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CORPORATE GOVERNANCE AND PERFORMANCE OF AGRICULTURAL STATE CORPORATIONS IN KENYA

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ABSTRACT

This study determined the influence of corporate governance mechanisms on performance in agricultural state corporations in Kenya. The study was guided by theory of employee engagement as postulated by William Kahn. The study adopted causal research design. Sampling was done using stratified proportionate random sampling and simple random sampling. Data was collected using semi-structured questionnaires. Data analysis was done using descriptive and inferential statistics. Inferential statistics such as regression and correlation analysis were used whereby correlation analysis was done using Pearson's Product Moment to establish the relationship between independent and dependent variables and regression analysis was conducted using simple linear, Multiple linear and hierarchical regression models. Hierarchical regression was used to analyse the moderating variable. Qualitative data collected from open ended statement was analysed using content analysis and presented using narrations and verbatim. Quantitative data was presented using graphs, charts and tables. The results indicated that corporate governance mechanisms have significant positive effect on performance. This was supported by B-coefficients Disclosure β_1=0.253, P=0.000; Risk management β_2=0.194, P=0.000; Stakeholder engagement β_3=0.306, P=0.000; Corporate social responsibility β_4=0.189, P=0.001. The coefficient of determination (R^2) was 0.662, P=0.000 and this shows that 66.2% of the variations in the performance can be explained by the four predictor variables. Hierarchical regression analysis moved adjusted r –square from 65.2% (unmoderated R square=0.652, P=0.000) to 79.7% (Moderated R square=0.797, P=0.000) representing a significant 14.5% change in R square before and after introduction of organizational culture as a moderator. The study concluded that organizational culture has significant moderating effect of organizational culture on the relationship between corporate governance mechanisms and performance of agricultural state corporations in Kenya. Therefore, the study recommended that the management should ensure that the EVP is aligned seamlessly with the core values and principles of the organizational culture. Further, management should embed the EVP within a values-driven organizational culture, promote and reinforce behaviors that align with the EVP, emphasizing the importance of values in day-to-day operations.

Key Words: *Disclosure, Risk Management, Stakeholder Engagement, Corporate Social Responsibility*

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INTRODUCTION

Corporate governance is the system of rules, practices and processes by which a firm is directed and controlled. It essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Corporate governance structures represent the systems set in place to help guide the decision makers of an organization and monitor activities in light of respective and diverse interests. It is deemed as anything that affects the decision-making process of a company that can impact any of the stakeholders (Jordan, 2013). It is a relevant factor across many fields including finance, accounting, strategic planning and management (Larcker, Richardson, & Tuna, 2007).

Good corporate governance in a business may determine its success or failure. It is the best indicator of well-managed, progressive and strategic businesses. Corporate governance gained focus as an emerging issue initially in the United Kingdom. In 1992, the infamous Cadbury Committee was formed to help address situations where companies trampled down the interest of other stakeholders in a sequence of corporate scandals that happened. The Cadbury report was received as a code of practice for companies quoted in the London Stock Exchange. It was kept as matter of advisory that one was to explain if they did not feel a certain component of the code affected them. The American attempt was viewed as having been impaired by participation of those who felt such regulations would hit back at them (Jordan, 2013). However, their report elicited a global movement to provide structures to guide corporate governance spearheaded by Organization for Economic Cooperation and Development (OECD).

Good Corporate Governance in State corporations is expected to help stem many of these challenges. The practice of corporate governance in these entities has strengthened with the government issuing guidelines on conduct and the constitution of the boards. This was meant to enhance the accountability of management. To enhance transparency, the state corporations Board also issued standards on disclosures of corporate government structures put in place as well as board and management expenses in the respective State Corporations. It has also guided minimum disclosures on financial matters in reports. These concepts have been faced with challenges with various boards being dismissed or expired without replacement, as well as appointments with heavy political influence. The reports of the Auditor General on some failures to comply with proper stewardship of the state corporations have not placed as heavy burdens on the CEOs as should have been the case. This study therefore is designed with a perspective of understanding the impact on performance of these entities given such gaps.

In the region, Uganda has faced disruption of business through corruption and related corporate governance failures. These included banks as well as major entities. The society sought increased transparency in organizations and their conduct of business. The Central Bank of Uganda also made it compulsory to have the key corporate governance structures disclosed by banks in their annual reporting (Musaali, 2012). Equally in Tanzania, there have been failure corporate governance structures with reported collapse of a number of corporations. Fraud and lack of social responsibility have characterized such organizations. The exploratory study on corporate governance in Tanzania noted lapse in Audit committee lapses, and skewed constitution of boards as key areas that needed to be addressed (Mzenzi, Mori, & Kurt, 2020).

In Kenya, Corporate governance issues started to arise significantly around year 2000 (Barako, Hancock, & Izan, 2006). The Capital Markets Authority issued initial guidance to help spread of

best practice amongst listed companies. There exist state corporations where the government owns a significant shareholding. In such corporations, the government representative can easily trample under the interest of the minority. The corporate governance structures help attain a balance for all stakeholders. This structures act as the *mode operandi* for setting objectives of the organizations and the road map towards their fulfillment. However, the investors and regulators should not assume that the executive is only pursuing self-interest motives. Indeed, they should also see the board as an important and critical resource for the company with which value addition can be achieved.

The government of Kenya has in the recent past sought to accelerate accountability and transparency in State Corporations through the Mwongozo code. However, the outcomes have not been assessed to inform the benefits reaped. State corporations have continued to reel under the heavy and irrational interference by the political class, denying the boards of such entities their independence. In the recent past, mega scandals have also been reported touching on State Corporations featuring adversely in reports of Office of the Auditor General. The internal audit units that report to the Audit committee are expected to nub in the bud such questionable transactions and practices. The question here being, do the audit committees play their role effectively as expected by structures of corporate governance. This study aims to explore the effect of corporate governance structures on performance of State Corporations in the agricultural sector in Kenya to narrow this gap.

Kenya Dairy Board (KDB): KDB regulates and promotes the dairy industry in Kenya, overseeing milk production, processing, marketing, and quality control. It sets standards for dairy products, licenses dairy operators, and provides technical assistance to dairy farmers and processors. Kenya Tea Development Agency (KTDA): While not a government agency, KTDA is a key player in the tea sector and operates under a regulatory framework established by the government. It manages smallholder tea farmers, facilitates tea production, processing, and marketing, and promotes sustainability and value addition in the tea industry. These are just a few examples of state corporations and agencies involved in the agricultural sector in Kenya. Each entity plays a distinct role in supporting agricultural development, promoting food security, and advancing the interests of farmers and agribusinesses across the country.

