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CORPORATE GOVERNANCE AND ORGANIZATIONAL PERFORMANCE OF KENYA FOREST SERVICE IN NAIROBI CITY COUNTY

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Abstract

Purpose: The objective was to determine the effect of corporate governance and organizational performance of Kenya forest service in Nairobi City County

Methodology: The survey adopted stratified sampling and employed questionnaires to collect data from a sample of 166 managerial level staff working at the Kenya Forest Service (KFS) Headquarters' Office at Karura in Nairobi City County. Descriptive and inferential statistical models were employed to analyze, describe, and infer deduction and conclusion from the research findings. Correlation matrix and regressions models were employed to analyze data collected, and describe the research findings in reference to the variables under examination.

Findings: The study findings showed that board composition, board independence, board size and board audit committee have an advantageous and significant influence on the performance of an organization.

Unique contribution to Theory, Practice and Policy: The study recommends that, the KFS management should ensure more board members are appointed externally to enhance board efficiency and organization performance. Additionally, KFS management should increase the number of board members with non-executive status to increase board independence within the organization. The survey findings established that, small boards are preferable to large boards in influencing organization performance positively. The study recommends that, KFS management should design an effective system to identify its ideal board size to promote performance.

Keywords: *Corporate Governance, Organizational Performance, Kenya Forest Service, Nairobi City County*

INTRODUCTION

Organizations play a critical role enhancing quality of life, promoting economic growth, and development, globally. As a key tenet towards the realization of sustainable economic growth, organizations contribute immensely in economic growth through job creation, knowledge, and technical skills sharing, and promote favorable environment to attract investors, and boost capital formation and maximization (Mwangi, 2013). As autonomous entities, organizations have established governing mechanisms to protect shareholders' interests, and ensure organizational goals, vision, and objectives become realizable (Unjunwa, 2012). To achieve this goal, most organizations have embraced the concept of corporate governance to enhance performance, promote transparency, accountability, integrity, and stewardship in safeguarding rights of investors, and other partners.

The principle of good governance and leadership remains an integral component in institutional performance. It has been established that, embracing good governance and leadership principles enable organizations to respond effectively to external constructs, which may have direct impact on their performance, competitive edge, probity, and relevance (Mwangi, 2013). Empirical surveys affirm that, aspects of organization performance, principle of good governance and leadership exhibit a linear relationship. Muriithi (2014) posts that, well-governed organizations record high level of performance and, efficiency because they adjust and respond effectively to environmental dynamics; an aspect that promote efficiency and performance. The researcher further eludes that, good governance and leadership encompasses short and long-term perspectives, which enable organizations to understand and articulate emerging issues in the business environment to foster growth and sustainability in the corporate world.

Different organizations including state-owned corporations are established for different motives and intentions, globally. Some provide essential services to communities, and others widen economic goals through job creation, innovations, and wealth maximization. In African context, most state-owned corporations were established to provide essential services to communities, and create favorable environment where communities can contribute in national economic growth through trade and other income generating activities (Rawan, 2003). For instance, in 1964, the Ugandan government through an act of parliament enacted a bill that lend to the establishment of the Ugandan Development Corporation (Laimaru, 2018). The fundamental goal behind the establishment of this corporation was to promote trade, enhance economic development, and encourage the local communities to actively participate and, contribute in national wealth creation.

Over the years, the Kenyan government has championed and, rallied for the establishment of state-owned corporations to facilitate the realization of major economic and social goals through redistribution and generation of wealth and resources. Notably, today there are more than 180 state-owned corporations operating under varied ministries and bestowed with specific roles and responsibilities. Although this is the case, it is imperative to acknowledge that, most of the parastatals came into existence during the 1960s; following a publication of a Seasonal Paper No. 10 of 1965 in parliament (Koech, 2012). During the 1980s and 1990s, most of them collapsed or recorded low performance despite the central government injecting billions of funds as subsidizes. In an attempt to revitalize them, the government initiated numerous programmes including; introduction of employees' capacity building and training forums, provision of incentives on

employees, and restructuring organizational management structure. In spite of adopting these measures, most state-owned corporations continued performing poorly and experiencing managerial challenges; an aspect that compelled to the government to introduce the concept and principle of corporate governance in organizational management.

Organizations remain key instruments for improving quality of life, and promoting social and economic development in the business arena. As instruments of growth and development, organizations are established for different purposes, intentions, goals, and objectives. Although organizations operate in dynamic business environment characterized with unprecedented outcomes, they are required to embrace the concept of corporate governance to enhance their performance, efficiency, and competitive edge in the business arena (Rawan, 2003).

