

**CORPORATE GOVERNANCE PRACTICES, ORGANIZATIONAL FACTORS  
AND SERVICE DELIVERY OF COUNTY OWNED WATER ORGANIZATIONS  
IN WESTERN KENYA**

**Simiyu Judith**

**A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of  
Doctor of Philosophy in Business Administration (Strategic Management) of  
Masinde Muliro University of Science and Technology**

**February, 2020**

## DECLARATION

### DECLARATION BY CANDIDATE

The Thesis is my original work and has not been presented for any degree in any other University or institution of higher learning.

Signature: ..... Date: .....

Simiyu Judith

Reg. No. PBA/ H/ 12/ 2015

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We the undersigned Supervisors certify that we have read and hereby recommend for acceptance of Masinde Muliro University of Science and Technology a thesis entitled: **Corporate Governance Practices, Organizational Factors, and Service Delivery of County owned Water Organizations in Western Kenya.**

Signature: ..... Date: .....

Dr. Egessa Robert K.Wanyama

Department of Business Administration and Management Sciences

Masinde Muliro University of Science and Technology

Signature: ..... Date: .....

Prof. John K. Byaruhanga

Department of Economics

Masinde Muliro University of Science and Technology

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## **DEDICATION**

This work is dedicated to all county owned organizations in Kenya whose services and challenges have enabled me to strive to reach the zenith of intellectual pursuits.

## **ACKNOWLEDGEMENT**

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Simiyu Judith

## ABSTRACT

Corporate governance practices enable organizations to achieve their objectives through better decision making, effective use of scarce resources and good service delivery. County owned water organizations in Western Kenya may have good governance practices but the extent to which they are implemented influence service delivery. The main objective of the study was to find out the influence of corporate governance practices, organizational factors and service delivery among county owned water organizations in Western Kenya. In order to achieve this purpose, it was hypothesized that internal auditing, transparency and accountability, ethical framework and CSR, have no statistical significant effect on service delivery. It was also hypothesized that organizational factors have no moderating effect on the relationship between independent and dependent variables. The study was guided by Stakeholder Theory as postulated by Freeman and employed both descriptive and correlational survey designs. Study area included Amatsi, Nzoia and Kakamega water and sanitation companies and data was obtained from directors, managers and employees working in the organizations, and customers, who gave additional information on service delivery. Yamane formula was used to determine sample size for respondents and sampling done by stratified, simple random sampling method. Data was collected using self-administered semi structured and structured questionnaires and interview guides. Reliability, validity, normality and multicollinearity, were tested using Cronbach's alpha, pilot study, Shapiro Wilk and variance inflation factor respectively. Data analysis was done using descriptive statistics of frequencies and percentages, and inferential statistics which included Pearson's Correlation Coefficient that was used to find out the association between corporate governance practices and service delivery, Simple Linear Regression was used to analyze the first four objectives. Multiple Regression was tested for statistical significant effect between corporate governance practices and service delivery. Hierarchical Regression Analysis was used to find out the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery and interview data was analyzed qualitatively. Data is presented in form of tables and charts and the findings of Pearson correlation coefficients indicated that there existed associations between individual and combined corporate governance practices and service delivery among county owned water organizations in Western Kenya. Transparency and accountability had the highest influence on service delivery, followed by CSR and internal auditing while ethical framework had the least. Results of Simple and Multiple Regression Analysis indicated transparency and accountability, and CSR had statistical significant effect on service delivery. Hierarchical Regression Analysis findings showed that organizational size and culture moderated the relationship between independent and dependent variables however, collective organizational factors did not moderate the relationship. The study recommended adoption of corporate governance practices by organizations in order to ensure that there is improved service delivery. It is hoped that the findings will benefit stakeholders in Kenya such as county and national government, customers, donors, researchers among others.

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## **ABBREVIATIONS AND ACRONYMS**

<b>ANOVA</b>	Analysis of Variance
<b>CEO</b>	Chief Executive Officer
<b>CGCF</b>	Global Corporate Governance Forum
<b>CGP</b>	Corporate Governance Practices
<b>CSR</b>	Corporate Social Responsibility
<b>GCGF</b>	Global Corporation Governance Forum
<b>LVNWSB</b>	Lake Victoria North Water Services Board
<b>MRA</b>	Multiple Regression Analysis
<b>NHIF</b>	National Hospital Insurance Fund
<b>NSSF</b>	National Social Security Fund
<b>OECD</b>	Organization of Economic Cooperation and Development
<b>RDT</b>	Resource Dependency Theory
<b>SERVQUAL</b>	Instrument used to measure consumers' perception of service quality for a given organization
<b>SLRA</b>	Simple Linear Regression Analysis
<b>WASREB</b>	Water Services Regulatory Board
<b>WRMA</b>	Water Resource Management Authority
<b>WSP</b>	Water Service Providers

## **OPERATIONAL DEFINITIONS OF TERMS**

**Corporate Governance** - Rules, practices and processes that direct and control a company by striking a balance with regard to the interests of stakeholders

**Corporate Social Responsibility** – Companies’ voluntary activities that promote social and economic well-being of the community that go beyond the interests of the firm and that which is required by law.

**Customer Satisfaction** - Measures how products or services supplied by a company meet or exceed customers’ expectations.

**Ethical Framework** – Rules and a regulation in terms of what is right.

**Internal Auditing** - Assessing conformance to the required norms and standards of the day to day running within organizations.

**Organizational Culture** – Values, beliefs and procedures that guide employee behaviour at the workplace.

**Organizational Size** - Total number of employees that are working for a given organization or institution.

**Organizational Structure** –Hierarchical relationship between departments and authorities in an organization.

**Service Delivery** - Provision of the required services to customers by an organization.

**Transparency and Accountability** - Providing necessary checks and balances in organizations.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

The chapter presents the background of the study, statement of the study problem, objectives, hypotheses, scope, significance, assumptions, limitations and delimitations of the study, among county owned water organizations in Western Kenya.

#### **1.2 Background of the Study**

Corporate governance practices which are hitherto seen as the foundation for good corporate performance have globally received low attention from corporate bodies for a considerable length of time. The attitude bordered on neglect of corporate governance practices which have led to the recent high profile global corporate failures. Therefore, there is need to pursue this discourse on corporate governance practices to avert future occurrences.

Studies conducted from countries such as USA and UK indicated that poor corporate governance practices of internal auditing and ethical framework led to collapsing of American corporations such as Lehman Bros., J.P. Morgan, Morgan Stanley, Enron, Arthur Anderson, WorldCom and others. As a result, measures were taken such as enactment of Sarbanes-Oxley Act (2002), and Cadbury Report (1992) that ensured corporations embraced corporate governance practices (Aoki, Jackson & Miyajima, 2007; Clarke, 2009; Erkens, Hung & Matos, 2009; Ejiofor, 2009; Tennyson, 2010; Mulyadi, Anwar, & Iqbal, 2012; Lee, 2014; Wood 2017; Young & Thyil, 2008; Dalton &

Dalton, 2010; Karns, 2011; Yaacob, Jaya & Hamzah, 2012; Smallman, 2010; Mulyadi, Anwar, & Ikbal, 2012; Bloomfield, 2013).

Similar studies were conducted on corporate governance practices on organizational performance in Italy and Russia and indicated that poor governance practices of internal auditing and ethical framework led to the collapsing of companies like Parmalat and Yukos among others. Germany adopted corporate governance practices from United Kingdom and United States of America which led to improved organizational performance (Diana & Raphael, 2008; Rezart, 2016; Elson, Berglund, Rapp, Bessler & Chew, 2017). In Chile, studies indicated that corporate governance practices of internal auditing and transparency saw companies like Covelco succeed and become point of reference. Further studies showed that United Kingdom developed Kings 1, II and III reports which contained rules and guidelines on corporate governance practices to guide companies (Andrés, Andres, Penfold, Schneider & Wilcox, 2012; West, 2009; Moyo, 2010; Kamwachale & Vermaak, 2012).

In Columbia, studies that were conducted showed companies such as Isagen had successful cases of organizational performance as a result of good corporate governance practices of internal auditing, ethical framework and transparency (Andrés, Andres, Penfold, Schneider, & Wilcox, 2012). In Latin America, there were also reported cases of increased companies' productivity as a result of good corporate governance practice of internal auditing (Gaitan Riaño, Herrera-Echeverry & Pablo, 2017).

Studies in Arabian companies indicated that companies embraced corporate governance practices of internal auditing and ethical framework especially in the Gulf region of

Kuwait, where financial and non- financial companies established positive relationships between corporate governance practices and firm performance (Al-Shammari & Al-Sultan, 2009; Al- Haddad, Alzurkan, Al- Sufy, 2011; AlManaseer, Al- Hindawi, Al Dahiat & Sartawi, 2012; Shehata, 2017).

Further studies showed that corporate governance practices of internal auditing and ethical framework in South Africa conformed to rules and regulations of the United Kingdom (UK), which led to many companies, success (West, 2009; Moyo, 2010; Kamwachale & Vermaak, 2012). In Nigeria, the collapse of companies like AVOP Oil, Niger steel and Anambra State Motor Manufacturing, was attributed to poor corporate governance practices (Ogutu, 2010; Chukwuemeka, Hope, & Ezenyilimba, 2011; Ndung'u, 2013; Barasa, 2015; Omasete, 2015; Maingi, 2016).

In Zimbabwe, studies indicated that the collapse of Renaissance and Royal Banks were as a result of poor corporate governance practices of internal auditing and ethical framework and these resulted in measures being established on national institutional components to advance corporate governance practices. Ghanaian banking industry, witnessed success as a result of corporate governance practices (Chidambaran, 2008; Dedzo, 2015).

East African member countries embraced corporate governance practices and every state was urged to create both structure and code of best practices to advance corporate governance practices. As a result, private sector initiative established Corporate Sector Foundation and collaborated with Global Corporate Governance Forum [GCGF] to form the Commonwealth Association for Corporate Governance and the African Capital Markets Forum. This led to East African states promoting good corporate governance

practices of internal auditing and transparency and ethical framework especially in the Insurance Industry (Chidambaran, 2008; Walker, 2011; Walker, 2011; Insurance Reports, 2006 & 2007).

In Kenya, both private and public sectors have tried to embrace corporate governance practices. In the public sector, the establishment of a policy document on corporate governance known as code of best practices for corporate governance, “Mwongozo” enabled most public organizations improve service delivery (State Corporations Advisory Committee, 2015).

Private sector has had positive impact in corporate governance and organizational performance which has seen most companies succeed. For example, Equity bank of Kenya and Safaricom have tremendously transformed (Wangechi, 2015; Munda, 2016). Studies show that corporate organizations in Kenya have experienced corporate failures which have resulted into regulatory initiatives that have placed corporate governance practices under close scrutiny. Cases of CMC Motors and National Hospital Insurance Fund [NHIF], National Social Security Fund [NSSF], Euro Bank, Mumias Sugar Company, Kenya Airways and Uchumi supermarket among others, have had their financial performance questioned as a result of poor corporate governance practices which have greatly pulled the companies down (Transparency International, 2009; Lekaram 2014; Mogere, 2015; Mabinda, 2017).

Therefore, the study sought to find out how corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility influenced service delivery among county owned water organizations in

Western Kenya. Further, the study also sought to establish whether organizational factors namely, structure, culture and size, had statistical significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

Good corporate governance practices demand that sector players are responsible in the conduct of their business by demonstrating their integrity to provide value to customers through internal auditing, transparency and accountability, ethical framework and corporate social responsibility. However challenges of corporate governance practices in Kenya have not been fully addressed because less attention has been given by key players. Reports indicate that there have been a number of corporate governance scandals and boardroom conflicts among Kenya's large companies including county owned water organizations in Western Kenya. Furthermore, the practices have had a direct effect on corporate governance (Barako, Hancock, & Izan, 2006; Ekadah & Mboya, 2012; Lekaram, 2014; Capital Market Steering Committee Report, 2014; Del Carmen Briano-Turrent & Poletti-Hughes, 2017; Muriuki, Cheruiyot & Komen, 2017; Kenga, 2018).

Water sector in Kenya is among county owned organizations that have undergone a number of reforms in order to ensure efficient and sustainable service delivery. These reforms brought about the enactment of Water Act (2002) that introduced new institutional framework to govern provision of water and sanitation to customers. The reforms resulted in commercialization of water resources and decentralization process that led to stakeholder participation in the management of national water resources. The sector is making a deliberate effort to adopt the best practices on corporate governance in order to improve service delivery (Moraa, Otieno, & Salim, 2012).

Water Services Regulatory Board is in charge of instilling policy guidelines on providing better services of water and Sanitation. Sections 49 and 50 of the Water Act (2002) and the Constitution of Kenya (2010), define the National Water Services Strategic objectives where arrangements are made to ensure that there is somebody capable of providing water and design programs that progressively extend Sanitation to customers (Water Services Regulatory Board, 2012).

The national strategy maps out the process of ensuring that every single area has a service provider who ensures adequate provision of water and Sanitation services to customers (IEA, 2007). There is need for the providers to adhere to corporate governance practices such as internal auditing, transparency and accountability, ethical framework and corporate social responsibility, which contribute tremendously to good service delivery among county owned water organizations in Western Kenya, which the study endeavored to address (Carter & Lorsch, 2008; Leblanc & Gillies, 2008; Tricker, 2009; Styles & Taylor as cited by Okpara, 2011).

Studies show that service delivery is determined by the quality of service that is made on the basis of making a comparison between the expectations of customers and the existing performance. Organizations that are committed to delivering quality services place customers' priority more than anything else in the firm (Lovelock & Wirtz, 2004; Chege, 2015). Studies show that organizations that provide quality services have several characteristics that are in tandem with good corporate governance practices (Saxena, 2004; Chege, 2015).

The studies conducted mainly addressed individual corporate governance practices of internal auditing, ethical framework and transparency and organizational performance in United Kingdom, United States of America, Italy, Russia, Columbia, Chile, Arab countries, South Africa, Nigeria and Zimbabwe among others. The studies were also conducted outside Kenya. However, studies that were conducted in Kenya also addressed specific corporate governance practices of auditing and organizational performance.

Therefore, the study sought to find out how corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility influenced service delivery among county owned water organizations in Western Kenya. Further, the study also sought to establish whether organizational factors namely, structure, culture and size, had statistical significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **1.3 Statement of the Problem**

Corporate Governance has become an issue of worldwide concern and it is the engine of growth both nationally and internationally. According to Organization for Economic Cooperation and Development, [OECD], (2004), good corporate governance practices attract both local and foreign investors assuring them that their investments will be secure and effectively managed. Good governance practices enable organizations to achieve their objectives through sustainable wealth creation, encourages better decision making and effective use of scarce resources, and also strengthens transparency and accountability (OECD, 2004; Thomsen & Conyon, 2012; Bloomfield, 2013).

County owned water organizations in Western Kenya have made great progress since their establishment in the areas of water production, distribution, wastewater management, cost optimization and customer care (Constitution of Kenya, 2010). However, there is still much to be done. For instance, organizations face an uphill battle as a result of high energy costs and also the technical design of the systems used in pumping water affect service delivery. Majority of customers are not metered, there is also installation of defective and inadequate meter readings which affect service delivery. Finally, organizations also offer inadequate incentives to employees and there is inadequate planning and inappropriate mechanism of reporting, monitoring and evaluation of employee performance, which also affect service delivery.

Studies have been conducted on individual corporate governance practices namely, internal auditing, ethical framework, transparency and accountability, and financial performance of organizations in countries such as United States of America, United Kingdom, Nigeria and Malaysia among others. However the findings cannot be generalized to the Kenyan context given the legal, social, political and economic disparities that exist between the two countries. Additionally, the studies did not address the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery creating a gap, which the current study sought to find out (Olayemi, Akpoyomare, Okonjia & Ugochukwu, 2010; Maher & Anderson, 2010).

In Kenya studies have been conducted on corporate governance practices and financial performance in water sector in Nyeri and middle level colleges in Nairobi and the findings showed that there is linkage between corporate governance practices and



financial performance of institutions. The studies focused on individual corporate governance and performance of institutions of different contexts. Little attention has been given to corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, organizational factors and service delivery among county owned water organizations in Western Kenya.

Therefore, the study sought to find out how corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility influenced service delivery among county owned water organizations in Western Kenya. Further, the study also sought to establish whether organizational factors namely, structure, culture and size, had moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

## **1.4 Objectives of the Study**

### **1.4.1 Overall Objective**

The study sought to find out the influence of corporate governance practices, organizational factors on service delivery among county owned water organizations in Western Kenya.

### **1.4.2 Specific Objectives of the Study**

These included:

- i. To determine the influence of internal auditing on service delivery among county owned water organizations in Western Kenya.

- ii. To establish the influence of transparency and accountability on service delivery among county owned water organizations in Western Kenya.
- iii. To establish the influence of ethical framework on service delivery among county owned water organizations in Western Kenya.
- iv. To determine the influence of corporate social responsibility on service delivery among county owned water organizations in Kenya.
- v. To establish the moderating effect of organizational factors namely; structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

#### **1.4.3 Hypotheses of the Study**

The study used null hypotheses which were stated as follows:

- i. Ho<sub>1</sub>: Internal auditing has no statistical significant effect on service delivery among county owned water organizations in Western Kenya
- ii. Ho<sub>2</sub>: Transparency and accountability have no statistical significant effect on service delivery among county owned water organizations in Western Kenya
- iii. Ho<sub>3</sub>: Ethical framework has no statistical significant effect on service delivery among county owned water organizations in Western Kenya
- iv. Ho<sub>4</sub>: Corporate social responsibility has no statistical significant effect on service delivery among county owned water organizations in Western Kenya
- v. Ho<sub>5</sub>: Organizational factors have no statistical significant moderating effect on the

relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **1.5 Scope of the Study**

According to Hunger and Wheelen, (2007), external and internal factors affect service delivery of any organization. External factors such as political, legal, economic such as inflation, as well as environmental factors like weather, may affect service delivery among county owned water organizations at any given time. The factors are usually outside the control of the organizations. However, internal factors such as corporate governance practices are within the control of the organizations and can be adjusted accordingly in order to achieve the desired objectives.

The study therefore addressed corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, organizational factors namely, structure, culture and size, and service delivery among county owned water organizations in Western Kenya.

### **1.6 Significance of the Study**

The study findings will benefit the government of Kenya and other policy makers such as Ministry of Water and Irrigation, with a view to improving corporate governance practices of county owned water organizations in order to make them responsive to the big four agenda on health and Vision 2030. This will in turn improve service delivery to customers within areas of jurisdiction.

The study will provide information to guide donors and other well-wishers who may be interested in funding county owned water companies especially in Western Kenya and

other parts of the country. The findings will also enable Water Service Providers to make future decisions on corporate governance practices based on the concrete knowledge. In addition, the findings will also be of great importance to customers, suppliers and other stakeholders based on study recommendations.

The findings will also contribute to the advancement of academic knowledge on the utilization of appropriate corporate governance practices in enhancing service delivery in county owned water organizations in Western Kenya. Specifically, the study will provide empirical evidence on the moderating effects of organization structure, culture and size, on the relationship between corporate governance practices and service delivery in county owned water organizations in Western Kenya.

### **1.7 Assumptions**

The study assumed the following:

- i. The respondents had an understanding of what corporate governance practices are, as well as their influence on service delivery.
- ii. The approach to corporate governance practices is relatively uniform to all county owned organizations under study and
- iii. The findings based on the study, are applicable to all county owned organizations in Kenya.

### **1.8 Limitations of the Study**

These are perceived factors, conditions or influences that may negatively influence the results of the study (Mugenda & Mugenda, 2011). Therefore the study had perceived that some respondents would find it difficult to give honest feedback and others would

deliberately avoid responding to some questions. The study assured respondents that the information provided was strictly for academic purpose only and would not be used for any other reason.

Also, some records containing important information for the study would not be accessible. To address this limitation, the researcher sought appointment with directors and management on time for adequate preparation of availability of information.

Finally, the localization of the study to selected county owned water organizations in Western Kenya, would limit the applicability of the findings to other county owned organizations in other parts of the country. Therefore, the study collected data from county owned water organizations in Western Kenya which operate under Lake Victoria North Water Services and Regulatory Board and receive funding from the Ministry of Water and Irrigation. The findings will then be generalized since the study involved all categories of county owned water organizations in Kenya.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter reviews pertinent sub-themes on Theoretical and Empirical Literature on corporate governance practices service delivery of county owned water organizations in Western Kenya. Literature on corporate governance practices, organizational factors and service delivery is also given. The knowledge gaps are also highlighted. Finally a conceptual framework showing the relationships between variables is discussed.

#### **2.2 Theoretical Literature**

Various theories informed the influence of corporate governance on service delivery. They tried to give an insight on corporate governance practices, highlighted key players in accomplishing the tasks and the areas of emphasis in carrying out the exercise. In an attempt to explain the relationship between corporate governance practices and service delivery, the study focused on four competing normative theories namely, Virtue Ethics Theory, Stewardship Theory, Resource Dependency Theory and Stakeholders Theory respectively.

##### **2.2.1 Resource Dependency Theory**

Resource Dependency Theory (RDT) was originally developed by Pfeffer and Salancik (1978). The theory focuses on the role played by directors in provision of important and scarce resources needed by organizations. The basic assumption of RDT is guaranteeing organizational survival by minimizing any situation of uncertainty and assures dependency to organizations. The theory characterizes organizations as open system, dependent on contingencies in the external environment (Pfeffer & Salancik, 2003).

The theory involves engagement in mergers and acquisitions, composing and structuring of directors and managers successions as juxtaposed actions (Hillman, Canella & Paetzold, 2009). It also focuses on the appointment of representatives of organizations as a way of ensuring access to resources that are critical to organizational success, such as appointment of directors who are experts in law firm, management, provide legal advice, either in board meetings or in private communication with the firm managers that would otherwise be more costly for the firm to secure (Hillman, Canella & Paetzold, 2000 & 2009).

The usage of Resource Dependency Theory concentrated on the role of shareholders and directors in providing access to resources needed by firms. The theory also provided an alternative perspective to economic theories of mergers and board interlocks in order to understand precisely the type of inter organizational relations. Therefore, the theory guides organizations to be characterized as open systems, dependent on contingencies in the external environment but does not consider other stakeholders such as employees and customers (Davis & Cobb, 2010).

Therefore the theory would not guide the study based on the dilemma facing shareholders today on how to ensure that well qualified and experienced individuals are appointed and motivated to serve the organizations.

### **2.2.2 Stewardship Theory**

Stewardship Theory was advanced by Davis, Schoorman and Donaldson (1997). The theory states that a steward protects and maximizes shareholders wealth through firm performance which results in the maximization of his/her utility functions. Stewards are

company directors and managers working for the shareholders where they protect and make profits for them. Stewardship Theory stresses the role of governance and top management and how they integrate their objectives in the organizations (Donaldson & Davis, 1991).

The theory may have been useful to the study because stewardship is concerned with how governance is exercised in order to maintain and increase the value of shareholders and customer satisfaction. The theory also provided an approach to help shareholders take a more holistic approach to their wealth and well-being. It could also be used in protecting and enhancing the capability of organizations to create economic and social value over time (Cossin, Hwee & Coughl, 2015).

Stewardship can provide the opportunity that organizations need to connect with its stakeholders across societal and temporal boundaries to redefine the scope of its activity and their role in the society. The theory suggests that directors and managers will act as responsible stewards of the assets they control on behalf of the shareholders. Stewards are not purely self-interested, they identify themselves with the organizations and are motivated to maximize organizational service delivery. As such, their behaviors are aligned with the interests of the shareholders (Jensen & Meckling, 2011).

Therefore, the theory would not provide the required guidance to the study because it only talks about those who affect the organization such as shareholders, directors and managers but does not take care of those affected by the organizations like employees and customers.



### **2.2.3 Virtue Ethics Theory**

The theory was developed from Kantian ethics, Utilitarianism and Aristotelian virtue ethics, between 1970 and 1980 and was prompted by corporate scandals involving bribery (De George, 2012). Kantian ethics argue that a right moral action is one performed out of duty, while utilitarian ethics hold that an action is morally right only if it produces the greatest happiness or benefit for the greatest number of people (Rachels, 2007).

The theory focuses on moral excellence, goodness, chastity and good character. A virtue is a state to act in a given situation which Aristotle, as cited by Annas (2003), calls a disposition with choice or decision. For example, in corporations, if a director decides to be honest, the decision he makes, strengthens his virtue of honesty. Virtue ethics highlights the virtuous character towards developing a morally positive behavior on board members and help them to deliver good service (Crane & Matten, 2007).

The theory may have been useful in the study because it implies that the context and personal interests of directors should not be taken into consideration when making moral decisions or judgments in organizations and that, morality involves following principles and rules that are universally acceptable and applicable. This can result in flexible morality that is meaningful in organizations. Hence, moral actions are motivated by duty and not feelings, desires or luck (Crane & Matten, 2007). The usage of the theory was seen in the corporate governance practice of ethical conduct among the directors and managers in organizations.

The theory therefore, applies where ethical conduct is practiced in controlling resources and directing people according to established principles (Weisband, 2009). The contemporary virtue theorist argues that directors and managers are manipulators since their major interest is efficiency and effectiveness and not human flourishing. Ideally the relationship between directors, managers and workers in a firm is both legal and moral (MacIntyre, 2007).

However, Virtue Theory faced challenges such as the introduction of capitalism into the society where it was expected to erode the moral foundation of the society (Hirschman, 1982). This is because capitalism as practiced in Western countries requires virtues but in African countries such as Kenya, it is rooted in self-interest and individualism, which are anti-ethical.

#### **2.2.4 Stakeholder Theory**

Stakeholder Theory was embedded in the management discipline in 1970 and developed by Freeman (1984) incorporating corporate accountability to a broad range of stakeholders. Stakeholder theory is premised on the notion that any group or individual can affect or be affected by the achievement of the organization's objectives. The theory therefore, attempts to address the group of stakeholders who deserve and require the attention of organizational governance (Wheeler, Fabig & Boele, 2002).

The theory suggests that directors in organizations have a network of relationships to serve the stakeholders such as shareholders, suppliers, employees and business partners and customers. The theory addresses the group of stakeholders deserving and requiring attention in corporate governance practices and service delivery. These include, key

government agencies, directors, managers, employees, customers and any other entity that may have interest in organizations. It is assumed that all groups participate in a business to obtain benefits, such as increased wealth for shareholders, remuneration and motivation for directors, managers and employees and good service delivery for customers. Therefore, a firm is a system where there are stakeholders and the purpose of the organization is to create wealth and other benefits for its stakeholders (Donaldson & Preston, 1995; Clarkson, 1995; Sundaram & Inkpen, 2004).

Governance of institutions is charged with the responsibility to understand and promote the welfare of stakeholders. Performance of these institutions is appraised on the basis of their ability to add value to all stakeholders. The theory advocates for participatory governance and therefore directors need to consider the views and welfare of other stakeholders like managers, employees and customers when making important decisions (Blair, 2000; White, 2009).

The theory was useful in explaining the influence of corporate governance on service delivery to customers. In governance, it is used to predict the role of directors in safeguarding the welfare of the organizations and balancing the multiple claims of conflicting stakeholders. Directors and managers are responsible in promoting the vision and mission of the company to maximize shareholder value in order to be sustainable. The study therefore extended the usage of the theory by utilizing it in applying successful corporate governance practices that led to good service delivery. This is important in governance of water resources for the benefit of all stakeholders. County owned water organizations in western Kenya can harness Stakeholder Theory principle in order to

improve service delivery and enable organizations achieve their objectives and meet other stakeholders' needs.

### **2.2.5 How the Study Theories Interrelate**

Stewardship Theory and Stakeholders Theory have very close connections in that both have high regard and focus on creation of wealth for shareholders in organizations. For instance, Stewardship Theory puts emphasis on the fact that the key role played by directors in organizations is to oversee and ensure good investment in organizations for the purpose of ensuring maximum profitability. Whereas Stakeholder Theory also emphasizes on the fact that any group of individuals such as shareholders, stand to gain from the prosperity of the organizations.

Resource Dependency Theory also relates to both Stewardship and Stakeholder theories in that, proper human and financial resource mobilization in organizations would lead to optimal output and good service delivery. The returns on resource mobilization are geared towards improving the returns on investment for the shareholders.