Statement of the Problem

Despite the importance of corporate governance in enhancing organizational performance and accountability, there is a growing recognition of governance challenges within state corporations in Kenya (RoK, 2023). Many agricultural state corporations lack robust governance structures and mechanisms to ensure transparency, accountability, and ethical conduct in decision-making processes. Weak governance practices have led to instances of corruption, nepotism, and inefficiencies in resource allocation. The Transparency international report (2022) reported that instances of financial mismanagement, irregularities in financial reporting, and misuse of public funds have been reported in some state corporations. Poor financial management practices result in budgetary deficits, loss of public trust, and negative impacts on service delivery. Further, based on the EACC report (2022), instances of ethical lapses, conflicts of interest, and unethical behavior among board members and senior executives have been reported in certain agricultural state corporations, undermining public trust, confidence, and credibility in these institutions. This was attributed to corporate governance issues.

Moreover, the previous research on corporate governance and performance of agricultural state corporations has focused on project implementation topics (Moler, 2022). There are several studies which have examined the challenge of the corporate governance (Juma et al., 2018). Other studies have focused on the role of corporate governance in the construction industry. This study

has led to a numerous number of disclosure, risk management, stakeholder engagement and corporate social responsibility (De Juan & Hänze, 2021). Fewer studies have examined "corporate governance" or performance of agricultural state corporations, which is a distinct contrast of the investigations based on the performance state corporations (Moywaywa, 2018; Mwamba et al., 2019; Nyongesa et al., 2016). There is a minimal research focus that has been directed towards the agricultural state corporations and specifically in terms of corporate governance.

Objective of the Study

The general objective of the study was to assess the role of corporate governance mechanisms on performance of agricultural state corporations in Kenya. The study was guided by the following general and specific objectives;

- To assess the role of disclosure on performance of agricultural state corporations in Kenya.
- To establish the role of risk management on performance of agricultural state corporations in Kenya.
- To assess the role of stakeholder engagement on performance of agricultural state corporations in Kenya
- To determine the role of corporate social responsibility on performance of agricultural state corporations in Kenya.

Research Questions

The study was guided by the following null hypotheses;

- What is the role of disclosure on performance of agricultural state corporations in Kenya?
- To what extent does risk management affect performance of agricultural state corporations in Kenya?
- Does stakeholder engagement play any role on performance of agricultural state corporations in Kenya?
- What is the role of corporate social responsibility on performance of agricultural state corporations in Kenya?

LITERATURE REVIEW

Theoretical Review

Agency Theory

Jensen and Meckling (1976) put forward the theory of the agency explaining that the interest of management and shareholders often conflict because managers try to give priority to their interest at the expense of shareholders. In turn shareholders who are principals have to incur costs to monitor and direct the managers. Agency theory is defined as "the relationship between the principals and agents such as the company executives and managers". In this theory, principals hire the agents to perform work. Principals delegate the running of business to the directors or managers, who are the agents to the shareholders (Means, 2017; Sasu & Asafo-Adjei, 2018). Yosi and Yuniashi (2017), argued that two factors can influence the prominence of agency theory. This theory defines the relationship between ownership and control. Principal/Agency attributes are determined by right to annual reports, vote in annual general meeting and receive dividend.

Applying agency theory to the study of corporate governance and performance of agricultural state corporations in Kenya, particularly in the context of disclosure practices, provides valuable insights into how governance mechanisms influence managerial behavior, stakeholder relationships, and organizational outcomes (Shan & An, 2018). By applying agency theory to the study of disclosure practices in agricultural state corporations in Kenya, researchers can analyze how governance mechanisms influence managerial behavior, stakeholder relationships, and organizational outcomes. This theoretical perspective provides a framework for examining the motivations, incentives, and constraints that shape disclosure practices and their impact on corporate governance effectiveness and performance in the agricultural sector (Mykhaliv & Zauner, 2017). It is on this

premise the current study seeks to establish the relationship between board characteristics and performance of agricultural state corporations in Kenya.

Stewardship Theory

Stewardship theory was put forward by Donaldson and Davis (1991; 1993) to expound the existing relationships between ownership and management of the company. Stewardship theory is defined by (Bosch, 2014) as someone who protects and maximizes shareholder's wealth through firm performance, because by so doing, the steward's utility functions are maximized. This theory assumes that managers are basically trustworthy and attach significant value to their own personal reputation (Busso, 2018; Jadah & Adzis, 2016). In contrast to agency theory, stewardship theory suggests that executives tend to be more motivated to act in the best interest of the corporation than in their own self-interest (Sathymoorthi, Baliyan & Dzimiri, 2017; Siekkinen, 2017; Bosch, 2014). This is based more on the management of the firm as determined by the board characteristics (Jadah &Adzis, 2016; Sathymoonthi, Baliyan & Dzimiri, 2017).

By applying stewardship theory to the study of risk management in corporate governance and performance of agricultural state corporations in Kenya, researchers can analyze how governance mechanisms influence managerial behavior, decision-making processes, and organizational outcomes related to risk management (Wekesa, Kiprotich & Khwasir, 2013; Smith, 2015). This theoretical perspective provides a framework for examining the motivations, incentives, and constraints that shape risk management practices and their impact on organizational effectiveness and sustainability (Smith, 2015; Yosi & Yuniashi, 2017; Mahmudi & Nurhayati, 2015; Busso, 2018) in the agricultural sector. It is on this basis the current study seeks to examine the relationship between risk management and performance of private security firms in Kenya.

Resource Dependency Theory

Resource dependence theory was put forward in the 1970s by Pfeffer and Salancik. resource dependence theory provides a framework for understanding the dynamic interplay between organizations and their external environments, emphasizing the importance of resource dependencies in shaping organizational behavior, strategies, and performance (Yosi & Yuniashi, 2017). By analyzing how organizations manage their relationships with resource providers and navigate environmental uncertainties, RDT offers insights into the challenges and opportunities organizations face in achieving their objectives within complex and interdependent ecosystems (Mykhaliv & Zauner, 2017).

By applying resource dependency theory to the study of CSR in the context of corporate governance and performance of agricultural state corporations in Kenya, researchers can analyze how organizations manage external dependencies, navigate institutional pressures, and enhance their legitimacy, resilience, and performance through responsible business practices and stakeholder engagement (Mahmudi & Nurhayati, 2015; Busso, 2018). This theoretical perspective provides a framework for understanding the strategic role of CSR in organizational governance and performance within the agricultural sector in Kenya. It is on this premise the current study will be to examine the corporate social responsibility on performance of agricultural state corporations in Kenya.