Organizational performance remains a relative new concept in the corporate world. Although it is a multifaceted concept, organizational performance is defined as a comparative analysis of company's output, value, and relevance against intended purpose, goals, and objectives. In essence, it focuses on how well an organization utilizes resources, and inputs at its disposal to increase its financial, market, and shareholder value (Mercellina, 2002). In order for organizations to remain competitive and relevant in the business arena, they need to adopt effective and efficiency systems, which will enable them gauge their performance based on these three tenets namely:- financial viability, market performance, and shareholders' value. Financial viability entails the ability of an organization to survive and increase its cash inflow (Yusuf & Omah, 2014). To realize this, organizations need to adopt and embrace unique aspects, which will enable them expand their value on return capital, and cash inflow. Market performance focuses on how well an organization expands its market share, and competitive edge through increase in sales volume, and product/service diversification (Smith, 2013). Shareholders value forms the ultimate performance measure in an organization as it focuses on wealth and value creation for the investors, and senior managers. In other words, expectations of different stakeholders remain critical in evaluating the success or failure on an organization in realizing its goals, objectives, value, and relevance in the business arena.

Corporate governance remains a relative new concept in the business cycle, and it encompasses frameworks, systems, practices, and processes that control and manage organizations to ensure managers protect rights, and interests of investors, and stakeholders, and that the organization remains profitable (Dignam & Lowry, 2016). Corporate governance also entails rules, principles, and mechanisms, which govern dispersal of powers, rights, and authority between the managers, investors, and stakeholders, and provide elaborate procedures to evaluate, and assess organizational goals, and objectives. The adoption of corporate governance aspects has enabled most organizations institute an effective balance and checks systems to resolve conflicts of interests between the managers, stakeholders and investors; an aspect that, enhances efficiency in organizational performance (Okiro, 2011). Considering that, the business environment is characterized with dynamism coupled with unprecedented outcomes; embracement of good corporate governance practices is no longer an option, but rather a necessity for organizations to enhance their competitive niche in the business realm (Mulili &Wong, 2010).

The concept of corporate governance is widely used, and more often described as a relative new concept in the business arena. However, its origin can be traced from the works of Means &

Chaucher (1932) who established that, there was a need to institute a separate governing body saddled with the roles, duties, and responsibilities of managing an organization instead of real business owners. Additionally, the formulation and Joint Stock Companies Act of (1844) enactment in the United Kingdom ushered a new paradigm shift in the management of organizations and corporate entities, and facilitated the evolution of corporate governance, globally. Notably, this concept has evolved over the years, but it gained prominence in the 1980s, and 1990s following massive collapse and failure of many organizations due to financial crunch that faced the financial market, globally. Furthermore, the occurrence of the 2007 global financial crisis further fueled adoption, better understanding and strengthened principles of good corporate governance practices to enhance organization performance (Mugambi, 2015).

Kenya Forest Service is one of the 178 operational state-owned corporations in the country bestowed with the mandate of conserving, protecting, and promoting sustainable management of forests and other allied resources. The corporation was established in 2005 -under the (2005) Forest Act and operationalized- under the gazette notice No.7 of 2007. It has a board of management comprising of the chairperson, directors, board of directors, board committees, senior management staff, and other officials in the management (GoK, 2013). Since its inception in 2005, the corporation has remained focused in achieving its goals, vision, and objectives in conserving and managing environmental resources and maintain balance in biodiversity (National Assembly Bills, 2015). Like other state-owned corporations, KFS has experienced reforms in its corporate governance structures to enhance its efficiency, profitability, and relevance in articulating pertinent issue touching on conservation and management of forests and other environmental resources. KFS adopts a management framework that incorporates tenets of corporate governance practices to enhance its performance, and efficiency. Although this is the case, it is worth noting that, various factors including adoption of corporate governance systems has negatively influenced performance of most state-owned corporations including KFS (Ongore & Obonyo, 2011). In certain instances, some corporations have collapsed due to poor management practices fuelled by wide application of corporate governance systems in organization management frameworks.

As constitutional bodies, state corporations are delegated with social and economic roles, responsibilities, and functions to execute on behalf of the national government and achieve desirable goals (Mallin, 2013). For such organizations to compete favorably in the business cycles, they need to exhibit high level of organization performance. This aspect entails the ability of managers to use minimal resources to transform organization goals into desirable outcomes, effectively.

