of Corporate Governance

Corporate Governance has gained prominence in Kenya as is the case in other countries (Ekadah and Mboya, 2011). This has been caused partly by corporate failure or poor performance of public and private organizations (Barako, Hancock and Izan, 2006). PSCGT Kenya has been the greatest advocate of CG in Kenya. CG framework in Kenya started in 1999 when the Center for Corporate Governance

Kenya developed a framework which was voluntary for companies to adopt. The framework was further taken up by the Capital Markets Authority (CMA) in 2000 as draft Corporate Governance practices for listed companies in Kenya. In later years the CMA made it mandatory for the listed companies to adopt those Corporate Governance practices. These Corporate Governance practices mainly dealt with issues of the board such as board composition, role of audit committee, separation of the role of CEO and the Chair.

Agricultural state corporations in Kenya have for almost three decades seen a number of changes being introduced and adopted. It is however, worrying to note that some of the state agricultural corporations have either collapsed or have been placed under statutory management. In response to this trend, the government of Kenya responded by establishing the state corporation regulatory reforms which is responsible for supervising and developing the regulatory framework industry in collaboration with other stakeholders.

Statement of the Problem

Despite tight regulatory framework, Corporate Governance continues to weaken in Kenya (Pletzer *et al*., 2015). According to Muriithi (2009), many state corporations have been characterized by scandals. Directors have acted illegally or in bad faith towards management of these organizations. Indeed, the government of Kenya has cited poor corporate Governance in state corporations as one of the threats to achieving Vision 2030. This is worrying especially since the organizations have witnessed in the past, the collapse of firms such as Mumias Sugar company, Kenya Pyrethrum board, Cotton Development Authority to mention a few (GoK, 2013).

It is possible to attribute their collapse to corporate governance practices in agricultural state corporations. Much needs to be done to sort out this mess otherwise we are likely to see more corporate failures and malfunctions. Whereas there has been renewed interest in Corporate Governance, relevant data from empirical studies are still few. There are therefore limitations in the depth of our understanding of Corporate Governance issues. With such an environment in the background, together with the weak judicial system, the interest of both the minority shareholders and creditors could be compromised. Consequently, performance of such organizations might be compromised. This study seeks to bridge this gap by establishing the influence of corporate governance on organizational performance in Kenya in attempt to provide more empirical data especially in agricultural state corporations.

General objective

The purpose of this study was to establish the influence of corporate governance on organizational performance in Kenya.

Specific objectives

The specific objectives of the study were to;

- Establish the influence of managerial skills on organizational performance in Kenya.
- Examine the influence of board structure on organizational performance in Kenya.
- Find out the influence of organizational culture on organizational performance in Kenya.
- Explore the influence of customer relation management on organizational performance in Kenya.

LITERATURE REVIEW

This literature review discusses previous studies relevant to the researcher's topic of study.

Theoretical Review

Theoretical frameworks are explanations about a phenomenon and according to Kombo & Tromp (2008), theoretical framework provides the researcher the lens to view the world. Some of the relevant theories discussed include; Agency Theory, Stewardship Theory, Stakeholder Theory and Resource Dependence Theory.

Agency Theory

Agency theory is defined as the relationship between the principals, such as shareholders and agents and company executives and managers. In this theory, shareholders, who are the owners or principals of the company, hires the agents to perform work. Principals delegate the running of business to the directors or managers, who are the shareholder's agents (Clarke, 2004). Agency theory classifies managers as agents believed to be acting in the best interest of the owners of the firm who are known as the principal. The board of directors acts as the monitoring team whose mandate lies in ratifying management decisions and monitoring the implementation of those decisions (Daily, Dalton & Cannella, 2003). They further deduce that agency theory has two factors; the first factor is that corporations are reduced to two participants, managers and shareholders whose interests are assumed to be both clear and consistent. A second notion is that humans are self-interested and disinclined to sacrifice their personal interests for the interests of others.

In corporations, managers may take action that may not be in line with wealth maximization of shareholders, due to their firm specific knowledge and expertise, which would benefit them and not the owners. It is upon the board of directors to monitor the operations within the firm so as to protect shareholders and this is facilitated by the agency theory whose main purpose is to ensure maximization of shareholder value (Pletzer *et al*., 2015).The theory is relevant to the study as it focuses on board characteristics as a key determinant of performance.

Agency theory suggests that employees or managers in organizations can be self-interested. The agency theory shareholders expect the agents to act and make decisions in the principal's interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals (Padilla, 2000). The agent may be succumbed to self-interest, opportunistic behavior and falling short of congruence between the aspirations of the principal and the agent's pursuits. Even the understanding of risk defers in its approach. Although with such setbacks, agency theory was introduced basically as a separation of ownership and control (Bhimani, 2008). The agents are controlled by principal-made rules, with the aim of maximizing shareholders value. Hence, a more individualistic view is applied in this theory (Clarke, 2004). Indeed, agency theory can be employed to explore the relationship between the ownership and management structure. However, where there is a separation, the agency model can be applied to align the goals of the management with that of the owners. The model of an employee portrayed in the agency theory is more of a self interested, individualistic and are bounded rationality where rewards and punishments seem to take priority (Jensen & Meckling, 1976). The theory relates to how board structure influence organizational performance.

Stewardship Theory

A steward is defined by Davis, Schoorman & Donaldson (1997) as one who protects and maximizes shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximized. In this perspective, stewards are company executives and managers working for the shareholders with the aim of protecting and generating profits. Managers are viewed as stewards who act in the best interest of owners of the firm and whose behaviors are aligned with the objectives of their principals. They are solely motivated by the need to achieve (N-Ach) through tackling and successfully implementing projects, exercising authority and control over the firms day-to-day activities and thereby gaining recognition and respect from peers (Hamid, 2011).

Smallman (2004) deduces that stewards benefit the most when shareholder's wealth is maximized as the organization's success will serve most of their requirements and in the process, their mission becomes clear. Clarke (2004) points out that for managers to be successful in their quest for wealth maximization, the position of CEO and chairman of the board must be held by one person such that power and authority is vested in one person and as such, members of staff will be clear as to who their boss will be and the vision and mission of the firm will be well laid out. The structure also helps as the fate of the organization and the power to determine strategy is the responsibility of a single person and for this reason structures facilitate and empower rather than monitor and control. This theory is important to this study as it focuses on management of firms more so on corporate governance which is practiced by boards of various state corporations which focus on protecting and maximizing shareholders (taxpayers) wealth. Stewardship theory stresses not on the perspective of individualism, but rather on the role of top management being as stewards, integrating their goals as part of the organization. The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained. It stresses on the position of employees or executives to act more autonomously so that the shareholders' returns are maximized. Indeed, this can minimize the costs aimed at monitoring and controlling behaviors (Daly et al., 2003).