Stakeholder Theory

Stakeholder theory emerged in the academic literature during the 1980s and has since evolved as a prominent framework in organizational studies, corporate governance, and strategic management. While it does not have a specific founding date or a single originator, the theory gained traction through the work of several scholars who contributed to its development over time (Yosi & Yuniashi, 2017). Stakeholder theory provides a valuable framework for studying corporate governance and performance of agricultural state corporations in Kenya by emphasizing the importance of considering the interests and relationships of

various stakeholders in organizational decision-making processes (Mahmudi & Nurhayati, 2015).Stakeholder theory emphasizes the identification and analysis of all relevant stakeholders who are affected by or can affect the actions and outcomes of agricultural state corporations in Kenya. This includes not only shareholders and management but also employees, customers, suppliers, local communities, government agencies, regulatory bodies, and non-governmental organizations (NGOs). By recognizing the diverse interests and concerns of stakeholders, corporations can better understand their needs, expectations, and potential impact on corporate governance and performance (Busso, 2018).

Stakeholder theory provides a comprehensive framework for studying corporate governance and performance of agricultural state corporations in Kenya by emphasizing stakeholder engagement, accountability, transparency, value creation, reputation management, and long-term sustainability (Mykhaliv & Zauner, 2017). By integrating stakeholder perspectives into governance practices and decision-making processes, corporations can enhance their resilience, adaptability, and performance in dynamic and complex environments (Yosi & Yuniashi, 2017). The current study intends to examine the relationship between stakeholder engagement and performance of agricultural state corporations in Kenya.

Conceptual Framework

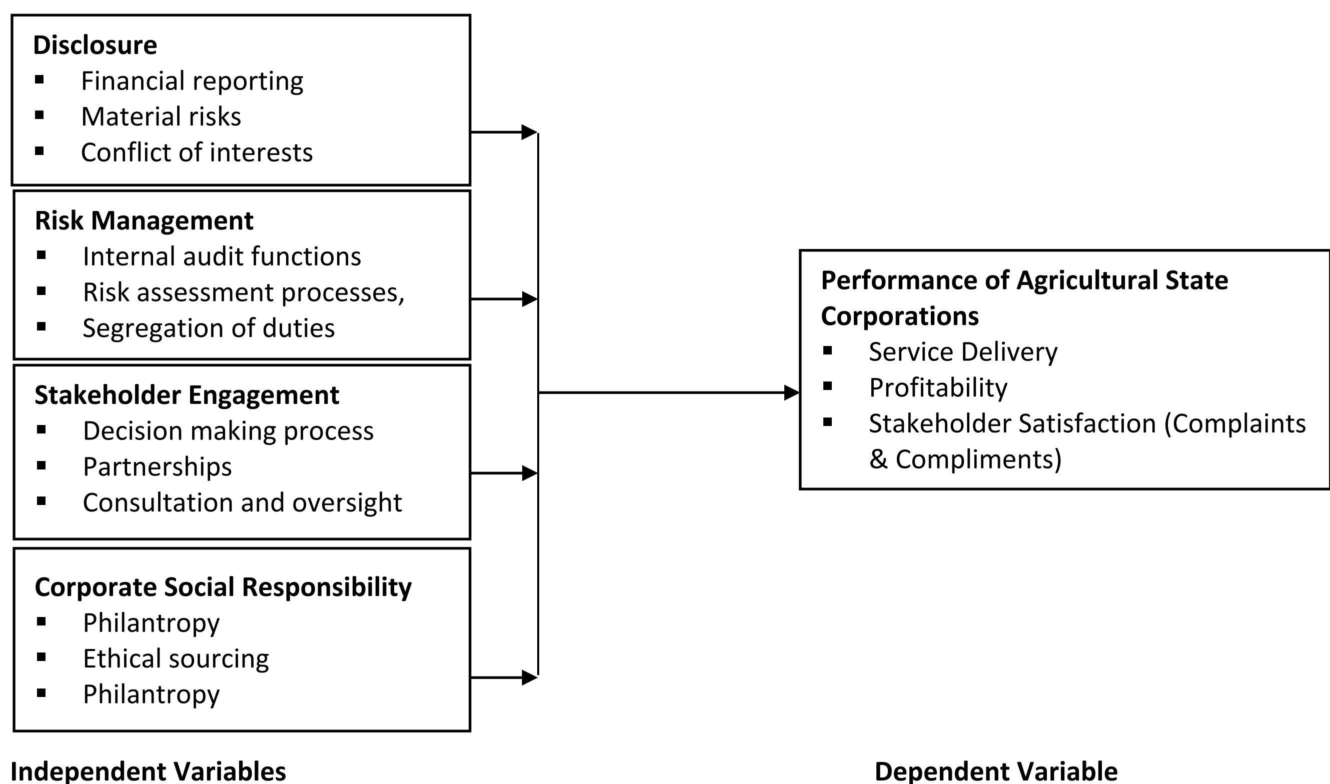

Figure 1: Conceptual Framework

Empirical Review

Disclosure

Disclosure and transparency requirements are governance mechanisms that compel companies to provide timely, accurate, and comprehensive information to stakeholders. This includes financial reporting, disclosures of material risks and conflicts of interest, governance practices, executive compensation, and sustainability performance. Transparent communication fosters trust, enhances investor confidence, and enables stakeholders to make informed decisions. Luskar and Maji (2017) examined the disclosure pattern of corporate sustainability (CS) and the influence of sustainability reporting on firm performance of four countries in Asia – Japan, South Korea, Indonesia and India. The authors have collected the sustainability reports and annual reports of 111 firms from four Asian countries for a period of six years. Further, the study finds a significant difference in the disclosure of overall sustainability as well as components of sustainability between the countries. The regression results indicate the positive impact of CSP (both in terms of level and quality) on MBR. Specifically, the outcome of the regression model reveals that both the level and quality disclosure of CS are crucial for enhancing firm value for both the developed and developing countries of Asia. Moreover, the relative influence of CSP (both in terms of level and quality.

Musyoka (2017) examined the effect of voluntary disclosure on financial performance of listed companies in Nairobi securities exchange. To achieve this, the study sought to examine the effect of financial policy, investment policy, sales growth, financial liquidity and research and development on financial performance. The study was based on agency theory, signaling theory, stakeholder's theory and theory of capital needs. Correlation research design was applied to attain the study objective. Purposive sampling was used to select 43 companies which have been actively trading between 2006- 2015. Results of the study revealed that there was a positive and significant relationship between disclosures on financial policy, investment policy, sales growth, financial liquidity, research and development and firm performance.