Virtue Ethics Theory introduces the moral aspect of day to day running of organizations, such that when considering the image of organizations, it becomes clear that stakeholders need to ensure good reputation which leads to increased customers who wish to get services. Virtue ethics theory relates with Resource Dependency Theory and Stewardship Theory in that, for there to be equitable mobilization and allocation of resources, ethics and fairness must prevail to avoid biasness, favoritism and corruption which may affect service delivery.

### **2.2.6 Overall Theory that Guided the Study**

The study was guided by Stakeholder theory. This was taken on the basis that an organization is a composition of shareholders, directors, managers, employees and customers whose main objective is to create wealth for the shareholders, avail compensation for directors, managers and employees, and good service delivery to customers. Therefore, directors in organizations have a network of relationships to serve all parties including shareholders, managers, employees and also ensure good service delivery for customers. They promote the vision and mission of organizations aimed at maximizing shareholders' value and maintaining sustainability (Clarkson 1995; Donaldson & Preston, 1995; Sundaram & Inkpen 2004;).

The usage of the theory was based on the fact that stakes of all holders are reciprocal since each one can affect the other in terms of harms and benefits as well as rights, responsibilities and duties. Owners have investment stake in the organizations, directors have the governance stake, managers have their stake in management and employees have their jobs at stake, while customers expect good service delivery as their stake. Therefore corporate governance practices have a role in safeguarding the welfare of organizations by balancing the multiple claims of conflicting stakeholders.

State owned water organizations in Western Kenya require Stakeholder Theory, as a guide to good governance practices which would see directors come up with good policies for the organizations, managers and employees ensure effective implementation of practices which are aimed at creating benefits to shareholders and good service delivery for customers.

Therefore using Stakeholder Theory the study sought to find out the influence of corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery and the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

## **2.3 Empirical Literature Review**

### **2.3.1. Corporate Governance Practices**

The day to day running of businesses in corporate world is based on fulfilling fair expectations of various stakeholders' groups. This involves compliance with legal requirements and demonstrating adherence to ethical framework. Aggarwal (2013) defines corporate governance as a formal system of transparency and accountability and control of ethical and socially responsible decisions through the use of scarce resources. According to Bloomfield (2013) corporate governance is organization's appropriate supervision required to oversee the processes by which limited resources are efficiently and effectively directed to competing purposes for the benefit of the organization and other stakeholders.

Therefore, corporate governance is said to be the directing and controlling of public and private resources in a manner that ensures optimal leadership, optimal returns, minimal risk, stakeholder centricity, conduct and conformance. It is the extent to which companies are run in a transparent and accountable manner and also refers to the process by which directors and managers choose and implement practices for the organizations that will enable them to achieve better service delivery. Corporate governance is crucial for every

organization, whether private or public in order to achieve their objectives. Effective corporate governance can improve management, leading to more effective implementation of chosen interventions, better service delivery, ultimately better outcomes and hence, peoples' lives will be improved (OECD, 2004; Thomsen & Conyon, 2012; Bloomfield, 2013).

In Kenya, Ogutu (2010) carried out a study on corporate governance practices in the water sector and found out those institutions which embraced corporate governance practices improved organizational performance.

Therefore the study sought to find out the influence of corporate governance practices namely, auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery and the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

#### **2.3.1.1 Internal Auditing and Service Delivery**

This is an internal control system practiced by organizations to ensure adherence to stipulated procedures and acts. The practice includes both financial and non- financial procedures which measure, analyze and evaluate the efficiency and effectiveness with a view to ensure cost minimization, benefit maximization, capacity utilization, and smooth administration as well as good service delivery (Unegbu & Obi, 2007; IIA, 2008).

Organizations rely on internal auditors to conduct the practice and the aim is to improve organizational efficiency and effectiveness through constructive criticism by adhering to quality and independence. External auditing is also important as a statutory requirement

process of reviewing the accounting of non- financial and financial books of companies in order to improve service delivery as well as evaluate the conformance of the implemented management systems (Reynolds, 2000; Goodwin-Stewart & Kent, 2006; Unegbu & Obi 2008; Adeniji 2008; Eklov, 2009; Monday, Inneh & Ojo,2014).

The relevance of internal auditing in any organization is anchored on three pillars. The first one is governance which relates to how organizations are managed including their structures, culture, policies and strategies and the way they deal with other stakeholders. It also includes activities that ensure credibility, establish equitable provision of services and assure appropriate behavior of government officials whilst reducing the risk of public corruption. Therefore internal auditing helps to improve governance processes by focusing on how values are established to ensure efficient and effective control and management of organizations (IIA, 2008; Australian National Audit Office, 2014; Rahmatika, 2014).

The second pillar is the control structure which refers to all the policies and procedures put in place by management for promoting transparency and accountability of scarce resources. Control structures include strategic planning, managerial activities, accounting and reporting internal and external auditing and legislative oversight. Controls are mainly in-built in the financial management system whose objectives include fiscal discipline, allocation of resources to prioritized needs, and efficient and effective allocation of services (Asaolu, Oyesanmi, Oladele & Olodoyin, 2005; Monday *et al.*, 2014).

The third pillar is risk management which constitutes an essential part of the strategic management process of organizations involved in the implementation of developed



strategies. Risk is the possibility of an event or activity impacting negatively on an organization by preventing it from achieving intended outcomes. Therefore, internal auditing plays an important role in risk management which involves assessing and monitoring the risks that organizations face, recommending the controls required to mitigate those risks, and evaluating the necessary trade-offs (Australian National Audit Office, 2014; Monday & Aladeraji, 2015).

Service delivery is a product or activity that meets the needs of a user or can be applied by a user. Internal auditing is the internal control system practiced by organizations to ensure adherence to stipulated procedures and acts leading to good service delivery. Therefore service delivery is viewed in terms of level of customer satisfaction, nature of quality of services/products and the contribution in terms of the proportion of revenue collection to the organization.

Studies have been conducted on internal auditing such as Rahmatika (2014) on the impact of Internal Audit function on quality of financial reporting in Local Government Provinces in Indonesia. The study used structural equation modeling and the results showed that internal audit function had statistical significant effect on the quality of financial reporting. The study was conducted outside Kenyan context, used different design and addressed only one corporate governance practice of internal auditing and quality of financial reporting. Hence, no focus on other corporate governance practices and organizational factors on service delivery among county owned water organization in western Kenya.

Therefore the current study addressed the influence of corporate governance practices namely internal auditing, transparency and accountability, ethical framework and corporate social responsibility, organizational factors on service delivery among county owned water organizations in Western Kenya. Ali *et al.* (2007) also conducted a study on the Role of Internal Audit in Promoting Good Governance in Malaysia. The findings indicated that audit function had less influence on the effectiveness of good governance. The study was conducted in Malaysia and addressed only one practice. Hence, the current study sort to find out the influence of corporate governance practices, organizational factors on service delivery among county owned water organization in western Kenya.

More studies were conducted on corporate governance such as, Ali, Gloeck, Ahmi and Sahdan (2007) who conducted a study in Malaysia to find out how corporate governance was being embraced in both county and local governments. The study employed in-depth interviews of face to face and telephone, and employed descriptive survey design. The findings showed that internal auditing practice in Malaysian state had less influence on the effectiveness of good governance due to lack of auditing personnel. Although the study employed similar study design of descriptive, it was conducted in both county and local governments outside the Kenyan context. The current study sought to establish the influence of corporate governance practices, organizational factors on service delivery among county owned water organizations in Western Kenya.

Studies have been conducted on the relationship between internal auditing and good governance such as Belay (2007) who conducted a study on effective implementation of internal auditing to promote good governance in the public sector in Ethiopia. Kuta (2008) studied on the effectiveness of auditing for proper accountability in Nigerian

Local Governments. Cohen and Sayag (2010) assessed the effectiveness of internal auditing in public organizations in Israel. Unegbu and Kida (2011) conducted a study on the effectiveness of internal auditing as an instrument to improve public sector management in Kano state of Nigeria.

Suyono and Hariyanto (2012) examined the relationship between internal control, internal auditing and organizational commitment with good governance in Indonesia. Rahmatika (2014) examined the impact of internal auditing function on effectiveness and quality of financial reporting and its implications on good governance in Local Government Provinces in Indonesia.

The studies conducted were in different environments and mostly outside the Kenyan context. They were also specific on internal auditing and financial performance of corporate governance. However little literature was available on the influence of auditing practice on service delivery among county owned water organizations in Western Kenya, which the current study sought to address.

In Kenya, Barasa (2015) examined statistical analysis of the role of internal auditing in promoting good governance in public institutions. The study showed that, there was statistically significant relationship between internal auditing and good governance in public institutions. Mulandi (2002) also conducted a study on internal auditing and performance of organizations and concluded that auditing is significant in ensuring that companies comply with governance practices. The studies conducted addressed internal auditing and governance in public institutions.

Ndung'u (2013) also did a study to establish the Determinants of Financial Sustainability of Water Companies in Nyeri County and recommended that there is need to strengthen their governance structures in order to seal any loopholes that may slow down proper implementation of corporate governance practices. The study was conducted on financial sustainability of water companies in Nyeri and paid attention to strengthening governance structures, however, the current study addressed the influence of four corporate governance practices on Service delivery among county owned water organizations in Western Kenya.

Maingi (2016) conducted a study on Factors Influencing Corporate Governance Quality in Kenyan Commercial Banks and found out that the board of directors had high influence on Corporate Governance. The study was conducted in a different context of factors that influence corporate governance quality in Commercial banks in Kenya. The current study sought to establish the influence of corporate governance practices namely, auditing, transparency and accountability, ethical framework and corporate social responsibility on Service delivery among county owned water organizations in Western Kenya.

Cherop (2012) conducted a study on the Factors Influencing Implementation of Reforms in the water sector in Mombasa county, Kenya. The findings showed that physical infrastructure affects the process of implementation of reforms. The study found out that implementation of water sector reforms had been influenced by the institutional factor. The study was conducted on implementation of reforms in water sector, therefore the study did not address corporate governance practices namely auditing, transparency and accountability, ethical framework and corporate social responsibility influence Service

delivery among county owned water organizations in Western Kenya which the current study sought to address.

Wambulwa (2008) carried out a study on the background and status of reforms in the water and sanitation sector in Kenya. He analyzed his data using inferential statistics of Multiple Regression Analysis test. The findings showed that the reforms were statistically significant. The study did not address corporate governance practices, organizational factors, and how they influence service delivery among county owned water organizations in Western Kenya. The study also found out that institutions which are mandated to carry out reforms were faced with corruption challenges. The study was in line with the current study on data analysis however, it only employed one method of analysis whereas the current study used Pearson Moment Correlation Coefficient model, Hierarchical Analysis as well as content analysis.

Murage (2010) conducted a study on the Relationship between Corporate Governance and Financial Performance of Parastatals in Kenya. The findings showed that there was a positive and strong relationship between Corporate Governance and Financial Performance. Nyokabi (2009) also studied on transparency and disclosure of risk information in Kenyan banking industry. The findings showed that banks disclose information on risks in their annual audit accounts irrespective of the size or ownership structure. The studies were conducted in Kenya on different practices and context and only addressed transparency.

Therefore, the study sought to find out the influence of corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and

corporate social responsibility, on service delivery among county owned water organizations in Western Kenya, and also sought to find out the moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **2.3.1.2 Transparency and Accountability in Service Delivery**

This is the continuous dissemination of necessary information through accessibility to media, consistent communication with stakeholders and periodic disclosure of necessary information on a voluntary or mandatory basis in organizations. Such disclosure and dissemination of necessary information can have positive effect in obtaining capital and enhancing organizations' reputation (Uren, 2003; Benjamin, 2014).

Transparency and accountability is an important practice of corporate governance because it creates and sustains confidence of investors and other stakeholders and the wider society by providing opportunities for continuous improvement of business structures and processes (State Corporations Advisory Committee, 2015).

Credible disclosure and openness is a symbol of good corporate governance which is important for allocation of scarcely available resources. With transparency, the existing and potential investors may be able to distinguish between good and bad corporate decisions. Transparency International defines transparency as a characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions (Transparency International, 2009; Lundholm & van Winkle, 2006 as cited by Okpara, 2011).

Transparency in financial reporting enables investors, creditors and market participants to evaluate the financial condition of an entity. It also increases confidence in the fairness of markets. Therefore, transparency as a practice is important in corporate governance because it enables directors to evaluate management's effectiveness and can take corrective actions when and where necessary to address challenges in financial management of organizations (Benjamin, 2014).

Today, transparency is no longer restricted to financial statements, but encompasses broad arrays of additional matters that must be disclosed in order to give investors the critical information they need. Building a culture of transparency is a fundamental step to achieving trust, however open and honest communication supports the decision to ensure trust. Lack of communication and transparency creates suspicion. Organizations need to create a culture of openness and respect where stakeholders are free to speak the truth about governance and management (Benjamin, 2014).

Service delivery is a product or activity that meets the needs of a user, therefore transparency and accountability is an important practice of corporate governance because it creates and sustains confidence of customers, and the wider society by providing opportunities for continuous improvement in service delivery. Service delivery is viewed in terms of level of customer satisfaction, nature of quality of services/products and the contribution in terms of the proportion of revenue collection to the organization.

Service delivery is a product or activity that meets the needs of a user or can be applied by a user. To be effective, services should possess these attributes like, available and timely at time and space scales that the user needs, dependable and reliable in that they

need to be delivered on time to the required user specification, usable meaning that they need to be presented in user specific formats so that the clients can fully understand, useful meaning that they need to respond appropriately to user needs. Service delivery can be viewed in terms of level of customer satisfaction, nature of quality of services/products and the contribution in terms of the proportion of revenue collection to the organization.

Studies have been conducted such as Sokol (2009) in studies in Chile, United Kingdom, Sweden, South Africa, Canada, Korea, Japan, United States and New Zealand, argued that transparency depends on governance mechanism brought about by the enforcement of legal and regulatory requirements. Appropriate establishment of corporate governance practices is the basic action for optimum use of resources, improving accountability, transparency, observing fairness and rights of all stakeholders of organizations. Good governance holds the Management accountable to directors and directors accountable to owners and other stakeholders. Al- Haddad *et al.*, (2011) in their study in United Kingdom, assert that transparency and accountability consist of policies and procedures designed to provide management with reasonable assurance that the organizations will achieve their goals and objectives (Bushman, Piotroski & Smith, 2004; Patel, Balic & Bwakira, 2002; & Pope, 2003 as cited by Benjamin, 2014; Monday *et al.*, 2014).

Bennis, Goleman and O'Toole (2009), in their study came up with steps for developing a culture of transparency in organizations in Malaysia which include, encouraging people to speak the truth about power, on rewards, diversify sources of information, admit mistakes and build organizational support for transparency. Brunetti, Aymo and Weder (2003) also studied on transparency and organizational performance in Malaysia and



found out that there is a negative relationship between transparency and organizations' performance. The study was conducted outside Kenya and focused on transparency and organizational performance.

Therefore, the study sought to find out the influence of corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery among county owned water organizations in Western Kenya, and also sought to find out the moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **2.3.1.3 Ethical Framework and Service Delivery**

Ethics is a branch of philosophy that is concerned with moral principles of behavior or good conduct of individuals in the organizations. The practice defines and provides ideas that sustain action which is good and right in terms of obligation, fairness and benefits to organizations. Laws are enacted to address the practices and values that regulate behavior with respect to what is right or wrong. Therefore these laws support a more legal and ethical workplace providing clear guidelines especially when making decisions (Shachaf, 2005; Pollack, & Hartzel, 2006; Wengert, 2001; Markkula, 2010).

Work ethics are referred to as sets of principles that relate to morals of human resource conduct in organizations. They are rules of conduct that have become sets of norms of organizations. It is the responsibility of directors to ensure that code of conduct and ethics is developed and that all members of the organization subscribe to it. Directors shall also

ensure that they promote ethical conduct and sanction misconduct by ensuring that the code of conduct and ethics is reviewed regularly. They are often expected to receive reports on the level of adherence to the code of conduct and ethics from members of the organization.

Managers have a responsibility of creating environment that encourages good work ethics and ethical decision making by institutionalizing ethics, as it is believed to boost customers' confidence. The commonest way to institutionalize ethics is to establish a code of ethics such as making distinction between personal and corporate funds in the management of organizations (Purcell & James, 2011; State Corporations Advisory Committee, 2014; Omisore, 2015).

Service delivery is a product or activity that meets the needs of a user and ethical framework are rules of conduct that have become sets of norms of organizations in order to improve service delivery. Therefore, service delivery can be viewed in terms of level of customer satisfaction, nature of quality of services/products and the contribution in terms of the proportion of revenue collection to the organization.

Studies have recommended that it is important to formalize ethical framework by way of drafting an effective code of ethics (Agbonifoh, 2010; Purcell & James, 2011; Omisore, 2015). Crane and Matten (2007) found out that Europe enjoyed more ethical responsibilities than United States. Golja and Paulisic (2010) explain that business ethics is a function of culture, since cultural evolution in business environment can affect what is acceptable and unacceptable. It is a matter of developing good habits which do not happen overnight but it is a continuous process.

According to Mahdavi (2011) the importance of ethics in business world is superlative and global. Ethical issues arise on daily basis which create important burden to organizations and customers. Singh, Carasco, Svensson and Callagham (2005) studied on codes of conduct in Australia, Canada, and Sweden. The findings showed that Australian and Canadian codes of conduct are similar and leads to improved organizational performance. Kaptein (2004) analyzed the 200 largest companies in the world, of which 52.50% have codes of conduct. The results showed that more than half of these codes of conduct describe companies' responsibilities on the quality of product and service.

The studies addressed the establishment of codes of conduct in many countries outside Kenyan context.

Therefore, the study sought to find out the influence of corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery among county owned water organizations in Western Kenya, and also sought to find out the moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

#### **2.3.1.4 Corporate Social Responsibility and Service Delivery**

CSR has been defined in a multitude of ways ranging from performing standards and ethical practices to enhancing the welfare of societies (Dahlsrud, 2008). McWilliams and Siegel (2001), define CSR as a company's voluntary activities that appear to do some social good, beyond the interests of organizations and that which is required by law. The

International Standards Organization, (ISO, 2009), define corporate social responsibility as the responsibility of an organization's decisions and activities on the society and environment through transparent and ethical behavior that is consistent with sustainable development and welfare of the society.

Therefore CSR is a process by which companies integrate social, economic and environmental concerns in their business operations and interactions with stakeholders on voluntary basis. It is about enterprises deciding to go beyond minimum legal requirements and obligations that stem from collective agreements in order to address societal needs.

CSR activities include adoption of advanced human resource management programs, reduction of environmentally hazardous substances, humanitarian activities and support for local businesses and societal welfare (Barnett, 2011). CSR covers responsibilities that organizations have for their societies within which they are based and operate. It is seen as the way in which organizations, working with stakeholders, can develop innovative and economically viable products and services within core business processes, resulting in improved environmental protection and social conditions. CSR has shown that it can increase customers' positive attitudes and identification with companies by maintaining customer loyalty and improve organizational image (Berens, van Riel, & van Bruggen, 2005; Bhattacharya & Sen, 2011; Luo & Bhattacharya, 2011).

CSR has become part of the contemporary business world and it serves as an indication of society's attitude towards organizations (Bohdanowicz & Zientara, 2008). Lee (2014), indicated that corporate social responsibility activities help organizations to create

desirable images and often used as strategic planning tool to promote organizations' positive image and increase attraction from current and potential customers (Reich, Yueying, & McCleary, 2010).

Service delivery is a product or activity that meets the needs of a user, therefore CSR is a process by which companies integrate social, economic and environmental concerns in their business operations to improve service delivery. Therefore, service delivery can be viewed in terms of level of customer satisfaction, nature of quality of services/products and the contribution in terms of the proportion of revenue collection to the organization.

Studies have been conducted on CSR such as Chapple and Moon (2005) who conducted a study in Asia on CSR in organizations and the findings showed that nearly three quarters of large companies in India have CSR policies and practices against a quarter in Indonesia. The study was done outside Kenyan context and did not address the influence of CSR practice on service delivery among county owned water organization in Western Kenya, which the current study sought to address.

Khanna and Gupta (2011) conducted a study on corporate social responsibility in larger companies in India and found out that philanthropy is viewed as the most significant driver for CSR. The study also found out that the number of companies developing and adopting CSR policies increased with time. Araya (2006) studied on CSR in Latin America and established that CSR activities existed among the top 250 companies in Latin America.

Vives (2006) studied on CSR on SME in Chile and found out that SMEs in Chile and Argentina have the highest level of CSR activities. Most of the studies focused on

internal activities especially employee welfare, whereas external/ philanthropic and environmental activities were less common. Logsdon, Thomas & Van Buren, (2006) conducted a study on CSR in Mexico and came up with myths of CSR in Mexico which needed debunking. The CSR practiced by Mexican companies simply reflected the CSR patterns and activities of US companies.

These studies focused on the existence of CSR practice in the targeted areas which are in different context and outside Kenya. The studies also did not address the influence of CSR as one of the corporate governance practices on service delivery which the current study sought to address.

In Africa, Amaeshi, Adi, Ogbechie and Olufemi (2006) conducted a study on CSR in Nigeria and the findings showed that CSR in Nigeria was based on socio-cultural influences like communalism, ethnic religious beliefs and charitable traditions including poverty alleviation, health-care provision, infrastructure development, and education. Visser (2005) also recommended that the value-based traditional philosophy of African humanism known as Ubuntu is what underpins much of the modern approaches to CSR on the continent. Therefore customers positively identify organizations based on their corporate social responsibility initiatives (Marin, Ruiz & Rubio, 2008; Sen, Bhattacharya & Korschun, 2011).

Roussouw, Van der watt and Malan (2002) conducted a study on how corporate governance practice of CSR was embraced in South Africa and established that the desire to have CSR practice was mainly to redress the injustices imposed on the black community during apartheid era. The study employed an in depth analysis to understand

the emerging trends of CSR in South Africa. Therefore, the current study sought to establish the influence of corporate governance practices, organizational factors on Service delivery among county owned Water Organizations in Western Kenya.

The studies were done in different contexts outside Kenya and did not address the influence of corporate governance practice of CSR on service delivery. Therefore the study sought to find out the influence of corporate governance practices namely internal auditing, transparency and accountability, ethical framework and corporate social responsibility on service delivery, and the moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **2.3.2 Service Delivery**

This was focused in terms of level of customer satisfaction, nature of quality of service/product and proportion of revenue collection. Water and sanitation program (2006) developed performance indicators to measure the efficiency and effectiveness of water supply systems to customers which included, customers' income, billing and payment, nature of quality of service/product, costs and staffing, metering, production/consumption and area coverage (Gupta, Kumar & Sarangi, 2006).

#### **2.3.2.1 Level of Customer Satisfaction**

Khann and Gupta (2009) define service delivery as an approach to determine how effectively and efficiently organizations take into account all the inputs and outputs for the satisfaction of customers. Customers are amongst the organizations' key stakeholders

and they determine to a great extent, the degree to which organizations will patronize products and services. County owned water organizations are mandated to provide quality service delivery to customers which leads to high level of customer satisfaction. According to Valerie, Zaithaml and Bitner (2005) customer satisfaction is the customers' evaluation of service / product in terms of whether it meets their expectations. When services are of lower level than expected, customers end up dissatisfied and hence look for alternatives (KIM, 2009).

Customer satisfaction is influenced by factors such as perception of equity and fairness in treatment, delivery on time, customer emotions as well as views of family members, friends or co- workers (Valerie *et al.*, 2005). Governance practices play major role in ensuring that county owned water organizations in Western Kenya meet the expectations of customers by delivering the required quality services. Therefore, for any performance measurement system for service delivery among county owned water organizations in Western Kenya to be successful, the views of customers is crucial. High access to quality service indicates increased customer satisfaction and consequently their willingness to pay for the service (Valerie *et al.*, 2005).

Customers of these entities are both internal and external. Employees of county owned water organizations in Western Kenya, form the pool of internal customers while customers of county owned water organizations in Western Kenya form the external pool. The extent to which these entities meet the needs of these groups determines the extent to which customer services are adequately delivered.



Therefore the study sought to find out the influence of corporate governance practices on service delivery and the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **2.3.2.2 Nature of Quality of Service**

In order to provide high levels of quality service/product and create value for customers, organizations such as county owned water organizations in Western Kenya, need to plan and ensure that governance practices lead to increased improved quality which will lead to customer satisfaction, loyalty and therefore long-term profitability (Grönroos & Ravald, 2011; Zeithaml & Bitner, 2000).

Service delivery in the Kenyan water sector can be modeled along the generic service delivery model SERVQUAL which is basically guided by five key areas namely tangibility, reliability, responsiveness, assurance as well as empathy (Parasuraman, Zeithaml, & Berry, 1988). Tangibility has to do with physical facilities, equipment as well as appearance of personnel. This is because most customers make judgment about quality of service from what they can see and feel.

Reliability on the other hand deals with ability of the service provider to deliver or perform the promised service in a dependable manner. Responsiveness is to do with willingness to help and provide customers with quick and efficient service because, delay causes impatience and frustrations. Assurance is equally important for customer because it calls for employees of organizations such as county owned water organizations in Western Kenya, to be courteous and inspire trust and confidence in customers. Empathy

on the other hand is the organizations' recognition of customers and understanding of how customers feel about the services/products (Parasuraman, Zeithaml & Berry, 1994).

Therefore the study sought to find out the influence of corporate governance practices namely, auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery and the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **2.3.2.3 Proportion of Revenue Collection**

Financial measures have always been considered as a measure of organizational performance (Gekonge, 2004; Akinyele & Fasogbon, 2007). Many organizations such as county owned water organizations in Western Kenya are set up to pursue the profit motive hence, hold financial measures as prime service delivery. Organizations such as county owned water organizations in Western Kenya are not premised on the pursuit of profit making, therefore financial measures may not be their main determinant of organizational service delivery. However, measures such as revenue collection although subsidized, are still important in defining service delivery among county owned water organizations in Western Kenya. Therefore organizations need to raise revenue in order to run their programs (Pretorius & Schurink, 2007; Performance Contracting Department, 2010).

Revenue collection is defined as the total amount of money collected by organizations such as county owned water in Western Kenya, in relation to the total amount billed in a given period. It is an important performance indicator of Water Service Provider because

it gives indication on the efficiency and effectiveness of the revenue management system in place and consequently the amount of resources available. It also reflects customers' willingness to pay for the service/product and it is also closely related to customer satisfaction (Water Services Regulatory Board, 2012 as cited by Kihumba, 2013).

Acutt, Hamman, Carter and Kapelus (2008) contend that sound financing is crucial to long-term operation, maintenance, replacement and expansion. Amenga-Etego (2006) asserts that overall income from water sales should be able to cover operational costs and generate sufficient cash-flow to ensure sustainable long-term operations. Therefore efficiency in collection is one of the most important indicators in water supply service delivery that promotes sustainability of the systems. However, it is also one of the major shortfalls of many organizations such as county owned water organizations in Western Kenya (Sakyi, 2010).

County owned water organizations in Western Kenya may have certain proportion of revenue collection targets to be met as outlined in their strategic plans, however performance of such entities can be measured based on the extent to which they meet or surpass the set targets. The study viewed county owned water organizations in Western Kenya as being bodies that were set up to provide social and economic services to customers within their areas of jurisdictions. Therefore the study addressed service delivery using proportion of revenue collection and sought to find out the influence of corporate governance practices on service delivery among county owned water organizations in Western Kenya.

### **2.3.3 Water Sector Reforms in Kenya**

The establishment of Water Act (2002) was perhaps the advent of serious reforms in water sector in Kenya. The main aim was to ensure that communities access water at reasonable distance. This was to be achieved by initiatives such as development of water supply systems, sinking boreholes, construction of catchment dams as well as provision of conveyance infrastructure which comprised of pipes and furrows. The move necessitated the government to develop policy making, providing regulatory framework and financing activities in the water sector to ensure citizens access clean water (Saleth & Dinar, 2005 as cited by Ogutu, 2010).

However, changes in the water sector have led to emergence of a number of institutions that have varied mandate in governance, which are brought about by challenges such as, ever growing population requiring more supply of water, availability of resources and technology advancement among others that led to the decline in service delivery (Ogutu, 2010).

The establishment of policies such as devolution in institutional framework (Constitution of Kenya, 2010) was the growing need of addressing challenges towards improved methods of financing the organizations with the aim of achieving sustainability in quality service delivery (Water Act, 2002). This led to devolving of water organizations from regions to counties in order to be governed by county governments to ensure that citizens in the areas of jurisdiction get good service delivery.

