INFLUENCE OF LEADERSHIP CHARACTER AND RISK MANAGEMENT AS FORMS OF GOVERNANCE PRACTICES ON PERFORMANCE IN KENYA'S PUBLIC SECTOR: A SURVEY OF SELECTED NATIONAL GOVERNMENT MINISTRIES

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ABSTRACT

Governance has become an issue of global significance. Globally, the public sector plays a central role in socio-economic development but the sector has however been affected by globalization, public sector reforms, regional and international partnerships among other factors. Kenya's public sector organizations need good governance in order to realize efficiency and better service delivery as enshrined in Vision 2030 that envisages new structure of governance that can only be achieved in an environment of good corporate governance practices. The general objective of this study was to investigate the influence of corporate governance practices on performance in Kenya's public sector. Quantitative data was analyzed descriptively while inferential statistics employed regression analysis to test hypotheses. The target population in this study comprised of selected government offices and respondents was senior management employees working in those ministries. An appropriate sample was determined through stratified random sampling approach. Primary data was collected using structured questionnaires. The analysis was done using SPSS. The results were presented using tables and corresponding narratives. Linear regression analysis revealed a positive and significant relationship between leadership skills and performance. The study thus rejected the first null hypothesis and revealed that there is a positive significant relationship between leadership skills and performance in Kenya's public sector. It was also established that risk management is a significant predictor of performance. The study thus rejected the second null hypothesis and revealed that there is a positive and significant relationship between Risk management and performance in Kenya's public sector.

Key Words: Leadership Character, Risk Management, Corporate Governance

1. INTRODUCTION

A myriad of definitions have been given to the term corporate governance, varying considerably between jurisdictions. CIPFA (2004) defined good governance in the public services as an assurance that an organization or partnership fulfills its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient and ethical manner. The Institute of Internal Auditors (IIA) (2012) defined public sector governance as encompasses the policies and procedures used to direct an organization's activities to provide reasonable assurance that objectives are met and that operations are carried out in an ethical and accountable manner. According to the International Monetary Fund (IMF) (2007) good governance refers to the management of government in a manner that is essentially free of abuse and corruption, and with due regard to the rule of law.

When applied to the public sector, the term governance refers to efforts geared towards promotion of efficient, effective and sustainable development that contributes to welfare of society by creating wealth, employment and solution to the emerging challenges such as poverty, devastating effects of HIV Pandemic and among others (Njoya, 1999). Brown, Caylor and King (2004) studying on public sector reforms viewed corporate governance as an aspect of strategy. Corporate governance remains an issue of global significance which has attracted worldwide attention because of its apparent importance in both public and private sector organizations. Scholars like (Nam, Manyuru and Onyango, 2002; Sanda, Milkailu and Garba, 2005; King, 2002) underscored the importance of corporate governance practices as a strong determinant of organizational performance whose strategic importance cannot be overstated.

A World Bank report (2002) noted that until early 2000, Kenya's economic performance was poor with an average growth of close to 1 %. During this period Kenya's public sector was largely none responsive to the needs of the citizenry with a perception that service delivery could not be measured. The systems of accountability and disclosures were not well defined and

service delivery benchmarks were absent making performance tracking difficult. The introduction of the performance management approach in Kenya's public sector in the early 2000 was intended to improve delivery of public services and spur economic growth. Since then, corporate governance has increasingly become a subject of great debate both in the realm of academia, political leadership and private sector practice.

Various studies have been conducted in the broader area of corporate governance in Kenya (Ngugi, 2007; Gatauwa, 2008; Matengo, 2008) and their findings points a positive link between adoption of corporate governance and organizational performance. These studies notwithstanding however, there is need to determine how corporate governance practices influence performance in Kenya's public sector and especially, the National government ministries. This research therefore unveiled where the national government is in terms of performance occasioned by adoption of corporate governance and bring forth ways of further improvement so as to realize the expectations of the citizens and global competitiveness. It is against this backdrop that the present study sought to investigate the influence of corporate governance practices on performance in Kenya's public sector.