Problem Statement

As entities established to execute specific roles, functions, and responsibilities, poor performance of public-owned entities has raise concern to the government, the international community, and other stakeholders. In the last few years, the national government reiterates that most state owned corporations including KFS have performed dismally; an aspect that has derailed economic growth and development in the country. According to the (2013) Presidential Taskforce on Parastatal Reforms Report, there has been, managerial issues linked with adoption of corporate governance practices coupled with inefficiency in utilization of available resources has contributed in low organizational performance in the public sector (Gok, 2013). Similar assertions were echoed in the

(2013) Report by the Organization for Economic Co-operation and Development; abbreviated as (OECD) that postulated state-owned corporations in the country perform poorly on productivity, performance, employee satisfaction, and liquidity metrics due to management challenges. The Report further cited that, corruption, lack of transparency, accountability, integrity, and undefined organization goals remain key constructs influencing performance of corporate entities (OECD, 2013).

Like other state-owned entities, KFS continue to experience managerial challenges, which lower its efficiency and performance in promoting sustainable management of forest and natural resources (Hearn, 2011). The organization has adopted the concept of corporate governance in its management structure and systems, but existence of leadership wrangles coupled with relational conflicts between the various levels of governance influence its performance. It is evident that, internal and external constructs contribute in fueling relational and leadership conflicts between the directors, board members, chairperson(s,) and other senior officials in the organization.

Empirical studies in Kenyan context reveal that there exist a close association performance and adoption of corporate governance principles. According to a survey conducted by Koech (2012) confirmed that, success or failure of corporate entities is determined by leadership styles. The researcher articulates that, organizations need to embrace leadership styles, which adjust to changes in the environment, and promote cordial working relations among managers and employees. Mugambi (2015) did another survey to find out the influence of corporate governance principles on organization performance in the financial market. In the survey, the researcher only focused on firms enlisted in the Nairobi Stock Exchange (NSE). Based on this fact, it is worth appreciating that, these studies illuminate the impact of corporate governance on organization performance, but there has been no empirical study done to explore the corporate governance influence on organization performance of non-commercial state owned entities. Therefore, it is against this precedent, the survey examines the extent to which corporate governance practices influence performance at the Kenya Forest Service.

Agency Theory

The researcher adopted the Agency Theory, which is anchored on two main constructs: - agents and principal. It postulates that, the two parties-the principals and agents enter into an agreement where the agent is required to represent the interests of the principal and execute the daily operations of an organization. As the theory's supporters, Ross & Mitnick (1976) state that the principal delegated the agent's decision-making responsibility and that the agents should only be concerned with the concerns and interests of the principals (Mallin, 2013). Most often, when the agent's interests diverge from those of the leaders, there will be relational conflicts between the two or more parties, which will result in disputes within organizational structure Existence of relational conflicts between the principals and the agents may reduce organization performance, profit margin, and efficiency, thus fuelling principal-agent problem.

Companies should develop and put into place an effective business policy structure that provides the interests of the principal and those of the agents do not conflict in any way in order to address the principal-agent problem. By using moral hazard strategies, which concentrate on rerouting the agents' behaviors and activities to match them with the goals, priorities, and aims of the principals,

this aim will be achieved. Many proponents of this theory postulate that, the use of moral hazard approaches help to resolve relational conflicts between the two parties through “reducing agency loss.” Some of the ways, which can be adopted to resolve relational conflicts between the principals and the agents, include - the use of performance-based compensation, and paying agents salary, allowance, and other privileges based on organizational performance, outcome, and profit margin.

The agency theory was significant to this study as it shaded light on how corporate governance practices influence organizational performance through relational tiers between the governing parties. KFS as a corporate entity experience challenges related to incompatible interests, opinions, and concerns between and among the senior management, and the board of directors, hence influencing its performance and efficiency. Notably, it fails to consider the impact of other internal aspects (environment, culture, and other extraneous variables)-apart from the agents’ human action, which create incompatibility of interests, and concerns between the agents and principals in an organization.

Conceptual Framework

Independent Variable **Dependent Variable**

Board composition
-political factors/ interference
-Duality Status of CEO
-Appointment modality of board members

Board Independence
-External influence
-Membership status(executive/non-executive)

Board Size
-Large
-Small

Board Audit Committee
-Relational issues
-Members appointment model

Organizational performance
- Increase in asset value
- Customer retention
- Financial Viability

Figure 1: Conceptual Framework

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Research gaps Summary.