Therefore the study sought to find out the influence of corporate governance practices namely, auditing, transparency and accountability, ethical framework and corporate

social responsibility, on service delivery and the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

#### **2.3.4 Organizational Factors**

The study also sought to find out the moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya. It was hypothesized that organizational factors such as structure, culture and size do not have significant influence on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery of level of customer satisfaction, nature of quality of services/products and proportion of revenue collection, among county owned water organizations in Western Kenya.

##### **2.3.4.1 Organizational Structure**

Organizational structure describes formal roles, responsibilities and lines of reporting in organizations. The processes that drive and support people within and around organizations can have major influence on success or failure of organizations. Through defining how practices are formulated and executed, types of talents necessary for the success of organizations on best practices related to organizational structure, prove to be effective and successful. Most organizations have been able to execute good governance practices and give good services to customers (Fischer, 2006; Johnson, Whittington & Scholes, 2011).

Therefore organizational structure refers to the grouping of activities and jobs in organizations into departments and linking the departments to enable them attain organizational goals and objectives (Wehrich, Cannice & Koontz, 2008; Dubrin, 2009; Nelson & Quick, 2009). According to Chandler (1962) and Gupta (1987) as cited in Hunger and Wheeler (2007) practices should precede structure. This ensures that the structure adopted by organizations enables the influence of corporate governance practices on service delivery.

Structure of organizations can also be defined in terms of level of decision making, whether centralized or decentralized and it reveals that the more decision-making is decentralized, the broader span of control and the lesser burden on managers hence, faster decision making process on governance practices. Therefore, this kind of arrangement is likely to impact on how fast corporate governance practices are adopted and utilized among organizations (Henricks, 2005; Leavitt, 2005; Senior & Swailes, 2010).

Graddy (2008) conducted a study on The Structure and Performance of Inter-organizational Relationships within Public Service Delivery Networks in the United States of America. The results showed that Mechanisms were needed to delineate roles and responsibilities that facilitate and coordinate joint activities across independent entities. The findings also showed that if the objective of organizational structure leads to good service delivery then arrangements must define the task coordination in the delivery of services to customers.

Therefore the study sought to find out statistically significant moderating effect of organizational structure on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

In Kenya, a study conducted by Odhiambo, Mitullah and Akivaga (2005) on organizational structure in public institutions, concluded that structure of public Institutions resulted in conflicts between the executive and legislative arms of those entities which weakened service delivery. Based on the perspectives highlighted by this study, the organization structure ought to be arranged in such a way that it supports the chosen practice. The process of setting up departments and their sizes and numbers depends on the practice being implemented and where emphasis is being placed. For example, an organization implementing auditing practice would change its structure to divisions rather than relying on a functional organization structure, while the one emphasizing corporate social responsibility will have to establish a corporate social responsibility division among others (Siciliano & Hess, 2009).

Organizational structure may include functional, divisional, product, territorial, customer group or matrix organizational. Care ought to be taken when designing organization structure to ensure availability of functional competencies, appropriate allocation of resources, effective decision making participation, departmental communication and coordination, ease of implementation of policies and accomplishment of missions among others (Wehrich, Cannice & Koontz, 2008; Pearce & Robinson, 2008; Dubrin, 2009).

Viseras, Baines and Sweeney (2005) also studied on key success factors on implementation of governance practices in Kenyan companies and the results showed

that success depends more on human factors and less on organization structure. However, county owned water organizations in Western Kenya currently have a uniform structure as provided for by the Water Act (2002). They have an appointed arm composed of boards of directors who form the policy making wing (legislature) and an executive arm consisting of appointed managers and employees who implement the policies and deliver services to customers.

Therefore the study sought to find out statistically significant moderating effect of organizational structure on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya.

#### **2.3.4.2 Organizational Culture**

Hofstede (2007) provides an interesting discussion of the relationship between organizational culture and corporate governance on service delivery. Organizational culture has been cited as a major component in corporate governance (Hunger & Wheelen, 2007; Aldehayyat & Anchor, 2010). Moorhead and Griffin (2000) as cited in Egessa (2012) define organizational culture as a set of values that help organizations' employees understand which actions are considered acceptable or unacceptable. Li, Guohu, and Eppler (2008) posit that culture is the dominant ideologies, traditions, values and standards that define organizations. Therefore effective organizational culture should encourage ethical behavior and discourage unethical behavior.



Schein as cited in Nelson and Quick (2009) defines organization culture as a pattern of basic assumptions that are considered valid and taught to new members as the way to perceive, think and feel in organizations. Employees will often resist change as a way of preserving stable relationships and patterns of behaviour. When implementing a practice, care should be taken to assess the link compatibility. If the planned practice is in line with existing culture, governance practices become easier and if it is incompatible with the new practice, culture- changing activities will have to be undertaken (Siciliano & Hess, 2009; Moorhead & Griffin, 2000). These can be achieved through training and development, hiring of new managers who are compatible with the new practice and instituting minor structural modifications among others (Pearce & Robinson, 2008; Nelson & Quick, 2009).

Communication can be used to manage organizational culture during corporate governance practices. This can be through speeches, newsletters, encouraging dissemination of literature and legends about core values and institutionalizing practices that systematically reinforce desired beliefs and values. Culture can also be reinforced through aligning it with formal and informal recognition, monetary rewards or other incentives (Ikavalko & Aaltonen, 2001; Hunger & Wheelen, 2007; Pearce & Robinson, 2008; Nelson & Quick, 2009).

Studies have been conducted in the quest to establish the relationship between organizational culture and corporate governance and service delivery. Fleenor and Byrant (2002), Lok and Crawford (2003), Aluko (2003) and Rose, Kumar, Abdullah and Ling (2008) in their studies on organization culture and service delivery in both private and public enterprises, found out that organizational culture significantly affected service

delivery. Rose *et al.* (2008) conducted a study in American, Japanese, Malaysian and European multinational corporations operating in Malaysia on organizational culture and found out that a high degree of service delivery was related to organizations that have strong culture with well integrated and effective set of values, beliefs and behaviours.

Aluko (2003) studied on organizational culture and service delivery in Nigerian firms and concluded that although a significant relationship existed between organizational culture and service delivery, other factors also influenced organizational service delivery. However, Lim (1995) and Lewis (1998) as cited in Fleenor and Byrant (2002) in their studies did not find any significant effect of organizational culture on service delivery. Studies by Ogbonna and Harris (2000, 2002) concluded that organizational culture as a whole did not positively affect service delivery. To them, competitive and innovative culture had a statistical significant effect on service delivery. However, they recognized leaders' role in shaping appropriate organizational culture that can guide employees towards attaining desired goals.

Schein (2004) advanced the idea that organizations often have very differing cultures as well as subcultures. Although a company may have its own unique culture, there are sometimes co-existing or conflicting subcultures because one can see both strong overall corporate culture and the growth of powerful subcultures that reflect the larger culture in different ways.

Organizational culture where ethics is at the front of every transaction had significant influence on adherence to ethical framework of organizations (Abe, & Iwasaki, 2010;

Juan, Reyes & Jose 2014). In America, companies such as Twitter and Facebook tremendously improved their service delivery as a result of good corporate culture.

In Kenya, organizational culture plays a tremendous role in private companies like Safaricom and Equity bank which deliver good services (Wangechi, 2015; Munda, 2016). Public sectors, especially county owned organizations have similarly tried to embrace good corporate culture as a corporate governance practice (State Corporations Advisory Committee, 2015). The study hypothesized that corporate culture had no statistically significant moderating effect on the relationship between corporate governance practices and service delivery in county owned water organizations in Western Kenya.

Therefore the study sought to find out statistically significant moderating effect of organizational culture on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya.

#### **2.3.4.3 Organizational Size**

Organizational size has been conceptualized in many studies in terms of numbers of employees in organizations (Ketokivi & Schroeder, 2004; Alledayat & Anchor, 2010). Studies on the effect of organizational size on service delivery were tested. The results showed that the size of organizations may affect Service delivery. For example, board composition and remuneration are highly determined by organizational size. Large firms consume more resources and therefore are expected to have better mechanisms of

corporate governance as compared to smaller organizations (Tosi, Werner, Katz, & Gomez-Mejia, 2000 as cited by Geiger, & Cashen, 2007; Peters & Romi, 2015).

Boards may work for or against the services delivered in terms of decision making process by organizations such that, large boards may consume more resources to arrive at decisions and consensus that would impact on effective implementation of corporate governance practices. At the same time, small boards may lack the advantage of having the spread of expertise, experience and diverse representation which may affect effective implementation of corporate governance practices (Hermalin & Weisback 2003; Haniffa & Hudaib, 2006; Dalton & Dalton 2005 as cited by Ongeti, 2014).

Ketokivi and Schroeder (2004) conducted a study in the manufacturing sector in Jordan on organizational size and found out that the size of organizations significantly affected the relationship between corporate governance and organizational performance. Similar results were highlighted by Alledayat and Anchor (2010) who found out that organizational size affected corporate governance and service delivery in Jordanian firms.

Studies addressed the effect of organizational size on corporate governance and organizational performance and the results showed that organizational size plays a key role on corporate governance and service delivery. The study was conducted outside the Kenyan context and focused on corporate governance and service delivery.

Therefore, the study sought to find out statistically significant moderating effect of organizational factors namely, structure, culture and size on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **2.3.5 Corporate Governance Practices and Service Delivery**

Studies have been conducted on corporate governance practices and service delivery. Most of these studies have concluded that service delivery depends on successful corporate governance (Lederman, Loayza & Reis Soares, 2001; Adeniji, 2004; Levrau & van den Berghe, 2007; Unegbu & Obi, 2008; Inyama, 2010). Further studies showed that other factors such as organizational structure, organizational culture and organizational size also determined service delivery (Hofstede, 2003; Tosi, Werner, Katz, & Gomez-Mejia, 2000 as cited by Geiger & Cashen, 2007; Peters & Romi, 2015).

Most Countries have formulated ways to help in improving corporate governance by putting up measures such as Cadbury Report (1992) and Sarbanes Oxley Act (2002) to strengthen service delivery (Erkens, Hung & Matos, 2009). Countries such as United Kingdom and Australia were at the forefront of drafting corporate governance guidelines to direct organizations' performance hence, service delivery. Delivery of services by organizations lies in corporate governance practices such as auditing, transparency and accountability, ethical framework and corporate social responsibility (Smallman, 2010; Mulyadi, Anwar & Ikbali, 2012; Bloomfield, 2013).

The collapse of big companies like Lehman Bros., J.P. Morgan, Morgan Stanley, Enron, Arthur Anderson, WorldCom and others in America in early 2000, was as a result of poor corporate governance practices, which prompted much focus to be directed on the companies. It also demonstrated the role that corporate governance plays in services delivery. The enactment of Sarbanes-Oxley Act (2002) aimed at improving corporate governance practices which in return, improved service delivery (Young & Thyl, 2008; Dalton & Dalton, 2010; Karns, 2011; Yaacob, Jaya & Hamzah, 2012).

In Nigeria, there has been a number of corporate failures and large scale misappropriation of funds in the recent past as a result of poor corporate governance practices which led to the collapse of companies such as AVOP Oil, Niger Steel Company, Anambra State Motor Manufacturing Company, Nigeria Coal Corporation, Cooperative and Commerce Bank, African Petroleum Nigeria Limited, including certain banks (Chukwuemeka, Hope, & Ezenyilimba, 2011). The result of these was the development of a policy document on Code of Best Practice for corporate governance in order to improve service delivery (Okike, 2007; Aganga, 2011; Afolabi, 2015).

In East Africa, corporate governance has been embraced by member states where every state was urged to create structures and codes of best practices to advance national corporate governance in order to improve service delivery (Walker, 2011; Chidambaran, 2008). Private sector initiative established Corporate Sector Foundation, and collaborated with the Global Corporate Governance Forum which is the Commonwealth Association for Corporate Governance and the African Capital Markets Forum that saw East Africa in promoting good corporate governance that led to good service delivery especially in the Insurance Industry (Insurance Reports, 2006, 2007).

In Kenya, corporate governance practices are embraced by both private and public sectors. The development of a code of best practices for corporate governance, “Muongozo” (State Corporations Advisory Committee, 2015), has seen most public organizations improve their service delivery. However private sector has given much attention to corporate governance practices for example, Equity bank is one of the companies that have embraced corporate governance practices which has enabled it to stand out as one of the best banking institutions in Kenya (Wangechi, 2015). Safaricom

Company has also performed tremendously well as a result of good corporate governance practices (Munda, 2016).

Most studies that were conducted addressed the relationship between corporate governance and organizational performance. The studies also focused on corporate governance practices namely, internal auditing and corporate social responsibility, and organizational performance. The findings were measured in financial and non- financial terms such as return on investment, profitability, market growth, service delivery, customer satisfaction and enhanced revenue collection (Ogotu, 2010; Mutunga, 2011; Ndung'u, 2013; Barasa, 2015; Maingi, 2016).

Corporate governance and organizational performance was evidenced in public and private sectors, however there was scanty literature on the influence of corporate governance practices on service delivery among county owned water organizations in Western Kenya (Smith, 2002; Allen & Gale, 2002; Centre for Governance & Development, 2005; Dierkes & Nonaka, 2012; Aggarwal, 2013; Bloomfield, 2013).

Therefore the study sought to find out the influence of corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility on service delivery, and the moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

## **2.4 Summary and Study Gaps**

### **2.4.1 Study Gaps**

Studies have been conducted on corporate governance and service delivery such as, Ali, Gloeck, Ahmi and Sahdan (2007) who conducted a study in Malaysia to find out how internal audits was being embraced in both state and local governments. Cohen and Sayag (2010) conducted a study on the effectiveness of internal auditing in public organizations in Israel. Unegbu and Kida (2011) also did a study in Kano state of Nigeria on effect of internal audit on corporate governance.

Roussouw, van der Watt and Malan (2002) focused on the emerging trends of CSR in South Africa, while Araya (2006) did a study on CSR and corporate governance in Latin America. Ekadah and Mboya (2012) conducted studies on the Effect of Board Gender Diversity on the Performance of Commercial Banks in Kenya. The results show that internal audit and CSR practices influence service delivery.

The studies were done in different contexts such as Israel, Malaysia, Nigeria, Latin America and even the ones done in Kenya, were conducted in different contexts such as Effect of Board Gender Diversity on the Performance of Commercial Banks in Kenya. Therefore the current study sought to establish the influence of corporate governance practices such as auditing, transparency and accountability, ethical framework and corporate social responsibility on service delivery among county owned water organizations in Western Kenya.

Ogotu (2010) carried out a study on corporate governance and financial performance in the water sector in Kenya. Wanjohi (2008), Oriaro (2010) and Ndung'u (2013) did



studies to establish challenges that hinder effective implementation of corporate governance on financial performance of county owned organizations such as the water sector. Wagana and Karanja (2015) conducted a study on the influence of Corporate Governance on Corporate Performance amongst Manufacturing Firms in Kenya. Murage (2010) did a study on the relationship between corporate governance and financial performance of Parastatals in Kenya.

However, the studies were done in different contexts such as Latin America, Malaysia, Israel, Nigeria among others and they were also conducted on specific practices such as corporate governance in county owned and Parastatals in Kenya and corporate governance and financial performance in organizations.

Therefore, the study sought to find out the influence of corporate governance practices on service delivery among county owned water organization in Western Kenya, and also sought to establish the moderating effect of organizational factors such as structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

#### **2.4.2 Summary**

The section provides a brief summary of studies that were carried out in areas of corporate governance practices and organizational performance. The summary is provided in the following table where it looked at various scholars and their contributions and areas of studies as well as methodological approaches that were used. The findings of the studies are also provided and elicited gaps indicated.

**Table 2.1: Summary of scholarly contributions**

<b>Author(s)</b>	<b>Focus of study/ context</b>	<b>Methodology</b>	<b>Reported findings</b>	<b>Knowledge Gaps</b>	<b>How it was addressed in the current study</b>
Ogutu (2010)	Corporate Governance Practices in Kenyan Water Sector	Descriptive Survey Design	- Water sector institutions had embraced corporate governance. Directors and CEOs played a leading role.	The study did not consider the influence of other corporate governance practices and organizational factors on Service delivery and did not address water organizations in Western Kenya.	The study used descriptive survey and correlational designs and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Maina (2007)	Corporate Governance Practices in Insurance Industry in Kenya	Descriptive Survey Design	There are weaknesses in corporate governance especially in operationalizing principles of corporate governance.	No focus on corporate governance practices and organizational factors on service delivery among county owned water organizations in western Kenya.	The study used descriptive survey and correlational designs and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water organization in Western Kenya.
Mureithi (2004)	The Relationship Between Corporate Governance Mechanisms	- Descriptive Survey Design	Size of board members has a significant correlation to leadership quality and corporate	No focus on corporate governance practices and organizational factors on service delivery among county owned water organizations in western Kenya.	The study focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water

	and Performance of Firms Quoted On The Nairobi Stock Exchange, Kenya	n And correl ationa l design .	governance practice of firms in Kenya.		organizations in Western Kenya.
Ndung'u (2013)	Financial sustainability of water companies in Nyeri county, Kenya	Descriptive survey Design	Companies need to strengthen their governance structures in order to seal any loopholes that may slow down proper implementation of corporate governance practices.	No focus on corporate governance practices and organizational factors on service delivery among county owned water organizations in western Kenya.	The study used descriptive survey and correlational designs and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water sector in Western Kenya.
Rahmatika (2014)	Impact of Internal Audit Function on Quality of Financial Reporting and its Implications on Good Governance in Local Government Provinces in	Structural Equation Model ing (SEM )	Internal audit function had significant effect on the quality of financial reporting and good governance.	Used a different design and focused on one practice. The study was also conducted in Indonesia. Hence, no focus on the other corporate governance practices and organizational factors.	The study used descriptive survey design and correlational designs and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.

	Indonesia				
Cohen & Sayag (2010)	Effectiveness of Internal Auditing in Public Organizations in Israel	Evaluative Study Design	Top management support is very important on the success of internal audit practice	Used different design and focused on one practice of audit and study done in Israel. Hence, no focus on the other corporate governance practices and organizational factors on service delivery among county owned water organization in western Kenya.	The study employed descriptive survey and correlational designs. The study also addressed the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.

li <i>et al.</i> (2007)	The Role of Internal Audit in Promoting Good Governance in Malaysia	- Descriptive Survey design	Internal audit function had less influence on the effectiveness of good governance.	Focused on one practice and the study conducted in Malaysia. Hence, no focus on the other corporate governance practices and organizational factors on service delivery among county owned water organization in western Kenya.	The study used descriptive survey and correlational designs and focused on the effect of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Unegbu & Kida (2011)	Effectiveness of Internal Audit as Instrument to Improve Public Sector Management in Kano State of Nigeria	Inferential statistics of Chi-Square Tests	Internal audit contributes positively to good governance	Used a different design and there was no focus on the other practices of corporate governance and organizational factors on service delivery among county owned water organizations in western Kenya.	The study employed a inferential statistics of Pearson Moment coefficient correlation analysis test and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Belay (2007)	Effective Implementation of Internal Audit Function to Promote Good	Descriptive Survey Design	Internal audit in the public sector had less satisfactory involvement.	Did not focus on other corporate governance practices and their influence on service delivery among county owned water organizations in western Kenya.	The study used descriptive survey and correlational design and focused on the influence of four corporate governance practices on service delivery among

	Governance in Public Sector in Ethiopia				county owned water organizations in Western Kenya.
Barasa (2015)	Role of Internal Audit in Promoting Good Governance in Public Institutions in Kenya	- Descriptive Survey Design	There was a strong significant relationship between internal audit and good governance in public institutions in Kenya	No focus on other corporate governance practices and organizational factors on service delivery among county owned water organizations in western Kenya.	The study used descriptive survey and correlational designs and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Maingi (2016)	Factors Influencing Corporate Governance Quality in the Commercial Bank of Kenya	Descriptive Survey Design	The size and age of board members influences corporate governance.	No focus on other corporate governance practices and organizational factors on service delivery among county owned water organizations in western Kenya.	The study used descriptive survey and correlational designs and focused on the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Araya (2006)	Companies culture of publishing information on CSR activities in Latin America	Descriptive Survey design	-Top companies publish information in a separate report -A few companies disclose information in annual reports -CRS is highly	Focused on one practice and the study was conducted in Latin America. Hence, no focus on the other corporate governance practices and organizational factors on service delivery among county owned water organization in western Kenya.	The study used descriptive survey and correlational designs and focused on the effect of four corporate governance practices and organizational factors on service delivery among county owned water

			practiced.		organizations in Western Kenya.
Sokol (2009)	Transparency Mechanisms in organizations in Chile, Sweden, Canada, Korea, Japan, and New Zealand	Descriptive Design	Appropriate establishment of corporate governance practices is the basic action for optimum use of resources, improving accountability, transparency, observing fairness and rights of all stakeholders of organizations	Focused on transparency practice and was conducted outside Kenya. Hence, no focus on corporate governance practices namely internal auditing, ethical framework and CSR and organizational factors on service delivery among county owned water organization in western Kenya.	Study focused on corporate governance practices namely internal auditing, transparency and accountability, ethical framework and CSR and organizational factors on service delivery among county owned water organization in western Kenya.
Bennis, Goleman and O'Toole (2009)	Steps for developing a culture of transparency in organizations in Malaysia	Descriptive Design	Identified steps for developing a culture of transparency in organizations	Focused on steps for developing a culture of transparency in organizations.	Study addressed the influence of corporate governance practices namely internal auditing, transparency and accountability, ethical framework and CSR and organizational factors on service delivery among county owned water organization in western Kenya.
Mahdavi (2011)	Ethics in Business in Indian companies	Descriptive Design	Adherence to ethical standards leads to improved organizational	Focused on ethical framework practice and study conducted outside Kenyan context	Study addressed the influence of corporate governance practices namely internal auditing,

			performance		transparency and accountability, ethical framework and CSR and organizational factors on service delivery among county owned water organization in western Kenya.
Singh, Carasco, Svensson and Callaghan (2005)	Codes of conduct in Australia, Canada and Sweden	Descriptive Design	Australian and Canadian codes of conduct lead to improved organizational performance	Focused on ethical framework practice and study conducted outside Kenyan context	Study addressed the influence of corporate governance practices namely internal auditing, transparency and accountability, ethical framework and CSR and organizational factors on service delivery among county owned water organization in western Kenya.
Khanna and Gupta (2011)	corporate social responsibility in larger companies in India	Descriptive Design	Established that the number of companies developing and adopting CSR policies increased with time	Focused on one corporate governance practice of CSR and the study was conducted in India. Hence, no focus on the other corporate governance practices and organizational factors on service delivery among County owned water organization in western Kenya.	The study used descriptive survey and correlational designs and addressed the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Vives	How	Descriptive	Countries had the	Focused on one corporate	The study used descriptive



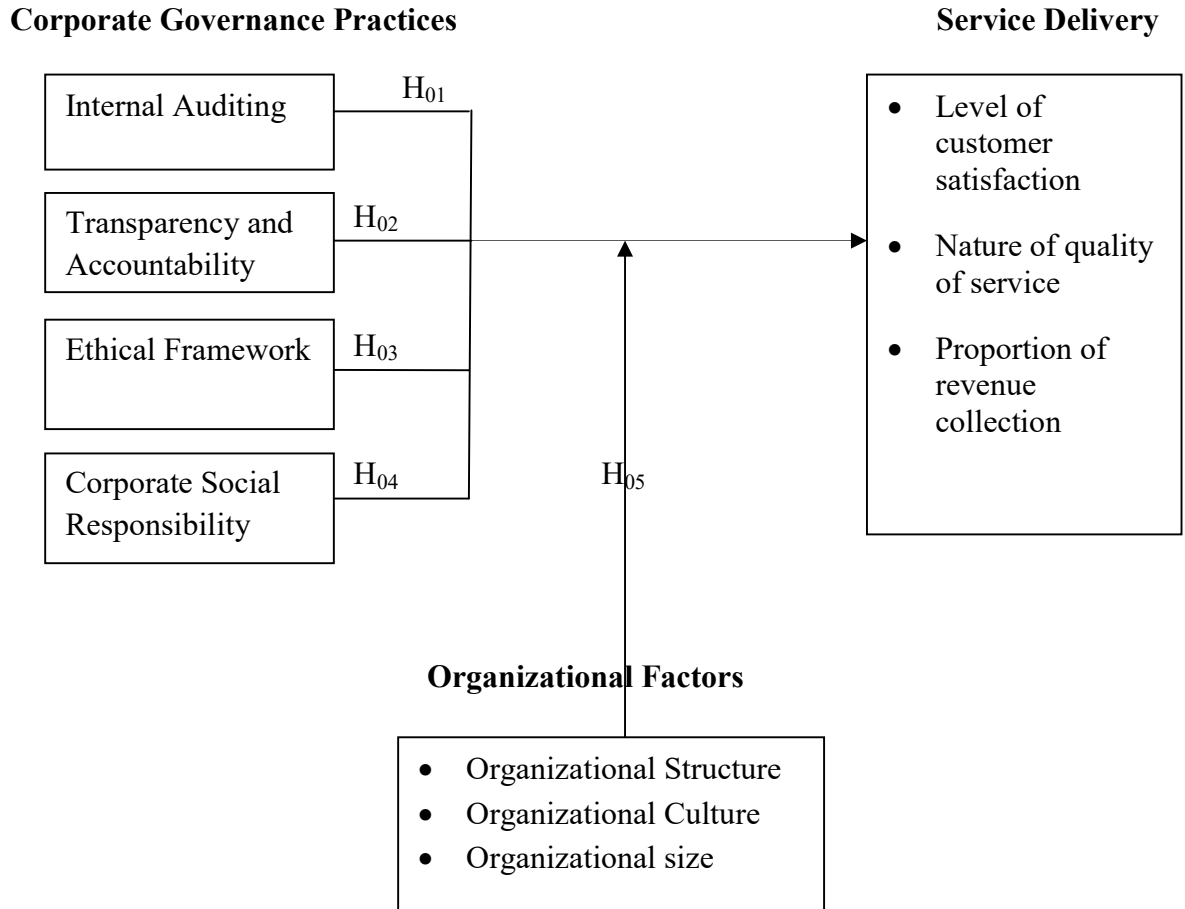
(2006)	companies adopt the use of CSR in SMES in Chile and Argentina	ptive Surve y design	highest level of CSR practice	governance practice of CSR and the study was conducted in Argentina and Chile. Hence, no focus on the other corporate governance practices and organizational factors on service delivery among County owned water organization in western Kenya.	survey and correlational designs and addressed the influence of four corporate governance practices and organizational factors on service delivery among county owned water organizations in Western Kenya.
Wangechi (2015)	Organizational culture in private companies in Kenya	Descriptive Design	Organizational culture plays a tremendous role in financial performance of private companies such as Safaricom	Focused on one organizational factor of culture, hence, no focus on the moderating effect of organizational factors namely, structure, culture and size on the relationship between corporate governance practices and organizational factors on service delivery among County owned water organization in western Kenya.	Study sought to find out the moderating effect of organizational factors namely, structure, culture and size on the relationship between corporate governance practices and organizational factors on service delivery among County owned water organization in western Kenya.
Alledayat and Anchor (2010)	How organizational size affected corporate governance and service delivery in Jordanian firms	Descriptive Design	Organizational size plays a key role in corporate governance and service delivery in Jordan firms	Focused on one organizational factor of size and conducted outside Kenya, hence, no focus on the moderating effect of organizational factors namely, structure, culture and size on the relationship between corporate governance practices and organizational factors on service delivery among County owned	Study sought to find out the moderating effect of organizational factors namely, structure, culture and size on the relationship between corporate governance practices and organizational factors on service delivery among County owned water

				water organization in western Kenya.	organization in western Kenya.
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**Source:** *Secondary Data* (2019)

## **2.5 Conceptual Framework**

From the reviewed literature, the study developed a conceptual framework to show the relationship between the dependent and independent variables. The independent variables of the study was corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and dependent variables was service delivery which was determined in terms of level of customer satisfaction, nature of quality of service and proportion of revenue collection among county owned water organizations in Western Kenya. The relationship was conceptualized to be moderated by organizational factors namely, structure, culture and size among county owned water organizations in Western Kenya. The conceptual framework is shown in Figure 2.1.



**Figure 2.1: Conceptual Framework on the relationship between independent and dependent variables**

**Source:** *Self Conceptualized* (2019)

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodological base for the study. Specifically, the following are addressed: study design, study area, study population, sampling frame, data collection, piloting, reliability and validity of the instruments, data analysis and presentation and ethical considerations, on the influence corporate governance practices, organizational factors and service delivery of county owned water organizations in Western Kenya.