On the other end, Daly et al. (2003) argued that in order to protect their reputations as decision makers in organizations, executives and directors are inclined to operate the firm to maximize financial performance as well as shareholders' profits. In this sense, it is believed that the firm's performance can directly impact perceptions of their individual performance. Moreover, stewardship theory suggests unifying the role of the CEO and the chairman so as to reduce agency costs and to have greater role as stewards in the organization. It was evident that there would be better safeguarding of the interest of the shareholders.

Resource Dependency Theory

In today's operating environment, there are too many firms after few resources and as such co-opting of resources is a key strategy in ensuring a firm overcomes this challenge. Resource dependency theory seeks to solve this mystery of resource uncertainty by ensuring a firm has external linkages with outside resources. Pfeffer & Salancik (1978) outline that it is the directors' mandate to adopt resources key in ensuring that the firm survives the turbulent and uncertain business environment. Hamid (2011) asserts that factors such as shortage of resources, their importance and the extent of concentration of the resources appear to intensify the push for the dependency. He goes on to add that the environmental linkage is important as it reduces transaction cost associated with environmental interdependency.

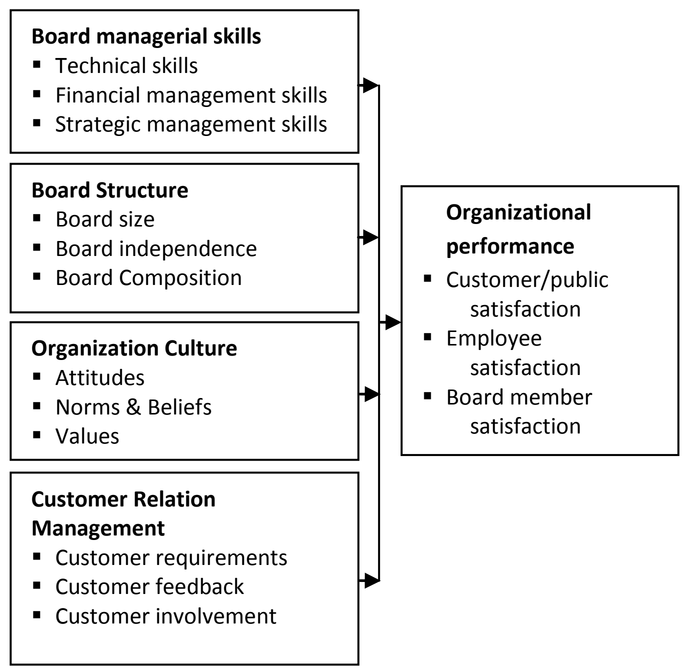
According to the theory, directors source for information, skills, key constituents (suppliers, buyers, public policy decision makers, social groups) and legitimacy that will reduce uncertainty (Gales & Kesner, 1994). This theory is important to this study as it focuses on board cohesiveness towards realization of key objectives and its mandate to the employees and stakeholders.

Stakeholder Theory

Wheeler et al, (2002) argued that stakeholder theory was derived from a combination of the sociological and organizational disciplines. Stakeholder theory can be defined as any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this include the suppliers, employees and business partners. And it was argued that this group of network is important other than owner-manager-employee relationship as in agency theory. On the other end, Sundaram & Inkpen (2004) contend that stakeholder theory attempts to address the group of stakeholders deserving and requiring management's attention.

The theory states that a firm's agenda is to ensure that the stakeholders, who are essentially shareholders, are well taken care of equally but it has since met some resistance with some scholars suggesting that the theory is limited in its coverage (Coleman et al, 2008). He suggests that in the current trading environment, the operations of the business affect people outside the stakeholders block. This includes suppliers, customers and financiers who are not owners of the business. Freeman et al (2004) argues that a firm converts the inputs of investors, employees, and suppliers into forms that are saleable to customers, hence returns back to its shareholders and such firms should consider incorporating governmental bodies, political groups, trade associations, trade unions, communities, associated corporations, prospective employees and the general public. He continues to add that in-fact; some firms go even a step further to regard competitors and prospective clients so as to improve efficiency of the business in the market place. This theory is relevant to the study as it seeks to highlight the independence of corporate boards in decision making as it seeks to create wealth for stakeholders.

Conceptual Framework



Independent variables **Dependent variable**

Figure 1: Conceptual Framework

Board Managerial Skills

Claessins and Yurtoghul (2013) define management as the process of achieving organization objectives through people and other resources. This means that management has a lot to do with enterprises, human and other resources. Smit and Cronje (2002) define management as the attainment of enterprises goals in an effective and efficient manner achieved through planning, organizing, leading and controlling the enterprises resources.

Management is a form of work that involves coordinating an organization's resources -land, labour, and capital – toward accomplishing organizational objectives (Pletzer *et al*., 2015). Rue and Byars (2004) further discuss five functions of management: Planning is deciding what objectives to pursue during a future period and what to do to achieve those objectives; Organizing is grouping of activities, assigning activities, and providing the authority necessary to carry out the activities; Staffing is determining human resource needs and recruiting, selecting, training and developing human resources; Leading is directing and channeling human behaviour toward the accomplishment of objectives; Controlling is measuring performance against objectives, determining the cause of deviations, and taking corrective action where necessary. A person would become a wonderful manager if he/she learns great leadership qualities and core values from God's own masterpiece - the family (Piramal, 1999).

Management is a broad and wide study that encompasses human resources, financial, technological and natural resources. F.W. Taylor (1948) defines management as the art of "knowing what you want to do and then seeing that it is done in the best and cheapest way". In his deductions, Taylor's regard for human resource was low as he laid his emphasis on managers to maximize the manpower, money, raw materials and machines at their disposal. He took a productivity-oriented approach and was criticized by many especially on the way he handled human resource. H. Fayol (1916) defines management as a way of forecasting and planning, organizing, commanding, coordinating and controlling. Fayol zeroed in on the functions of management and the desired goal that managers strive to achieve at the end of the day.

To be able to coordinate and forecast the needs of an organization, a manager ought to have the right qualifications and skills for the job as they make him understand the organization and the environment in which the organization operates. Qualifications vary based on what the organization deals in and the sector it operates. Other than the right qualifications, the manager ought to come up with a working structure that will help him in implementing the mission and the vision of the firm and in ultimately attaining the firm's goals. In management, managers are encouraged to initiate change management programs for swift transition within the company. Some company's fail when the top executive leave as no succession plan was in place and when a new executive comes on board, the company is chaotic since most employees do not agree with the new policies and/or the new executive do not share the same vision as the staff members thus resistance to change by staff members.