Table 1: Highlights a Brief Account of Literature and Research Gaps in the Study

Authors	Study	Findings	Research Gaps
Chuka, Patrick, & Caleb(2015)	The impacts of corporate governance on bank's performance in Nigeria : A field Experiment	Conquers with findings of other meta-analysis, which conclude that, there is as productive relationships between the proportions of board directors appointed outsides and organization performance. Having a large proportion of externally appointed board of directors/ affiliated to the CEOs enhance efficiency and monitoring role of the directors, hence improving organization performance.	The researchers fail to consider that, information symmetry between the directors and CEOs may negatively influence monitoring role of the board of directors
Muriithi (2014) cited in Linet Odiero- (2018)	The Effects of Corporate Governance on Financial performance of Companies Listed at Nairobi Security Exchanges.	The researcher asserts that, despite the varied views on board independence and organization performance: outside directors' exhibit high level of independence than board directors appointed or affiliated internally.	The researcher fails to consider that, the level of independence exhibited by the board of directors depends on access to right information, working relationship between them and the CEOs, and available resources
Susan Laimaru (2018)	Influence of governance principles on performance of commercials states corporations in Kenyan.	Established that there exists non-relationships between board size and organizations performance	Fails to explore on how other constructs such as organization culture, resources, conflict of interests, and external interference influence efficiency of board size.
Adamu Idris (2012)	An empirical study of the role of audits committees in promoting goods corporate governance	The researcher acknowledges that, audit committee is pivotal in promoting organizational growth, and affirms that there is a positive correlation between the two constructs.	The researcher fails to articulate the influence of existing fiscal, and audit policies coupled with managerial challenges on effectiveness of the audit committee on executing its roles.

METHODOLOGY

The survey adopted stratified sampling and employed questionnaires to collect data from a sample of 166 managerial level staff working at the Kenya Forest Service (KFS) Headquarters' Office at Karura in Nairobi City County. Descriptive and inferential statistical models were employed to analyze, describe, and infer deduction and conclusion from the research findings. Correlation matrix and regressions models were employed to analyze data collected, and describe the research

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findings in reference to the variables under examination. The study results were presented in tables and graphs.

RESULTS

Influence of Board Composition on Organizational Performance

Descriptive Statistics for Board Composition

The study sought to establish the influence of board's composition on the organizational performance at Kenya Forest Service. The respondents responded to some statements on the board compositions and their responses illustrated using a Likert-scale tabulation.

Table 2: Board Composition

	SD	D	N	A	SA	mean	Std dev
Board members have diverse academic qualifications and work experience	10.84%	7.83%	6.63%	51.81%	22.89%	3.68	1.22
Boards are constituted by members from both genders	8.43%	7.83%	10.24%	37.95%	35.54%	3.84	1.23
The board constitutes of members of different age groups	13.86%	9.64%	6.02%	29.52%	40.96%	3.74	1.43
The board consists of members from different cultural orientation	1.20%	1.81%	1.81%	73.49%	21.69%	4.13	0.63
The board consists of members with diverse professional skills	8.43%	7.23%	10.24%	65.06%	9.04%	3.59	1.04
The board constitutes of members of different ethnic groups	6.02%	12.05%	9.04%	37.95%	34.94%	3.84	1.2
Average						**3.80**	**1.13**

The outcomes demonstrated that the plurality of participants (74.9 percent) said that membership of boards have a range of educational backgrounds and professional experience. The data showed that numerous participants (73.49 percent) believed that both men and women were represented on boards. Additionally, the majority of respondents (70.49 percent) concurred that boards include people from various age groups. The results also showed that the majority of responders (95.18 percent) thought that members of the board should represent various ethnic backgrounds. Additionally, the majority of respondents (74.1 percent) concurred that the board included individuals with a variety of professional expertise. Ultimately, the plurality of the participant (72.89%) stated that the directors are made up of people from different ethnic groups. Using a five-point scale, the researcher derived a variation mean of 3.8; which inferred that, the respondents conquer with the study outcomes. However, it is worth noting that, there was no uniformity in responses as depicted by standard deviation of 1.13.

Correlation Analysis between Board Composition and Organizational Performance

In this case, the researcher sought to demonstrate how board makeup affected organizational effectiveness at Kenya Forest Service. The path and degree of the association between board composition and corporate success were also determined by the correlation test the research ran.

Table 3: Correlation between Board Composition and Organizational Performance

		Board composition	Organizational performance
Board composition	Pearson Correlation	1	
	Sig. (2-tailed)		
Organizational performance	Pearson Correlation	.718**	1
	Sig. (2-tailed)	**0.003**	

According to the research outcomes, the association was significantly substantial (r=0.718, p=0.003) between board composition and corporate effectiveness. This suggests that even minor changes to the makeup of boards could result in greater organizational effectiveness. The findings are in line with those of Gambo, Bello, and Rimamshung (2018), who discovered that the existence of nonboard members on a firm's leadership structure denotes that the group is able to oversee and control the activities of executive directors, which affects the value of stockholders' interests.