Risk Management

Internal controls and risk management systems are governance mechanisms designed to safeguard assets, prevent fraud, and ensure compliance with laws and regulations. These mechanisms include internal audit functions, risk assessment processes, segregation of duties, whistleblower mechanisms, and ethical codes of conduct. Effective risk management practices help mitigate operational, financial, legal, and reputational risks, protecting shareholder value. Chebana (2021) study the effectiveness of the risk management system in the European context, especially with regard to the risk management committee, the uncertainty of the environment and company performance. To study the effectiveness of risk management systems and their influence on performance, the large companies selected in our sample are fairly representative of the European market, according to the Dutch indices of each country (SBF 120 in France, HDAX 110 in Germany and FTSE 100 in United Kingdom). The empirical evidence is based on an international quantitative analysis, using a data set involving 320 companies listed on the stock exchange over a ten-year period from 2005 to 2014. The results indicate that the establishment of a risk management and control system by a company positively influences its management, and its performance level and value creation also improve.

Tamakloe et al. (2023) study sought to examine the effect of risk management on the performance of commercial banks in Ghana. The study used a quantitative research approach, relying on secondary data from the yearly financial statements of the selected banks. Seven commercial banks were purposively sampled. According to the 2017 Ghana Banking Survey, the seven commercial banks selected represent more than 50 percent of Ghana's financial market by proportion of industrial deposits, which was a criterion for selecting the seven banks. The results of the study showed that of the four types of risks examined vis-à-vis credit

risk, operational risk, liquidity risk, and market risk, only operational risk was found to exert a significant influence on bank performance. Operational risk accounted for 99.24% of the variability in bank performance. Furthermore, it was observed that total risk management had a significant impact on bank performance, explaining 74.74% of the variance in bank performance.

Stakeholder Engagement

Stakeholder engagement is a governance mechanism that involves actively involving stakeholders in decision-making processes and dialogue. This includes engagement with employees, customers, suppliers, communities, and regulators to understand their interests, address concerns, and incorporate their perspectives into corporate decision-making. Meaningful stakeholder engagement fosters trust, builds relationships, and enhances corporate reputation and legitimacy. Singh and Rahman (2022) described as a pragmatic stakeholder engagement model. In the research article, the impact of the adoption of SDGs by firms on their financial, environmental, and social performance is examined. Based on the publication of sustainability reporting by firms in compliance with GRI standards, 89 selected Indian firms from the NSE 500 were included in the content analysis for data collection. In addition, multiple linear regression was used to analyse secondary data to establish an empirical relationship between SDGs adoption and corporate performance. The findings of this study revealed that the adoption of SDGs by firms is significantly and positively associated with their financial, environmental, and social performances.

Kimutai and Kwambai (2018) study sought to establish the effects of stakeholder engagement on effectiveness of public universities in Kenya. The study employed a descriptive survey design. The target population for the study was all staff that were involved in organizational change both directly and indirectly impacted upon by the new administrative systems. The total population of staff at the University of Eldoret is 1100.The sample size formula was adopted from Krejcie and Morgan, which gave a sample size of 65 respondents. Questionnaires were used as the main data collection instruments. Data was analyzed using descriptive statistics; frequencies and percentages. Correlation analysis was used to establish the effect of stakeholder engagement on effective of public universities. There was a significant and positive relationship between stakeholder engagement and organizational effectiveness in the University of Eldoret. Stakeholders were involved in the decision making process within the university in implementation of programs and projects.

Corporate Social Responsibility

Corporate social responsibility practices are governance mechanisms that promote ethical behavior, sustainability, and social impact. CSR initiatives include environmental stewardship, community development, philanthropy, and ethical sourcing practices. By integrating social and environmental considerations into business operations, companies demonstrate commitment to long-term value creation and societal well-being. Kim and Keane (2023) stakeholders' desire for organizations to participate in corporate social responsibility (CSR) activities, some organizations do not invest in CSR due to uncertainty around the value it provides to performance. This research investigates the effect size of the relationship between CSR and performance via a meta-analysis of 17 articles. A series of performance-indicating groups emerged and effect sizes were calculated using the Comprehensive Meta-Analysis software. These groups include in-role performance, extra-role performance, employees' affective attitudes towards organizations, and organizational-level outputs. Results suggest that CSR has a large effect on performance across a range of contexts.

In a literature review examining the results of 76 empirical papers published over the forty-year period between 1972 and 2012, the muddiness surrounding the relationship between CSR and performance was highlighted and can be attributed to the fact the variables being analyzed were still

being conceptualized in their nascent form (Raza et al., 2012). In that study, the relationship between CSR and performance was variously shown as being positive, negative, mixed, and non-existent. In other research, the ownership type of an organization was shown to be important to the relationship between CSR and performance with state-owned enterprises demonstrating a negative relationship and non-state-owned enterprises a positive effect (Kao et al., 2018).

Firm Performance

The idea behind organization performance is to enhance sustainability in service delivery (Ahmed & Hadi, 2017; Mburu, 2019; Tulung & Ramdani, 2018). More importantly, all measures must be in line with firms' goals, objectives and mission (Muriuki, Cheruiyot & Komen, 2017). The greatest challenge for private security firms is aligning measures of performance with overall business strategy and corporate culture (Mahrous, 2014; Hope, Thomas & Vyas, 2017). In this study the dependable variable (firm performance) will be measured with the following indicators: profitability, market share and stakeholder satisfaction. Profitability of the firm is defined as the state or condition of yielding a financial profit or gain (Galluci, Arugu & Dandago, 2014). Diphoorn (2016); claimed that profitability is the best indicator to identify whether firm is doing things right or not (Ironkwe & Adee, 2014; Muriuki, Cheruiyot & Kome, 2017) and hence profitability can be used as the primary measure of firm success.

Stakeholder satisfaction refers to the degree to which stakeholder expectation of a product or services are met (Kirunda, 2018; Mahrous, 2014). Stakeholder satisfaction measures are similar to service quality measures but are from the standpoint of the citizen consuming the service (Kirunda, 2018). Stakeholder are the most important factor to any organization (Galluci, Santulli & Calabro, 2015). It is therefore important for agricultural state corporations to ensure that their customers are satisfied with the firm's products and services (Tulung & Ramdani, 2018; Ironkwe & Adee, 2014). Once a firm has set its goals to satisfy stakeholder in all aspects it has to ensure that the stakeholder expectations and needs are met according to their specifications (Muriuki, Cheruiyot & Komen, 2017). Agricultural state corporations try to identify their stakeholder' needs and the various techniques and methods that can be used to satisfy them and to understand how to apply them.