Board Structure

Mayer (2002) pinpoints that the board serves as a bridge between owners and managers; its duty is to protect shareholders' interests. Specifically speaking, taking responsibility for managing and supervising, the board should monitor managers' behaviors for shareholders' interests, make important decisions, employ management team and superintend firms to obey the law. Trickler (2015) finds out that directors in a large board have diverse opinions and consensus is difficult to reach, then the efficiency being lower, the situation could deteriorate if directors increase (Pletzer *et al*., 2015). A board of directors is a corporate governance mechanism that protects the interests of a company's shareholders. The shareholders use the board to bridge the gap between them and company owners, directors and managers. The board is often responsible for reviewing company management and removing individuals who do not improve the company's overall financial performance. Shareholders often elect individual board members at the corporation's annual shareholder meeting or conference. Large private organizations may use a board of directors, but their influence in the absence of shareholders may diminish (Vitez, 2011).

Board Size - Limiting board size to a particular level is generally believed to improve the performance of a firm because the benefits by larger boards of increased monitoring are outweighed by the poorer communication and decision making of larger groups. Empirical studies on board size provided the same conclusion; a fairly clear negative relationship appeared to exist between board size and firm value. A big board is likely to be less effective in substantive discussion of major issues among directors in their supervision of management. Bellin & Thomas (2008) argued that large boards are less effective and are not easier for the CEO to control. When a board gets too big, it becomes difficult to coordinate and for it to process and tackle strategic problems of the organization.

Pletzer *et al*., (2015) and Kiel & Nicholson (2003) unveil that board size is negatively related to corporate performance. Nevertheless, Bacon (1973) holds an opposite opinion that larger board implies members with diverse background and viewpoints, which is helpful for the quality of decisions; additionally, a wide range of their interests may neutralize decisions. Also, Turnbull (2015) and Kiel and Nicholson (2003) reveal board size is positively related to corporate performance. A board includes internal and external directors. Fama and Jensen (1983) detect that internal directors, by virtue of their positions, possess much more information, are likely to collude with managers and make decisions against shareholders. By comparison, external directors in neutral position, acting as supervisor, are good for eliminating principal-agency problem.

Beasley *et al* (2000) investigates the relation between board composition and financial scandals, revealing that the ratio of independent directors in the firms with no scandals is higher than the firms which have been caught manipulating financial reports. Bhagat and Black (2002) take the ratio of independent directors minus the ratio of inside directors as a proxy, and the result discloses that board independence, significantly and negatively, correlates with short-term performance, but board independence makes no difference in improving organization performance.

According to Agency Theory, when a chairman assume the role of CEO, namely acting as decision maker and supervisor at the same time, the function of the board to minimize agency cost could be weaken tremendously; in the end, corporate performance goes down. Beasley *et al,* (2000) unveil that CEO duality could bring about negative effects for corporate performance. Nevertheless, according to stewardship theory, executives' responsibility may neutralize self-interest behaviors derived from CEO duality, and they are even much more devoted to advance organization performance. Boyd (2005) agrees that CEO duality brings in positive effects for organization performance.

Organization Culture

Pletzzer (2015) argued that all organizations, everywhere, function within a specific culture, and it is becoming more widely recognized in contemporary discussions of organizational performance that managers and other organizational practitioners have to develop an understanding of their cultural settings if their organizations are to perform effectively. Organizational practitioners continue to be bedeviled by a lot of management problems that have their roots in the culture of a society and those that impede progress toward achieving high performance. Relating Nigerian organizations to their specific cultural settings provided the main motivation for this study. The main focus will be how to relate organizations more closely with their cultural settings in order to enhance optimal performance.

Turnbull (2015) comments that “it is becoming increasingly widely accepted among social scientists, especially managers and organizational theorists that the patterns of management and employee behaviour in the work place are largely culture-bound”. Turnbull argued further that there is indeed a growing body of literature concerning questions of cultural influences on organizational behaviour and performance but that much of it is of poor quality consisting of anecdotes, prescriptions based on Western experience and fantasies (De Bearfort, 2008).

Culture is a universal phenomenon as there is no organization in history without a culture. But culture varies from one organization to another. Studies of formal organizations in both Western and non-Western societies have shown the implications of varying cultures for ‘organizational operations and performance’. Multinational organizations operating in different cultural contexts have become increasingly sensitive to the potential impact of the culture of a host country on organizational performance (Dornley & Murchaly, 2008).

Customer Relation Management

The competition among organizations means that organizations strive towards exceeding the customer’s expectations. As a match between product features and customer expectations and needs, quality of design is a market, or externally oriented aspect of quality (Meirovich, 2006). Customer services, therefore, can be defined as satisfying or exceeding customer requirements and expectations and hence, to some extent, it is the customer who ultimately judges the quality of a service (Shen et al., 2000). Customer input and feedback is a critical activity throughout development, both to ensure that the services offered is right and also to speed development toward a correctly defined target.

Customer relation management is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004). Customer services are the opportunities for telecom service providers that are added to mobile network other than voice services in which contents are either self-produced by service provider or provided through strategic compliance with service provider (Kuo, Wu and Deng, 2009). The improved customer relation management is the focal point of the organizations for social as well as for economic reasons. From a social point of view, services should be available to the customers on reasonable terms. As far as economic factor is concerned, services should satisfy the needs of the customers (Turel and Serenko, 2006; Dornley & Murchaly, 2008).

For developing satisfaction among customers, the organizations need to be extra careful for the customer services they provide. Satisfaction of customer is determined by his evaluation of service provided by a brand (Gustafsson, Johnson & Roos, 2005). The study of Ahn, Han & Lee (2006) shows that when the customers, do not get their complaints considered properly, they start looking for other alternatives thus affecting its performance. It happens because either the customer service centers do not handle the complaints or the customers are not able to address them properly. Sometimes, organization providers take considerably longer time to resolve the problems like network coverage or call quality, the customers do not wait for long and hence they lose satisfaction with that particular organization (Ahn, Han and Lee, 2006).

Furthermore, the friendly attitude and courteous behavior of the service workers at service organizations leaves a positive impression on the customer which lead towards customer satisfaction (Soderlund & Rosengren, 2008). Jeong (2004) argued that organizations should provide customer oriented services in order to heighten up customer satisfaction. It was also found that the customers get satisfied with an organization more if they get all the needed services (Ahn, Han & Lee, 2006).