Regression Analysis: Influence of Board Composition on Organizational Performance

In this scenario, the researcher employed a regression analysis model to effectively reveal the extent to which formation of board(s) influence performance within the organization.

Table 4: Model Summary for Influence of Board Composition on Organizational Performance

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.718	.515	.503	.53823

It was determined that the boardroom composition factor was adequate for predicting corporate effectiveness. This assertion was confirmed after establishing a R square value of 51.5%; based on the survey findings. This indicated that 51.2 percent of the changes in KFS's organizational performance can be attributed to boardroom makeup.

Table 5: ANOVA for Influence of Board Composition on Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.005	1	15.005	23.687	0
	Residual	80.212	123	0.649		
	Total	95.217	124			

The results of the ANOVA demonstrated the statistical significance of the model. The outcomes further suggested that boardroom makeup was a reliable indicator of corporate performance as supported by the F statistic of 23.687 and the observed probability score of (0.000); which was less significant than the threshold of 0.05.

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Table 6: Regression Coefficients on Board Composition

	β	Std. Error	t	Sig.
(Constant)	1.877	0.202	9.368	0.000
Board composition	0.522	0.053	9.83	0.001

According to the findings, boardroom makeup positively and significantly affects institutional performance (p=0.001, =0.521). Accordingly, a 1 % adjustment in the makeup of the board would result in a 0.522-unit adjustment in corporate productivity. The results contradict those of Eulerich and Van (2014), who found no relationship between board makeup in respect of to age, country, and gender, and business success.

Impact of Board Independence on Organizational Performance

Descriptive Statistics for Board Independence

The study's next goal was to investigate how board autonomy affected the Kenya Forest Service's institutional effectiveness. Responses to assertions regarding board autonomy were requested from the responses. The participant's replies were illustrated using a likert-scale tabulation as depicted below.

Table 7: Board Independence

	SD	D	N	A	SA	mean	Std dev
The board consists of internal and external members	5.42%	4.82%	9.04%	39.16%	41.57%	4.07	1.09
The proportion of non-executive board members is high	9.64%	6.23%	4.82%	53.41%	25.90%	3.78	1.19
The appointed board members are exempted from the organizational contracts	7.83%	4.82%	12.05%	38.55%	36.75%	3.92	1.18
The appointment of board members/directors outside the organization management team reduces conflicts of interests within the organization management.	7.23%	3.61%	9.04%	37.35%	42.77%	4.05	1.15
Having high number of independent board members enhances decision-making process within the organization.	5.23%	8.43%	9.04%	24.29%	53.01%	4.05	1.27
Average						**3.97**	**1.18**

The preponderance of participants (80.73 percent) said that the board consisted of internal and external individuals, according to the results. The statistics also showed that non-executive board members make up a significant share of boards, as reported by the plurality of respondents (79.31

percent). The majority of respondents (75.3 percent) also concurred that the corporate contracts do not apply to the nominated members of the board. The findings also indicated that the majority of respondents (80.12 percent) concurred that hiring top executives and directors who are not on the organization management team avoids potential conflicts on that group. Additionally, the majority of respondents (77.3 percent) concurred that having a large number of independent board members improves the firm's decision-making procedure. These assertions were further supported based on 3.97 value on replies variations among the participants.

Correlation Analysis between Board Independence and Organizational Performance

The researcher did correlation analysis to explore the significance of association coupled with direction of relationship between the two variables under scrutiny. In essence, to ascertain the degree of influence each variable has on the other.

Table 8: Correlation between Board Independence and Organizational Performance

		Board independence	Organizational performance
Board independence	Pearson Correlation	1	
	Sig. (2-tailed)		
Organizational performance	Pearson Correlation	.708**	1
	Sig. (2-tailed)	0.001	

The results revealed an association between Board independence and organizational performance that was both favorable and substantial (r=0.708, p=0.001). This suggests that increased board autonomy would result in better business effectiveness. These findings were comparable to that of Rashid (2017), who found that having foreign people perform some board functions helped in enhancing the independence of organizations because senior management could not influence most of them or directors of the organization therefore could decide intended to improve the worth of the institution.

Regression Analysis for Influence of Board Independence on Organizational Performance

Table 9: Model Summary for Influence of Board Independence on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708	.501	.477	.5238

Based on the findings, it was determined that the board autonomy dimension provided a satisfactory account of KFS's company effectiveness. This was corroborated by the R-square, or coefficient of determination, which was 50.1 percent. This indicated that 50.1 percent of the variances in organizational success are explained by board autonomy. The outcomes further indicated that the model used to illustrate the connection in the factors' relationships was appropriate.