#### **3.2 Research Philosophy**

The study used positivism approach which is premised on philosophical stance of a natural scientist. It mainly involves working with observable social reality and that the end product of such research can be law-like generalizations similar to those produced by the physical and natural scientists as posited by Remenyi, Williams, Money, and Swartz (1998) Phenomena with an intent to produce credible data for purposes of both qualitative and quantitative statistical analysis. Data collection and analysis is paramount in this approach as well as formulation and testing of hypotheses (Remenyi *et al.*, 1998).

Therefore the philosophy was ideal in addressing corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, organizational factors namely, structure, culture and size, and service delivery in terms of level of customer satisfaction, nature of quality of services/products

and proportion of revenue collection, among county owned water organizations in Western Kenya.

### **3.3 Study Design**

According to Mugenda and Mugenda (2008) study design is a plan of action, design, strategy or process that studies choose and use in order to get the desired outcomes. It is a method of collecting information by administering questionnaires and conducting interviews, to a sample of respondents. The study employed descriptive survey design which enabled it to obtain information about the status of the phenomenon or to answer questions like where, what, how, why, when and who as well as explain the relationships. Correlational design was also used to get the relationship between variables as well as the strength.

Polonsky and Waller (2005) and Saunders, Lewis and Thornhill (2009) explain that descriptive design enables rapid data collection from the sample population and has the ability to help people to understand the population. The design entailed collecting data from a sample population and analysing it in order to establish the relationship between the independent and dependent variables (Mugenda & Mugenda, 2008; Kombo & Tromp, 2006).

Burns and Grove (2003) add that descriptive design provides a picture of a situation as it naturally happens. It may be used to justify current practices, make judgment and develop theories. Correlational design was also used to relate the independent variables with the dependent variables (Mugenda & Mugenda, 2011; Kothari, 2011).

### **3.4 Study Area**

This comprised of three county owned water organizations namely, Amatsi Water and Sanitation Services Company in Vihiga County, Nzoia Water and Sanitation Services Company in Bungoma and Trans Nzoia Counties respectively, and Kakamega Water and Sanitation Services Company in Kakamega (GoK, 2007). The organizations are located in Western Kenya which borders Rift Valley to the East, Uganda to the West, Nyanza region to the South and to the North it shares a common border with West Pokot. The study area lies within longitudes 34.675250 and latitudes 0.550432 respectively (Mynasadata, 2017)

Practical considerations dictated the choice of the study area. Firstly, with the coming into force of the Constitution of Kenya (2010), water distribution became a county function hence, new water organizations had to be formed to undertake the exercise with variety of challenges. Secondly, the water organizations in the area are facing an uphill battle as a result of high energy costs where technical design of the systems utilized in pumping water are expensive which have resulted in inadequate availability of water to customers. There is also high water loss as a result of majority of customers who are not metered and most of consumer meters installed are defective and meter readings are inadequate.

Thirdly, there is high cost of treatment process as a result of poor quality of raw water. On employees, there is lack of performance orientation and inappropriate mechanism for reporting, monitoring and evaluation of their performance. Fourthly, there is lack of incentives to employees and inadequate planning process by the said organizations.

Therefore the study sought to establish the influence of corporate governance practices, organizational factors, and service delivery among county owned water organizations in Western Kenya.

### **3.5 Target Population**

Target population is the group of individuals or people about whom the study is interested in making necessary conclusions or generalizations. This refers to entire set of respondents that meet a designated set of criteria (Burns & Grove, 2003; Mugenda & Mugenda, 2008).

Specifying the population that is targeted for the study is important because it helps the study to make decisions on sampling and resources to be used (Orodho, 2008). The target population for the study comprised of Amatsi Water and Sanitation Services Company, Nzoia Water and Sanitation Services Company and Kakamega Water and Sanitation Services Company among county owned water organizations in Western Kenya. Specific respondents included directors, managers, employees and customers.

Directors were chosen because they are involved in strategic planning of the organizations while managers and employees were chosen because they are the implementers of corporate governance practices. Customers were also chosen because they are the beneficiaries of the services provided by county owned water organizations in Western Kenya. Therefore the target population of Directors, Managers and employees was 654 as shown in Table 3.1.



### **3.5.1 Company Directors**

The target population of directors in Amatsi Water and Services Company was 6, Nzoia Water Services and Services Company was 7 and Kakamega Water Services and Sanitation Company was 7. Therefore the target population for the three water organizations was 20 (Lake Victoria North Water Services Board, 2017). This group of people is involved in the strategic planning and development of policies among county owned water organizations. The plans have to be in conformity with the Vision 2030 (GoK, 2007).

### **3.5.2 Company Managers**

Target population of Managers in Amatsi Water and Services Company was 6, Nzoia Water Services and Services Company was 12 and Kakamega Water Services and Sanitation Company was 12 (Lake Victoria North Water Services Board, 2017). Therefore the target population for the three water organizations was 30. This group of people are engaged in the implementation of policies and management of water services in the four Counties of Western Kenya. County owned water organizations' role is to license and manage the supply of water and Sanitation services in all parts of the country in accordance with Section 47 of the Water Act (2002).

### **3.5.3 Company Employees**

The target population of the company employees was, Amatsi Water and Services Company was 70, Nzoia Water Services and Services Company was 350 and Kakamega Water Services and Sanitation Company was 184 (Lake Victoria North Water Services Board, 2017). Therefore the target population for the three water organizations was 604. This group of people is engaged in implementation of provision of water services in the

four Counties of Western Kenya. County owned water organizations' role is to license and manage the supply of water and Sanitation services in all parts of the country in accordance with Section 47 of the Water Act (2002).

#### **3.5.4 Company Customers**

For purposes of triangulations, data was also obtained from customers of the county owned water organizations in Western Kenya with regard to service delivery. It was important to understand how customers viewed the services/products from the respective organizations. Therefore target population for customers in Amatsi Water and Services Company was 9,132, Nzoia Water Services and Services Company was 34,911 and Kakamega Water Services and Sanitation Company was 31,298 (Lake Victoria North Water Services Board, 2017).

Therefore the target population for the three water organizations was 75,341 which included all customers living within the jurisdictions of the three county owned water organizations in Western Kenya namely, Trans- Nzoia, Bungoma, Kakamega and Vihiga Counties respectively. The target population, sample areas and sample distribution is presented in Table 3.1 below.

**Table 3.1: Target Population, Sample Areas and Sample Distribution for Directors, Managers, Employees and Customers**

<b>Respondents</b>	<b>Directors</b>		<b>Managers</b>		<b>Employees</b>		<b>Customers</b>		<b>Total</b>	
<b>Sample Areas</b>										
Amatsi Water Services and Sanitation Company	(6)	2	(6)	2	(70)	25	(9,132)	45	(9214)	74
Nzoia Water Services Company	(7)	3	(12)	4	(350)	126	(34,911)	170	(35280)	303
Kakamega Water Services and Sanitation Company	(7)	3	(12)	4	(184)	67	(31,298)	153	(31501)	227
<b>Total</b>	<b>(20)</b>	<b>8</b>	<b>(30)</b>	<b>10</b>	<b>(604)</b>	<b>218</b>	<b>(75,341)</b>	<b>368</b>	<b>(75995)</b>	<b>604</b>

**Source:** *Research Study (2019)*

**Note:** Figures in parenthesis represent target population.

**Note:** Figures in parenthesis represent target population.

### **3.6 Sampling frame, Sampling Procedure and Sample Size**

#### **3.6.1 Sampling Frame**

Sampling frame is a complete list of people forming the target population from which the sample for the study was taken (Mugenda & Mugenda, 2008). The sampling frame for

the study included lists of directors, managers, employees and customers of the county owned water organizations in Western Kenya namely, Amatsi Water and Sanitation Services company whose head office is in Chavakali has branches in Kaimosi, Luanda, Majengo, Maseno and Mbale, Nzoia Water and Sanitation Services company whose head office is in Webuye and has branches in Kitale, Bungoma and Kimilili. Kakamega Water and Sanitation Services Company had a head office in Kakamega with branches in Mumias, Malava, Butere, and Nambale respectively (Water Services Regulatory Board, 2012).

### **3.6.2 Sampling Procedure**

Sampling is the act, process or technique of selecting a suitable representative part of a population for the purpose of determining parameters or characteristics of the whole population. The procedure for drawing a sample consisted of defining the population, identifying the sampling frame, selecting a sampling procedure, determining the sample size, selecting the sample units and collecting data from the sampled units (Kombo, & Tromp, 2006; Ghauri & Grønhaug, 2002; Kipkebut, 2010; Singh & Masuku, 2014; Saunders et al., 2009).

The study used stratified, simple random sampling procedure to get the samples of directors, managers, employees and customers of Amatsi Water and Services Company, Nzoia Water Services and Services Company and Kakamega Water Services and Sanitation Company.

### 3.6.3 Sample Size

Yamane (1973) formula was used to determine the sample size for directors, managers, employees and customers.

Yamane (1973) formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where

N = population size

e = level of precisions (0.052)

Therefore the study obtained a sample size of 8 directors who included 2 directors from Amatsi Water and Services Company from a target of 6, 3 directors from Nzoia Water Services and Services Company from a target of 7 and 3 directors from Kakamega Water Services and Sanitation Company from a target of 7.

The sample size for managers was 10 which included 2 managers from Amatsi Water and Services Company from a target of 6, 4 managers from Nzoia Water Services and Services Company from a target of 12 and 4 managers from Kakamega Water Services and Sanitation Company from a target of 12.

Employees' sample size was 218 which included 25 employees from a target population of 70 employees from Amatsi Water and Sanitation Services, 126 employees from a target population of 350 employees from Nzoia Water and Sanitation Services Company and 67 employees from a total target population of 184 employees from Kakamega Water and Sanitation Services Company.

The sample size of 45 customers was obtained from Amatsi Water and Services Company from a total population of 9,132, 170 customers was obtained from Nzoia Water Services and Services Company from a total population of 34,911 and a sample size of 153 was drawn from Kakamega Water Services and Sanitation Company from a total population of 31,298.

### **3.7 Data Collection Methods**

#### **3.7.1 Types of Data**

Both qualitative and quantitative data was generated from primary and secondary sources.

#### **3.7.2 Sources of Data**

Secondary data played an important role in the study because there were cases where the study could not get first-hand information. Therefore secondary data was obtained through internet, published information and document analysis of the records from county owned Water Organizations, their newsletters as well as government reports.

Primary data was obtained from self- administered questionnaires and interview guides which provided first- hand information.

### **3.8 Data Collection Instruments**

The study made use of two data collection instruments namely structured and semi structured questionnaires, and interview guides.

#### **3.8.1 Questionnaires**

Questionnaires are commonly used as a tool for data collection in quantitative study and cover a large random selection of respondents. Therefore study questionnaires were

developed based on the objectives and were distributed and administered with the aim of encouraging high response rate. The study developed questionnaires that were both structured and semi structured for quick response (Hair, Bush & Ortinau, 2000).

### **3.8.1.1 Instrumentation**

The study developed both structured and semi structured questionnaires to collect data from respondents among county owned water organizations in Western Kenya. The questionnaires for employees consisted of five sections where section A-D had closed ended questions while section E had open ended questions. Section A consisted of socio - demographic information which was aimed at obtaining general information about the respondents. Section B aimed at examining corporate governance practices among county owned water organizations in Western Kenya. Section C included information on organizational factors and Section D captured information on service delivery. The last section contained open ended questions on corporate governance practices, organizational factors, and service delivery among county owned water organizations in Western Kenya.

Questionnaires for customers were structured with closed ended questions and had two sections which included socio- demographic information and service delivery among county owned water organizations in Western Kenya. However, there was an open ended question on customers' name of organization. Therefore closed ended questions were developed to allow easier and accurate analysis of data, therefore, precise interpretation of the responses and also allowed for a high degree of respondents' objectivity. Open ended questions were used to give the respondents chance to deliver rich information. Questionnaires were appropriate for the study because they enabled collection of data from a large sample of respondents and upheld confidentiality (Kombo & Tromp, 2006).

### **3.8.2 Interview guides**

Kothari (2011) defines interviews as the process of obtaining information through face to face interaction. The instrument allowed for in-depth probing leading to clear expression of feelings, opinions and attitudes from directors and managers among county-owned water organizations in Western Kenya.

The questions were developed based on the objectives of the study. The first question was on corporate governance practices available in county owned water organizations in Western Kenya, while the second question was on internal auditing. The third question was based on transparency and accountability, while the fourth and fifth questions were on ethical frame work and corporate social responsibility respectively. The sixth question was on organizational factors namely, structure, culture and size, while question seven addressed service delivery.

Interviews were considered to be a reliable way of collecting data from respondents who had in-depth understanding of corporate governance practices among county owned water organizations in Western Kenya.

### **3.8.3 Document Analysis Guide**

This entailed analysing the contents from targeted documents on corporate governance practices and service delivery among county owned Water Organizations in Western Kenya, with the aim of obtaining Secondary data. The study used document analysis technique to obtain data through internet, newsletters as well as government reports and published information on county owned Water Organizations in Western Kenya.



The method was used to provide data that had already been compiled among county owned water organizations in Western Kenya.

### **3.8.4 Reliability and Validity of Instruments**

Aspects of validity and reliability of the study instruments were important considerations that needed to be checked before they were used.

#### **3.8.4.1 Validity**

Validity refers to the accuracy, correctness, meaningfulness of inferences and soundness of results and conclusion, which are based on the study findings. It is the extent to which an instrument measures what it purports to measure (Mugenda & Mugenda, 2003; Kothari, 2008; Fraenkel & Wallen, 2000; Glenn, 2010).

#### **3.8.4.2 Face Validity**

The study also considered testing for face validity. Moulton, Cole, Ridgers, Pepin and Barnett (2018) define face validity as the degree to which a test is viewed by the participants of the study by assessing the concept with a site to measure. Cox, Bown and Bell (2019) hold the opinion that deals with individuals' subjective view of validity of an assessment or the belief about whether or not the assessment is a fair measure of a given construct. By taking the relevance of the questions on corporate governance practices and service delivery in the instruments of data collection, the researcher in consultation with the supervisors ensured that all the questions were relevant.

#### **3.8.4.3 Construct Validity**

Mashburn (2017) define construct validity as the degree to which a test measures what it intended to measure. In order to ensure construct validity, the questionnaires were shared

with the experts from the teaching department and thesis supervisors to ensure that questions posted in the instruments related to the construct of the study (Tzeng and Panerai, 2018). Therefore construct validity was established through a pilot study that was conducted at Eldoret Water and Sanitation Company, with the guidance of supervisors.

### **3.8.5.1 Reliability**

Reliability is the extent to which any particular method of data collection is replicable. For example, if someone else did the same study using different technique, the findings would be the same. It refers to the degree to which scores obtained from an instrument are consistent. Reliability is the measure of the degree to which a study instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). The study considered internal stability reliability.

### **3.8.5.2 Internal Stability**

This refers to how the instrument of data collection is able to give consistent results with repeated trials. In order to check for internal stability of the study instruments, Cronbach alpha coefficient ( $\alpha$ ) test was used. Bushara, Ahmed and Elzebair (2018) contend that Cronbach alpha coefficient ( $\alpha$ ) is an ideal measure for internal stability of the study instrument.

### **3.9 Pilot Test**

A Pilot test is a form of small scale version or trial of a study that is done prior to the main study (Polit, Beck & Hungler, 2001). The pilot study was conducted at Eldoret Water and Sanitation Services Company in Eldoret. The main reason was to establish the

reliability and validity of the study instruments. The results of the pilot study were used to remove the flaws from the study instruments. After the pilot study a discussion was held with the supervisors in order to make relevant adjustments to the instruments pertaining reliability and validity. This was done by checking the relevance on how respondents answered questions on corporate governance practices and service delivery in the instruments of data collection, prior to the main study.

### **3.9.1 Multicollinearity**

Multicollinearity test was conducted using variance inflation factor (VIF) to show the level of inter correlations among the independent variables of the study.

### **3.10 Data Analysis and Presentation Techniques**

Data analysis involves manipulation of data collected (Orodho, 2008). Data collected was coded and analysed using the SPSS version 22 computer programme. The computer software enabled the study to comprehensively analyse data by manipulating and transforming variables into desired forms.

In statistics, normality tests are used to determine if a data set is well-modelled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. Variables that are not normally distributed can distort relationships and significance tests. Additionally, when normality assumption is violated, interpretation and inferences may not be reliable or valid. The study used Shapiro-Wilk test to determine the normal distribution of data (Razali & Wah, 2011).

### **3.10.1 Data Analysis**

Descriptive data analysis technique comprising of arithmetic means was used to measure central tendencies, while standard deviation which was used to measure dispersion, percentages and frequencies were also used. This was used on the questionnaires for employees and customers. Qualitative analysis technique was used to analyse data collected from directors and managers through interviews which was used to validate and complement the answers from structured and semi structured questionnaires.

Inferential statistics was carried out by use of both correlation and regression analysis. Pearson Moment Correlation Coefficient Analysis model was used to establish the relationship between the independent and dependent variables. Simple regression analysis test was used to establish the effect of individual independent variables on dependent variables as well as test the hypotheses one to four, Multiple linear regression analysis test was used to test the combined effect of corporate governance practices on service delivery and Hierarchical regression analysis was used to test the effect of organizational factors on the relationship between independent and dependent variables.

#### **3.10.1.1 Pearson's Product Moment Correlation Coefficient Analysis Test**

The parametric test was performed on data that was normally distributed and operated on data that had linearity (Cooper & Schindler, 2003; Mugenda, 2008; Polonsky & Waller, 2005). The model was used to measure the association between internal auditing, transparency and accountability, ethical framework and corporate social responsibility as independent variables and level of customer satisfaction, nature of quality of service and proportion of revenue collection as dependent variables.

$$r = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{[N \sum X^2 - (\sum X)^2]} \sqrt{[N \sum Y^2 - (\sum Y)^2]}}$$

**Where:**

$N$  = Number of pairs of scores

$\sum XY$  = Sum of the products of paired scores

$\sum X$  = Sum of X scores

$\sum Y$  = Sum of Y scores

$\sum X^2$  = Sum of squared X scores

$\sum Y^2$  = Sum of squared Y scores

### **3.10.1.2 Simple Regression Analysis Test**

Simple linear regression analysis model was used to test the effect of individual corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery among county owned water organizations in Western Kenya. The model therefore was applied to establish the strength of the relationship between individual corporate governance practices namely internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. Key aspects namely, model summary of the value of r squared and the coefficient of determination that shows percentage of variations in the dependent variable that were caused by variations in the independent variable.

The second part of the model was the ANOVA table, whose variations were caused by both the model as well as residuals. The study used 5% significance level to test the hypotheses.

The computed F statistic was checked for significance by taking the last column which had the key value. The third and last part of the model had values of the coefficients of regression that showed the extent of the strength of the relationship between corporate governance practices and service delivery whose p values were indicated. The formula represented the general model of simple linear regression and clearly showed that on the left-hand side was the dependent variable and on the right hand side had the independent variable alongside the y-intercept and the random error term.

$$Y = \beta_0 + \beta_i X_i + \epsilon_i$$

**Where:**

**Y** = Service delivery

**$\beta_0$**  = Constant term(y intercept)

**$\beta_i$**  = Coefficient of regression

**$X_i$**  = Independent Variable

**$\epsilon_i$**  = Random error term

**$i$**  = (1 for internal auditing, 2 for transparency and accountability, 3 for ethical framework and 4 for CSR)

### **3.10.1.3 Multiple Regression Analysis Test**

The model was used to test the statistical significant effect of the combined corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery among county owned water organizations in Western Kenya.

The formula represented the general model of multiple linear regression and clearly showed that on the left-hand side was the dependent variable and on the right hand side had the independent variables alongside the y-intercept and the random error term.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

**Key:**

Y = Service Delivery

X<sub>1</sub> = Internal Auditing

X<sub>2</sub> = Transparency and Accountability

X<sub>3</sub> = Ethical Framework

X<sub>4</sub> = Corporate Social Responsibility

$\beta_0$  = Constant term

$\beta_{ij}$  = Beta coefficients

$\epsilon_i$  = Random Error term

#### **3.10.1.4 Hierarchical Regression Analysis Test**

The model was used to test the statistically significant moderating effect of organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya as hypothesized in hypothesis five. Hierarchical regression analysis test was used to test the significant moderating effect of individual organizational factors namely, organizational structure, organizational culture and organizational size on the relationship between corporate governance practices and service delivery. Later, the model was used to test the

moderating effect of combined organizational factors namely, organizational structure, organizational culture and organizational size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

The first model had independent variables interacting with the dependent variables without organizational factors. While the second model had the independent variables interacted with dependent variable together with the individual organizational factors namely, structure, culture and size, and examined for statistical significance to determine the moderating effect. Later, the independent variables were interacted with dependent variables together with combined organizational factors namely structure, culture and size, and examined for statistical significance to determine the moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

Finally, the independent variables were interacted with dependent variables together with compound organizational factors as whole and examined for statistical significance to determine the moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.



$$Y = i + aX + bM + \epsilon$$

Y = Service delivery

i = Constant term for the model

a = Coefficient for independent variable

x = Independent variable

b = Coefficient for the organizational factors

M = Organizational factors

e = Random error term

### **3.10.2 Data presentation**

Data presentation plays a crucial role in communicating the findings of the study. This is because the objectives are made clear with relevant evidence. Data presentation provides findings in a systematic manner. There were many pieces of data collected during the study which were well organized and analysed (Kalpesh, 2013). Therefore, data is presented both quantitatively and qualitatively in tables, pie charts and bar graphs in terms of frequencies and percentages. It is also presented in narrative form.

### **3.11 Observation of Ethical Standards**

Ethics deals with individual conduct and serves as a guide to one's behaviour. It is an important consideration in a study because it involves human subjects. Study ethics is appropriate behavior because it is relative to the norms of the society (Cooper & Schindler, 2010; Zikmund, 2010; Polonsky & Waller, 2005; Mugenda & Mugenda, 2008). Utmost care was taken to ensure strict observance of ethical principles, standards and codes. For instance, the study acknowledged the work of other authors to avoid plagiarism and fraud. In order to protect the rights and welfare of respondents and to

ensure that the study did not psychologically, socially and financially harm them, the study got informed consent from the respondents and interviewees before participation.

An introductory letter from the University was given to the respondents prior to administering the study instruments for the purpose of introduction. Respondents were informed about the purpose and expected benefits of the research, and that the information given shall only be used for academic purpose. Respondents were also informed that participation in the study was voluntary and adequate time was allowed to the respondents to reflect on the information provided and minimized coercion and undue influence in order to maintain privacy. No pressure or inducement of any kind was to encourage individual respondents to participate in the study.

Confidentiality of the information given by respondents was assured by maintaining anonymity where respondents were requested not to write their names on the questionnaires. Also, information that was judged to be highly intrusive, offensive and immoral was avoided and interviews were conducted in confidence.

## **CHAPTER FOUR**

### **FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the results of descriptive and inferential statistical analysis of data as well as narrative analysis and their interpretation. The results are reported in sections. Section one describes the response rate and preliminary quantitative analysis. Section two and three describes descriptive and inferential data analysis and explanations of interview results.

#### **4.2 Response Rate**

The study sought to get views from 218 (100%) employees on the influence of corporate governance practices on service delivery among the three county owned water organizations in Western Kenya. However, 250 questionnaires were given out to the respondents in order to achieve the targeted response and also to address those that would not respond. Therefore, only 229 questionnaires were collected from employee respondents for analysis. The figure was high enough to get sufficient quantitative information on internal auditing, transparency and accountability, ethical framework and corporate social responsibility on service delivery among county owned water organizations in Western Kenya.

Qualitatively, the study obtained in-depth views from sampled 8(100%) directors and 10(100%) managers from the three county owned water organizations in Western Kenya, that were used to make necessary inferences.

The study also sought the views of customers on service delivery among county owned water organizations in Western Kenya in order to compliment employees' views. Therefore, 400 questionnaires were given out to customer respondents in order to achieve the intended sample size. However, only data from 288(78.2%) customer respondents was obtained among the three county owned water organizations in Western Kenya.

### **4.3 Preliminary Quantitative Analysis of Data**

Preliminary analysis of the study data was undertaken before embarking on testing the five stated null hypotheses to see if data collected met the requirements for further analysis.

#### **4.3.1 Reliability Test**

Cronbach alpha coefficient tests were used to establish the reliability of corporate governance practices on service delivery. Kupermintz (2003) advises that the best measure for testing reliability is Cronbach's alpha ( $\alpha$ ) which is expected to be 0.70 and above as shown in Table 4.1.

**Table 4.1: Reliability Results**

Variable	Cronbach's Alpha ( $\alpha$ )	No. of Items
Corporate governance practices (Independent Variables)		
Internal Auditing	0.793	10
Transparency and accountability	0.808	8
Ethical framework	0.745	7
Corporate social responsibility	0.774	7
Organizational Factors		
Organizational Structure	0.806	6
Organizational Culture	0.819	6
Organizational Size	0.721	5
Service delivery (Dependent Variables)		
Service Delivery	0.832	8
Overall	0.787	57

**Source:** *Research Study (2019)*

From the table, it can be seen that the values of Cronbach's alpha coefficient met the required threshold as all of them were above the required value of 0.70, with an overall value of 0.787, indicating that the instruments were reliable.

#### **4.3.2 Normality of the Distribution**

The study data was also checked for normality to determine the distribution using Shapiro –Wilk test (Razali & Wah, 2011) and results are as shown in Table 4.2.

**Table 4.2: Normality Tests**

Data	Shapiro-Wilk		
	Statistic	Df	Sig.
Internal Auditing	0.966	229	.049
Transparency and Accountability	0.957	229	.023
Ethical Framework	0.965	229	.016
Corporate Social Responsibility	0.951	229	.005
Organization Structure	0.959	229	.025
Organization Culture	0.957	229	.019
Organization Size	0.952	229	.005
Service Delivery	0.94	229	.001

**Source:** *Research Study (2019)*

From the table, it can be seen that the variables had their respective p values less than 0.05 level of significance, which indicated that the data sets that were used for both independent and dependent variables was normally distributed.

### 4.3.3 Multicollinearity Tests

Multicollinearity test was conducted using variance inflation factor (VIF) to show the level of inter correlations among the independent variables of the study. The results are presented in Table 4.3.

**Table 4.3: Multicollinearity Tests**

<b>Variable</b>	<b>Tolerance</b>	<b>VIF</b>
Internal Auditing	.551	1.815
Transparency and Accountability	.609	1.643
Ethical Framework	.421	2.376
Corporate Social Responsibility	.609	1.643

**Source:** *Research Study* (2019)

The findings show that values in the Variance Inflation Factor column were less than 10. This indicated that the correlations among the independent variables are not statistically significant to affect the inferences from the regression model.

#### **4.4 Descriptive Analysis**

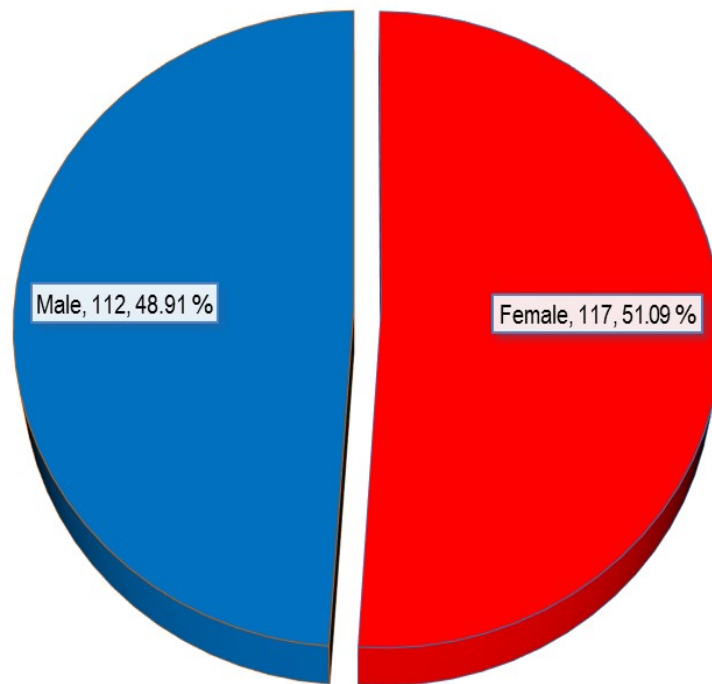
This was based on data that was obtained using questionnaires for both employees and customers among county owned water organizations in Western Kenya.