1.1 Objectives of the study

The objectives of this study are;

(i) To determine the relationship between leadership character and performance in Kenya's Public sector.

(ii) To evaluate the relationship between risk management and performance in Kenya's Public Sector.

1.2 Global Perspective of Corporate Governance

Analysis of the tremendous performance of developed economies such as USA, Britain and Canada in the 1970s was attributed to the adoption of corporate governance practices. Nam *et*

al. (2002) found out that the economies of these countries realized a growth level of between 6% and 8% due to the introduction of measures and practices that enhanced accountability of public processes. In the UK the Audit Commission for Local Authorities (ACLA,2003) noted that implementation of corporate governance practices up scaled delivery of public services and enhanced engagement with service users.

A comparative study of economic growth and performance trends of the developed and developing countries in the 1980s recorded similar findings with the latter performing poorly. Most Countries in Africa, Asia and Latin America recorded declining economic performance and growth trends because their systems of governance were anchored on traditional structures which were purely bureaucratic, rigid and non-result oriented (Kaufmann, 2003).

1.2 Governance in Africa

The concept of governance has existed for centuries but many African economies began to pay particular attention to its ideals in the beginning of the 1980s.The term corporate governance was first mentioned in a 1989 World Bank report on sub-Saharan Africa and Since then, many donor agencies have been putting a lot of emphasis on its adoption both in the public and private sectors (Qudrat-IElachi, 2009). The first African country to embrace corporate governance principles in its private sector was South Africa. The practice was adopted in the public sector much later. Kings (1994) while studying on corporate governance in South Africa's public sector noted that compliance with laws and regulations were essential for public sector performance and efficient functioning of systems.

1.3 Governance in Kenya

The practices of good corporate governance started gaining much prominence in Kenya towards the end of the 21st century when citizens started agitating due to poor performance and rampant corruption both in the public and private sector organizations (Ekadah and Mboya, 2011). The

Centre of Corporate Governance (CCG) has been the greatest advocate of corporate governance in Kenya. Corporate governance framework in Kenya was started in 1999 when the Centre for Corporate Governance (CCG) developed a framework which was voluntary for companies to adopt. The framework was further taken up by the Capital Markets Authority (CMA) in 2000 as a draft.

1.4 Overview of the Kenyan Public Sector

Government Ministries are the basic functional units of National Government in Kenya, which translate government policies into action and exercises oversight role over the management of both parastatals and SAGAS. Ministries are headed by Cabinet Secretaries who are in charge of policy formulation and the Principal Secretaries who are the accounting officers in charge of all administrative core functions and activities of a given Ministry. The Cabinet Secretary and Principal Secretary are not elected leaders. They are nominated by the President, vetted and approved by the National Assembly. All other employees are civil servants employed by the Public Service Commission (GOK, 2013). Parastatals are run by a Board of Directors appointed by the President upon approval by the National Assembly and the Managing Director who is competitively recruited. In the new system of devolved government, these institutions are expected to play even a more crucial role towards achievement of Kenya's Development blue print as envisioned in Vision 2030.

2. LITERATURE REVIEW

2.1 Theoretical Review

The agency, stewardship and Transactional cost are the main theories underlying the concept of corporate Governance.

2.1.1 Agency Theory

This theory rests on the assumption that the role of organizations- whether public or private is to maximize the wealth of their owners or shareholders (Blair, 1995). The agency theory holds that

most businesses operate under conditions of incomplete information and uncertainty. Such conditions expose businesses to two agency problems namely adverse selection and moral hazard. The idea of agency theory can be attributed to Coase (1937) but the ideals of the theory have not only been applied in the private sector but also in public enterprises. The citizenry as stakeholders are increasingly demanding for accountability and transparency from the people elected as leaders and those employed to serve in the public owned enterprises.