Table 10: ANOVA for Influence of Board Independence on Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.342	1	10.342	14.873	.002[b]
	Residual	84.876	123	.698		
	Total	95.218	124			

The ANOVA results demonstrated the final model's statistical significance. Additionally, it appeared from the findings that board composition was a reliable indicator of organisational achievement. The F statistic of 14.873 and the reported p value (0.002), which was below than the 0.05 threshold of significance, confirmed that.

Table 11: Regression of Coefficients for Influence of Board Independence on Organizational Performance

	β	Std. Error	t	Sig.
(Constant)	.768	0.202	3.81	0.000
Board independence	0.468	0.044	11.79	0.006

Regression of coefficients results revealed that change in board independence has a positive and significant influence on organizational performance ($\beta=0.468$, $p=0.006$). This means that a unit increase in board independence would lead to an improvement in organizational performance by 0.468 units. The results agree with that of Qadorah and Fadzil (2018) who eluded that, a positive association existed between the constructs of board independence and corporate performance among the Malaysian SMEs.

Influence of Board Size on Organizational Performance

Descriptive Statistics for Board Size

In an attempt to explore the extent to which the variable of board size influence performance, the researcher posed questions, and the respondents gave their responses as illustrated in the table below.

Table 12: Board Size

	SD	D	N	A	SA	mean	Std dev
The organization's board size is small for ease of communication	3.61%	6.02%	4.22%	59.64%	26.51%	3.99	0.94
The organization's board size is small but sufficient for decision making	9.64%	5.42%	3.61%	58.43%	22.89%	3.8	1.15
There is consistent cohesion among the board members leading to effective conveyance of decisions	4.22%	4.22%	4.82%	34.94%	51.81%	4.26	1.03
Large number of board members leads to groupthink phenomenon which may result to harmful consequences	3.61%	2.41%	2.41%	40.96%	50.60%	4.33	0.92
The organization's board size is small which allows members to express their opinions effectively	5.42%	9.04%	7.83%	59.64%	18.07%	3.76	1.03
						4.03	1.01

The preponderance of participants (83.15 percent) said the organization's board should be smaller to facilitate communication, according to the results. In respect to the study outcome (81.32 %) of respondents believed the organization's board of directors was modest but adequate for making decisions. Nearly (86.75 percent) of participants also concurred that the board members consistently work together to ensure that decisions are effectively communicated. The results also showed that the majority of respondents (91.56 percent) believed that having a large number of board members could have negative effects because of the large group syndrome. Additionally, the majority of respondents (77.71 percent) concurred that the panel's size is limited, allowing members to easily express their ideas. The most of participants agreed with the claims, as indicated by a value of 5.0; which was higher than an average mean on responses of 4.03. Notably, a standard deviation of 1.01 eluded that, the responses varied among the participants.

Correlation Analysis between Board Size and Organizational Performance

The study aimed at determining the impact of board size on the organizational performance at Kenya Forest Service as well as determine the degree and direction of association between these variables.

Table 13 Correlation between Board Size and Organizational Performance

		Board size	Organizational performance
Board size	Pearson Correlation	1	
	Sig. (2-tailed)		
Organizational performance	Pearson Correlation	.734**	1
	Sig. (2-tailed)	**0.000**	

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The findings confirmed a strong association exists between the two variables (r=0.734, p=0.000). Similar assertions were echoed by Yermack (2013) whose study established that, an inversely proportion relationship exists between the construct of performance and board size among 453 corporations in America.

Regression Analysis for Influence of Board Size on Organizational Performance

Table 14: Model Summary for Influence of Board Size on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734	.538	.521	.67586

Based on the analyzed data, it emerged out that, the concept of Board size remained key in influencing performance within the organization. The researcher obtained a coefficient of determination of 53.8%; which inferred that, a small change in board size directly influence performance with a great margin; an aspect that affirms there exist a direct association between these two variables.

Table 15: ANOVA for Influence of Board Size on Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.107	1	15.107	23.020	.000[b]
	Residual	79.876	123	.649		
	Total	95.218	124			

Based on the study findings, the researcher established that, board size was a viable predictor for performance within the organization. This assertion was anchored and supported by F value of 23.20 and P value (0.000); which was less than a significance level of .005.

Table 16: Regression Coefficients for Board Size

	β	Std. Error	t	Sig.
(Constant)	1.673	0.189	7.95	0.000
Board size	0.486	0.078	6.50	0.005

Regression of coefficients results revealed that board size has a positive and significant influence on organizational performance (β=0.486, p=0.005). Similar sentiments were echoed by Muriithi (2014) who established that, the association between performance and board size cannot be underestimated in stock market returns.