##### **4.4.1 Socio- Demographic Profiles of Employee Respondents**

The socio- demographic profiles of 229 employee respondents working for county owned water organizations in Western Kenya were analysed using four characteristics namely: gender, age, academic/professional qualifications and work experience including job specification. This was necessary for establishing their understanding of influence of corporate governance practices, organizational factors on service delivery among county owned water organizations in Western Kenya.

#### 4.4.1.1 Gender Distribution of Employee Respondents

The study sought to establish gender of the employee respondents and the results are presented in Figure 4.1 below.



**Figure 4.1: Gender Distribution of Employee Respondents**

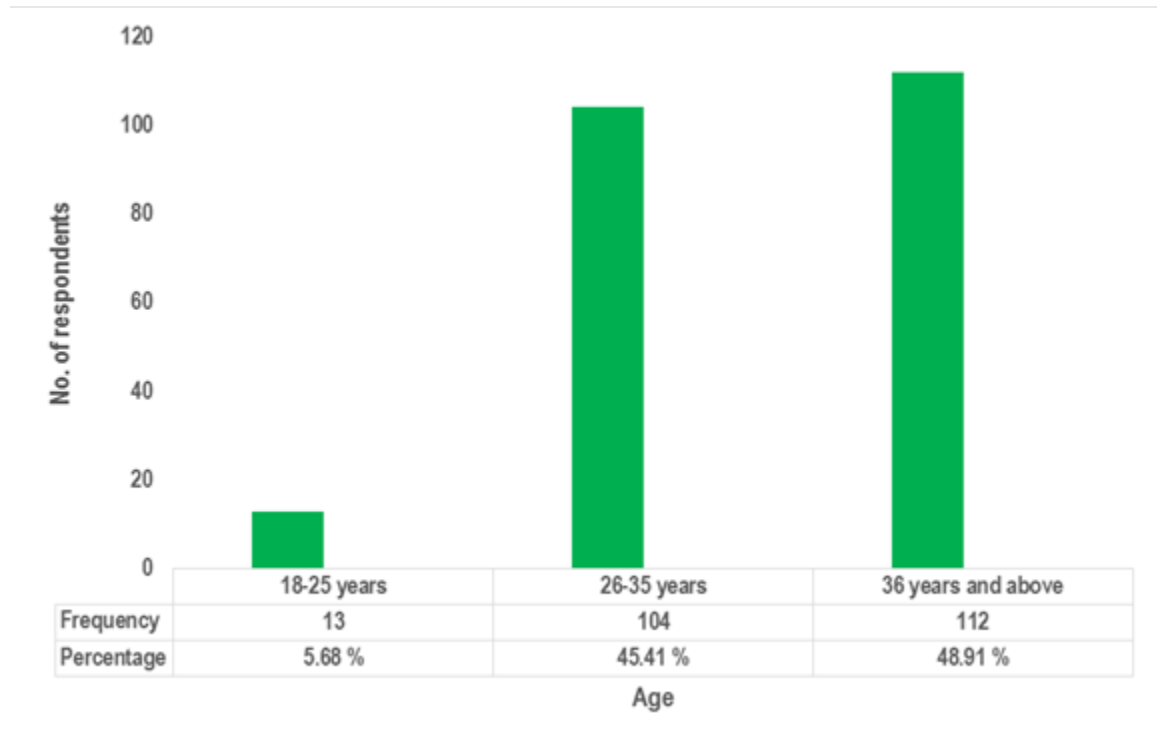
**Source:** *Research Study (2019)*

The results show that gender was established at 117(51.09%) female and 112(48.91%) male of the three water organizations in Western Kenya. It can be noted that the number of female respondents was slightly higher than that of male with a margin of 5(2 %). Therefore information on corporate governance practices, organizational factors based on gender was almost balanced.



#### 4.4.1.2 Age of Employee Respondents

The study sought to establish the age of employee respondents and the results are shown in Figure 4.2.



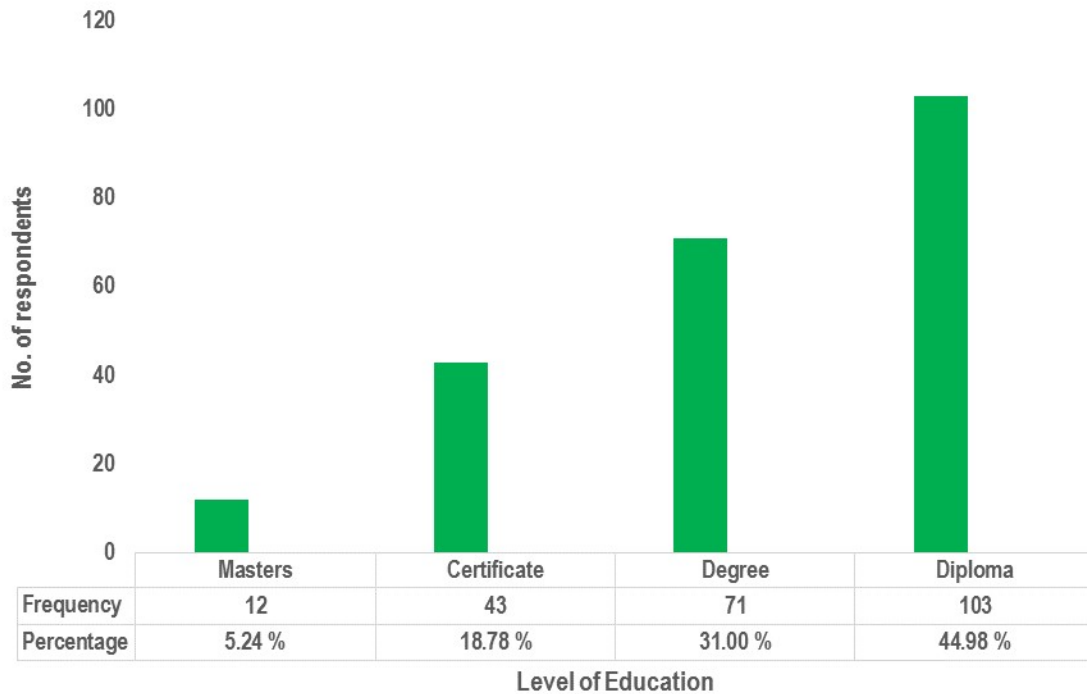
**Figure 4.2: Age Distribution of Employee Respondents**

**Source:** *Research Study (2019)*

From the figure, it can be seen that majority of employee respondents were 36 years and above which constituted a total of 112(48.91%), followed by ages 26 to 35 104(45.41%), which formed a youthful and productive group, which if well utilized could be instrumental in perpetuating the appropriate practices that can enhance service delivery.

#### 4.4.1.3 Level of Education of Employee Respondents

The study also sought to establish the level of education of employee respondents and the results are presented in Figure 4.3.



**Figure 4.3: Level of Education of Employee Respondents**

**Source:** *Research Study (2019)*

From the figure above, it can be seen that the highest number of employees 103(44 %) were Diploma holders followed closely by 71(31%) Bachelors Degree holders. However, a small number of employees 12(5%) had Masters Degrees. This was ideal in the understanding of corporate governance practices among county owned water organizations in Western Kenya.

#### 4.4.1.4 Job Specialization of Employees Respondents

The study sought to establish job specialization of employees at the selected water organizations in Western Kenya and the findings are presented in Table 4.4.

**Table 4.4: Job Specification of Employees**

<b>Job Specification</b>	<b>Frequency</b>	<b>Percentage</b>
Billing	44	19.21 %
Customer care	21	9.17 %
Procurement	18	7.86 %
Human resource management	16	6.99 %
Security	14	6.11 %
Water engineering	13	5.68 %
Operation and maintenance	12	5.24 %
Applied Biology	12	5.24 %
Marketing	12	5.24 %
Information technology	12	5.24 %
Accounting	10	4.37 %
Public relations	10	4.37 %
Human resource and marketing	9	3.93 %
Legal department	9	3.93 %
Technical	8	3.49 %
Water treatment	5	2.18 %
Finance	4	1.75 %
Total	229	100.00 %

**Source:** *Research Study (2019)*

From the table, it can be seen that a total of 44(19.21%) of the employee respondents were drawn from the billing department followed by customer care department with 21(9.17%).

#### **4.4.1.5 Work Experience of Employees**

The study sought to establish work experience of employee respondents of the selected water organizations in Western Kenya and the results are presented in Table 4.5.

**Table 4.5: Work Experience of Employees**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
0-5 years	115	50%
6-10 years	60	26%
Over 10 years	54	24%
Total	229	100%

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of employees had worked for the respective water organizations for a period of less than 5 years 115(50%), followed by those who had worked for 6-10 years 60(26%) and 54(24%) having worked for over 10 years. It can be concluded that employees who had worked for over 5 114(50%) years in the organizations were able to give reliable information on the understanding of corporate governance practices among county owned water organizations in Western Kenya.

#### **4.5 Employees Perception of Corporate Governance Practices**

The study sought the employees' views on corporate governance practices embraced by their respective organizations. The practices evaluated included, auditing, transparency and accountability, ethical framework, and corporate social responsibility.

#### **4.5.1 Employees Perception of Internal Auditing**

The study sought the views of employees on internal auditing among county owned water organizations in Western Kenya. A Likert scale of: 1- Strongly Agree, 2 Agree, 3 Not Sure, 4 Disagree and 5 Strongly Disagree, was used to state the levels of perception of internal auditing and the results are presented in Table 4.6.

**Table 4.6: Employees Perception of Internal Auditing**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization embraces internal auditing practice	78(34.06%)	118(51.53%)	29(12.66%)	4(1.75%)	
The organization engages in internal auditing practice	43(18.78%)	134(58.52%)	33(14.41%)	19(8.30%)	
The organization ensures that there is quality and independence in internal auditing	41(17.90%)	108(47.16%)	46(20.09%)	34(14.85%)	
The organization conforms to internal auditing practice	63(27.51%)	121(52.84%)	41(17.90%)	4(1.75%)	
There is adequate internal auditing process in the organization	122(53.28%)	72(31.44%)	31(13.54%)	4(1.75%)	
Some risks faced by this organization can be effectively managed through internal auditing	133(58.08%)	79(34.50%)	13(5.68%)	4(1.75%)	
Internal auditors have access to necessary records in all departments	84(36.68%)	89(38.86%)	37(16.16%)	3(1.31%)	16(6.99%)
The organization has high level of proficiency and competence in auditing practice	94(41.05%)	82(35.81%)	37(16.16%)	16(6.99%)	
Top management gives support to internal auditing practice	68(29.69%)	66(28.82%)	56(24.45%)	33(14.41%)	6(2.62%)
Staff in the internal auditing department work independently	79(34.50%)	94(41.05%)	35(15.28%)	21(9.17%)	

**Source:** *Research Study (2019)*

From the table, it can be seen that a high proportion of employee respondents 133 (58.08%) strongly agree that risks faced by organizations can be effectively managed through auditing, while 41(17.90%) respondents strongly agreed that organizations ensure that there is quality and independence in internal auditing respectively.

#### **4.5.2 Employees Perception of Transparency and Accountability**

The study sought the views of employees on transparency and accountability among county owned water organizations in Western Kenya. A Likert scale of: 1- Strongly Agree, 2 Agree, 3 Not Sure, 4 Disagree and 5 Strongly Disagree, was used to state the levels of perception on transparency and accountability, and the results are presented in Table 4.7.

**Table 4.7: Employees Perception of Transparency and Accountability**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has put in place mechanisms to ensure transparency and accountability	65(28.38%)	112(48.91%)	20(8.73%)	28(12.23%)	4(1.75%)
The organization encourages voluntary disclosure of information within and outside	45(19.65%)	75(32.75%)	62(27.07%)	47(20.52%)	
There is transparency and accountability in allocation of resources	103(44.98%)	114(49.78%)	8(3.49%)		4(1.75%)
Transparency and accountability play a key role in performance of this organization	43(18.78%)	116(50.66%)	42(18.34%)	28(12.23%)	
The organization encourages both top - down and down -top flow of information	37(16.16%)	136(59.39%)	23(10.04%)	33(14.41%)	
Dissemination of information helps to build the reputation of the organization	34(14.85%)	153(66.81%)	34(14.85%)	8(3.49%)	
There is transparency and accountability in financial reporting	86(37.55%)	122(53.28%)	13(5.68%)	8(3.49%)	
Transparency and accountability leads effective evaluation of management	57(24.89%)	102(44.54%)	42(18.34%)	28(12.23%)	

**Source:** *Research Study (2019)*



From the table, it can be seen that majority of the respondents 103(44.98%) strongly agreed that there is transparency and accountability in allocation of resources in organizations, while 34(14.85%) strongly agreed that dissemination of information helps to build the reputation of organizations.

#### **4.5.3 Employees Perception of Ethical Framework**

The study sought the views of employees on ethical framework among county owned water organizations in Western Kenya. A Likert scale of: 1- Strongly Agree, 2 Agree, 3 Not Sure, 4 Disagree and 5 Strongly Disagree, was used to state the levels of perception on ethical framework and the results are presented in Table 4.8.

**Table 4.8: Employees Perception of Ethical Framework**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has ethical framework in place	71(31%)	117(51.09%)	12(5.24%)	29(12.66%)	
The organization uses ethical framework to regulate employees behavior	113(49.34%)	87(37.99%)	8(3.49%)	9(3.93%)	12(5.24%)
There is positive response to ethical framework requirement by all	94(41.05%)	102(44.54%)	33(14.41%)		
Every individual or department accounts for their ethical performance	131(57.21%)	66(28.82%)	32(13.97%)		
Executives of the organization lead by example in ethical framework adherence	110(48.03%)	59(25.76%)	52(22.71%)	8(3.49%)	
Gender has effect on adherence to ethical framework	98(42.79%)	58(25.33%)	24(10.48%)	49(21.40%)	
The organization has measures in place to punish those who do not adhere to ethical frame work	57(24.89%)	63(27.51%)	87(37.99%)	22(9.61%)	

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of the respondents 131(57.21%) strongly agreed that every individual or department accounts for their ethical performance, while 57(24.89%) strongly agreed that organizations have measures in place to punish those who do not adhere to ethical frame work.

#### **4.5.4 Employees Perception of Corporate Social Responsibility**

The study sought the views of employees on corporate social responsibility among county owned water organizations in Western Kenya. A Likert scale of: 1- Strongly Agree, 2 Agree, 3 Not Sure, 4 Disagree and 5 Strongly Disagree, was used to state the levels of perception on CSR and the results are presented in Table 4.9.

**Table 4.9: Employees Perception of Corporate Social Responsibility**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has CSR mechanisms in place	85(37.12%)	29(12.66%)	62(27.07%)	32(13.97%)	21(9.17%)
Employees willingly participate in CSR activities	53(23.14%)	83(36.24%)	58(25.33%)	35(15.28%)	
The community associates with organization through CSR	98(42.79%)	81(35.37%)	46(20.09%)	4(1.75%)	
Customers identify themselves with the organization according to CSR activities implemented	60(26.20%)	79(34.50%)	65(28.38%)	17(7.42%)	8(3.49%)
CSR has a positive impact on the organization	55(24.02%)	92(40.17%)	66(28.82%)	12(5.24%)	4(1.75%)
Organization have CSR that is relevant to the needs of customers	79(34.50%)	134(58.52%)	16(6.99%)		
There is a strong link between CSR activities and organization image	40(17.47%)	119(51.97%)	43(18.78%)	12(5.24%)	15(6.55%)

**Source:** *Research Study (2019)*

From the table, it can be seen that a significant number of respondents 98(42.79%) strongly agreed that communities associate with organizations through CSR, while 21(9.17%) strongly disagreed that organizations have CSR mechanisms in place.

#### **4.5.5 Employees Perception of Organizational Factors**

The study sought the views of employee respondents on the statistical significant moderating on effect of organizational factors such as structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya. A Likert scale of: 1- Strongly Agree, 2 Agree, 3 Not Sure, 4 Disagree and 5 Strongly Disagree, to state the levels of perception of employees on moderating effect of organizational factors of county owned water organizations in Western Kenya.

##### **4.5.6.1 Employees perception of Organizational Structure**

The study sought the views of employees on the statistical significant moderating effect of organizational structure among county owned water organizations in Western Kenya. A Likert scale of: 1- Strongly Agree, 2 Agree, 3 Not Sure, 4 Disagree and 5 Strongly Disagree, to state the levels of perception of employees on moderating effect of organizational structure among county owned water organizations in Western Kenya and the results are presented in Table 4.10.

**Table 4.10: Employees Perception of Organizational Structure**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has a Structure that is unique to its operation	28(12.23%)	162(70.74%)	39(17.03%)		
Employees in this organization are aware of the existing Structure	56(24.45%)	100(43.67%)	64(27.95%)	9(3.93%)	
Customers identify the organization by a specific Structure	34(14.85%)	121(52.84%)	53(23.14%)	21(9.17%)	
Structure determines the output of the organization	58(25.33%)	96(41.92%)	71(31%)	4(1.75%)	
Generally the organization is committed to the structure	63(27.51%)	122(53.28%)	44(19.21%)		

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of respondents 58(25.33%) strongly agreed that structures determine service delivery in organizations, while 21(9.17%) strongly disagreed that customers identify organizations by structures.

#### **4.5.6.2 Employees Perception of Organizational Culture**

The study sought the views of the employee respondents on the statistical significant moderating effect of organizational culture among county owned water organizations in Western Kenya and the results are presented in Table 4.11.

**Table 4.11: Employees Perception of Organizational Culture**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has a culture that is unique to its operation	22(9.61%)	113(49.34%)	79(34.50%)	11(4.80%)	4(1.75%)
Employees in this organization are aware of the existing culture	33(14.41%)	101(44.10%)	79(34.50%)	12(5.24%)	4(1.75%)
Customers identify the organization by a specific culture	18(7.86%)	100(43.67%)	91(39.74%)	4(1.75%)	16(6.99%)
Success of the organization is based on its culture	34(14.85%)	123(53.71%)	60(26.20%)	8(3.49%)	4(1.75%)
Organizations culture determines success	82(35.81%)	88(38.43%)	59(25.76%)		
Top management is committed to supporting the culture	66(28.82%)	119(51.97%)	40(17.47%)	4(1.75%)	

Source: Researcher Study (2019)



From the table, it can be seen that majority of the respondents 82(35.81%) strongly agreed that organizations 'culture determined success, while 16(6.99%) strongly disagreed that customers identify organizations by their culture.

#### **4.5.6.3 Employees Perception of Organizational Size**

The study sought the views of employee respondents on the statistical significant moderating effect of organizational size among county owned water organizations in Western Kenya and the results are presented in Table 4.12.

**Table 4.12: Employees Perception of Organization Size**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has a Size that is unique to its operation	50(21.83%)	125(54.59%)	50(21.83%)	4(1.75%)	
Employees in this organization are aware of the size of organization	67(29.26%)	140(61.14%)	22(9.61%)		
Customers identify the organization by a the size	10(4.37%)	140(61.14%)	23(10.04%)	53(23.14%)	3(1.31%)
Success of the organization is based on the size	43(18.78%)	102(44.54%)	53(23.14%)	19(8.30%)	12(5.24%)
Services/ products are associated with the size of Organization	67(29.26%)	91(39.74%)	53(23.14%)	18(7.86%)	

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of respondents 67(29.26%) strongly agreed that employees in organizations are aware of the organizational size, while 12(5.24%) strongly disagreed that success of organizations was based on size.

#### **4.6 Socio-Demographic Profiles of Customer Respondents**

These were analysed using four characteristics namely; respective companies, gender, age, occupation, quality of services received and their promptness in paying bills among county owned water organizations in Western Kenya

##### **4.6.1 Gender Distribution of Customers**

The study sought to establish gender distribution of 288 customers of the selected water companies in Western Kenya and the results are presented in Table 4.13.

**Table 4.13: Gender Distribution of Customers**

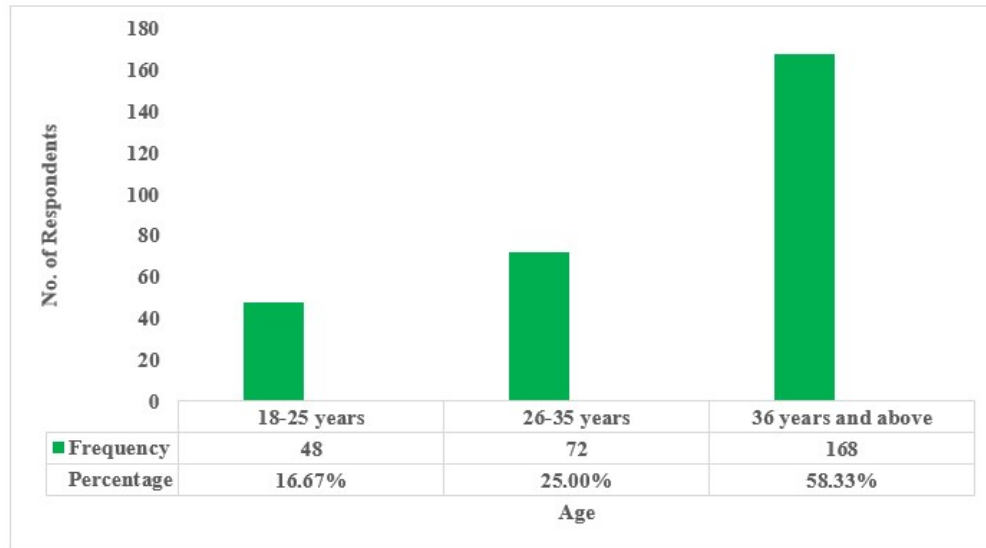
<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Female	142	49.31 %
Male	146	50.69 %
Total	288	100.00 %

**Source:** *Research Study* (2019)

From the table, it can be seen that male respondents were 146(50.69%) which was slightly higher than female 142(49.31%) with a difference of 4(1.39%). Therefore it can be concluded that distribution of respondents in terms of gender was fair enough to get the true picture of service delivery of county owned water organizations in Western Kenya.

#### 4.6.2 Age Distribution of Customer Respondents

The study also sought to establish age distribution of customers in the selected companies in Western Kenya and the results are presented in Table 4.4.



**Figure 4.4: Age Distribution of Customer Respondents**

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of respondents were 36 years and above 168(58.33%), followed by those in age 26 to 35 years 72(25%) whereas 48(16.67%) were 18 to 25 years old. It can be concluded that very few respondents of ages 18 to 35 years are connected to the services of the selected water companies.

#### 4.6.3 Occupation of Customer Respondents

The study sought to establish the occupation of customers in the selected water companies in Western Kenya and the results are presented in Table 4.14.

**Table 4.14: Occupation of Customer Respondents**

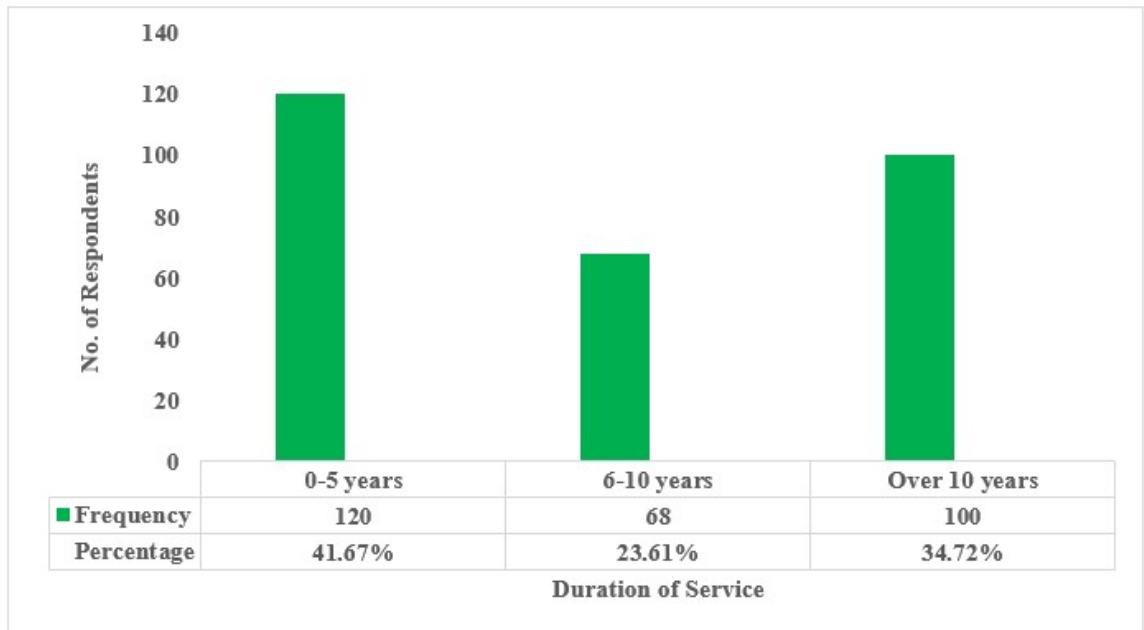
<b>Occupation</b>	<b>Frequency</b>	<b>Percentage</b>
Teaching	166	57.64 %
Business (ladies)	14	4.86 %
Business (men)	12	4.17 %
Hotel attendant	12	4.17 %
Nursing	8	2.78 %
Business manager	8	2.78 %
Receptionist	8	2.78 %
Sales	8	2.78 %
Training	8	2.78 %
Procurement	4	1.39 %
Restaurant waiter	4	1.39 %
Storekeeping	4	1.39 %
Centre manager	4	1.39 %
Clinical officer	4	1.39 %
Pharmacist	4	1.39 %
Barber	4	1.39 %
Students at Masinde Muliro University	4	1.39 %
Laboratory technician	4	1.39 %
Administrative	4	1.39 %
Farming	4	1.39 %
Total	288	100.00 %

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of respondents are teachers 166(57.64%), followed by business ladies and businessmen with 26(9.03%). This indicated that respondents had good understanding of companies' service delivery.

#### **4.6.4 Duration Customers have received Water from Companies**

The study sought to establish how long customers have received services from respective water companies and the findings are presented in Figure 4.5.



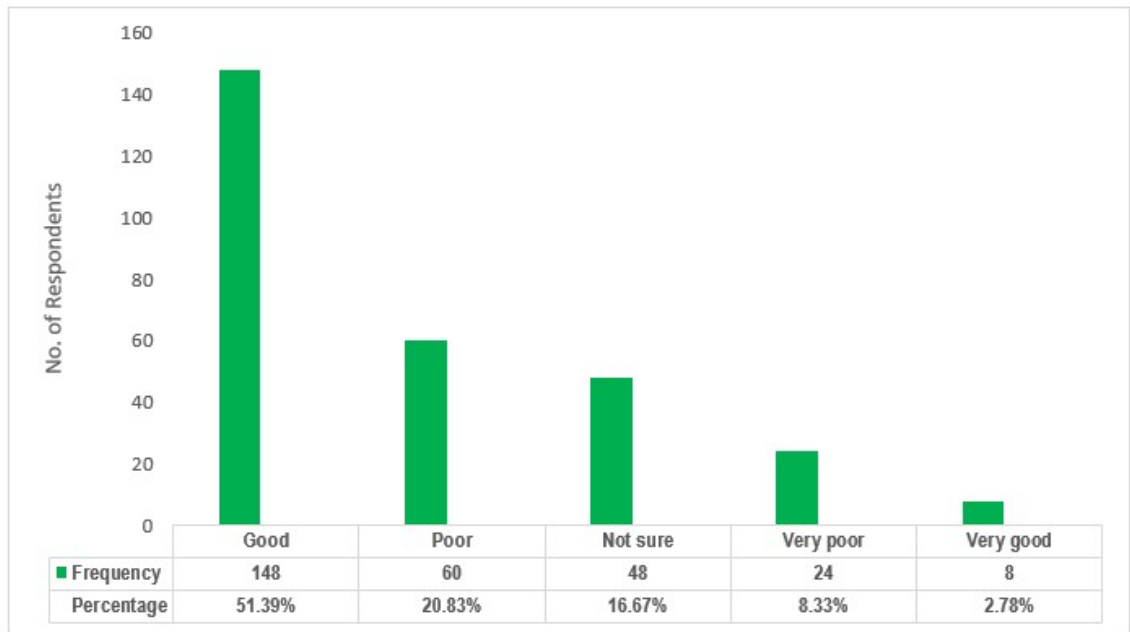
**Figure 4.5: Duration Customers have received Water from Companies**

**Source:** *Research Study (2019)*

From the figure above, it can be seen that majority of respondents 120(41.67%) have been receiving services from the companies for a period of more than five years which was important to determine the satisfaction and quality of services however, 100(34.72) had received water for over 10 years from county owned water organizations in Western Kenya..