METHODOLOGY

This study adopted a descriptive survey design to establish the influence of corporate governance on performance of agricultural state corporations in Kenya. The sampling frame of the study was a list of all the board members, CEOs and head of departments in the agricultural state of corporations in Kenya. The agricultural state corporations have a complement of 250 (90 board members, 10 CEOs and 150 head of departments) according to the Human Resource Personnel departments. The sample size of the households was done the Taro Yamane formula. The sample size therefore is estimated to 153. The developed research instrument was pre-tested using an identical sample in the specified strata with the aim of aiding data collection instruments. The reliability coefficient of the research instruments was checked against Cronbach's Alpha whereby a threshold of 0.70 was used. The content validity formula by Manly and Alberto (2016) was used in line with other previous studies (Kline, 2015; Bryne, 2016; Cohen, West & Aiken, 2014). SPSS software was used because of its ability to appropriately create graphical presentations of questions, data for reporting, presentation and publishing.

FINDINGS

Descriptive Statistics

Disclosure

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to disclosure in their institutions: Strongly Agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are shown in Table 1:

Table 1: Disclosure

Disclosure	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D
Board of directors are independent decision making	2.8	4.9	14.8	40.8	36.6	4.04	0.9[illegible]
Number of the board members adequate to address company needs	2.8	16.2	9.2	27.5	44.4	3.94	1.2[illegible]
Composition of the board represe diversity	3.5	11.3	12.0	38.0	35.2	3.90	1.1[illegible]
Board members have the requi competence to lead the company	2.8	11.3	12.0	38.0	35.9	3.93	1.0[illegible]
Non-Executive and Executive direct are proportionally balanced	2.8	8.5	8.5	47.2	33.1	3.99	1.0[illegible]

The majority of respondents (77.4%) perceive the board of directors as independent in decision-making (agree: 40.8%, strongly agree: 36.6%). The mean score of 4.04 suggests a high level of agreement, with responses relatively consistent around this perception. Stakeholders generally believe that the board of directors' exercises independence in its decision-making processes. A significant portion of respondents (71.9%) believe that the number of board members is adequate to address company needs (agree: 27.5%, strongly agree: 44.4%). The majority of respondents (73.2%) believe that the composition of the board represents diversity (agree: 38.0%, strongly agree: 35.2%). The mean score of 3.90 suggests a generally positive perception, with moderate variability in responses. A significant proportion of respondents (74.8%) believe that board members have the required competence to lead the company (agree: 38.0%, strongly agree: 35.9%). The mean score of 3.93 indicates a generally positive perception, with moderate variability in responses.

The majority of respondents (80.3%) believe that non-executive and executive directors are proportionally balanced (agree: 47.2%, strongly agree: 33.1%). The mean score of 3.99 suggests a generally positive perception, with moderate variability in responses. Stakeholders perceive a balance between non-executive and executive directors on the board, which is essential for ensuring diverse perspectives, independent oversight, and effective decision-making. While the majority view the balance between non-executive and executive directors positively, the organization should continue to assess and optimize board composition to maintain this balance and maximize governance effectiveness.

Risk management

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institution's risk management: Strongly Agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are as shown in Table 2:

Table 2: Risk management

Risk Management	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D
Audit team finds and deals with ri well, making our organization perfc better.	3.5	2.1	16.2	39.4	38.7	4.08	0.98
Audit findings help the firm impr how we handle risks and do their job	3.5	17.6	13.4	26.8	38.7	3.80	1.23
Audit team works with other teams make sure they follow rules a manage risks.	3.5	23.2	14.8	23.2	35.2	3.63	1.27
The firm check risks carefully to h them make good decisions and better.	3.5	1.4	19.0	45.1	31.0	3.99	0.94
The firm often check for risks and what they find to stay safe and do th jobs better.	3.5	2.8	17.6	39.4	36.6	4.03	0.99
Everyone knows their job, so they m fewer mistakes and do things right.	5.6	9.9	14.8	32.4	37.3	3.86	1.19

Audit Team Identifies and Manages Risks Effectively, contributing to Better Organizational Performance (M=4.08, SD=0.98): Although 3.5% strongly disagreed, a notable 38.7% strongly agreed that the audit team excels in detecting and mitigating risks, resulting in superior organizational outcomes. Audit Findings Facilitate Improvement in Risk Handling and Job Executions (M=3.80, SD=1.23): Only 3.5% vehemently denied the utility of audit reports in helping firms upgrade risk management protocols and daily functions, but a comparatively smaller fraction (38.7%) wholeheartedly supported this notion.

Collaborative Work Between Audit Teams and Other Departments Ensure Rule Adherence and Risk Governance (M=3.63, SD=1.27): Less than 3.5% held strong convictions opposing interdisciplinary cooperation in enforcing guidelines and supervising risks, albeit just 35.2% voiced strong endorsement. Thorough Risk Evaluation Supports Sound Decision-Making and Continuous Improvement (M=3.99, SD=0.94): Merely 1.4% failed to acknowledge the importance of vigilant risk monitoring in guiding strategic choices and reinforcing operational efficiency, whilst roughly 31% showed lukewarm responses.

Active Risk Surveillance Yields Safer Working Conditions and Boosted Productivity (M=4.03, SD=0.99): Demurring voices constituted a mere 2.8%, dwarfed by the 36.6% who ardently assented that frequent checks minimized hazards and optimized performances. Clear Role Perception Promotes Accurate Task Completion and Error Prevention (M=3.86, SD=1.19): Though 5.6% rejected the claim, nearly equal portions (37.3%) vouched for explicit duty delineation as instrumental in averting blunders and amplifying precision.

Stakeholder engagement

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institutions stakeholder engagement: Strongly Agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are as shown in Table 3:

Table 3: Risk management

Disclosure	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D
Organization hold its annual gene meeting as per the company articles	8.5	9.2	26.8	23.2	32.4	3.62	1.26
Stakeholder participate in ann general meeting	7.7	21.8	14.1	30.3	26.1	3.45	1.30
Stakeholder receive meeting agen on time	6.3	9.9	27.5	25.4	31.0	3.65	1.20
Stakeholders' approval financial dur annual general meetings	7.7	11.3	21.1	26.8	33.1	3.66	1.26
Stakeholders' approval appointment of external auditors	10.6	15.5	21.8	24.6	27.5	3.43	1.32
Stakeholders' appoint board directors as per the company article	7.0	14.8	21.8	23.9	32.4	3.60	1.27

Regarding the organization's adherence to holding AGMs as per company articles, the data shows a moderate level of agreement, with 55.6% of stakeholders either agreeing or strongly agreeing. However, 34% express either disagreement or neutrality. The mean score is 3.62, indicating a moderate overall agreement with a standard deviation of 1.26, suggesting some variability in responses. When examining stakeholder participation in AGMs, the findings reveal a mixed perception, with 56.4% of stakeholders indicating agreement or strong agreement, while 29.5% express disagreement or neutrality. The mean score is 3.45, reflecting a moderate level of agreement, with a standard deviation of 1.30, indicating some variability in responses.