Influence of Board Audit Committee on Organizational Performance

Descriptive Statistics for Board Audit Committee

In this juncture, the researcher sought to explore the extent to which the construct of board audit committee influences performance at the Kenya Forest Service. In the survey, the respondents gave their replies, which were represented on likert scale score and later tabulated as follows: -

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Table 17: Board Audit Committee

	SD	D	N	A	SA	mean	Std dev
Board audit committee within the organization has high level of independence in addressing financial aspects.	10.84%	7.83%	8.43%	25.90%	46.99%	3.9	1.36
Relational issues between the board audit committee and organizational directors, CEOs, and other stakeholders influence efficiency of the board in articulating financial matters.	7.83%	6.02%	13.25%	24.10%	48.80%	4.2	1.26
Appointing board audit committee members externally promotes financial prudence, accountability, and organizational performance.	3.01%	3.61%	2.61%	59.64%	31.12%	4.1	0.86
Board audit committee comprised of externally and internally appointed members exhibit high level of professionalism and efficiency in resolving financial challenges within the organization.	4.42%	2.41%	6.42%	61.65%	25.10%	3.98	0.94
Board audit committee acts a liaison link between the organizational management and the stakeholders and other parties in ascertaining risk management and resolving divergence on financial matters.	4.22%	5.42%	5.42%	65.06%	19.88%	3.91	0.92
Average						4.02	1.07

The results showed that the plurality of respondent (72.89 percent) believed the organization's board audit committee had a high degree of independence when it came to dealing with economic issues. The findings also showed that a large majority of respondents (72.9 percent) felt that the effectiveness of the board in communicating financial matters is influenced by relationship issues between the board audit committee and organizational directors, CEOs, and other stakeholders. Additionally, the majority of respondents (90.76%) concurred that publicly nominating boardroom members of the audit committee fosters fiscal responsibility, transparency, and organisational success. The results also showed that, about (86.75 percent) of participants concurred that the board audit team, which is composed of members who were both internally and externally appointed, demonstrates a high level of professionalism and efficiency in addressing financial issues in the workplace.

Additionally, the majority of respondents (84.94 percent) concurred that the company audit team serves as a bridge between the institutional administration and stakeholders and other organizations in determining risk management and resolving disagreement on financial issues. The

entire sample size strongly agreed with the claims, as indicated by the average mean of the responses on a five-point scale being 4.02; nonetheless, the opinions varied, as indicated by a standard deviation of 1.07

Correlation Analysis between Board Audit Committee and Organizational Performance

The researcher held the view that, it is worth conducting a correlation analysis to ascertain the direct and degree of association between organizational performance and board audit committee at the Kenya Forest Service.

Table 18: Correlation between Board Audit Committee and Organizational Performance

		Board audit committee	Organizational performance
Board audit committee	Pearson Correlation	1	
	Sig. (2-tailed)		
Organizational performance	Pearson Correlation	.626**	1
	Sig. (2-tailed)	0.001	

As illustrated in the table above, the study findings confirmed that, there exist a strong and positive association between performance and audit board committee at the Kenya Forest Service as indicated by (r=0.626, p=0.000). Based on significance level values, it implies having more board audit committee members translates to high level of efficiency and performance at the Kenya Forest Services; an aspect that infers that, board audit committee is a key predisposing factor in influencing performance within the organization between board audit committee and organizational erformance. This finding conquers with findings by Cohen, (2017) who showed that firms, which appoint audit board members with high level of autonomy and independence record high rate of growth, value, and output compared because such firms do not experience fraud, financial irregulars, and lack of accountability.

Regression Analysis for Influence of Audit Committee on Organizational Performance

Table 19: Model summary for Influence of Audit Committee and Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626	.391	.375	.68887

Based on the study outcomes, a coefficient of determination of 39.1% was established, and this did indicate that, board audit committee is satisfactory construct in predicting and describing organizational performance. Furthermore, the analysis model was ideal in revealing the direction and magnitude of association between the aspects of performance and audit board committee.

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Table 20: ANOVA for Influence of Board Audit Committee on Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.812	1	16.812	10.297	.000b
	Residual	78.406	123	.637		
	Total	95.218	124			

The outcomes of ANOVA showed that the final models was statistically significant in depicting the variable of audit board committee as viable predictor in organizational performance. Having statistic value (F) of 10.297 and P value of 0.000; which was smaller than a significance level of 0.005; indeed, reveal the association between these two variables.