#### **4.6.5 Perception of Customers on Quality of Service/Product**

The study sought to establish the quality of service/product and the results are presented in Figure 4.6.



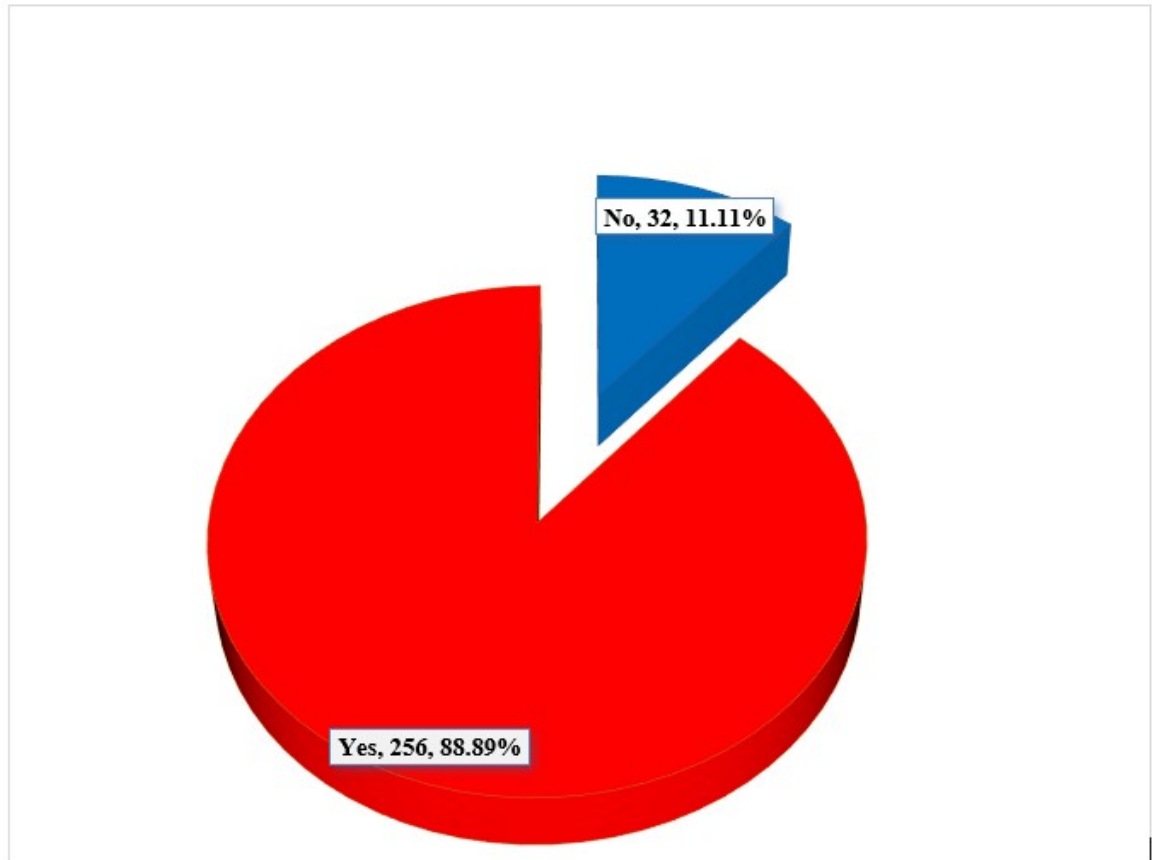
**Figure 4.6: Perception of Customer on Quality of Services/Product**

**Source:** *Research Study (2019)*

From the figure, it can be seen that a significant number of respondents 144(51.39%) indicated that the quality of services was good. However, 60(20.83%) felt that quality of services was poor and 48(16.67%) were not sure.

#### **4.6.6 Efficiency in Payment of Bills by Customer Respondents**

The study sought to establish how customers promptly paid for their services in the selected water organizations and the results are shown in Figure 4.7.



**Figure 4.7: Efficiency in Payment of Bills by Customers**

**Source:** *Research Study (2019)*

The results show that a big number of customers 256(88.89%), pay their water bills promptly while a small fraction of 32(11.11%) do not pay their water bills on time.

#### **4.6.7 Perception of Customers on Service Delivery**

The study sought to establish how customers perceived services that were delivered to them by the respective water companies such as Amatsi Water and Sanitation Services Company, Kakamega Water and Sanitation Services Company and Nzoia Water and Sanitation Services Company. A Likert scale of 1 to 5(1 = Strongly Agree, 2 = Agree, 3



= Not Sure, 4 = Disagree and 5 = Strongly Disagree) was used and the results are shown in Table 4.15.

**Table 4.15: Perception of Customers on Service Delivery**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Staff in the organization is friendly and give effective and efficient services	43(15%)	49(17.0%)	24(8.3%)	107(37.2%)	65(22.5%)
The services provided by the organization are reliable	57(19.8%)	34(11.8%)	59(20.5%)	87(30.2%)	51(17.7%)
The organization offers good services	38(13.2%)	43(14.9%)	65(22.6%)	79(27.4%)	63(21.9%)
Payment of water bills by customers is prompt	83(28.8%)	74(25.7%)	61(21.2%)	29(10.1%)	41(14.2%)

**Source:** *Research Study (2019)*

From the table, it can be seen that majority of customer respondents 87(30.2%) strongly disagreed that services provided by organizations are reliable among county owned water organizations in Western Kenya, while a small number 38(13.2%) strongly agreed that organizations offer good services to customers among county owned water organizations in Western Kenya.

#### **4.7 Qualitative Analysis**

Qualitative data was obtained from directors and managers through in-depth interviews which was used to make necessary inferences.

Both directors and managers indicated that corporate governance practices available among county owned water organizations in Western Kenya included, internal auditing, transparency and accountability, ethical frame work and corporate social responsibility.

On internal auditing, directors and managers indicated that county owned water

organizations embrace internal auditing practice and that the practice is conducted twice in a year. The respondents also indicated that organizations have clear defined procedures for responding to internal audit queries however, the practice is not entirely independent and effective because of the challenges such as inadequate competent personnel.

The findings corroborate with Rahmatika (2014) in the study on impact of internal audit function on quality of financial reporting and its implications on good governance in local government provinces in Indonesia. The findings indicated that internal audit function had significant effect on the quality of financial reporting and good governance. Unegbu & Kida (2011) also corroborate with the study findings in the study on effectiveness of internal audit as instrument to improve public sector management in Kano State of Nigeria. The findings indicated that internal audit contributes positively to good governance.

In Kenya, the findings corroborate with Barasa (2015) in the study on the role of internal audit in promoting good governance in public institutions. The results indicated that there was strong significant relationship between internal audit and good governance in public institutions in Kenya.

On transparency and accountability both directors and managers indicated that county owned water organizations in Western Kenya share necessary information with all stakeholders however, some managers indicated that organizations only share necessary information with government departments and have ignored customers as one of the stakeholders. A manager affirmed that “... *indeed the company conducts internal job vacancy advertisements which he said denies customers/outsiders opportunity to get to*

*know and apply*". Both respondents indicated that organizations have procedure on information sharing within and outside organizations and that, employees strive to achieve their targets, hence accountability is paramount.

Some directors indicated that senior management is not committed to transparency and accountability while others informed that senior management is committed to the practice. Manager respondents indicated that top management is not committed to transparency and accountability.

The findings corroborate with Araya (2006) in the study on companies culture of publishing information on CSR activities in Latin America. The results showed that top companies publish information in a separate report, while a few companies disclose information in annual reports to the public.

Sokol (2009) also affirms the study findings in the study on transparency mechanisms in organizations in Chile, Sweden, Canada, Korea, Japan, and New Zealand. The results showed that appropriate establishment of corporate governance practices is the basic action for optimum use of resources, improving accountability, transparency, observing fairness and rights of all stakeholders of organizations.

KPMG (2000) also corroborates with the current study findings in the study on disclosure of information by the boards in South East Asia, in which the findings indicated that directors should depict transparency by communicating relevant information to all stakeholders.

On ethical framework practice, both respondents indicated that the practice is important in organizations and that organizations have the ethical framework in place. Director respondents indicated that there is procedure on enforcing ethical conduct on members

who do not adhere while manager respondents informed that the ethical conduct is not effectively implemented. A manager respondent reported that ... *“sometimes there are illegal billings by organizations which is evidenced by the big number of customers who come here to complain”*. Further interview indicated that there were reported cases of some employees asking for money for illegal connections and for those who do not pay the water bills, not to be disconnected. A manager reported that a report collected earlier from customer feedback stated that *“... so long as you have any amount some water company employees will connect water for you”*.

Manager respondents indicated that organizations practice favouritism and nepotism in employment opportunities, as reported by a manager that, *“... most employees here are brought by senior officers who are friends, relatives, church mates or political affiliations...”*.

The findings corroborate with Mahdavi (2011) in the study on ethics in business in Indian companies and the results showed that adherence to ethical standards leads to improved organizational performance. Singh, Carasco, Svensson and Callaghan (2005) also corroborate with the study findings, in the study on codes of conduct in Australia, Canada and Sweden and the results indicated that Australian and Canadian codes of conduct lead to improved organizational performance.

On corporate Social Responsibility practice among county owned water organizations in Western Kenya, both director and manager respondents indicated that organizations embrace CSR activities such as distribution of water kiosks and planting of trees along river banks to the communities among others were embraced. However, the respondents

indicated that some projects have been approved and implemented, while a few projects have been approved but not implemented. However managers indicated that no project has been approved for implementation by organizations. The manager respondents also indicated that organizations have very good CSR policies in place but every time they are presented to directors for implementation, they have always been told to wait until funds become available. A manager said, “... *the organizations have good plans that are well documented for CSR however implementation is the biggest challenge since organizations do not have adequate financial resource*”.

Director respondents indicated that there is commitment by organizations to CSR and that the same is cascaded down to employees while managers indicated that organizations are not committed to CSR and there was communication on the same to employees. Both respondents indicated that revenue collection in selected organizations is not adequate.

The study findings corroborate with Sen, Bhattacharya and Korschun (2011) in the study on customer perception on CSR activities of organizations. The findings showed that customers positively evaluate organizations based on their corporate social responsibility initiatives. Lee (2014) also corroborates with the study findings in the study on effect of CSR on organizational performance. The findings indicated that corporate social responsible activities help organizations to create desirable images and often used as strategic planning tool to promote organizations' positive image and increase attraction from current and potential customers.

Qualitative findings on corporate governance practices from directors showed that they are commitment to implementation of corporate governance practices in order to improve

service delivery. However they also noted that county owned water organizations face challenges in terms of implementation of the practices such as climatic conditions where rains take long and this affects water supply. Manager respondents indicated that organizations face political interference especially during the process of implementing certain practices such as internal auditing, transparency and accountability among others. They also indicated that there was interference by some directors on implementation of some practices especially recruitment of staff, among county owned water organizations in Western Kenya.

The study findings corroborate with Ogutu (2010) in the study on corporate governance practices in Kenyan water Sector, which found out that water sector institutions had embraced corporate governance which improved organizational performance. Ndung'u (2013) also corroborates with the study findings in the study on financial sustainability of water companies in Nyeri county, Kenya, which found out that companies need to strengthen governance structures in order to seal any loopholes that may slow down proper implementation of corporate governance practices, since it influences service delivery.

On individual organizational factors both directors and managers indicated that structure has no effect on the operations of organizations, while culture and size have effect on service delivery. They also indicated that organizations have good structures in place but there is lack of adequate resources such as human resource, financial and infrastructure for performance. Some manager respondents indicated that structure, culture and size have effect on service delivery since most structures have been put in place to favour

certain directors to make their governance friendly but are not conducive for managers' effective performance.

Both directors and managers indicated that organizations are putting strong measures in place to have a culture which is unique to county owned water organizations in Western Kenya, in order to strive and change the old culture of carelessness, laziness, tribalism, impunity among others. The respondents also noted that culture contributed immensely on organizational performance as reported by a director from one organization that, '*... our organization is small but we have managed so many connections*'.

The study findings from directors differ from Odhiambo, Mitullah and Akivaga (2005) in the study on organizational structure in public Institutions which found out that the structure of public institutions resulted in conflicts between the executive and legislative arms of those entities resulting in weakened service delivery. However, the study findings corroborate with the managers views on organizational structure.

Viseras, Baines and Sweeney (2005) corroborate with the current study findings in the study on key success factors on implementation practices which showed success of organizations depend more on human factors and less on organization structure.

The study findings differ from State Corporations Advisory Committee (2015) in the study which concluded that Public sectors, especially county owned organizations have similarly tried to embrace good corporate culture as a corporate governance practice in Kenya. However, Wangechi (2015) and Munda (2016) also corroborate with the study findings when they concluded that organizational culture plays a tremendous role in private companies like Safaricom and Equity bank in Kenya which deliver good services.

The study findings corroborate with Ongeti (2014) in the results that small boards may lack the advantage of having the spread of expertise, experience and diverse representation which may affect effective implementation of corporate governance practices and service delivery in Kenya. The study findings also corroborate with Alledayat and Anchor (2010) who found out that organizational size affected corporate governance practice and service delivery in Jordanian firms.

#### **4.8 Inferential Analysis**

Inferential statistical analysis was conducted to establish the relationship between independent variables of corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibilities, and dependent variable namely service delivery county owned water organizations in Western Kenya. Statistical significance of the relationship was also determined to indicate whether to reject or accept the null hypotheses stated for the study.

Pearson Moment Correlation Coefficient Analysis model was used to establish the association between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery. Simple Regression Analysis model was used to establish the level of significance of individual corporate governance practices on service delivery and determine the state of the null hypotheses. Multiple Regression Analysis model was used to establish the level of significance of combined corporate governance practices and service delivery among county owned water organizations in Western Kenya.



Hierarchical Regression Analysis test was conducted to establish the moderating effect of organizational factors namely, organizational structure, culture and size, on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya.

#### **4.8.1 Corporate Governance Practices and Service Delivery**

Pearson's Product Moment Correlation Analysis test was used to establish the association between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. Further the variables were subjected to Simple Regression Analysis to establish the effects of individual corporate governance practices namely, auditing, transparency and accountability, ethical framework and corporate social responsibility on service delivery among county water organizations in Western Kenya. Later, Multiple Regression Analysis test was used to establish the combined effect of corporate governance practices on service delivery among county owned water organizations in Western Kenya.

##### **4.8.1.1 Internal Auditing and Service Delivery**

The study sought to establish the association between internal auditing practice and service delivery among the selected water organizations in Western Kenya. To achieve this, Pearson correlation analysis test was used and the results are presented in Table 4.16.

**Table 4.16: Internal Auditing and Service Delivery**

Practice	Statistic	Service Delivery
Internal Auditing	Pearson's Product Moment Correlation	.306**
	Sig. (2-tailed)	.000
	N	229

**Source:** *Research Study (2019)*

From the table, it can be seen that  $r = 0.306$  which indicated that there was association between internal auditing and service delivery among the county owned water organizations in Western Kenya.

#### **4.8.1.2 Hypothesis Test 1:**

**$H_{01}$ : Internal Auditing has no statistical significant effect on service delivery among county owned water organizations in Western Kenya**

The first objective was to determine the effect of internal auditing on service delivery among county owned water organizations in Western Kenya. This was tested using simple regression analysis, and the findings are presented in Table 4.17.

**Table 4.17: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.306a	0.0938	0.09	0.54459

a. Predictors: (Constant), Internal Auditing

b. Dependent Variable: Service Delivery

**Source:** *Research Study* (2019)

From the table, the findings indicated that internal auditing had a value of r squared = 0.0938 which translated to 9.38%. This was the percentage of service delivery caused by internal auditing, while 90.62% was caused by other factors not explained because the study addressed internal auditing and service delivery among county owned water organizations in Western Kenya.

The study sought to find out the strength of the relationship between internal auditing and service delivery among county owned water organizations in Western Kenya. Analysis of variance test was conducted and the results are presented in Table 4.18.

**Table 4.18: Analysis of Variance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.972	1	6.972	23.508	.000b
Residual	67.322	227	0.297		
Total	74.294	228			

a. Dependent Variable: Service Delivery

b. Predictors: (Constant), Internal Auditing

**Source:** *Research Study* (2019)

From the table above, the results showed that F value = 23.508 and P value was 0.000. Tests were done at 0.5 or 5% level of significance. The results indicated that internal auditing had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

The study also sought to find out the regression coefficient between internal auditing and service delivery among county owned water organizations in Western Kenya and the results are presented in Table 4.19.

**Table 4.19: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.533	0.298	0	8.495	0.000
1 Internal Auditing	0.356	0.073	0.306	4.849	0.000

a. Dependence Variable: Service Delivery

**Source:** *Research Study* (2019)

From the table, the value of regression coefficient B = 0.356 indicated that an increase in a unit of internal auditing was associated with an increase in 0.356 units of service delivery.

Therefore, the results led to the rejection of the first null hypothesis and concluded that, internal auditing had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

Based on the regression coefficient results, simple linear regression model equation was written as

$$Y = 2.533 + 0.356A$$

Where

Y = represents Service delivery

A = represents internal auditing

The study findings corroborate with Suyono and Hariyanto (2012) and Rahmatika (2014) in a study whose findings established that internal auditing function promotes effectiveness on quality of financial reporting and its implications on good governance in Local Government Provinces in Indonesia.

The findings also corroborated with Kuta (2008), Cohen and Sayag (2010) in the study conducted in Israel, and Unegbu and Kida (2011) who conducted studies on the effectiveness of auditing for proper accountability in Nigerian local governments where it was used as an instrument to improve public sector management in Kano state of Nigeria. Belay (2007) also corroborates with the findings on the relationship between internal auditing practice and good governance on the study he conducted in Ethiopia on effective implementation of internal auditing practice to promote good governance in the public sector.

In Kenya the study findings corroborate with Nyokabi (2009) who pointed out that those internal audits in organizations play important role in checking and balancing of organizations service delivery. The findings also relate with the findings of Barasa (2015) that organizations should have mechanisms of auditing with the aim of improving service delivery. Mulandi (2002) also affirms the findings by asserting that auditing is significant in ensuring that companies improve their service delivery.

However the findings differ from Ali, Gloeck, Ahmi and Sahdan (2007) who established that organizations can be in positions to perform better even without sufficient personnel to conduct the auditing.

#### 4.8.1.3 Transparency and Accountability and Service Delivery

The study sought to find out the association that existed between transparency and accountability and service delivery among county owned water organizations in Western Kenya. Pearson’s Moment Correlation Coefficient test was used to determine this and the results are presented in Table 4.20.

**Table 4.20: Transparency and Accountability and Service Delivery**

Practice	Statistic	Service Delivery
Transparency and Accountability	Pearson’s Product Moment Correlation	.524**
	Sig. (2-tailed)	.000
	N	229

**Source:** *Research Study (2019)*

From the table, it can be seen that  $r = 0.524$  which indicated that there was association between transparency and accountability and service delivery among county owned water organizations in Western Kenya.

#### 4.8.1.4 Hypothesis Test 2:

**Ho<sub>2</sub>: Transparency and accountability has no statistical significant effect on**

**service delivery among county owned water organizations in Western Kenya**

The second objective was to establish the effect of transparency and accountability on service delivery among county owned water organizations in Western Kenya. This was tested using simple regression analysis and the findings are presented in Table 4.21.

**Table 4.21: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.524a	0.274	0.271	0.48739

a. Predictors: (Constant), Transparency and Accountability

b. Dependent Variables: Service Delivery

**Source:** *Research Study* (2019)

From the table, the results showed that  $r^2 = 0.274$  which translated to 27.4% of variations in service delivery caused by transparency and accountability, while 72.6% was caused by other factors not explained because the study addressed transparency and accountability and service delivery among county owned water organizations in Western Kenya.

The study sought to find out the strength of the relationship between transparency and accountability and service delivery among county owned water organizations in Western Kenya. Analysis of variance test was conducted and the results are presented in Table 4.22.

**Table 4.22: Analysis of Variance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	20.37	1	20.37	85.75	.000b
Residual	53.924	227	0.238		
Total	74.294	228			

a. Dependent Variable: Service delivery

b. Predictors: (Constant), Transparency and Accountability

**Source:** *Research Study* (2019)

From the table above, the results showed that  $F = 85.75$  and  $P = 0.000$  tested at 0.05 or 5% level of significant. The findings indicated that transparency and accountability had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

The study also sought to find out the regression coefficient between transparency and accountability and service delivery among county owned water organizations in Western Kenya and the results are presented in Table 4.23.

**Table 4.23: Regression Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.585	0.259	0.000	6.107	0.000
Transparency and accountability	0.599	0.065	0.524	9.26	0.000

a. Dependent Variable: Service Delivery

**Source:** *Research Study* (2019)

From the table, the value of regression coefficient  $B = 0.599$  indicated that a unit increase of transparency and accountability was associated with an increase of 0.599 units of service delivery.



The study findings therefore led to the rejection of the second null hypothesis and concluded that transparency and accountability had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

Based on the beta coefficient results, simple linear regression model equation was written as

$$Y=1.585+0.599TA$$

Where

Y = represents Service delivery

TA = represents transparency and accountability

The findings corroborate with Sokol (2009) in his study where he argued that appropriate establishment of corporate governance practices such as transparency and accountability is the basic action for optimum use of resources and observing fairness and rights of all stakeholders of organizations. The sentiments are also in line with Haddad *et al.*, (2011) who indicated that transparency and accountability consist of policies and procedures designed to provide the management with reasonable assurance for organizations to achieve their goals and objectives.

The findings also corroborate with Nyokabi (2009) in the study findings where it was established there is need for organizations to have ways and means of ensuring transparency and accountability in day-to-day undertakings since it affects service delivery. The findings also corroborate with Benjamin (2014) who asserted that transparency is important in corporate governance because it improves service delivery.

However, Brunetti, Aymo and Weder (2003) disagree with the findings when they contend that there is a negative relationship between transparency and organizations' performance.

Therefore, transparency is not restricted to financial statements, but encompasses a broad array of additional matters that must be disclosed in order to give shareholders the critical information they need. Building a culture of transparency is a fundamental step to achieving trust. However open and honest communication supports the decision to ensure trust and lack of communication and transparency creates suspicion.

#### 4.8.1.5 Ethical Framework and Service Delivery

The study sought to establish the association between ethical framework and service delivery among county owned water organizations in Western Kenya. Pearson correlation coefficient analysis test was conducted and the results are presented in Table 4.24.

**Table 4.24: Ethical Framework and Service Delivery**

<b>Practice</b>	<b>Statistic</b>	<b>Service Delivery</b>
Ethical Framework	Pearson's Moment Correlation	.177
	Sig. (2-tailed)	.0071
	N	227

**Source:** *Research Study (2019)*

From the table, it can be seen that the value of  $r = 0.177$  which indicated that there was association between ethical framework and service delivery among county owned water organizations in Western Kenya.

#### 4.8.1.6 Hypothesis Test 3:

**Ho<sub>3</sub>: Ethical framework has no statistical significant effect on service delivery**

**among county owned water organizations in Western Kenya.**

The third objective was to find out the effect of ethical framework on service delivery among county owned water organizations in Western Kenya. Simple regression analysis test was used and the results are shown in Table 4.25.

**Table 4.25: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.177a	0.0313	0.027	0.563

a. Predictors: (Constant), Ethical Framework

b. Dependent Variable: Service Delivery

**Source:** *Research Study (2019)*

From the table, the findings showed that r squared value was 0.031, which indicated that 3.16% of variations in service delivery was caused by ethical framework, while 96.85% was caused by other factors not explained because the study addressed ethical framework and service delivery among county owned water organizations in Western Kenya.

The study sought to find out the strength of the relationship between ethical framework and service delivery among county owned water organizations in Western Kenya. Analysis of variance test was conducted and the results are presented in Table 4.26.

**Table 4.26: Analysis of Variance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.343	1	2.343	7.391	.007b
Residual	71.951	227	0.317		
Total	74.294	228			

a. Dependent Variable: Service Delivery

b. Predictors: (Constant), Ethical Framework

**Source:** *Research Study (2019)*

From the table, the findings showed that  $F = 7.391$  and  $P = 0.007$  and the test was at 0.05 or 5% level of significance. The results showed that ethical framework had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

The study also sought to find out the regression coefficient between ethical framework and service delivery among county owned water organizations in Western Kenya and the results are presented in Table 4.27.

**Table 4.27: Regression Coefficient**

Model	Unstandardized Coefficients	0	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.186	0.29	0.000	10.971	0
Ethical framework	0.194	0.071	0.177	2.719	0.007

a. Dependent Variable: Service Delivery

**Source:** *Research Study (2019)*

From the table, the value of regression coefficient  $B = 0.194$  indicated that an increase in ethical framework by a unit was associated with an increase of 0.194 units of service delivery.

Therefore the study rejected the third null hypothesis and concluded that ethical framework had significant influence on service delivery of county owned water organizations in Western Kenya.

Based on the beta coefficient results, simple linear regression model equation was written as

$$Y=3.186+0.194EF$$

Where

Y = represents Service delivery

EF = represents ethical framework

The findings corroborate with Agbonifoh (2010), Purcell and James (2011) and Omisore (2015) who contend that, it is important to formalize ethical conduct by way of drafting an effective code of ethics but differs with the expectation that ethical framework ought to be effectively implemented.

The sentiments are also echoed by Singh, Carasco, Svensson and Callaghan (2005) who emphasized on the importance of ethical issues in day-to-day running of organizations for effective service delivery.

Although Crane and Matten (2007) find that ethical responsibilities enjoy much higher priority in Europe than in Africa and specifically Kenya, it is a practice that organizations

need to embrace in order to improve service delivery. The findings also corroborate with Golja and Paulisic (2010) who explain that business ethics is a function of culture which can affect what is acceptable and unacceptable. Therefore it is a matter of developing good habits in organizations which is a continuous process.

Kaptein (2004) also agrees with the findings that ethical conduct guides organizations on the quality of products and services given to the customers. Additionally, Mahdavi (2011) confirms that ethics in business world is superlative.

#### 4.8.1.7 Corporate Social Responsibility and Service Delivery

In order to establish the association between corporate social responsibility and service delivery, Pearson’s product moment correlation coefficient analysis test was conducted and the findings presented in Table 4.28.

**Table 4.28: Corporate Social Responsibility and Service Delivery**

Practice	Statistic	Service Delivery
Corporate Social Responsibility	Pearson’s Product Moment Correlation	.397**
	Sig. (2-tailed)	.000
	N	229

**Source:** Research Study (2019)

From the table, it can be seen that  $r = 0.397$  which indicated that there was association between CSR and service delivery among county owned water organizations in Western Kenya.

#### 4.8.1.8 Hypothesis Test 4:

**Ho<sub>4</sub>: Corporate social responsibility has no statistical significant effect on service delivery among county owned water organizations in Western Kenya.**

The fourth objective was to determine the effect of corporate social responsibility on service delivery among county owned water organizations in Kenya. Simple linear regression analysis test was used and the results are presented in Table 4.29.

**Table 4.29: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.397a	0.158	0.154	0.52498

a. Predictors: (Constant), Corporate Social Responsibility  
b. Dependent Variable: Service Delivery

**Source:** *Research Study* (2019)

From the table, the results showed that the value of r squared = 0.158, which indicated that 15.79% of variations in service delivery were caused by ethical framework, while 84.21% variations of service delivery were caused by other unexplained factors because the study addressed CSR and service delivery among county owned water organizations in Western Kenya.

The study sought to find out the strength of the relationship between corporate social responsibility and service delivery among county owned water organizations in Western Kenya. Analysis of variance test was conducted and the results are presented in Table 4.30.