Corporate governance and Organizational Performance

It was widely acclaimed that good corporate governance enhanced organization's performance (Eichholtz & Kok, 2011; Braga-Alves & Shastri, 2011; Gakam et al., 2009). In spite of the generally accepted notion that effective corporate governance enhanced organization performance, other studies reported negative relationship between corporate governance and organization performance (Hutchinson, 2002) or never found any relationship (Park & Shin, 2003; Prevost et al., 2002; Singh & Davidson, 2003; Young, 2003). There are many studies on the relationship between corporate governance and organization performance. One study showed that corporate governance enhanced operating performance and prevented fraud (Omeiza Micheal, 2009). In general terms, although several attempts at establishing a link between corporate governance and firm performance confirmed causality, the literature indicated relationships that ranged between a strong and very weak association (Abor & Adjasi, 2007). For instance, while Black (2001) found a strong correlation between corporate governance and firm performance, however studies of Gompers, Ishii and Metrick (2003), Klapper and Love (2004), Nevona (2005), Bebchuk, Cohen and Ferrell (2006), Black and Khana (2007), Bruno and Claessens (2007), Chhaochharia,Vidhi and Laeven (2007), El Mehdi (2007), Kyereboah-Coleman (2007), Larcker, Richardson and Tuna (2007), Brown and Caylor (2009) revealed varying degrees of positive association (Love, 2011).

On the other hand, Ferreira and Laux (2007), Gillan, Hartzell and Starks (2006) and, Suchard and Zein (2007) all found a negative relationship between corporate governance and firm performance. Companies with better corporate governance had better operating performance than those companies with poor corporate governance (Black, Jang, & Kan, 2002). Jensen and Meckling (1976) were concurrent with the view that better governed firms had more efficient operations, resulting in higher expected returns. It was also believed that good corporate governance helped to generate investor goodwill and confidence.

Another study demonstrated that the likelihood of bankruptcy was related to poor corporate governance characteristics (Dornley & Murchaly, 2008). It was pointed out that the nature of performance measures (restrictive use of accounting based measures) such as return on assets (ROA), return on equity (ROE), return on capital employed (ROCE) or restrictive use of market based measures (such as market value of equities) could also contribute to this inconsistency (Gani & Jermias, 2006). Furthermore, it was argued that the "theoretical and empirical literature in corporate governance considered the relationship between corporate performance and ownership or structure of boards of directors that used only two of these variables at a time" (Krivogorsky, 2006).

Hermalin and Weisbach (2007) and McAvoy et al., (1983) studied the correlation between board composition and performance whiles Hermalin and Weisbach (2007), and Demsetz and Villalonga (2001) studied the relationship between managerial ownership and firm performance. The rewards of good corporate governance included reduction of waste on non-productive activities such as shirking, excessive executive remuneration, perquisites, asset-stripping, tunneling, related-party transactions and other means of diverting the firm's assets and cash flows. It also resulted in lower agency costs that rose from better shareholder protection, which in turn led to greater willingness to accept lower returns on their investment. The firm ultimately ended up enjoying higher profits as it incurred lower cost of capital. Importantly, firms became more attractive to external financiers in direct proportion to a rise in their corporate governance profile. Finally, managers became less susceptible to making risky investment decisions, and focused more on value-maximizing projects that generally facilitated organizational efficiency. The ultimate outcomes of these corporate governance benefits were generally higher cash flows and superior performance for the firm (Love, 2011).

Most of the studies on the link between corporate governance and firm performance confirmed causality (Abor & Adjasi, 2007). However, the evidence indicated between a strong and very weak relationship. Black (2001), for instance found strong correlation between corporate governance and firm performance, as represented by stock valuation. Some other studies however argued against a positive relationship between corporate governance and firm performance (Ferreira & Laux, 2007; Gillan, Hartzell & Starks, 2006; Pham, Suchard & Zein, 2007).

Measurement of Organizational Performance

Measuring and analyzing organizational performance plays an important role in achieving organizational goals. The performance is usually evaluated by estimating the values of qualitative and quantitative performance indicators (Maharm & Anderson, 2008). It is essential for a company to determine the relevant indicators, how they relate to the formulated company goals and how they depend on the performed activities. Measuring firm performance using stakeholders is common in the Corporate Governance literature (Maham and Anderson, 2008). In this study, employee satisfaction, board members satisfaction and customers (public) satisfaction were used to measure organizational performance.

Corporate governance promotes reduction of waste on non-productive activities such as shirking, excessive executive remuneration, perquisites, asset-stripping, tunneling, related-party transactions and other means of diverting the organization's assets and cash flows. It also results in lower agency costs arising from better shareholder protection, which in turn engenders a greater willingness to accept lower returns on their investment. The organization ultimately ends up enjoying higher profits as it incurs lower cost of capital. Importantly, firms become more attractive to external financiers in direct proportion to a rise in their corporate governance profile. Finally, managers become less susceptible to making risky investment decisions, and focus more on value-maximizing projects that generally facilitate organizational efficiency. The ultimate outcomes of these corporate governance benefits are generally higher cash flows and superior performance for the organization (Love, 2011).

Organization performance is the execution or accomplishment of work, tasks or goals to a certain level of desired satisfaction. In this study, however, organizational performance is defined in terms of the ability of an organization to satisfy the desired expectations of three main stakeholders comprising of customers (public), employees and customers. This is measured in terms of the following parameters: (i) Board members' satisfaction with financial returns or profits from organizational operations. (ii) Employees' satisfaction with the conditions of work, such as wages and remuneration, style of supervision, rapid promotion and the ability of the organization to guarantee job security and employees' expressed a desire to stay with the organization that is the ability of the organization to retain its workforce (iv) Customers' expressed satisfaction with the quality of the services (products) of the organization.

Empirical Review

Beiner, Drobetz, Schmid and Zimmerman (2004) studied the Corporate Governance and firm valuation by using a broad Corporate Governance index and additional variables related to ownership structure, board characteristics, and leverage to provide a comprehensive description of firm-level Corporate Governance for a broad sample of Swiss firms. The study used Tobin's Q for growth and found a positive relationship between Corporate Governance and growth. An increase in Corporate Governance index by one point caused an increase of the market capitalization by roughly 8.6%, on average, of a company's book asset value. Zheka (2007) studied the effect of Corporate Governance on performance by constructing an overall index of Corporate Governance and shows that it predicts firm level productivity in Ukraine. The results imply that a one-point-increase in the index results in around 0.4%-1.9% increase in performance; and a worst to best change predicts a 40% increase in company's performance. Using data on companies in many African countries, including Ghana, South Africa, Nigeria and Kenya, Kyereboah-Coleman (2007) shows that better governance practices are associated with higher valuations and better operating performance.