Regarding stakeholders' receipt of meeting agendas on time, there's a more positive outlook, with 56.5% of stakeholders agreeing or strongly agreeing. However, 36.2% express either disagreement or neutrality. The mean score is 3.65, indicating a moderate level of agreement, with a standard deviation of 1.20, suggesting some variability in responses. In terms of stakeholders' approval of financial matters and the appointment of external auditors during AGMs, the data indicates a moderate level of agreement overall. For financial approval, 59.9% of stakeholders agree or strongly agree, while for auditor appointments, it's 52.1%. However, for both statements, around 28% express either disagreement or neutrality. The mean scores are 3.66 and 3.43, respectively, indicating moderate levels of agreement, with standard deviations of 1.26 and 1.32, respectively, suggesting some variability in responses.

Similarly, stakeholders' involvement in appointing the board of directors as per company articles shows a moderate level of agreement, with 56.3% of stakeholders indicating agreement or strong agreement. However, 36.6% express either disagreement or neutrality. The mean score is 3.60, indicating a moderate level of agreement, with a standard deviation of 1.27, suggesting some variability in responses.

Corporate social responsibility

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institutions corporate social responsibility: Strongly Agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1. The results are as shown in Table 4:

Table 4: Corporate social responsibility

Corporate social responsibility	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D
The corporate social responsibility gives employees a chance to use their personal initiative or judgment in carrying out the work.	4.9	24.6	12.7	20.4	37.3	3.61	1.34
My institution allows employees considerable room to work without supervision	4.9	23.2	14.1	17.6	40.1	3.65	1.34
The corporate social responsibility gives employees considerable opportunity for independence and freedom in how they c the work	3.5	19.7	12.0	23.2	41.5	3.80	1.27
My institution has embraced flexible working in terms of time and place	3.5	9.2	8.5	43.0	35.9	3.99	1.07
My organization has determined acceptal workload for the employees	6.3	15.5	23.9	19.7	34.5	3.61	1.28
My institution has benchmarked on best practices in regards to work load for employees	8.5	17.6	22.5	15.5	35.9	3.53	1.36

The data indicates that while a significant portion of respondents (57.7%) agree or strongly agree that CSR provides employees with a chance to use their personal initiative or judgment in their work, there is also a notable percentage (29.5%) expressing disagreement or neutrality. The mean score is 3.61, indicating a moderate level of agreement, with a standard deviation of 1.34, suggesting some variability in responses. Similar to the previous statement, there's a moderate level of agreement (57.7% in total agreement or neutrality) that the institution allows considerable room for employees to work without supervision. The mean score is 3.65, with a standard deviation of 1.34, indicating some variability in responses.

A majority of respondents (64.7%) agree or strongly agree that CSR provides employees with considerable opportunities for independence and freedom in their work. The mean score is 3.80, indicating a moderate level of agreement, with a standard deviation of 1.27, suggesting some variability in responses. The data shows a higher level of agreement (79.0% in total agreement or neutrality) regarding the institution's embrace of flexible working in terms of time and place. The mean score is 3.99, indicating a higher level of agreement, with a standard deviation of 1.07, suggesting less variability in responses.

Similar to the first statement, there's a mixed perception regarding whether the organization has determined an acceptable workload for employees, with 58.2% in total agreement or neutrality. The mean score is 3.61, indicating a moderate level of agreement, with a standard deviation of 1.28, suggesting some variability in responses. The data indicates a similar mixed perception regarding whether the institution has benchmarked on best practices for employee workload, with 51.4% in total agreement or neutrality. The mean score is 3.53, indicating a moderate level of agreement, with a standard deviation of 1.36, suggesting some variability in responses.

Performance

Respondents were asked to indicate their level of agreement by ticking each one of the given statements as they apply to their institution's performance. The responses ranged from **Strongly Agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) =2 and Strongly Disagree (SD) = 1**. The results are as shown in Table 5:

Table 5: Performance

Performance	1(%)	2(%)	3(%)	4(%)	5(%)	Mean	S.D
There is minimal talent turnover in the institution	4.2	12.7	7.0	37.3	38.7	3.94	1.16
There is a consistent upward movement the care ladder of employees in my organization	0.0	19.0	13.4	27.5	40.1	3.89	1.14
Most employees retire from this organization	2.1	20.4	19.7	23.9	33.8	3.67	1.20
There is effective performance assessment which enhances employees' confidence.	7.7	14.1	19.0	25.4	33.8	3.63	1.29
Employees are enthusiastic about looking for opportunities to improve performance of the institution	7.7	12.0	20.4	19.7	40.1	3.73	1.31
Employees volunteer to do extra work outside the job tasks to contribute to the institution success	2.1	7.7	18.3	35.2	36.6	3.96	1.027
Employees are happy and contented whenworki at the institution	2.1	13.4	23.2	21.8	39.4	3.83	1.155
Talented employees are committed to the institution's goals and objectives	0.0	14.1	12.0	38.7	35.2	3.95	1.020

The data indicates a high level of agreement (76%) that there is minimal talent turnover in the institution. The mean score is 3.94, with a standard deviation of 1.16, suggesting a generally positive perception of talent retention. A majority of respondents (67.6%) agree or strongly agree that there is consistent upward movement on the career ladder for employees in the organization. The mean score is 3.89, with a standard deviation of 1.14, indicating a positive perception of career growth opportunities.

The data reveals a moderate level of agreement (57.6%) that most employees retire from the organization. The mean score is 3.67, with a standard deviation of 1.20, suggesting some variability in perceptions of employee retention. A substantial portion of respondents (59.2%) agree or strongly agree that there is effective performance assessment in the institution, enhancing employees' confidence. The mean score is 3.63, with a standard deviation of 1.29, indicating some variability in perceptions of performance assessment effectiveness.