Table 21: Regression Coefficients for Board Audit Committee

	β	Std. Error	t	Sig.
(Constant)	1.564	0.102	7.67	0.000
Board audit committee	0.522	0.078	5.63	0.003

Regression of coefficients results values (β=0.522, p=0.003) confirmed that, there exist an inversely proportion association between performance and audit board committee. In essence, either an increase or a decrease on audit board committee by 0.522 units will alter organizational performance in equal measure. The results agrees with that off Klein (2016) who established that independent audit committees are more effective in discharging their roles, functions, and responsibilities as they exercise autonomy in decision-making.

Organizational Performance

The respondents were asked to indicate their opinion on organizations performance using a likert scale . The findings were as shown in the table below.

Table 22: Organizational Performance

	SD	D	N	A	SA	mean	Std dev
The organization has sustainably used forest resources to generate income	7.83%	6.02%	8.64%	35.34%	42.17%	3.97	1.21
The organization has been obtaining increased profitability	4.42%	6.23%	8.83%	37.35%	43.17%	4.04	1.13
The organization has achieved employee retention	4.82%	4.22%	7.23%	51.20%	32.53%	4.02	1.1
Customer satisfaction has improved	9.64%	8.43%	6.02%	40.36%	35.54%	3.84	1.27
The organization has Effectively managed information within interactive integrated information systems in support of business processes and improved service delivery	8.43%	7.83%	12.05%	39.76%	31.93%	3.79	1.22
The net forest cover has increased	4.82%	9.64%	3.22%	33.53%	48.80%	4.11	1.16
						3.96	1.17

The result indicated that majority of the respondents (77.51%) indicated that the organization has sustainably used forest resources to generate income. The results also revealed that a majority of respondents (80.52%) indicated that the organization has been obtaining increased profitability. More than (83.73%) agreed that the organization has achieved employee retention. The findings also revealed that most of the respondents (75.9%) agreed that the Customer satisfaction has improved. Furthermore, most respondents (71.69%) agreed that the organization has effectively managed information within interactive integrated information systems in support of business processes and improved services delivery. Finally, about (82.33%) agreed that the board constitute of members of different ethnic groups. Notably, most of the participants agreed with the study findings, but they had varied responses as depicted by a standard deviation margin of 1.17.

Conclusions

Focusing on the foregoing discussions and study outcomes, the researcher concluded that board composition significantly affects organizational performance in Kenya Forest Service. The study also concluded that having Board members who have diverse academic qualifications and work experience enhances organizational performance. It was also concluded that gender diversity in the board enhances organizational performance. Moreover it was concluded that a board that constitutes of members of different age groups, cultural orientation, ethnic groups and diverse professional skills enhances organizational performance.

The study also concluded that having a board with internal and external members in an organization enhances performance. Furthermore, it was concluded that exempting board members from the organizational contracts enhances organizational performance. Moreover, it was concluded that appointment of board members/directors outside the organization management team reduces conflicts of interests within the organization management and having high number of independent board members enhances decision-making process within the organization.

Based on the study findings, the researcher concluded that, a small board size is ideal in organizational management because it reduces group dynamic challenges, and fasten decision-making process. It was also concluded that consistent cohesion among the board members leads to effective conveyance of decisions thus improving the firm's performance. It was further concluded that large number of board members can lead to groupthink phenomenon which may result to harmful consequences in an organization.

The researcher further concluded that Board audit committee with high level of independence in addressing financial aspects enhances organizational performance. It was also concluded that Relational issues between the board audit committee and organizational directors, CEOs, and other stakeholders influence efficiency of the board in articulating financial matters. Moreover, it was concluded that appointing board audit committee members externally promotes financial prudence and accountability thus improving performance. It was also concluded that Board audit committee acts a liaison link between the organizational management and the stakeholders and other parties in ascertaining risk management and resolving divergence on financial matters, thus enhancing organizational performance.

Recommendations

The research findings established that, a board comprised of board members with non-executive status and externally appointed influence organization erformance positively. The researcher proposes that, there is a need for KFS management to ensure more board members are appointed externally to enhance board efficiency and organization performance. Additionally, KFS management should increase the number of board members with non-executive status to increase board independence within the organization. The survey findings established that, small boards are more preferred than large boards in influence organization performance positively. The study recommends that, KFS management should design an effective system to identify its ideal board size to promote performance. The survey findings established that high independence on audit board members has a positive and significant impact on organization performance. The survey suggests that, KFS management should ensure more of the audit board committee members are appointed externally as opposed to those appointed internally to enhance efficiency, autonomy, and accountability in addressing organizational goals.

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