Baker, Godridge, Gottesman and Morey (2007) using a unique dataset from Alliance Bernstein, an international asset management company, with monthly firm-level and country-level governance ratings for 22 emerging markets countries over a five year period, report a significantly positive relation between firm-level (and country-level) Corporate Governance ratings and market valuation, suggesting lower cost of equity for better governed firms.

In Kenya, Wanjiku et al (2011) carried out a study to establish the Corporate Governance practices of firms and its relationship with the growth of Companies listed at the Nairobi Securities Exchange using a causal comparative research design. The study focused on corporate communication, leadership and technology application. The study found a positive linear dependence of growth and Corporate Governance. Ongore and K'Obonyo (2011) conducted a similar study in Kenya to examine the interrelations among ownership, board and manager characteristics and firm performance in a sample of 54 firms listed at the Nairobi Securities Exchange. The findings from this study show a positive relationship between managerial discretion and performance. However, the relationship between ownership concentration and government on firm performance was significantly negative. Mang'unyi (2011) carried out a study to explore the ownership structure and Corporate Governance and its effects on performance of firms. His study focused on selected banks in Kenya. His study revealed that there was significant difference between Corporate Governance and financial performance of banks. The study recommended that corporate entities should promote Corporate Governance to send positive signals to potential investors and those regulatory agencies including the government should promote and socialize Corporate Governance and its relationship to organization performance across organizations.

Miring'u & Muoria (2011) analyzed the effects of Corporate Governance on performance of commercial state corporations in Kenya. Using a descriptive study design, the study sampled 30 SCs out of 41 state corporations in Kenya and studied the relationship between financial performance, board composition and size. The study found a positive relationship between Return on Equity (ROE) and board compositions of all State Corporations.

Empirical evidence on the relationship between board size and performance was mixed; hence bigger board having representation of people with diverse backgrounds was expected to bring diversified knowledge and expertise to the board. Yoshikawa and McGuire (2008) contended that by increasing the number of directors, the pool of expertise available to the firm increases and so larger boards are likely to have more knowledge and skills at their disposal as compared to smaller boards. Further, Forbes and Milliken (1999), and Goodstein, Gautam, and Boeker (1994) provided evidence that larger boards reduced the domination by the CEO. Pearce and Zahra (1992), and Dalton, Daily, Ellstrand, and Johnson (1998) reported positive association between board size and performance.

Kathuria and Dash (1999) investigated the relationship between the size of the board and firm performance for 504 Indian firms. Jenson (2010) indicated that a value relevant attribute of corporate boards is its size. Organizational theory indicated that larger groups took relatively longer time to make decisions and therefore, more input time Cheng (2008). Empirical studies have shown that limiting board size to a particular level is generally believed to improve the performance of a firm (Lipton and Lorsch, 1992, Yermack, 1996, Sanda et al., 2005, Eisenberg et al., 1998). There was a convergence of agreement on the argument that board size is associated with firm performance. However, conflicting results emerged on whether it is a large, rather than a small board, that is more effective. For instance, while Yermack (1996) had found that Tobin's Q declines with board size, and this finding was corroborated by those of Mak and Kusnadi (2005) and Sanda, Mikailu and Garba (2005) which showed that small boards were more positively associated with high firm performance.

However, results of the study of Kyereboah-Coleman (2007) further indicated that large boards enhanced shareholders' wealth more positively than smaller ones. Separation of office of the chair of the board from that of CEO generally seemed to reduce agency costs for a firm. Kajola (2008) found a positive and statistically significant relationship between performance and separation of the office of the chair of the board and CEO. Yermack (1996) equally found that firms are more valuable when different persons occupy the offices of board chair and CEO. Kyereboah-Coleman (2007) proved that large and independent boards enhanced firm value, and the fusion of the two offices negatively affected a firm's performance, as the firm had less access to debt finance. From a sociological point of view, a larger board of directors was beneficial and increased the collection of expertise and resources accessible to a firm (Dalton et al., 1999). Boards with too many members led to problems of coordination, control, and flexibility in decision-making (Jiangb et al., 2006). Large boards gave excessive control to the CEO and harming efficiency (Eisenberg et al., 1998; Fernandez et al., (1997).

Furthermore, Jensen (2009) argued that as board size increases, boards' ability to monitor management decreases due to a greater ability to avoid an increase in decision-making time. Similarly, Hermalin and Weisbach (2007) argued that the consensus among the economic literature was that a larger board could weaken firm performance. Empirical studies on board size provided a similar conclusion: a fairly clear negative relationship appeared to exist between board size and firm value. Too big boards are likely to be less effective in substantive discussion of major issues among directors in their supervision of management.

Empirical studies on the effect of board membership and structure on firm performance generally showed results either mixed or opposite to what was expected from the agency cost argument. Some studies found better performances for firms with boards of directors dominated by outsiders (Cornett et al., 2008; Ravina & Sapienza, 2009) while Weir and Laing (2001) and Pinteris (2002) found no such relationship in terms of accounting profit or firm value. Also, Forsberg (1989) found no relationship between the proportions of outside directors and various performance measures. Adams et al, (2010) and Bhagat and Black (2006) found no correlation between the degree of board independence and four measures of firm performance. Bhagat and Black (2006) found that poorly performing firms were more likely to increase the independence of their board. MacAvoy, Dana, Cantor and Peck (1983), Baysinger and Butler (1985) and (Klein 1998, Rezaee 2009) argued that firm performance was insignificantly related to a higher proportion of outsiders on the board. Thus, the relation between the proportion of outside directors and firm performance is mixed.

RESEARCH METHODOLOGY

This chapter outlines the methodology that will be used.

Research Design

This study used descriptive research design. This design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Creswell, 2013).

Target Population

The study population consisted of 750 workers in all (top and middle level management staff), with 50 drawn from each of the 15 agricultural state corporations, were used after a stratified random sampling selection. It also consisted of 45 respondents, with 3 drawn from each of the 15 agricultural state corporations, were randomly selected and interviewed and 30 customers, with 2 customers drawn from each 15 agricultural state corporations, were interviewed after random sampling during the day of the interviews.

Research Instruments

The study sourced for primary data through questionnaires and secondary data through published reports by various stakeholders in the pyrethrum industry.