2.1.2 Stewardship Theory

The stewardship theory, also known as the stakeholders' theory, adopts a different approach from the agency theory. It starts from the premise that organizations serve a broader social purpose than just maximizing the wealth of shareholders. The stakeholders' theory holds that corporations are social entities that affect the welfare of many stakeholders where stakeholders are groups or individuals that interact with a firm and that affect or are affected by the achievement of the firm's objectives (Donaldson & Preston, 1995; Freeman, 1984). Successful organizations are judged by their ability to add value for all their stakeholders. Some scholars consider the natural environment to be a key stakeholder (Starik and Rands, 1995; Dunphy et al., 2003). Stakeholders can be instrumental to corporate success and have moral and legal rights (Donaldson & Preston, 1995; Ulrich, 2008).

2.1.3 Transactional Cost Theory

This theory focuses how business entities ensure the supply of inputs on the one hand and reach the final consumer on the other hand: rather than production functions, firms are regarded here as governance structures (Whinston, 2001). Transaction cost theory concentrates on the relative efficiency of different exchange processes. An intermediate step between pure market exchange and vertical integration is the use of short term and long term contracts. According to this theory, firms evaluate the relative costs of alternative governance structures (spot market

transactions, short term contracts, long-term contracts, vertical integration) for managing transactions.

2.1.4 Situational Leadership Theory

This theory was developed by Prof. Paul Hersey and Ken Blanchard in 1970.The fundamental underpinning of the situational leadership theory is that there is no single best style of leadership. Effective leadership is task-relevant, and the most successful leaders are those who adapt their leadership style to the maturity. They set high but attainable goals, willingness and ability to take responsibility for the task, and relevant education or experience of an individual or a group of individuals for the task they are leading. Effective leadership varies, not only with the person or group that is being influenced, but it also depends on the task, job or function that needs to be accomplished.

2.2 Empirical Literature Review

2.2.1 Governance and organizational performance

Previous studies by researchers revealed the existence of relationship between corporate governance and firm performance (Claessens et al. 2002, Klapper and Love, 2002, Gompers et al. 2003 and Sandaet al. 2003). Other scholars like Bebchuk and Cohen, (2004) and Becht et al,(2002) have shown that well-governed firms have higher firm performance. The main characteristic of corporate governance identified in these studies include board size/ board composition, and whether the CEO is also the board chairman. Empirical studies done on the effect of board membership and firm performance shows mixed results. While some studies find better performance for firms with boards of directors dominated by outsiders (Ellington, 1996; Weisbach, 1988), others find no such relationship in terms of accounting profits or firm value (Bhagat & Black, 2002, Hemalin & Weisbach, 2008).

2.2.2 Leadership character

A leader can make or break an organization depending on his traits on leadership. While conducting a research on leadership character and corporate governance, Gandz, Seijits and Stephenson (2010), identified competencies, commitment and character to be good qualities a leader should possess in order to steer any organization to greater heights. Competency can be defined as what a person is capable of doing. It links an individual intellect with organizational, people and strategic competencies. Character of a leader determines how he perceives and analyzes the contexts in which he operates. It also determines how he uses the competencies he has, shapes the decisions he makes and the implementation and evaluation of these decisions (Gandz et al. 2010).