**Table 4.30: Analysis of Variance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	11.732	1	11.732	42.571	.000b
Residual	62.561	227	0.276		
Total	74.294	228			

- a. Dependent Variable: Service Delivery  
b. Predictors: (Constant), Ethical Framework

**Source:** *Research Study* (2019)

From the table, the results showed that  $F = 42.57$  and  $P = 0.000$ , which was statistically significant at 0.05 or 5% level of significance. The results showed that CSR had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

The study also sought to find out the regression coefficient between corporate social responsibility and service delivery among county owned water organizations in Western Kenya and the results are presented in Table 4.31

**Table 4.31: Regression Coefficients**

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	2.485	0.23	0	10.8	0.00
Corporate social responsibility	0.380	0.058	0.397	6.525	0.00

- a. Dependent Variable: Service Delivery

**Source:** *Research Study* (2019)



From the table, the value of regression coefficient  $B = 0.380$  which indicated that an increase of CSR activities by a unit was associated with an increase of 0.380 units of service delivery among county owned water organizations in Western Kenya.

Therefore the study rejected the fourth null hypothesis and concluded that CSR had a statistically significant influence on service delivery among county owned water organizations in Western Kenya.

Based on the beta coefficient results, simple linear regression model equation was written as

$$Y=2.485+0.380CSR$$

Where

$Y =$  represents Service deliver

$CSR =$  represents corporate social responsibility

The findings corroborate with Chapple and Moon (2005) who confirm the importance of CSR in large companies in India. The findings also corroborate with Araya (2006) who established that CSR activities existed among the top 250 companies in Latin America and these led to improved loyalty. Khanna and Gupta (2011) also agree that CSR is relevant to organizations since they determine service delivery. The study further differs with the current findings that the number of companies developing and adopting CSR policies in India has increased

Corporate organizations in Kenya should embrace CSR practice because the practice leads to increased number of customers and also improves service delivery as

corroborated by Chapple and Moon (2005) in India who contend that CSR policies are effective in guiding the implementation process.

Araya (2006) also corroborates with current findings that CSR existed among the top 250 companies in Latin America, indicating that CSR practice is not embraced by all. Vives (2006) differs with the findings by indicating in her study that CSR practice is high in Chile and Argentina. The findings are also supported by Logsdon, Thomas and Van Buren, (2006) who studied CSR in Mexico and show that it is a practice that was imported from US firms and it is highly practiced.

CSR in county owned water organizations can be introduced as part of their culture as agreed by Amaeshi, Adi, Ogbechie and Olufemi (2006) that CSR in Nigeria is part of organizational culture. Visser (2005) also corroborate with the findings and advice that that the value-based traditional philosophy of African humanism (Ubuntu) is what underpins much of the modern approaches to CSR in the continent. Therefore customers positively evaluate organizations based on their corporate social responsibility initiatives.

Lee (2014) corroborates with the findings by indicating that corporate social responsibility activities help organizations to create desirable images and often used as strategic planning tool to promote organizations' positive image and increase attraction from current and potential customers.

#### **4.8.2 Corporate Governance Practices and Service Delivery**

The study also sought to find out the effect of the combined corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, on service delivery among county owned water

organizations in Western Kenya. To accomplish this, Multiple Regression Analysis test was used and the results are presented in Table 4.32.

**Table 4.32: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.610 <sup>a</sup>	.372	.359	.45715

a. Predictors: (Constant), auditing, transparency and accountability, ethical framework and corporate social responsibility.

b. Dependent variable: Service delivery

**Source:** *Research Study* (2019)

From the table, the findings showed that r squared = .372 which indicated that 37.21% of variations of service delivery was caused by corporate governance practices, while 62.79% variations of service delivery was caused by other unexplained factors because the study addressed corporate governance practices and service delivery among county owned water organizations in Western Kenya.

The study sought to find out the strength of the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya. Analysis of variance test was conducted and the results are presented in Table 4.33.

**Table 4.33: Analysis of Variance**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	27.689	4	5.538	26.498	.000 <sup>b</sup>
Residual	46.605	224	.209		
Total	74.294	228			

a. Dependent Variable: Service delivery

b. Predictors: (Constant), auditing, transparency and accountability, ethical framework and corporate social responsibility.

**Source:** *Research Study* (2019)

From the findings, the results showed that  $F = 26.498$  and  $P = 0.000$  which indicated that corporate governance practices had statistical significant effect on service delivery among county owned water organizations in Western Kenya.

The study also sought to find out the regression coefficient between corporate governance practices and service delivery among county owned water organizations in Western Kenya and the results are presented in Table 4.34.

**Table 4.34: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.915	.394		4.859	.000
Internal Auditing	-.016	.083	-.014	-.189	.850
Transparency and accountability	.624	.078	.546	8.043	.000
Ethical framework	-.256	.084	-.235	-3.045	.003
Corporate social responsibility	.316	.064	.330	4.963	.000

a. Dependent Variable: Service Delivery

**Source:** *Research Study (2019)*

From the table, the results showed that internal auditing had regression coefficient  $B = -0.016$  which indicated that a change in auditing by 1 unit was associated with a decrease of -0.016 units of service delivery. Transparency and accountability had  $B = 0.624$  which indicated that a change in transparency and accountability by one unit was associated with an increase of 0.624 units of service delivery. Ethical framework had regression coefficient  $B = -0.256$  which indicated that a unit change in ethical framework was associated with a decrease in -0.256 units of service delivery, and regression coefficient of CSR  $B = 0.316$  which indicated that a unit change in CSR was associated with an increase of 0.316 units of service delivery.

Therefore, the study concluded that internal auditing and ethical framework had statistical significant inverse effect on service delivery. While transparency and accountability and

CSR had a statistically significant effect on service delivery among county owned water organizations in Western Kenya.

Based on the beta coefficient results, the equation of Multiple Linear Regression model was written as,

$$Y=1.915+-0.016A+0.624TA+-0.256EF+0.316CSR$$

Where

Y = represents Service delivery

A = represents auditing

TA = represents transparency and accountability

EF = represents ethical framework

CSR = represents corporate social responsibility respectively

The findings corroborate with Yaacob, Jaya & Hamzah (2012) who conducted studies to establish why corporations such as Enron and J P Morgan among others collapsed and this led to the enactment of Sarbanes-Oxley Act (2002) that ensured corporations embraced corporate governance practices since it influenced service delivery. Findings also corroborate with Rezart (2016) and Elson *et al.* (2017) in their studies which were conducted in Italy and Russia, where they established that corporate governance practices influenced service delivery.

Further corroborations with Andrés, Andres, Penfold, Schneider and Wilcox, (2012) indicate that in Columbia successful companies were as a result of corporate governance practices. AlManaseer, Al- Hindawi, Al Dahiat and Sartawi (2012) and Shehata, (2017)

in the studies that were conducted in Arabian companies also corroborate with the current findings by pointing out the linkage between corporate governance and firm performance.

Dedzo, (2015) affirmed the above findings in a study conducted on Zimbabwean companies and the findings reveal that there is a positive relationship between corporate governance and performance of banks. This is also in agreement with Walker (2011) who conducted a study in East African member countries and found out that performance of organizations can be influenced by corporate governance practices.

In Kenya, the findings corroborate with Murage (2010) who contends that Corporate Governance has influence on Financial Performance of Parastatals in Kenya. Findings also corroborate with Matengo (2008), Ombayo (2011) and Musenda (2011) who affirm that there is a linkage between Corporate Governance and Financial Performance of Financial Institutions in Kenya.

The findings also corroborate with State Corporations Advisory Committee (2015) that corporate governance practices influence service delivery both in private and public sector such as county owned water organizations in Western Kenya.

#### **4.9 Diagnostic Tests**

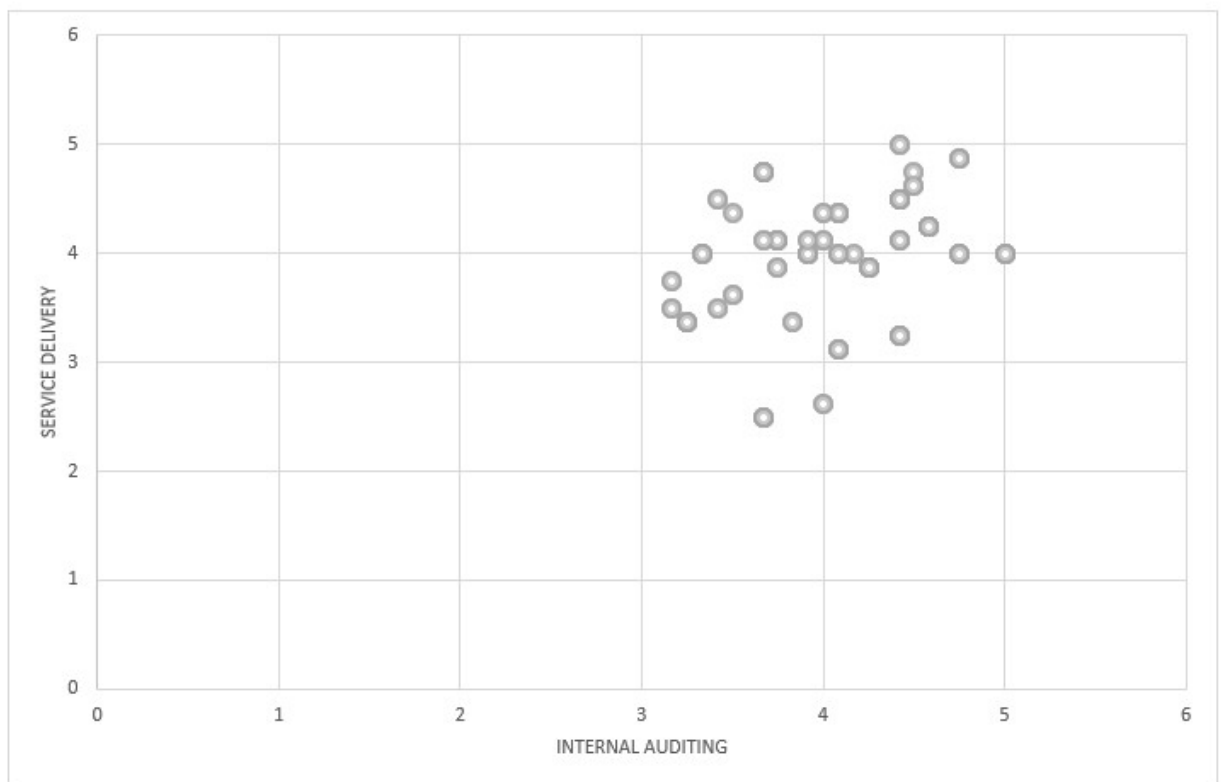
Diagnostic tests are conducted after correlation and regression tests. Testing for linearity is necessary because members of the general linear model assume linearity (Garson, 2012). Therefore, the study sought to find out the linearity and constant variance between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility and service delivery among county owned water organizations in Western Kenya.

### 4.9.1: Linearity Tests

The test was conducted to establish the linear relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility and service delivery among county owned water organizations in Western Kenya. The tests were conducted using scatter plots as follows.

#### 4.9.1.1 Internal Auditing and Service Delivery

The study sought to find out whether there existed linear relationship between internal auditing and service delivery among county owned water organizations in Western Kenya. Using scatter plots diagram, the results are presented in Figure 4.8.



**Figure 4.8: Internal Auditing and Service Delivery**

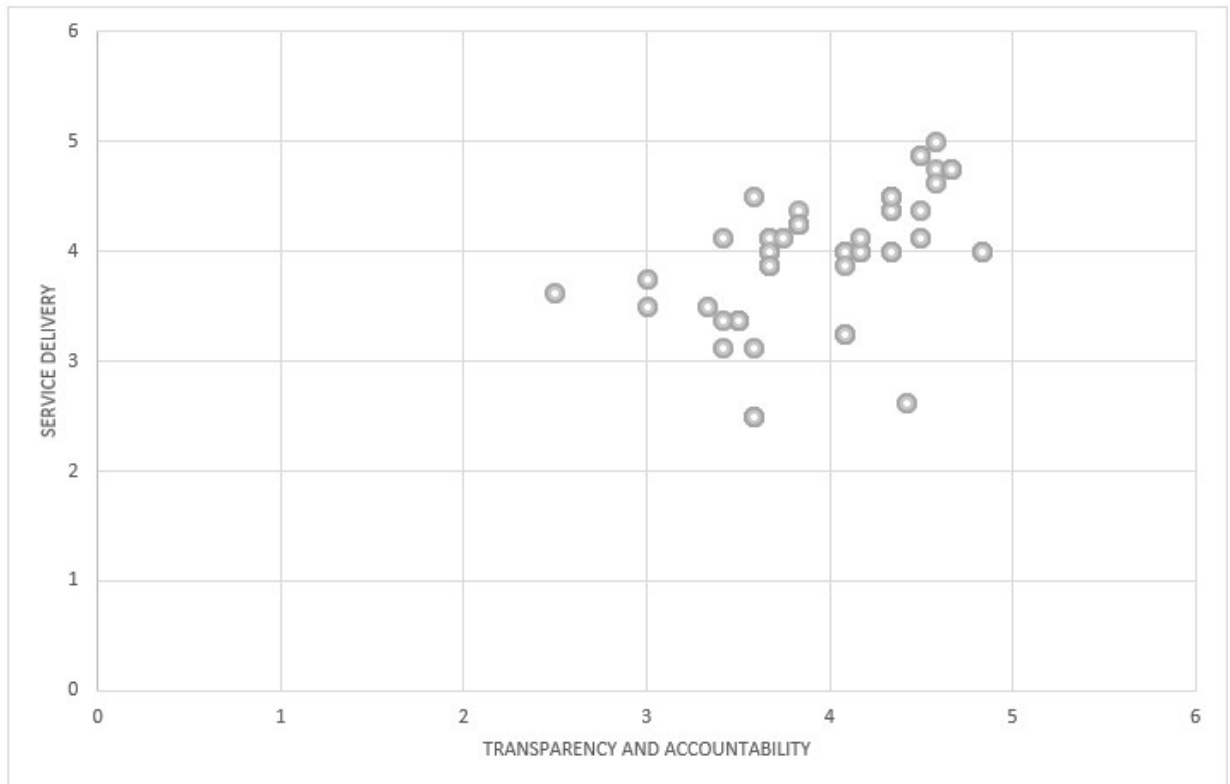
**Source:** *Research Study (2019)*



From the figure, it can be seen that the plots tend to move from the left to the right which is the positive direction. This indicated that there was a positive linear relationship between internal auditing and service delivery among county owned water organizations in Western Kenya.

#### 4.9.1.2 Transparency and Accountability, and Service Delivery

The study sought to test for linearity of the relationship between transparency and accountability and the service delivery among county owned water organizations in Western Kenya. Using scatter plots diagram, the results are presented in Figure 4.9.



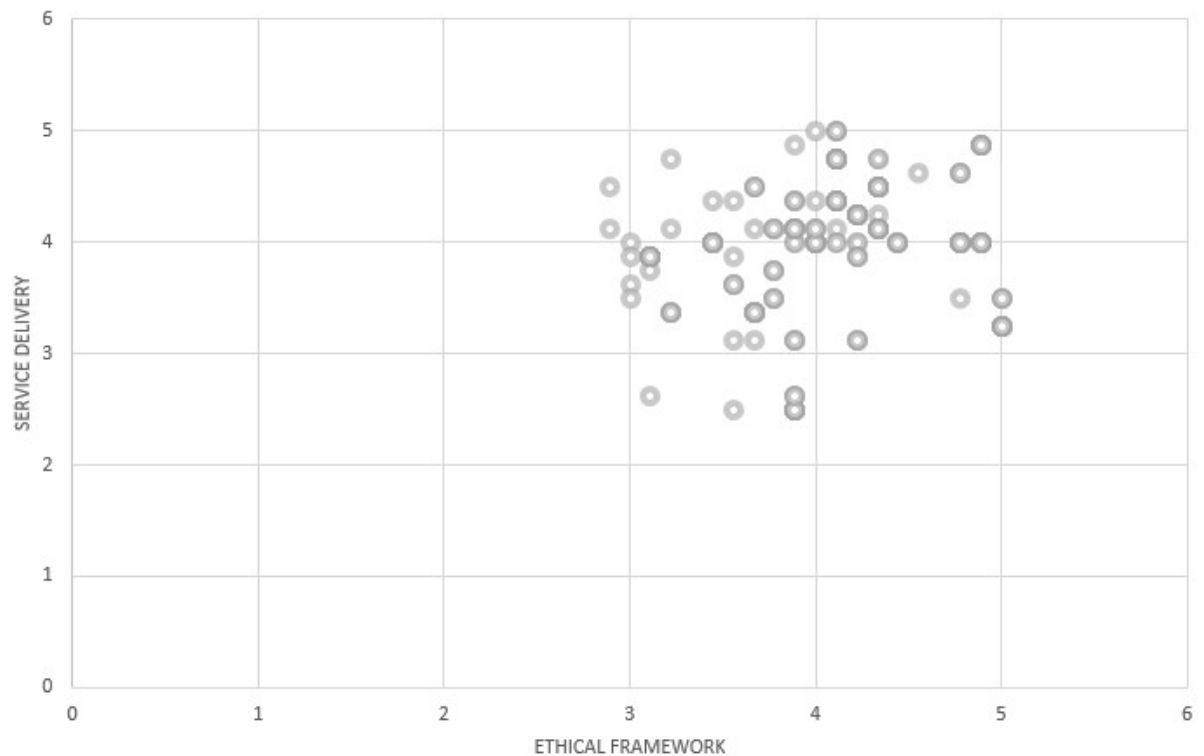
**Figure 4.9: Transparency and Accountability, and Service Delivery**

**Source:** *Research Study (2019)*

From the figure, it can be seen that plots tend to move from the left to the right which is the positive direction. This indicated that there was a positive linear relationship between transparency and accountability, and service delivery among county owned water organizations in Western Kenya.

#### 4.9.1.3 Ethical Standards and Service Delivery

The study sought to test for linearity of the relationship between ethical framework and the service delivery among county owned water organizations in Western Kenya. Using scatter plots diagram, the results are presented in Figure 4.10.



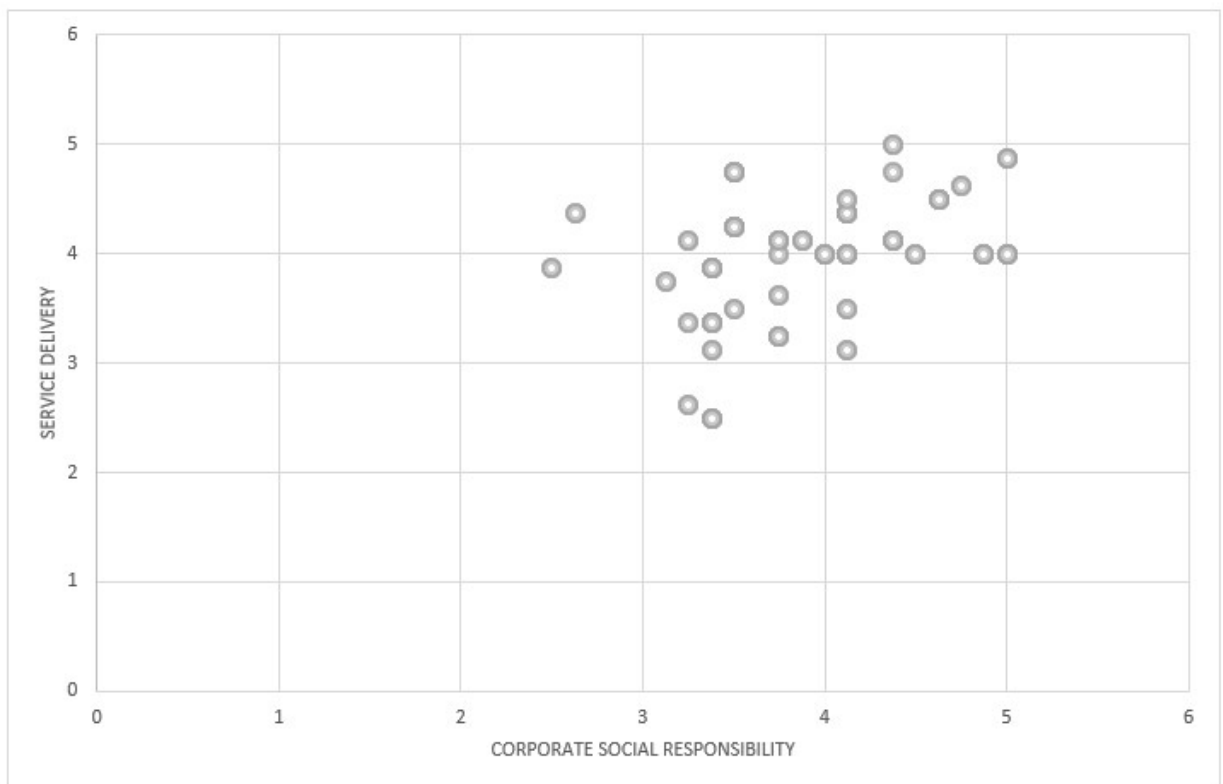
**Figure 4.10: Ethical Standards and Service Delivery**

**Source:** *Research Study (2019)*

From the figure, it can be seen that plots tend to move from the left to the right which is the positive direction. This indicated that there was a positive linear relationship between ethical framework and service delivery among county owned water organizations in Western Kenya.

#### 4.9.1.4 Corporate Social Responsibility and Service Delivery

The study sought to test for linearity of the relationship between corporate social responsibility and the service delivery among county owned water organizations in Western Kenya. Using scatter plots diagram, the results are presented in Figure 4.11.



**Figure 4.11: Corporate Social Responsibility and Service Delivery**

**Source:** *Research Study (2019)*

From the figure, it can be seen that plots tend to move from the left to the right which is the positive direction. This indicated that there was a positive linear relationship between corporate social responsibility and service delivery among county owned water organizations in Western Kenya.

#### **4.9.2 Constant Variance**

Constant variance test for the residuals of the regression model in the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya was also tested using Breusch-Pagan Test.

##### **4.9.2.1 Internal Auditing and Service Delivery**

The study sought to find out whether there was constant variance for the residuals of the regression model in the relationship between internal auditing and service delivery among county owned water organizations in Western Kenya. Using Breusch-Pagan Test for Heteroskedasticity testing, the results are presented in Table 4. 36.

**Table 4.35: Internal Auditing and Service Delivery**

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<b>Breusch-Pagan / Cook-Weisberg test for heteroskedasticity</b>
Ho: Constant variance
Variables: fitted values of service delivery
$\text{chi}^2(1) = 2.69$
Prob > $\text{chi}^2 = 0.1007$

---

**Source:** *Research Study (2019)*

From the table, it can be seen that the P value for the computed chi-square statistics was 0.1007 which was higher than 0.05 that was the level of significance. This led to the acceptance of the null hypothesis that had the assumption of constant variance of the residuals of the model. Therefore, the results indicated that the condition of homoskedasticity was met.

#### **4.9.2.2 Transparency and Accountability and Service Delivery**

The study sought to find out whether there was constant variance for the residuals of the regression model in the relationship between transparency and accountability, and service delivery among county owned water organizations in Western Kenya. Using Breusch-Pagan Test for Heteroskedasticity testing, the results are presented in Table 4. 36.

**Table 4.36: Transparency and Accountability and service delivery**

<b>Breusch-Pagan / Cook-Weisberg test for heteroskedasticity</b>
Ho: Constant variance
Variables: fitted values of service delivery
chi2(1) = 0.06
Prob > chi2 = 0.8090
<b>Source:</b> <i>Research Study (2019)</i>

From the table, it can be seen that the P value for the computed chi-square statistics was 0.8090 which was higher than 0.05 that was the level of significance. This led to the acceptance of the null hypothesis that had the assumption of constant variance of the residuals of the model. Therefore, the results indicated that the condition of homoskedasticity was met.

#### 4.9.2.3 Ethical Framework and Service Delivery

The study sought to find out whether there was constant variance for the residuals of the regression model in the relationship between ethical framework and service delivery among county owned water organizations in Western Kenya. Using Breusch-Pagan Test for Heterokedasticity testing, the results are presented in Table 4. 37.

**Table 4.37: Ethical Framework and Service Delivery**

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<b>Breusch-Pagan / Cook-Weisberg test for heteroskedasticity</b>
Ho: Constant variance
Variables: fitted values of service delivery
chi2(1) = 0.55
Prob > chi2 = 0.4587

---

**Source:** *Research Study* (2019)

From the table, it can be seen that the P value for the computed chi-square statistics was 0.4587 which was higher than 0.05 that was the level of significance. This led to the acceptance of the null hypothesis that had the assumption of constant variance of the residuals of the model. Therefore, the results indicated that the condition of constant variance was met.

#### 4.9.2.4 Corporate Social Responsibility and Service Delivery

The study sought to find out whether there was constant variance for the residuals of the regression model in the relationship between corporate social responsibility and service delivery among county owned water organizations in Western Kenya. Using Breusch-Pagan test for Heteroskedasticity testing, the results are presented in Table 4. 38.

**Table 4.38: Corporate Social Responsibility and service delivery**

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**Breusch-Pagan / Cook-Weisberg test for heteroskedasticity**

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Ho: Constant variance

Variables: fitted values of service delivery

$\chi^2(1) = 21.84$

Prob >  $\chi^2 = 0.061$

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**Source:** *Research Study (2019)*

From the table, it can be seen that the P value for the computed chi-square statistics was 0.061 which was higher than 0.05 that was the level of significance. This led to the acceptance of the null hypothesis that had the assumption of constant variance of the residuals of the model. Therefore, the results indicated that the condition of constant variance was met.

#### **4.9.2.5 Corporate Governance Practices on Service Delivery**

The study sought to find out whether there was constant variance in the residuals of the model fitting the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. Using Breusch-Pagan Test for Heteroskedasticity testing, the results are presented in Table 4.39.

**Table 4.39: Corporate Governance Practices and Service Delivery**

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**Breusch-Pagan / Cook-Weisberg test for heteroskedasticity**

---

Ho: Constant variance

Variables: fitted values of service delivery

$\chi^2(1) = 5.26$

Prob >  $\chi^2 = 0.0718$

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**Source:** *Research Study (2019)*

From the table, it can be seen that the P value for the computed chi-square statistics was 0.0718 which was higher than 0.05 that was the level of significance. This led to the acceptance of the null hypothesis that had the assumption of constant variance of the residuals of the model. Therefore, the results indicated that the condition of constant variance was met.

#### **4.10 Hierarchical Regression Analysis of Organizational Factors**

The study sought to find out the statistically significant moderating effect of organizational factors namely, structure, culture and size on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. To achieve this, Hierarchical regression analysis test was used. Firstly, individual organizational factors namely organizational structure, organizational culture and organizational size, were tested for the statistically significant moderating effect on the relationship between



corporate governance practices and service delivery among county owned water organizations in Western Kenya.

Secondly, collective organizational factors of structure, culture and size was tested for the statistical significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya. Thirdly, a compound of all the three factors were transformed into one organizational factor and tested for its statistical moderating effect on the relationship between corporate governance practices namely, auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya.

#### **4.10.1 Hypothesis Test 5:**

**H0<sub>5</sub>: Organizational factors have no statistical significant effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.**

The fifth objective was to find out statistically significant moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices of internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. Firstly, individual significant moderating effect of organizational factors namely structure, culture and size on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya were conducted.

#### **4.10.2 Hypothesis Test 5 A:**

**H0<sub>5a</sub>: Organizational structure has no statistical significant effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.**

The study sought to find out statistically significant moderating effect of organizational structure on the relationship between corporate governance practices of internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery of county owned water organizations in Western Kenya. Hierarchical regression analysis was used where firstly, corporate governance practices were tested for significance with service delivery, secondly, another test of corporate governance practices was run with the addition of organizational structure to test for the moderating effect and the results are presented in Table 4.40.

**Table 4.40: Organizational Structure**

Practice	Before Moderation					After Moderation					Comment
	R	r-square	F	Beta coefficient	p-value	R	r-squared	F	Beta coefficient	p-value	
Auditing	0.306	0.093	23.51	0.356	0.00	0.583	0.34	58.089	0.411	0.00	No effect, was statistically significant before and after
Transparency and Accountability	0.524	0.274	85.75	0.599	0.00	0.646	0.416	80.493	-0.08	0.00	No effect, was statistically significant before, and significant after
Ethical Framework	0.177	0.031	7.39	0.193	0.00	0.578	0.334	56.592	-0.507	0.00	No effect, was statistically significant before and after
Corporate Social Responsibility	0.397	0.157	42.57	0.380	0.00	0.605	0.366	65.265	-2.46	0.00	No effect, was statistically significant before and after

**Source:** Research Study (2019)

From the table, it can be seen that the results before and after adding the moderator indicated that internal auditing, transparency and accountability, ethical framework and corporate social responsibility had  $P = 0.00$  for both before and after moderation which indicated that there was no statistically significant moderating effect of organizational structure on the relationship between corporate governance practices of internal auditing, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. The results led to affirmation of the fifth A null hypothesis, and concluded that organizational structure did not significantly moderate the relationship between corporate governance practices of internal auditing, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya.