Data collection procedure

The study utilized both primary and secondary data. A questionnaire was used to collect primary data in form of open and closed ended questions focusing on the objective of the study.

Data Analysis and Presentation

Data analysis entails editing, coding and tabulation of data collected into manageable summaries (Kothari, 2004). To ensure easy analysis, the questionnaires were coded according to each variable of the study to ensure accuracy during analysis. The study collected qualitative and quantitative data. Qualitative data was analyzed by use of content analysis. Quantitative data analysis was conducted using descriptive statistics and inferential statistics. Descriptive statistics such as measures of central tendency and dispersion along with percentages were used to organize and summarize numerical data whose results were presented in tables, pie charts, column and bar graphs. The inferential statistical procedures used in this study included correlation and regression analysis. The choice of these techniques was guided by the variables, sample size and the research design. Statistical Package for Social Sciences (SPSS) version 21 was used.

RESULTS AND DISCUSSIONS

This chapter discusses the interpretation and presentation of the findings obtained from the field. It presents the background information of the respondents, findings of the analysis based on the objectives of the study.

Response Rate

The study targeted a sample size of 51 respondents from which 35 filled in and returned the questionnaires making a response rate of 68.63%. This response rate was satisfactory to make conclusions for the study.

Gender of the respondent

The study sought to determine the gender composition of the study population. From the findings, it was established that majority of the respondents as shown by 55% were males whereas 45% of the respondent were females.

Age Distribution of Respondents

The study requested the respondents to indicate their age category. The results of the study revealed that most of the respondents as shown by 43% were aged between 31- 40 years, 33% of the respondents were aged between 41-50 years, 15% were aged 50 and above years whereas 9% of the respondents were aged 18 - 30 years and above.

Educational Level of Respondents

The study sought to establish the educational background of the respondents. From the study findings, the study revealed that most of the respondents as shown by 55% indicated that bachelors certificates, 41% of the respondents held diploma certificates, 4% of the respondents held post graduate degree. This implies that respondents were well educated and that they were in a position to respond to research questions with ease.

Work Experience

Most of the respondents 43% indicated to have served for a period of 10 to 15 years, 32% of the respondents indicated to have served for a period of 6 to 10 years, 15% of the respondents indicated to have served for a period of 2 to 5 years whereas 10% of the respondents indicated to have served for more than 15 years. This implies that majority of the respondents had served for a considerable period of time and that they were in a position to give credible information relating to this study.

Managerial Skills

The first objective of the study was to establish the influence of managerial skills on organizational performance in Kenya. Particularly, the study focused on leadership, financial management and strategic management of the managers in regard to planning, organizing, leadership and control.

Leadership skills: The findings showed that managers with trained leadership skills in the organizations were 57.14% (10 out of 35).

Financial Management: Managers who have been trained on financial management skills in the organizations were 42.85% (15 out of 35). The managers in the organizations require financial management skills in their day to day running of the organizations as most of them had no sufficient financial management skills.

Strategic management skills: Managers who had been trained on strategic management in the organizations were 20% (7 out of 35); Good strategic managers in an organization can employ professionals in the specialized departments like strategic planning which can positively influence organizational performance.

Control Function of Management: The findings showed that managers of the organizations exercise the control function of management effectively. Managers of the organizations should deploy performance standards in their organizations in order to improve organization performance.

Board Structure

The second objective of the study was to examine the influence of board structure on organizational performance in Kenya. Particularly, the study focused on size of the organization, board size and board composition.

Size of the organization: Majority of the organizations (68%) were large organizations which required a larger board size to manage them. The findings collaborate with those of Beasley (2000) who observed that a large organization require a larger board size for diverse opinions and consensus for management, which is positively related to corporate performance. With a larger size organization it is important to include a larger size board to boost its performance.

Board Size: The respondents indicated that organizations had a large board size were 52% (18 out of 35).The findings correspond with other scholars' findings Veliyath (1999) pinpoints that the board serves as a bridge between owners and managers; its duty is to protect shareholders' interests. The organizations require medium size board in their day to day running of the organizations as most of them had a large number of board members with different interests thus affecting performance of the organizations.

Board Composition: Majority of the respondents indicated they had internal directors 65% (23 out of 35); There is need for the organization to have independent directors to enhance performance of the organizations.

Organization Culture

The third objective of the study was to establish the influence of organization culture on organizational performance in Kenya. Majority of the respondents indicated that organization culture in the organizations was fair 32% (10 out of 35); The study findings are in agreement with literature review by Denison (1984) who used data from 34 American firms on cultural performance over a period of five years and scrutinized the characteristics of organizational culture and tracked the performance over time in these firms. He established organizational culture positively correlated with organization performance. On the basis of this study we can conclude that organizational culture has a positive impact on the organization performance.

Customer Relation Management

The fourth objective of the study was to establish the influence of customer relation management on organizational performance in Kenya. Customer input and feedback is a critical activity throughout organizational performance, both to ensure that the customer relation is right and also to performance toward a correctly defined target. Therefore organizations must strive towards exceeding the customer's expectations.

Source of advice for managers of the organizations

The research sought to establish from the respondents on the source of advice regarding their management in the organizations. The results revealed that majority of the respondents (55%) indicated source of advice regarding their business was from current/ former colleagues, 25% from professional expert (bankers, lawyer), 15% of the respondents indicated from their customers whereas 5% posited that they receive advice from their creditors.

Partners for organizations performance

The research sought to investigate from the respondents on the close cooperation of categories of partners regarding their organization. The results revealed that majority of the respondents (35%) indicated close cooperation for management was with customers, 25% cited with their suppliers and 15% of the respondents cited that they had a close cooperation with others such as financiers, creditors, bankers and 5 % of the respondents cited the lawyers. The customers play a significant role on organization performance.

Customers satisfaction and feedback report

The research sought to investigate from the respondents how often they got customer satisfaction report from their customers to enable them enhance organization performance. The study revealed that majority of the respondents (35%) indicated that they got customer satisfaction and feedback report after every meeting, 20% of the respondents cited that they got customer satisfaction and feedback report half-yearly, 15% of the respondents indicated yearly and only 25% of the respondents cited to have got customer satisfaction and feedback report quarterly. These findings agree with Buttle (2004) who observed that customer feedback influences organization performance through continuous reflecting of its performance.

Performance of organizations

Multiple indicators were used to evaluate organizational performance in this study. This was done from the point of view of three stakeholders in these organizations, consisting of (i) Board members (ii) Employees and (iii) Customers (public).