2.2.3 Risk Management

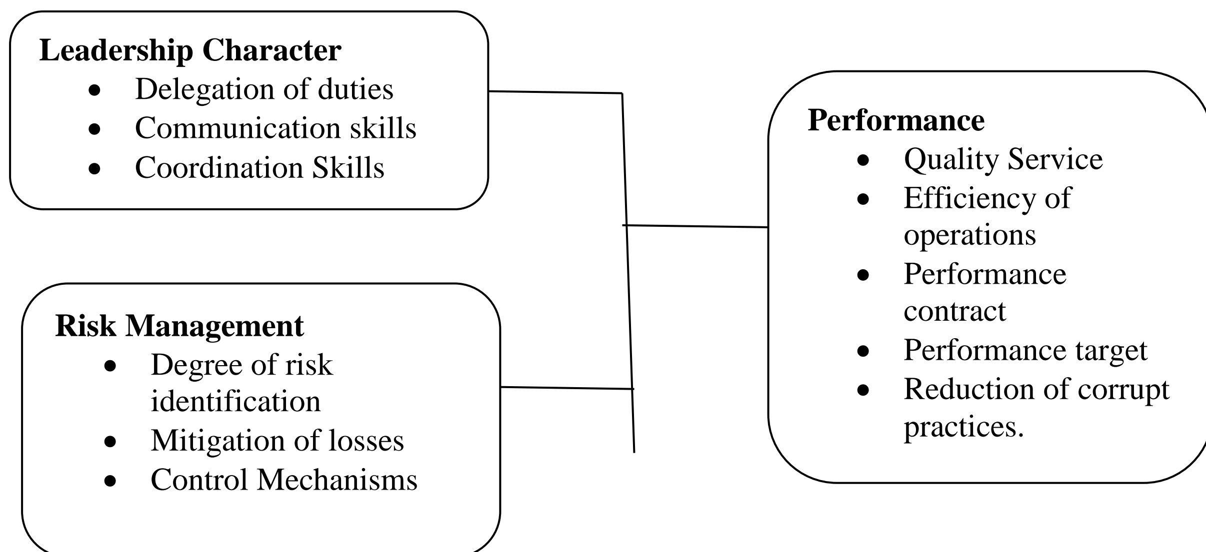
Risks are uncertainties that can impinge on an organization's ability to achieve its objectives and can result in many interdependent outcomes both negative and positive. Anything that prevents the achievement of an institutional objective is a risk. According to ALARM (1998) effective corporate governance mechanisms must assist an organization in mitigating possible risks so as to achieve the intended performance targets. Corporate governance practices in the public sector enable public entity to have direction, authority and oversight management so as to overcome probable risks. The CIPFA report (1994) noted that risk management requires a holistic and integrated approach and is one of the keystones to achieving effective corporate governance.

2.2.4 Conceptual Framework

Based on the preceding theoretical and empirical review, the conceptual framework presented study in figure 2.1 shows a diagrammatic representation of the variables that guided the study. According to Mugenda and Mugenda (2003), a conceptual framework is a design that identifies each of the series of logical steps or variables and interactions which bridge the gap from the

beginning to the end of the research process. Conceptual framework is a hypothesized model identifying the model under study and the relationship between independent and dependent variables.

Figure 2.1
Conceptual Framework



3. METHODOLOGY

The study identifies the procedures and techniques that were used in the collection, processing and analysis of data. The chapter comprises the following sub-topics; research design, target population, research instruments, the sample and sampling procedures, data collection procedures and data analysis procedures.

The study is based on quantitative data which was statistically analyzed hence the adoption of positivism philosophy. The descripo-explanatory research design was used to describe the characteristics of the variables and at the same time investigate the cause effect relationship between the variables. The target population for this study was the senior government employees working in national government ministries based in Nairobi who are also the departmental Heads in their respective ministries. As at April 2011 (GOK, 2011), there were a total of 7750 employees working in top management level across all government ministries

whom the, study focused on. This is as presented in table 3.1.

Table 3.1 Distribution of the Target Population

Category per Job Group	**No. of employees**	**Percentage**
Top Management (T U&V)	55	0.7
Upper middle mgt(Q,R & S)	1,053	13.6
Lower middle mgt(N&P)	6,642	85.7
Total	**7,750**	**100**

Source; GOK (2011)

Two stage stratifications were employed and therefore stratified random sampling was used to select the subjects of interest from the population. The researcher used random selection of each respondent within each stratum. The second stratification involved selecting all senior civil servants within job group **N** and above working in the national government ministries. The job classification is done by Kenya Public Service Commission.