The data indicates a moderate level of agreement (60.2%) that employees are enthusiastic about seeking opportunities to improve the institution's performance. The mean score is 3.73, with a standard deviation of 1.31, suggesting some variability in perceptions of employee enthusiasm. A significant majority of respondents (72.3%) agree or strongly agree that employees volunteer to do extra work outside their job tasks to contribute to the institution's success. The mean score is 3.96, with a low standard deviation of 1.027, indicating more consistent agreement among respondents.

The data reveals a moderate level of agreement (61.2%) that employees are happy and contented when working at the institution. The mean score is 3.83, with a standard deviation of 1.155, indicating some variability in perceptions of employee satisfaction. A majority of respondents (73.9%) agree or strongly agree that talented employees are committed to the institution's goals and objectives. The mean score is 3.95, with a low standard deviation of 1.020, indicating more consistent agreement among respondents.

Correlation Analysis

The Spearman rank correlation coefficient, denoted as rho (ρ) or rs, gauges the intensity and orientation of the association between two ranked or ordinal variables. It produces a correlation coefficient, often denoted as "rho" which ranges from -1 to 1. The sign indicates the direction of the relationship (positive or negative), and the magnitude indicates the strength. Using the correlation coefficient, the study tested whether interdependency existed between the predicator variables and whether there was any relationship between response variable (performance) and predicator variables (corporate governance mechanisms).

Table 6: Multiple Correlation Matrix

Spearman's rho		Disclosure	Risk managem	Stakeholder engagement	Corporate social responsibility
Disclosure	Correlation Coefficient	1.000			
	Sig. (2-tailed)				
	N	142			
Risk managemen	Correlation Coefficient	.252**	1.000		
	Sig. (2-tailed)	.003			
	N	142	142		
Stakeholder engagement	Correlation Coefficient	.445**	.356**	1.000	
	Sig. (2-tailed)	.000	.000		
	N	142	142	142	
Corporate social responsibility	Correlation Coefficient	.330**	.487**	.590**	1.000
	Sig. (2-tailed)	.000	.000	.000	
	N	142	142	142	142
Performance	Correlation Coefficient	.514**	.541**	.694**	.682**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	142	142	142	142

**. Correlation is significant at the 0.05 level (2-tailed).

From the correlation Table 6: disclosure is positively correlated to performance of agricultural state corporations in Kenya the coefficient is 0.514 (p value < 0.05) this is significant at 99% confidence level. Thus, increase in disclosure would make performance in agricultural state corporations in Kenya also to increase. The positive correlation between disclosure and performance suggests that increased transparency and openness in reporting can lead to improved organizational performance. Studies such as "The Impact of Corporate Governance on Firm Performance: Also, risk management is positively correlated to performance of agricultural state corporations in Kenya the coefficient is 0.541 (p value < 0.05) this is significant at 99% confidence level. Thus, increase in risk management would make performance of agricultural state corporations in Kenya also to increase. The positive correlation between risk management and performance implies that effective risk management practices contribute to organizational success. Research such as "The Impact of Enterprise Risk Management on Firm Performance: However, some studies by Cummins and Weiss (2014), suggest that the relationship between risk management and performance may be complex and context-dependent, with mixed empirical evidence.

The study's findings revealed a positive and statistically significant correlation between stakeholder engagement and performance. Additionally, the correlation coefficient for stakeholder engagement was 0.694, P=0.000, suggesting that there is significant positive relationship between stakeholder engagement and performance of agricultural state corporations in Kenya. The significant positive correlation between stakeholder engagement and performance

underscores the importance of involving stakeholders in organizational decision-making processes. Studies such as "The Impact of Stakeholder Orientation on Innovation: Evidence from European Firms" by Flammer (2013) support this correlation, indicating that stakeholder engagement leads to greater innovation and improved financial performance.

Further, a correlation coefficient of 0.682** implied that there is significant positive relationship between corporate social responsibility and performance of agricultural state corporations in Kenya. The significant positive correlation between CSR and performance suggests that socially responsible business practices contribute to organizational success. Studies such as "Corporate Social Responsibility and Financial Performance: A Meta-Analysis" by Margolis et al. (2009) support this correlation, demonstrating that companies that prioritize CSR initiatives tend to achieve better financial performance and long-term sustainability. However, some studies, like "Corporate Social Responsibility and Firm Financial Performance: The Mediating Role of Productivity" by Oikonomou et al. (2012), have found mixed evidence, indicating that the relationship between CSR and performance may vary across industries and regions.

Multiple Regressions of Performance

The general objective of this study was to examine the influence of corporate governance mechanisms on the performance of agricultural state corporations in Kenya. This was achieved by carrying out standard multiple regressions. The study was interested in knowing the effect of corporate governance mechanisms on performance when all these constructs were entered as a block on the model. This aided in coming up with the coefficients of the study model as well as R square of the study hence, test the null research hypotheses. The results are as shown in Table 7:

Table 7: Model Summary Regression for Corporate governance mechanisms and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.			.5[illegible]

The model summary findings established that the lineardetermination (R^2) was 0.662, and this shows that 66.2% relationship between performance and the fourof the variations in the performance can be explained by predictor variables; disclosure, risk management,the four predictor variables in the study and the stakeholder engagement and corporate socialremaining 33.8% of the variations in performance of responsibility is positive and linear. The coefficient ofagricultural state corporations in Kenya is explained by correlation was 0.813, (r=0.813). The coefficient ofother factors not captured in the model.

Table 8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	76.550	4	19.137	66.961	.000[b]
	Residual	39.154	137	.286		
	Total	115.704	141			

a. Dependent Variable: Performance

b. Predictors: (Constant), Corporate social responsibility, Disclosure, Risk management, Stakeholder engagement

From the ANOVA results in Table 8: The F test gave a value of F (4, 137) =66.961, p < .05, which was large enough to support the goodness of fit of the model in explaining the variation in the dependent variable. It also means that corporate governance mechanisms are a useful predictor of performance of agricultural state corporations in Kenya

SUMMARY

This research was undertaken to determine the influence of corporate governance mechanisms on performance in agricultural state corporations in Kenya. Theoretical and empirical literature on

corporate governance mechanisms was reviewed. From the literature review, a conceptual framework was established to conceptualize the association between corporate governance mechanisms and performance of agricultural state corporations in Kenya. The hypothesized relation was then tested empirically and was guided by the following specific objectives. To identify the influence of disclosure, risk management, stakeholder engagement and corporate social responsibility on performance of agricultural state corporations in Kenya and to determine the moderating influence of organizational culture on the correlation between corporate governance mechanisms and performance of agricultural state corporations in Kenya. These relationships have been shown in the conceptual framework.