Board Members

The larger percentage of the board members, 55.56% of them, stated that they were satisfied with the level of management made by their organizations. Only 42.22% of the board members were dissatisfied with the level of management in these organizations.

Workers/ Employees: Workers were asked to assess the performance of their work organizations. The Impact of Culture on Organizational Performance to assess organizational performance by the workers is an indication that the workers 37.5% were not satisfied with the performance of their respective organizations.

Customers / Public: The customers were also asked to relate the level of their satisfaction to the services of these organizations. Across the organizations, 76.66% of the sample stated that they were satisfied with the services of these organizations. The remaining 23.33% emphatically stated that they are not satisfied at all with the services of these organizations.

Correlation Analysis

Pearson correlation was used to measure the degree of association between variables under consideration i.e. independent variables and the dependent variables. Pearson correlation coefficients range from -1 to +1. Negative values indicates negative correlation and positive values indicates positive correlation where Pearson coefficient <0.3 indicates weak correlation, Pearson coefficient >0.3<0.5 indicates moderate correlation and Pearson coefficient>0.5 indicates strong correlation.

The analysis of correlation results in Table 1 illustrates that between board managerial skills and organizational performance show a positive coefficient 0.751, with p-value of 0.031. It indicates that the result is significant at α =5% and that if the board managerial skills in increase it will have a positive impact on organizational performance. The correlation results between board structure and organizational performance also indicates the same type of result where the correlation coefficient is 0.672 and a p-value of 0.041 which significant at α = 5%. The results also show that there is a positive association between organization culture and organizational performance where the correlation coefficient is 0.879, with a p-value of 0.022. Further, the result shows that there is a positive association between customer relation management and organizational performance where the correlation coefficient is (0.713), with a p-value of 0.038. This therefore infers that board managerial skills contributed most organizational performance followed by customer relation management in organizational performance, then organizational culture while board structure had the least influence on organizational performance. The correlation matrix implies that the independent variables are very major challenges of corporate governance on organizational performance as shown by their strong and positive relationship with the dependent variable; organizational performance.

Table 4.4: Correlation Coefficients

		organizational performance	Board Managerial skills	Board structure	Organization Culture	Customer relation management
Organizational performance	R	1.000				
	Sig. (2-tailed)	.				

	N				
Board Managerial skills	R	.851			
	Sig. (2-tailed)	.001			
	N	34			
Board structure	R	.672	1.000		
	Sig. (2-tailed)	.021	.		
	N	34	34		
Organization Culture	R	.779	.142	1.000	
	Sig. (2-tailed)	.012	.001	.	
	N	34	34	34	
Customer relation management	R	.813	.037	.046	1.000
	Sig. (2-tailed)	.008	.000	.001	.
	N	34	34	34	34

Multiple Regression Analysis

The study adopted a multiple regression analysis so as to establish the relationship between the independent variables and dependent variables. The study applied SPSS version 21 to code, enter and compute the measurements of the multiple regression. According to Green & Salkind (2003) regression analysis is a statistics process of estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable. The results are shown in Table 2.

Table 2: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794[a]	.630	.451	.3002

a. Predictors: (Constant), Managerial skills, Board Structure, Organization culture and Customer relation management

According to the model summary Table 2, R is the correlation coefficient which shows the relationship between the indepedent variables and depedent variable. It is notable that there extists strong positive relationship between the indepedent variables and depedent variable as shown by R value (0.794).The coefficient of determination (R^2) explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Organization Performance) that is explained by all four independent variables (Managerial skills, Board Structure, Organization culture and Customer relation management).According to the four independent variables studied, they explain only 63.00% of the organization performance as represented by R^2. This therefore means that other factors not studied in this research contribute 37.00% of the performance of the Agricultural corporations. Therefore, a further study should be conducted to investigate the other factors that contribute 37.00% which influence the performance of the Agricultural corporations. This implies that these variables are very significant therefore need to be considered in any effort to boost performance of the Agricultural corporations in Kenya. The study therefore identifies variables as critical determinants of performance of the Agricultural corporations.

Analysis of Variance (ANOVA)

Table 3: Analysis of Variance[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	105.654	4	26.4135	55.5911	.038[b]
	Residual	14.247	30	.4749		
	Total	109.901	34			

a. Dependent Variable: Performance of the Agricultural Corporations

b. Predictors: (Constant), Managerial skills, Board Structure, Organization culture and Customer relation management

c. Critical value = 15.543

Further, the study revealed that the significance value is 0.038 which is less than 0.05 thus the model is statistically significance in predicting how managerial skills, board structure, organization culture and customer relation management influence performance of the agricultural corporations. The F critical at 5% level of significance is 15.543. Since F calculated (55.5911) is greater than the F critical (value = 15.543), this shows that the overall model was significant.

Regression Coefficients

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	32.223	2.065		2.309	.001
	Managerial skills	.755	.585	.702	5.455	.002
	Board Structure	.603	.356	.535	2.011	.035
	Organization Culture	.621	.487	.605	3.260	.017
	Customer relation management	.673	.496	.689	4.069	.005

a. Dependent Variable: Performance of Agricultural Corporations

The general form of the equation was to predict Performance of Agricultural Corporations from managerial skills, board structure, organization culture and customer relation management is: $\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$ Where; Y= Performance of Agricultural Corporations; β0 =

Constant Term; β_1, β_2, and β_3 = Beta coefficients; X_1= Managerial skills; X_2= Board structure; X_3= Organization culture; X_4 = Customer relation management and ε = Error term. The model equation would be; $Y= 32.223 + 0.755X_1 + 0.603X_2 + 0.621X_3 + 0.673X_4$. The predicted Performance of Agricultural Corporations = 32.223 + (0.755 x Managerial skills) + (0.603 x Board structure) + (0.621 x Organization culture) + (0.673 x Customer relation management). From above regression equation; the study found out that when all independent variables (managerial skills, board structure, and organization culture and customer relation management) are kept constant at zero the Performance of Agricultural Corporations will be at 32.223. At one unit change in managerial skills will lead to 0.755 increases in Performance of Agricultural Corporations. Also a one unit change in board structure will lead to 0.603 increases in the Performance of Agricultural Corporations. Further, a one unit change in organization culture will lead to 0.621 increases in the Performance of Agricultural Corporations and one unit change in customer relation management will lead to 0.673 increases in Performance of Agricultural Corporations. This infers that managerial skills contribute more to Performance of Agricultural Corporations. This can be used to conclude also that there is a positive significant relationship between managerial skills, board structure, organization culture and customer relation management and Performance of Agricultural Corporations.