The desired sample size for the study is mathematically determined as follows; Sample size for infinite population (where population is greater than 50000) is calculated using the following formula:

$$n = \frac{p(1-p)Z^2}{e^2}$$

Where:

n = Sample Size

Z= 1.96 is the value that corresponds to 95% level of confidence

p= percentage of population with desired characteristics expressed as a decimal (in this study, is 0.5)

e^2= Margin of error

On average, every government office is occupied by four (4) officers. To ensure independence of respondents, one person will be randomly picked from each office, implying 7750/4= 1937 offices. Applying the above formula and with a population of 1937 offices, and the anticipated

confidence level of 95% and the margin of error of ± 5 percentage (assuming that 45% to 55% of the offices have the desired characteristics, that is 50%± 5% practice the issues under the study, we would write this interval estimate as the sample was calculated as follows:

$$\text{Sample size (n)} = \frac{1.96^2 \times 0.5 \times 0.5}{0.05 \times 0.05} = 384 \text{ Offices}$$

Since the population of study was less than 50,000, the adjusted sample size was as follows:

$$n\,(adj) = nN/(n+N) = \frac{384. \times 1937}{384 + 1937} = 320 \text{ offices}$$

the sample size was calculated to be 320 offices.

The researcher applied stratified random sampling method to determine the size of each category of staff under study.

$$\text{Top Management(TM)} = \frac{55 \times 320}{7750} = 2 \text{ offices}$$

$$\text{Upper Middle Management (UMM)} = \frac{1053 \times 320}{7750} = 44 \text{ offices}$$

$$\text{Lower Middle Management (LMM)} = \frac{6642 \times 320}{7750} = 274 \text{ offices}$$

The representation of respondents from staff mentioned above was determined by using proportional stratified sampling based on staff category as explained in Table 3.2.

Table 3.2: Sample Units from Each Staff Category

Category	Population	Sample
Top management	155	2
Upper middle level management	1053	44
Lower middle level management	6642	274
Total	**7750**	**320 offices**

Source: (GOK, 2011)

An officer was randomly picked from each of the 320 offices. Questionnaires were administered by trained research assistants to gather data from the respondents. The three hundred and twenty questionnaires were distributed to the targeted civil servants. Both primary and secondary data was collected in completing this study. Primary data was collected using questionnaires that measure the influence of corporate governance practices on performance in Kenya's public sector. The questionnaires had both closed and open ended questions.

The researcher carried out a pilot study to pre-test and validate the questionnaire. The researcher selected a pilot group of 25 individuals from the target population at the selected government ministries to test the reliability of the research instrument. The results obtained enable the researcher to adjust some questionnaires so that they could be clearly understood by respondents.

Table 3.3: Reliability Statistics Results

Independent variables	No. of questionnaire Items	Alpha score	Comment
Leadership (X_1)	14	0.864	Reliable
Risk Management (X_2)	11	0.876	Reliable

Source: (Survey data, 2015), n=25

Table 3.3 shows how the results of the reliability analysis which involved 25 respondents were calculated. The questionnaires were subjected to a sample of 25 staff that was not studied when the researcher conducted his final study. The purpose of reliability analysis is to measure the internal consistency of the questionnaire. The results in the above table indicates that an alpha value of 0.864 was calculated on the first set of questions answering the first variable of leadership style; 0.876 was calculated on the second variable of Risk management; 0.877 was calculated on the third variable of Transparency while 0.827 was obtained from the calculation of the fourth variable of Accountability. All these results indicate that the instrument was reliable because the alpha value coefficient was above 0.7 as recommended by Mugenda and Mugenda (2003).

The study used both descriptive and inferential statistics for data analysis. Descriptive statistics was measured using mean, standard deviations and percentages while inferential statistics was used to examine the relationship between corporate governance practices and performance in Kenya's public sector. Inferential statistics such as correlation and regression analysis was used to establish the nature and magnitude of the relationships between the variables and to test the hypothesized relationships. The research hypothesis was tested at 95% level of confidence in order to provide drawing conclusions. Pearson's product moment correlation(r) was used to show the nature and strength of the relationship. Coefficient of determination(R) was also used to measure the amount of variation in the dependent variable explained by the independent variable. Other tests such as reliability tests (Cronbach Alpha), spearman's correlation (rho) tests were performed to have a robust understanding on the quality of the data collected.