The first objective of the study was to establish the influence of disclosure on performance of agricultural state corporations in Kenya. From the descriptive results, the aggregate mean and standard deviation indicated that responses were concentrated around the mean and that respondents agreed to most of the statements regarding disclosure of agricultural state corporations in Kenya. This implied that majority of respondents were of the same observation about disclosure of agricultural state corporations in Kenya. Spearman correlation indicated that there is significant relationship between disclosure and Performance of agricultural state corporations in Kenya as shown by *R = 0.561, P=0.000.* Multiple linear regression revealed that when other variables in the model are controlled, a unit change in disclosure would result to significant increase in performance of agricultural state corporations in Kenya by 0.253 units (β_1=0.253, P=0.000).

The second objective of the study was to establish the influence of risk management on performance of agricultural state corporations in Kenya. From the descriptive results, the aggregate mean and standard deviation indicated that responses were concentrated around the mean and that respondents agreed to most of the statements about risk management of agricultural state corporations in Kenya. This implied that majority of respondents were of the same observation in regard to the risk management of agricultural state corporations in Kenya. Spearman correlation indicated that there is significant relationship between risk management and Performance of agricultural state corporations in Kenya as shown by *R = 0.520, P=0.000.* Multiple linear regression revealed that when other variables in the model are controlled, a unit change in risk management would results to significant increase in performance of agricultural state corporations in Kenya by 0.194 units (β_1=0.194, P=0.001).

The third objective of the study was to determine the influence of stakeholder engagement on performance in agricultural state corporations in Kenya. From the descriptive results, the aggregate mean and standard deviation indicated that responses were concentrated around the mean and that respondents agreed to most of the statements regarding stakeholder engagement of agricultural state corporations in Kenya. This implied that majority of respondents were of the same observation in regard to the stakeholder engagement of agricultural state corporations in Kenya. Spearman correlation indicated that there is significant strong relationship between stakeholder engagement and Performance of agricultural state corporations in Kenya as shown by *R = 0.681, P=0.000.* Multiple linear regression revealed that when other variables in the model are controlled, a unit change in stakeholder engagement would results to significant increase in performance of agricultural state corporations in Kenya by 0.306 units (β_1=0.306, P=0.000).

The fourth objective of the study was to determine the influence of corporate social responsibility on performance in agricultural state corporations in Kenya. From the descriptive results, the aggregate mean and standard deviation indicated that responses were concentrated around the mean and that respondents agreed to most of the statements in regard to corporate social responsibility of

agricultural state corporations in Kenya. This implied that majority of respondents were of the same observation in regard to corporate social responsibility of agricultural state corporations in Kenya. Spearman correlation indicated that there is significant strong relationship between corporate social responsibility and Performance of agricultural state corporations in Kenya as shown by *R = 0.607, P=0.000.* Multiple linear regression revealed that when other variables in the model are controlled, a unit change in corporate social responsibility would results to significant increase in performance of agricultural state corporations in Kenya by 0.189 units (β_1=0.189, P=0.001).

CONCLUSION

Based on the empirical evidence, several logical conclusions can be made as follows per specific objectives.

First, the study confirmed that disclosure has significant positive influence on performance of agricultural state corporations in Kenya. The study similarly concluded that disclosure had the third most significant influence on performance. In conclusion, the findings reveal positive perceptions regarding various aspects of the board of directors' functionality within agricultural state corporations in Kenya. Stakeholders generally perceive the board as independent, adequately sized, diverse, competent, and balanced. These perceptions underscore the importance of effective governance practices in fostering trust and confidence.

Secondly, the study established risk management has significant positive influence on performance of agricultural state corporations in Kenya. The study also concluded that risk management had the second most significant influence performance. The audit team excels in risk management, facilitating superior organizational performance. Audit findings drive improvements in risk handling and daily operations. Collaboration between audit teams and other departments ensures effective rule adherence. Vigilant risk evaluation aids informed decision-making. Active risk surveillance fosters safer working conditions and productivity. Clear role perception enhances task completion and error prevention.

Thirdly, the study revealed that stakeholder engagement has significant positive influence on performance of agricultural state corporations in Kenya. Stakeholder engagement had the most significant influence with regards to performance. Stakeholders exhibit varied perspectives on AGM adherence, participation, and procedural matters. While there's moderate agreement on certain aspects like financial matters and board appointments, dissent and neutrality are notable. Overall, these findings underline the need for continued dialogue and potential refinement in AGM processes to address diverse stakeholder viewpoints effectively.

Fourthly, the study found out that corporate social responsibility has significant positive influence on performance of agricultural state corporations in Kenya. However, the study concluded that corporate social responsibility had the least significant influence on agricultural state corporations in Kenya' performance. The data highlights a diverse range of perspectives regarding CSR's impact on employee autonomy and workload management. While significant proportions recognize opportunities for personal initiative and flexible working, dissent and neutrality also prevail. Moderate agreement regarding the institution's support for independence and workload determination underscores the need for nuanced strategies to address varied employee viewpoints effectively.

RECOMMENDATIONS

Given the significant positive influence of disclosure on performance, agricultural state corporations in Kenya should prioritize transparency and disclosure in their operations. Implementing robust disclosure mechanisms can improve stakeholder trust and positively impact performance outcomes.

Since risk management has a significant positive influence on performance, agricultural state

corporations should focus on further enhancing their risk management strategies. This includes investing in advanced risk assessment tools, promoting collaboration between audit teams and other departments, and ensuring thorough risk evaluation to support informed decision-making.

Recognizing the significant influence of stakeholder engagement on performance, agricultural state corporations should prioritize enhancing communication and collaboration with stakeholders. This can be achieved through regular AGMs, transparent communication channels, and soliciting feedback to address concerns effectively.

Despite being the least significant influencer of performance, corporate social responsibility remains important. Agricultural state corporations should refine their CSR strategies to align with stakeholder expectations and organizational goals. This may involve focusing on initiatives that directly impact the community and environment while also considering employee perspectives on autonomy and workload management.

Areas for further Research

Despite the fact that this study achieved its objective in regard to the influence of corporate governance mechanisms on performance of agricultural state corporations in Kenya, there are a number of areas for further research emanating from the scope of the study, methodology and the findings. First, whereas the findings can be applied to other agricultural state corporations in Kenya, difference in organizational culture may have some implications. The study thus recommends that further research should widen the scope and incorporate all agricultural firms in Kenya.

Second, the study focused on corporate governance mechanisms practices and performance of agricultural state corporations in Kenya and organizational culture as a moderator. Whereas, these four variables explained more than 76.4% of the variations in performance, the study recommended that further studies should focus on additional corporate governance mechanisms such as ethical behavior, integrity and accountability.

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