To test for the statistical significance of each of the independent variables, it was necessary to test at 5% level of significance and 95% level of confidence of the p-values and from the Table 4 the managerial skills had a 0.002; board structure showed a 0.035 level of significance, organization culture showed a 0.017 level of significance and customer relation management had a 0.005 level of significance. Therefore, the most significant factor was managerial skills.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The study sought to establish influence of corporate governance on organizational performance in Kenya. The study examined theoretically and empirically how various variables contributed to organizational performance. In assessing the challenges, the study focused on how select factors (board managerial skills, board structure, organizational culture and customer relation management) influenced the organizational performance. This chapter captures the summary of findings, from which conclusions were drawn and recommendations made.

What is influence of managerial skills on organizational performance in Kenya?

The study sought to establish whether managerial skills influence performance of agricultural state corporations in Kenya. From the descriptive analysis, the study results revealed that majority of the respondents indicated few of the managers had been trained on leadership, financial management and strategic management in their organizations The majority of the respondents indicated that the managers, set and reviewed performance standards on monthly basis to measure their organization performance. Finally, the study revealed that the variable statistically, moderately and significantly correlated to organizational performance at 5% level of significance as it had a positive relationship with the dependent variable. This reveals that board managerial skills is an important factor that can boost performance of agricultural state corporations in Kenya. This also reveals that the more board managerial skills becomes, the more the performance in the organization. Therefore, from these quantitative results, it can be deduced that the study, which sought to establish the influence of board managerial skills on organizational performance, was achieved because it established that board managerial skills influences performance of agricultural state corporations in Kenya.

To what extent does board structure influence organizational performance in Kenya?

From the study results, majority of the organizations were large organizations which required a larger board size to manage them. The majority of the respondents indicated that organizations had a large board size and they had more internal directors than external directors. Further, the study revealed that the variable statistically, strongly and significantly correlated to organizational performance at 5% level of significance as it had a positive relationship with the dependent variable. This reveals that board structure is an important factor that can boost performance of agricultural state corporations in Kenya. This also reveals that the more board structure becomes, the more the performance in the organization. Therefore, from these quantitative results it can be deduced that the study, which sought to establish the influence of board structure on organizational performance, was achieved because it established that board structure influences performance of agricultural state corporations in Kenya.

How does organizational culture influence organizational performance in Kenya?

From the descriptive analysis, the study results revealed that majority of the respondents indicated organization culture was fair and the existing organization values affect their work; the organization norms affect their work and values influence the decision making of the board members and employees. The respondents to a moderate extent indicated that the organization culture can attract new staff and retain best performers thus enhancing organizational performance. This implies that organization culture plays a significant role on performance of the agricultural state corporations. Finally, the study revealed that the variable statistically, strongly and significantly correlated to organizational performance at 5% level of significance as it had a positive relationship with the dependent variable. This reveals that organizational culture is an important factor that can boost performance of agricultural state corporations in Kenya. This also reveals that the more organizational culture becomes, the more the performance in the organization. Therefore, from these quantitative results, it can be deduced that the study, which sought to establish the influence of organizational culture on performance of agricultural state corporations, was achieved because it established that organizational culture influences performance of agricultural state corporations in Kenya.

What is influence of customer relation management on organizational performance in Kenya?

From the descriptive analysis, the study results showed that majority of the respondents indicated that the source of advice regarding their business was from current/former colleagues, professional expert (bankers, lawyer), from their customers and creditors. The results revealed that majority of the respondents indicated close cooperation for management was with customers, and they got customer satisfaction and feedback report quarterly. Finally, the study revealed that the variable statistically, moderately and significantly correlated to organizational performance at 5% level of significance as it had a positive relationship with the dependent variable. This reveals that customer relation management is an important factor that can boost performance of agricultural state corporations in Kenya. This also reveals that the more customer relation management becomes, the more the performance in the organization. Therefore, from these quantitative results, it can be deduced that the study, which sought to establish the influence of customer relation management on organizational performance, was achieved because it established that customer relation management influences performance of agricultural state corporations in Kenya.

Conclusions

The study established that few of the managers were trained on leadership, financial management and strategic management in their organizations and that the managers, set and reviewed performance standards on monthly basis to measure their organization performance. This reveals that board managerial skills is an important factor that can boost performance of agricultural state corporations in Kenya.

Additionally, majority of the organizations were large organizations which required a larger board size to manage them and they had more internal directors than external directors. This reveals that board structure in terms of the size and composition is an important factor that can boost performance of agricultural state corporations in Kenya. Therefore, from quantitative results it can be deduced that board structure influence performance of agricultural state corporations in Kenya.

Further, the study results revealed that majority of the respondents indicated organization culture was fair and the existing organization values affect their work; the organization norms affect their work and values influence the decision making of the board members and employees. The organization culture can attract new staff and retain best performers thus enhancing organizational performance. This implies that organization culture plays a significant role on performance of the agricultural state corporations.

Finally, the study established that the source of advice regarding management of the organizations was from current/ former colleagues, professional expert (bankers, lawyer), from their customers and creditors. The results revealed that majority of the respondents indicated close cooperation for management was with customers. This reveals that customer relation management is an important factor that can boost performance of agricultural state corporations in Kenya.

Recommendations

The study recommends that the managers to be trained on leadership, financial management and strategic management in their organizations. The managers should set and review performance standards on monthly basis to measure their organization performance. This can enhance performance of agricultural state corporations in Kenya.

Additionally, the study recommends for large organizations which require a larger board size to manage them to have a balance of both internal directors and external directors. The board structure can be reviewed in terms of the size and composition as this can influence performance of agricultural state corporations in Kenya.

The organization culture should be one that can promote organizational performance and the existing organization values should not affect their work. The organization norms in terms of work and values should enhance the decision making of the board members and employees positively and attract new staff and retain best performers to boost performance of the agricultural state corporations.

Finally, the study established that there is need to enhance good customer relationship as it can positively impact performance of the organizations The study results revealed that majority of the respondents indicated close cooperation with customers directly and indirectly boosted their performance.

Recommendations for Further studies

Since this study sought to establish the influence of corporate governance on organizational performance in Kenya, it was established from literature review that there are few studies available on organizational performance in Kenya specifically agricultural state corporations. Therefore, the study recommends for similar studies to be undertaken in other state corporations for generalization of the findings of this study. Additionally, the study did not tie the study variables as the only factors affecting organizational performance. Thus, there is need to undertake another research to examine the other factors affecting performance of agricultural state organizations in Kenya.

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