Table 3.4 Summary of Data Analysis Techniques

Research objectives	Hypothesis	Statistical Model	Hypothesis test
Research objective 1; To determine the relationship between leadership character and performance in Kenya's public sector	Hypothesis 1; H_{01}; There is no significant relationship between leadership character and performance	$Y=\beta_0+\beta_1X_1+\varepsilon$ where: Y= performance β_0 =constant β_1=Coefficient of X_1 X_1=Leadership ε =Error term	$H_o:\beta_1=0$ $H_1:\beta_1\neq0$ Reject H_0 if $p<0.05$, Otherwise fail to reject the H_0
Research objective 2; To establish the relationship between risk management and performance in Kenya's public sector.	Hypothesis 2; H_{02}; There is no significant relationship between risk management and performance.	$Y=\beta_0+\beta_2X_2+\varepsilon$ Where: Y=Organization performance β_0 = constant β_2=Coefficient of X_2(Risk management) ε =Error term	$H_o:\beta_2=0$ $H:\beta_2\neq0$ Reject H_0 if $p<0.05$, Otherwise fail to reject the H_0

In each case the joint effect of the independent variables was tested.

The researcher subjected the collected data to normality and linearity tests. To check for normality, the study applied skewness and kurtosis statistic to detect the departure from normality as recommended by Myoung (2008). Linearity of variables were tested using correlation coefficients as recommended by Cohen, West & Aiken,(2003). To check for correlated variables, multicollinearity was tested using variance inflation factor (VIF).Variance inflation factor quantifies severity of the multicollinearity in a regression analysis and it provides an index that measures how much the variance of an estimated regression is increased because of multicollinearity.

4. RESULTS

4.1 Response Rate

A total of 350 questionnaires were administered to the respondents and out this, 325 were accurately filled and returned which represented 93% response rate. Since the total number of responses exceeded the minimum sample size of 320, the response rate with respect to the study sample was 100%. This high response rate increases confidence for the generalization of these study findings.

4.2 Hypothesis Testing Results

Hypotheses H_{01}, and H_{02} were tested to ascertain the influence of the predictor variables (Leadership skills and Risk management) on Kenya's public sector performance. To estimate the model fit, step by step method of multiple regression analysis was used as recommended by Field (2009). All the Hypotheses were tested at 5% levels of significance as a statistic base for drawing conclusions.

4.2.1 Testing of Hypothesis 1; Influence of Leadership character and performance in Kenya's public sector.

The model shows that leadership character (X_1) is a significant predictor of performance (Y) ($F(1,312)=104.195, p<0.001$) as depicted in Table 4.1(b) with R squared = 0.250 (Table 4.1a).This implies that leadership character (X_1) on its own explains 25% of the variation in performance (Y), while 75% is explained by other variables not fitted in this model. Under this model, the influence of leadership character on performance is significant and positive ($\beta=0.492$, $t=10.2$, $p< 0.001$) as shown in Table 4.1(c).

The equation shows that a unit increase in Leadership character index would result in a 0.492 increase in institutional Performance index(Y). The study finding rejects the null hypothesis at 5% level of significance and reveals that there is a positive significant relationship between

leadership character and performance in Kenya's public sector. The results of the study is in consistent with that of Gandz et al,(2010) who identified competencies, commitment and character as good qualities a leader should possess in order to steer any organization to greater heights. From the theoretical framework, the study applied social capital theory which attempts to capture how people interact with each other and how these social interactions in turn yields benefits for individuals and collectively for the benefit of the organizations they work for (Brunie, 2009; Claridge, 2007).

Table 4.1 Test results of leadership character and performance.

(a): Model Summary

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate
1	.500[a]	.250	.248	.40653

a. Predictors: (Constant), X1
b. Source:(Survey data,2015)

(b): Analysis of variance (ANOVA) statistics of leadership character and performance

Model		Sum of Squares	Df	Mean Squared	F	Sig.
1	Regression	17.220	1	17.220	104.195	.000[b]
	Residual	51.563	312	.165		
	Total	68.782	313			

a. Dependent Variable: Y
b. Predictors: (Constant), X1

(c): Coefficient of leadership character and performance.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		β	Std. Error	Beta		
1	(Constant)	2.077	.184		11.275	.000
	X_1	.492	.048	.500	10.208	.000

a. **Dependent Variable: Y**

4.2.2 Testing of Hypothesis 2; Influence of Risk management and performance in Kenya's public sector.

The model shows that risk management(X_2) is a significant predictor of performance (Y) ($F(1,312)=81.45, P<0.001$) as shown in Table 4.2 (b) with R squared =0.207.This implies that risk management(X_2) on its own explains 20.7% of the variation in performance (Y) while 79.3% is explained by other variables not fitted in the model. Under this model, the influence of risk management on performance is significant and positive ($\beta = 0.422$, $t = 9.03$, $p < 0.001$) as shown in table 4.2(c.). The equation shows that a unit increase in risk management index would lead to 0.422 increases in public sector performance index. The study finding rejects the null hypothesis at 5% level of significance and reveals that there is a positive and significant relationship between Risk management and performance in Kenya's public sector. This Hypothesis relied on the theoretical proposition of the Transactional Cost Theory which recognizes the element of uncertainty.

These results are in line with those of Fone et al, (2000) who explained that it is impossible for an organization to achieve effective corporate governance without effective risk management strategies. Similar sentiments were observed by O'Brian (2007) who noted that in order to attain and sustain superior performance in an organization, leadership must be in a position to identify risks and establish ways of managing those risks.

Table 4.2 Test results of risk management and performance

(a): Model of fit Summary

Model	R	R Square	Adjusted R Square	Std. error of the Estimate
1	.455[a]	.207	.204	.41812

a. Predictors: (Constant), X_2

(b): ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.239	1	14.239	81.447	.000[b]
	Residual	54.544	312	.175		
	Total	68.782	313			

a. Dependent Variable: Y
b. Predictors: (Constant), X2

(c): Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		β	Std. Error	Beta		
1	(Constant)	2.412	.171		14.090	.000
	X_2	.422	.047	.455	9.025	.000

a. Dependent Variable: Y

4.3 Combined influence of the variables on public sector performance

The findings in Table 4.3 show that the predictor variables (leadership character and risk management) are significant predictors of performance (Y) F (4,308) =40.785, p<0.001) as shown in Table 4.3(b) with R^2 =0.346 (Table 4.3a).This implies that all the independent variables studied jointly explain 34.6% variations in the dependent variable (performance). The rest (65.4%) can be explained by other variables not included in this study (error term).

The findings were based on the assumption that other variables remain constant. It can also be observed that among the predictor variables, leadership skills had the higher beta value (β =0.254, t =4.199, p –value, < 0.001 while risk management had the lower (β =0.024,t = 0.370, p-value<0.001). The significant variables were extracted by applying the t-test and beta values to the independent variables at 0.01% level of significance and the results of the test were as depicted in Table 4.5(c).

Table 4.3: Regression Analysis Results of the combined variables on performance

(a): Model Summary

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate
1	.588	.346	.338	.37948

a. Predictors (Constant), X_1, X_2

b. Predictors; public sector performance

(b): ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.493	4	5.873	40.785	.000[b]
	Residual	44.353	308	.144		
	Total	67.845	312			

(c): Coefficients of the predictor variables and public sector performance

Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		β	Std. Error	Beta		
1	(Constant)	1.459	.197		7.402.	000
	Leadership skills(X_1)	.254	.061	.260	4.199	.000
	Risk management(X_2)	.024	.064	.026	.370	.000 .712

Dependent variable: public sector performance

5. CONCLUSIONS

The findings of this research study show that corporate governance practices namely leadership character and risk management have a direct effect on organizational performance. This is a lesson that should be learned by top government organs in Kenya that as they strive to archive the 2030 strategic vision, they should lay more emphasis on the principles and practices of corporate governance while emphasizing on managing risks and placing competent and corrupt-free senior public officers in key government institutions. The effective leader should synchronize the team's individual contributions to the organization's strategic objectives for better performance.

6. RECOMMENDATIONS

In the light of this study, a number of policy implications can be drowned in order to enhance performance in Kenya's public sector by applying corporate governance practices. The government should formulate and implement a legal framework to ensure effective and functional internal control mechanisms in place in all its institutions.

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