The findings differ from Graddy (2008) who conducted a study on The Structure and Performance of Inter-organizational Relationships in the United States of America and the results show that Mechanisms are needed to delineate roles and responsibilities that facilitate and coordinate joint activities across independent entities. It also shows that if the purpose of organizational arrangement is public service delivery, then the arrangements must define the task coordination in the delivery of services to customers. This is because in America, organizational structure influences service delivery.

The findings also differ from Odhiambo, Mitullah and Akivaga (2005) in Kenya who indicated in their study that organizational structure of public Institutions resulted in conflicts between the executive and legislative arms of those entities resulting in weakened service delivery. However, the findings corroborate with Viseras, Baines and

Sweeney (2005) who contend that success of organizations depends more on human factors and less on organization structure.

#### **4.10.3 Hypothesis Test 5 B:**

**H0<sub>5b</sub>: Organizational culture has no statistical significant effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.**

The study sought to find out statistically significant moderating effect of organizational culture on the relationship between corporate governance practices of internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery of county owned water organizations in Western Kenya. Hierarchical regression analysis was used where firstly, corporate governance practices were tested for significance with service delivery, secondly, another test of corporate governance practices was run with the addition of organizational culture to test for significant moderating effect and the results are presented in Table 4.41.

**Table 4.41: Organizational Culture**

Practice	Before Moderation					After Moderation					Comment
	R	r-squared	F	Beta coefficient	p-value	R	r-squared	F	Beta coefficient	p-value	
Auditing	0.306	0.093	23.51	0.356	0.00	0.313	0.098	12.311	0.255	0.036	No effect, was statistically significant before and after
Transparency and Accountability	0.524	0.274	85.75	0.5991	0.00	0.524	0.274	42.71	0.583	0.00	No effect, was statistically significant before and after
Ethical Framework	0.177	0.032	7.39	0.1935	0.007	0.217	0.047	5.588	0.007	0.956	There was effect, was statistically significant before and statistically insignificant after
Corporate Social Responsibility	0.397	0.158	42.57	0.3803	0.00	0.402	0.162	21.841	0.302	0.002	No effect, was statistically significant before and after

**Source:** *Research Study (2019)*

From the table, it can be seen that the results before and after adding the moderator indicated that internal auditing had  $P = 0.00$  before and  $P = 0.036$  after moderation, transparency and accountability had  $P = 0.00$  before moderation and  $P = 0.00$  after moderation while corporate social responsibility had  $P = 0.00$  before moderation and  $0.002$  after moderation and ethical framework had  $P = 0.00$  before moderation and  $P = 0.956$  after moderation. The results indicated that there was no effect for internal auditing, transparency and accountability and corporate social responsibility since there was statistical significance before and after moderation however, there was effect on ethical framework since there was statistically significant moderating effect before and after moderation.

The results indicated that organizational culture did not significantly moderate the relationship between corporate governance practices namely, internal auditing, transparency and accountability and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. However, organizational culture significantly moderated the relationship between corporate governance practice of ethical framework and service delivery among county owned water organizations in Western Kenya.

The results led to rejection of the fifth B null hypothesis, and concluded that organizational culture did not significantly moderate the relationship between corporate governance practices of internal auditing, transparency and accountability and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. However, organizational culture significantly moderated the relationship

between corporate governance practice of ethical and service delivery among county owned water organizations in Western Kenya.

The findings corroborate with Li, Guohu, and Eppler (2008) who posit that culture is the dominant ideologies, traditions, values and standards that define an organization which influences the relationship between corporate governance practice of ethical framework and service delivery of the county owned water organizations in Western Kenya. An effective organizational culture should encourage ethical behavior and discourage unethical behavior.

The findings also corroborate with Fleenor and Byrant (2002), Lok and Crawford (2003), Aluko (2003) and Rose, Kumar, Abdullah and Ling (2008) who contend that organizational culture significantly affects service delivery in which case service delivery is determined by corporate governance practice. The sentiments are also echoed by Rose *et al.* (2008) in their study in American, Japanese, Malaysian and European multinational corporations where the results show that a high degree of service delivery was related to organizations that have a strong culture with well integrated and effective set of values, beliefs and behaviours.

Findings also corroborate with Aluko (2003) who studied on organizational culture and service delivery in Nigerian firms and concluded that although a significant relationship existed between organizational culture and service delivery, other factors also influenced organizational service delivery. However, the findings differ from Lim (1995) and Lewis (1998) as cited in Fleenor and Byrant (2002) in their studies where they found out that there is no significant effect of organizational culture on service delivery. Ogbonna and



Harris (2002) also differ from the findings by indicating that organizational culture as a whole does not positively affect service delivery.

Employees will often resist change as a way of preserving stable relationships and patterns of behaviour. When implementing a practice, care should be taken to assess the practice as culture link compatibility. If the planned practice is in line with existing culture, governance practices become easier and if it is incompatible with the new practice, culture- changing activities will have to be undertaken

#### **4.10.4 Hypothesis Test 5 C:**

**H<sub>05c</sub>: Organizational size has no statistical significant effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.**

The study sought to find out statistically significant moderating effect of organizational size on the relationship between corporate governance practices of internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. Hierarchical regression analysis was used where firstly, corporate governance practices were tested for significance with service delivery, secondly, another test of corporate governance practices was run with the addition of organizational size to test for significant moderating effect and the results are presented in Table 4.42.

**Table 4.42: Organizational Size**

Practice	Before adding size					After adding size					Comment
	R	r-squared	F	Beta coefficient	p-value	R	r-squared	F	Beta coefficient	p-value	
Internal Auditing	0.306	0.094	23.51	0.356	0.00	0.495	0.245	36.66	-0.201	0.601	There was effect, was significant before and insignificant after
Transparency and Accountability	0.524	0.274	85.75	0.5991	0.00	0.605	0.365	65.08	0.103	0.335	There was effect, was significant before and insignificant after
Ethical Framework	0.177	0.032	7.39	0.1935	0.00	0.467	0.218	31.58	-0.429	0.00	No effect, was significant before and after
Corporate Social Responsibility	0.397	0.158	42.57	0.3803	0.00	0.517	0.267	41.19	-0.128	0.215	There was effect, was significant before and insignificant after

**Source:** *Research Study (2019)*

From the table, it can be seen that the results before and after adding the moderator indicated that internal auditing had  $P = 0.00$  before moderation and  $0.601$  after moderation, transparency and accountability had  $P = 0.00$  before moderation and  $0.335$  after moderation, ethical framework had  $P = 0.00$  before moderation and  $P = 0.00$  after moderation whereas corporate social responsibility had  $P = 0.00$  before moderation and  $P = 0.215$  after moderation. The results showed that there was significant effect on internal auditing, transparency and accountability and corporate social responsibility and service delivery after moderation, while there was no significant effect on ethical framework after moderation.

The results indicated that organizational size had significant moderating effect on the relationship between corporate governance practices of internal auditing, transparency and accountability and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. However, organizational size did not have significant moderating effect on the relationship between corporate governance practice of ethical framework and service delivery among county owned water organizations in Western Kenya.

Therefore, this led to the rejection of the fifth C null hypothesis and concluded that organizational size significantly moderated the relationship between corporate governance practices namely, internal auditing, transparency and accountability, and CSR but did not significantly moderate the relationship between corporate governance practice of ethical framework and service delivery among county owned water organizations in Western Kenya.

Organizational size significantly moderated the relationship between corporate governance practices namely, internal auditing, transparency and accountability and CSR and service delivery among county owned water organizations in Western Kenya because large firms consume more resources and therefore are expected to have better mechanisms of corporate governance practices as compared to smaller organizations.

The findings corroborate with Ketokivi and Schroeder (2004) in Jordan who contend that organizational size significantly moderated the relationship between corporate governance and organizational performance. Findings also corroborate with Alledayat and Anchor (2010) who found out that organizational size affected corporate governance practice and service delivery in Jordanian firms.

However, the results differ from Graddy (2008) who found out that structures affect performance of organizations. The findings also differ with Odhiambo, Mitullah and Akivaga (2005) who found out those structures in organizations weakened service delivery.

The findings also differ from Fleenor and Byrant (2002), Lok and Crawford (2003), Aluko (2003) and Rose, Kumar, Abdullah and Ling (2008) who found out that organizational culture significantly affected service delivery.

Rose *et al.* (2008) also found out that a high degree of service delivery was related to organizations that have a strong culture. Aluko (2003) also asserts that although a significant relationship existed between organizational culture and service delivery, other factors also influenced organizational service delivery.

Odhiambo, Mitullah and Akivaga (2005) differed from the findings by concluding that the structure of Institutions affect service delivery. Similarly, Ketokivi and Schroeder (2004) differ from the study findings by establishing that the size of organizations significantly moderated the relationship between corporate governance and organizational performance. Findings also corroborate with Alledayat and Anchor (2010) who found out that organizational size affected the relationship between corporate governance practices and performance in Jordanian firms.

However, the findings are different from Ogbonna and Harris (2000, 2002) who found out that organization culture as a whole does not positively affect service delivery.

Therefore, the relationship between corporate governance practices namely, internal auditing, transparency and accountability and CSR and service delivery among county owned water organizations in Western Kenya, can be significantly moderated by some organizational factors namely, organizational culture and organizational size.

#### **4.10.5 Hypothesis Test 5 D:**

**H<sub>05d</sub>: Organizational factors namely, structure, culture and size have no statistical significant moderating effect on the relationship between corporate governance practices and service delivery among sampled county owned water organizations in Western Kenya.**

The study sought to find out statistically significant moderating effect of organizational factors namely structure, culture and size on the relationship between corporate governance practices of internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned

water organizations in Western Kenya. Hierarchical regression analysis was used where firstly, corporate governance practices were tested for significance with service delivery, secondly, another test of corporate governance practices was run with the addition of organizational factors namely, structure, culture and size, to test for the moderating effect and the results are presented in Table 4.43.

**Table 4.43: Organizational Factors; Structure, Culture and Size**

**Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.619 <sup>a</sup>	.383	.336	.46396
2	.751 <sup>b</sup>	.564	.508	.39933

a. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical Framework and Corporate Social Responsibility.

b. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical Framework and Corporate Social Responsibility, Organization structure, Organization Culture and Organization size.

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.695	4	1.739	8.079	.000 <sup>b</sup>
	Residual	13.992	66	.215		
	Total	22.687	70			

	Regression	12.800	7	1.600	10.034	.000 <sup>c</sup>
2	Residual	9.887	63	.159		
	Total	22.687	70			

a. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical Framework and Corporate Social Responsibility.

b. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical Framework and Corporate Social Responsibility. Organization structure, Organization Culture, Organization size.

c. Dependent Variable: Service Delivery

**Regression coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.737	.737		2.357	.021
	Internal Auditing	.016	.150	.014	.108	.914
	Transparency and Accountability	.659	.146	.562	4.504	.000
	Ethical Framework	-.351	.174	-.303	-2.019	.048
	Corporate Social Responsibility	.327	.120	.340	2.727	.008
2	(Constant)	.632	.679		.930	.356
	Internal Auditing	-.023	.132	-.020	-.174	.862
	Transparency and Accountability	.389	.139	.332	2.786	.007



Ethical Framework	-.286	.153	-.247	-1.869	.066
Corporate Social Responsibility	.284	.105	.296	2.715	.009
Organization Culture	-.131	.097	-.134	-1.352	.181
Organization Structure	.422	.113	.393	3.724	.000
Organization Size	.242	.111	.220	2.184	.033

**Source:** *Research Study (2019)*

From the table, it can be seen that the results before and after adding the moderator indicated that internal auditing had  $P = .914$  before moderation and  $P = .862$  after moderation, transparency and accountability had  $P = .000$  before moderation and  $P = .007$  after, ethical framework had  $P = .048$  before moderation and  $P = .066$  after and corporate social responsibility had  $P = .008$  before moderation and  $.009$  after. The results showed that internal auditing was not statistically significant before and after moderation, transparency and accountability was statistically significant before and after moderation, ethical framework was statistically significant before but not statistically significant after moderation while corporate social responsibility was statistically significant before and after moderation.

This indicated that collectively, organizational factors namely structure, culture and size had no statistically significant moderating effect on the relationship between corporate governance practices namely internal auditing, transparency and accountability, and CSR, and service delivery among county owned water organizations in Western Kenya. However, collective organizational factors namely structure, culture and size had statistical significant moderating effect on the relationship between corporate governance practice of ethical framework and service delivery among county owned water organizations in Western Kenya.

The results led to the rejection of the null hypothesis and concluded that collective organizational factors namely structure, culture and size did not have statistical significant moderating effect on the relationship between corporate governance practices namely internal auditing, transparency and accountability, and CSR, and service delivery among county owned water organizations in Western Kenya. However, collective

organizational factors of structure, culture and size had statistical significant moderating effect on the relationship between corporate governance practice of ethical framework and service delivery among county owned water organizations in Western Kenya.

#### **4.10.6 Hypothesis Test 5 E:**

**H<sub>05e</sub>: Organizational factors have no statistical significant effect on the relationship between corporate governance practices and service delivery among sampled county owned water organizations in Western Kenya.**

The study sought to find out the statistically significant effect of compound organizational factors on the relationship between corporate governance practices of internal auditing, transparency and accountability, ethical framework and corporate social responsibility, and service delivery among county owned water organizations in Western Kenya. Organizational factors were summated in order to get the moderating effect of all organizational factors on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya. Hierarchical regression analysis was used where firstly, corporate governance practices were tested for significance with service delivery, secondly, another test of corporate governance practices was run with the addition of combined organizational factors to test for the moderating effect and the results are presented in Table 4.44.

**Table 4.44: Organizational Factors**

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R square</b>	<b>Standard Error of the Estimate</b>
1	.610 <sup>a</sup>	.373	.359	.45715
2	.678 <sup>a</sup>	.459	.444	.42548

a. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical framework and Corporate Social Responsibility.

b. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical framework and Corporate Social Responsibility and Organizational Factors.

c. Dependent variable: Service Delivery.

<b>ANOVA<sup>a</sup></b>						
<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>1</b>		27.689	4	5.538	26.498	.000 <sup>b</sup>
		46.605	224	.209		
		74.294	228			
<b>2</b>		34.105	5	5.684	31.400	.000 <sup>b</sup>
		40.188	223	.181		
		74.294	228			

a. Dependent Variable: Service Delivery

b. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical framework and Corporate Social Responsibility.

c. Predictors: (Constant), Internal Auditing, Transparency and Accountability, Ethical framework and Corporate Social Responsibility and Organizational Factors.

**Regression coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.915	.394		4.859	.000
Internal Auditing	-.016	.083	-.014	-.189	.850
Transparency and accountability	.624	.078	.546	8.043	.000
Ethical framework	-.256	.084	-.235	-3.045	.003
Corporate social responsibility	.316	.064	.330	4.963	.000
2 (Constant)	1.081	.393		2.753	.006
Internal Auditing	-.066	.078	-.056	-.844	.400
Transparency and accountability	.458	.077	.401	5.919	.000
Ethical framework	-.317	.079	-.291	-4.009	.000

Corporate social responsibility	.292	.059	.305	4.914	.000
Organizational factors	.493	.083	.365	5.953	.000

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a. Dependent Variable: Service Delivery

**Source:** *Research Study* (2019)

From the table, it can be seen that the results before and after adding the moderator indicated that internal auditing had  $P = .850$  before moderation and  $P = .400$  after moderation, transparency and accountability had  $P = .000$  before moderation and  $P = .000$  after, ethical framework had  $P = .003$  before moderation and  $P = .000$  after and corporate social responsibility had  $P = .000$  before moderation and  $.000$  after moderation. The results indicated that compound organizational factors had no statistically significant moderating effect on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and CSR, and service delivery among county owned water organizations in Western Kenya.

The results led to acceptance of the null hypothesis and concluded that compound organizational factors had no statistically significant moderating effect on the relationship between corporate governance practices namely, internal auditing, transparency and accountability, ethical framework and CSR, and service delivery among county owned water organizations in Western Kenya.

Based on the beta coefficient results, the equation of hierarchical multiple linear regression model was written as

$$Y = 1.081 + 0.066A + 0.458TA - 0.317EF + 0.292CSR + 0.493OF$$

Where;

$$Y = i + aX + bM + \epsilon$$

Y = Service delivery

i = Constant term for the model

a = Coefficient for independent variable

X = Independent variable

b = Coefficient for the moderating variable

M = Moderating variable

The study findings differ from Graddy (2008) who found out that structures affect performance of organizations. The findings also differ from Odhiambo, Mitullah and Akivaga (2005) who found out that structure in organizations weakened service delivery. The findings also corroborate with Fleenor and Byrant (2002), Lok and Crawford (2003), Aluko (2003) and Rose, Kumar, Abdullah and Ling (2008) who found out that organizational culture significantly affected service delivery.

Rose *et al.* (2008) also found out that a high degree of service delivery was related to organizations that have a strong culture. Aluko (2003) also corroborated with the findings that although a significant relationship existed between organizational culture and service delivery, other factors also influenced organizational service delivery.

Odhiambo, Mitullah and Akivaga (2005) differed from the findings by concluding that the structure of institutions affects service delivery. Similarly, Ketokivi and Schroeder



(2004) differed with the study findings by establishing that the size of organizations significantly moderated the relationship between corporate governance and organizational performance. Alledayat and Anchor (2010) who found out that organizational size affected the relationship between corporate governance practices and performance in Jordanian firms.

However, the findings corroborated with Ogbonna and Harris (2000, 2002) who established that organization culture as a whole does not affect service delivery.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This last chapter presents the summary of the findings contained in the preceding chapter. Based on the findings, a number of conclusions are drawn and recommendations made. Areas for further studies are also suggested.

#### **5.2. Summary of Findings**

The study sought to find out the influence of corporate governance practices on service delivery among county owned water organizations in Western Kenya. Data was collected using questionnaires and interview guides and data analysis was done using descriptive and inferential statistics as well as content analysis.

Model summary findings on internal auditing practice indicated that there existed a relationship between internal auditing and service delivery among county owned water organizations in Western Kenya. ANOVA results indicated that the practice was statistically significant on service delivery among county owned water organizations in Western Kenya. This led to rejection of the first null hypothesis and concluded that internal auditing had statistically significant influence on service delivery among county owned water organizations in Western Kenya.

On Transparency and accountability practice model summary indicated that there existed a relationship between transparency and accountability, and service delivery among county owned water organizations in Western Kenya. ANOVA results indicated that the practice had a statistically significant effect on service delivery among county owned

water organizations in Western Kenya. This led to the rejection of the second null hypothesis and concluded that transparency and accountability had significant effect on service delivery among county owned water organizations in Western Kenya.

Model summary results on ethical framework indicated that there existed a relationship between ethical framework and service delivery among county owned water organizations in Western Kenya. ANOVA results indicated that the practice had a statistically significant effect on service delivery among county owned water organizations in Western Kenya. This led to rejection of the third null hypothesis and concluded that ethical framework had a statistically significant influence on service delivery among county owned water organizations in Western Kenya.

Results from model summary on corporate social responsibility indicated that there existed a relationship between corporate social responsibility and service delivery among county owned water organizations in Western Kenya. ANOVA findings indicted that the practice had a statistically significant effect on service delivery among county owned water organizations in Western Kenya. This led to the rejection of the fourth null hypothesis and concluded that CSR had a statistically significant influence on service delivery among county owned water organizations in Western Kenya.

Moderating effect of organizational factors namely, structure, culture and size, on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya, indicated that collectively, organizational factors had no statistically significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water

organizations in Western Kenya. However individual organizational factors of culture and size had a statistically significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

The results led to the rejection of the fifth null hypothesis and concluded that organizational factors namely, structure, culture and size, collectively had no statistically significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

### **5.3 Conclusions**

Based on the study findings, it was concluded that corporate governance practices had statistically significant influence on service delivery among county owned water organizations in Western Kenya. Of these practices, transparency and accountability had the highest statistically significant influence on service delivery among county owned water organizations in Western Kenya, followed by corporate social responsibility, internal auditing, and ethical framework.

The study further concluded that organizational factors namely, structure, culture and size, collectively had no statistically significant moderating effect on the relationship between corporate governance practice of internal auditing and service delivery among county owned water organizations in Western Kenya. However, individual organizational culture and size individually, had statistically significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

Corporate governance practices affect service delivery among county owned water organizations in Western Kenya as was postulated in the study's conceptual model. Of these, transparency and accountability had the highest influence followed by corporate social responsibility. Internal auditing and ethical framework had the least influence on service delivery among county owned water organizations in Western Kenya.

Collectively, organizational factors did not have statistically significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya. However, individual organizational culture and organizational size had a statistically significant moderating effect on the relationship between corporate governance practices and service delivery among county owned water organizations in Western Kenya.

The study therefore affirms the postulations of Stakeholder Theory which holds that, a company's real success lies in satisfying its stakeholders such as customers and not just shareholders. Therefore, management of county owned water organizations in Western Kenya should build supportive organizational culture that will ensure effective service delivery to customers.

#### **5.4. Recommendations**

Based on the study findings and conclusions arrived at, the following recommendations are made;

- i. Organizations should engage competent and independent minded internal auditors to conduct periodic internal auditing to enhance the quality of service delivery among county owned water organizations in Western Kenya.

- ii. County owned water organizations should put in place measures and mechanisms of maintaining and improving the level of transparency and accountability. This can be achieved through top down and down top communication process and also enhance open communication through Newspapers, magazines, radio announcements with external stakeholders.
- iii. County owned water organizations should strive to adhere to the contents of the code of governance of government owned organizations (Mwongozo). This will provide ethical framework to guide and improve service delivery among county owned water organization in Western Kenya.
- iv. County owned water organizations should put in place mechanisms to ensure that they participate in CSR activities, since the practice has a positive statistically significant effect on service delivery among county owned water organizations in Western Kenya.
- v. Boards of directors should strive to build customer focused culture that will enhance service delivery among county owned water organizations in Western Kenya, through capacity building.

### **5.5. Areas for further Research**

Further study can be conducted on effect of organizational size on the relationship between corporate governance practices namely internal auditing, transparency and accountability and corporate social responsibility and service delivery among county owned water organizations in Western Kenya.

A study can also be conducted on effect of culture on the relationship between corporate governance practice of ethical conduct and service delivery among county owned water organizations in Western Kenya.

Similar study can be conducted using other institutions such as institutions of higher learning, to establish whether corporate governance practices have influence on service delivery.

A study can also be conducted using alternative approach of different sample size from the current study and different analytical techniques, so that comparisons can be made with the current study.

Finally, a longitudinal study can be conducted in the same organizations at different time frames in order to utilize *t*-tests to compare the change process of the practices. This will also provide an evaluation of how the practices change over a given period of time.

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## **APPENDICES**

### **APPENDIX 1: SELF INTRODUCTORY LETTER**

**Masinde Muliro University of Science and Technology, School of Business and Economics P.O. Box 190 - 50100, Kakamega.**

Dear Participant/Respondent,

I am a post graduate student in the Department of Administration and Management in the above School of Masinde Muliro University of Science and Technology. I am pursuing a Doctor of Philosophy (PhD) degree in Business Management (Strategic Management). I am undertaking a research study titled, **CONTRIBUTION OF CORPORATE GOVERNANCE PRACTICES ON SERVICE DELIVERY BY COUNTY OWNED WATER ORGANIZATIONS IN WESTERN KENYA**. I humbly request you to participate in this study as a respondent. The purpose of the study is to find the contribution of corporate governance practices on service delivery in county owned water organizations in Western Kenya. The results of this study will help Water Services and Regulatory Board to provide and manage water and services hence enable them to improve their service delivery to citizens.

I am therefore requesting you to provide honest and accurate responses to the questionnaires and interviews. I promise you that the information you will provide will be handled with utmost confidentiality. You are free to seek any clarification where necessary during the study.

Thank you in advance for accepting.

Yours faithfully,

**SIMIYU JUDITH**

**REG. NO. PBA/H/12/15**

**Mob. No. +254724141705**

## APPENDIX 2: DEPARTMENTAL INTRODUCTORY LETTER



MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)  
School of Business and Economics

Office of the Chairman, Business Administration and Management  
Sciences Department

Tel: 056-30282  
Fax: 056-30153  
Email: [bbm@mmust.ac.ke](mailto:bbm@mmust.ac.ke)

Website: [www.mmust.ac.ke](http://www.mmust.ac.ke)

P.O Box 190  
Kakamega – 50100  
Kenya

Date: 29<sup>th</sup> May, 2018

TO WHOM IT MAY CONCERN:

Dear Sir/Madam,

**REF: INTRODUCTION OF Ms. SIMIYU JUDITH- REG. NO. PBA/H/12/2015**

The above named is a bona fide Post Graduate student of our School undertaking PhD in Business Administration, Strategic Management. She is in her final year of study.

As part of her course, she is to undertake a research titled "Corporate Governance Practices and Service Delivery by State owned Water Organizations in Western Kenya" The research is purely for academic purposes.

We kindly request you to accord her the necessary assistance to enable her fulfil the requirements of the course.

I sincerely thank you in advance for your assistance.



**DR. ROBERT K.W. EGESSA**  
Senior Lecturer and Chairman,  
Department of Business Administration and Management Sciences

## APPENDIX 3: NACOSTI AUTHORIZATION LETTER



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241389,3310571,2219420  
Fax: +254-20-318245,318249  
Email: [dp@nacosti.go.ke](mailto:dp@nacosti.go.ke)  
Website: [www.nacosti.go.ke](http://www.nacosti.go.ke)  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/4910/23282**

Date: **17<sup>th</sup> July, 2018**

Judith N. Simiyu  
Masinde Muliro University of Science and Technology  
P. O Box 190-50100  
**KAKAMEGA**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Corporate governance practices and service delivery by state owned water organizations in western Kenya*" I am pleased to inform you that you have been authorized to undertake research in **Bungoma, Busia, Kakamega, Trans Nzoia and Vihiga Counties** for the period ending **17<sup>th</sup> July, 2019**.

You are advised to report to the **County Commissioners and the County Directors of Education of the selected Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

  
**BONIFACE WANYAMA**  
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners  
Selected Counties.

The County Directors of Education  
Selected Counties.

## APPENDIX 4: NACOSTI RESEARCH PERMIT


**THIS IS TO CERTIFY THAT:**

**MS. JUDITH N SIMIYU**  
**of MASINDE MULIRO UNIVERSITY OF**  
**SCIENCE AND TECHNOLOGY, 2162-30200**  
**Kitale, has been permitted to conduct**  
**research in Bungoma , Busia ,**  
**Kakamega , Transzoia , Vihiga**  
**Counties**

**on the topic: CORPORATE GOVERNANCE**  
**PRACTICES AND SERVICE DELIVERY BY**  
**STATE OWNED WATER ORGANIZATIONS**  
**IN WESTERN KENYA**

**for the period ending:**  
**11th June,2019**

**Permit No : NACOSTI/P/18/4910/23282**  
**Date Of Issue : 14th July,2018**  
**Fee Recieved :Ksh 2000**




**Applicant's Signature**


**Director General**  
**National Commission for Science,**  
**Technology & Innovation**

**CONDITIONS**

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.



**REPUBLIC OF KENYA**



**National Commission for Science,**  
**Technology and Innovation**

**RESEARCH CLEARANCE**  
**PERMIT**

**Serial No.A 19435**  
**CONDITIONS: see back page**

## APPENDIX 5: QUESTIONNAIRE FOR EMPLOYEES

Dear respondent,

Thank you for participating in this survey. There is no right or wrong answer(s) and you may stop at any time, however, completing the entire survey (about 5 -10 minutes) is greatly appreciated. The purpose of this questionnaire is to collect data from employees of county owned Water Organizations in Western Kenya on Corporate Governance Practices and Service Delivery.

Thank you.

Name of Your Organization.....

### SECTION A: DEMOGRAPHIC INFORMATION

1. Indicate your gender?
  - i. Male
  - ii. Female
  
2. Indicate your age group?
  - i. 18-25 years
  - ii. 26-35 years
  - iii. 36 years and above
  
3. Indicate your highest level of education?
  - i. Certificate
  - ii. Diploma
  - iii. Degree
  - iv. Masters
  - v. PhD
  
4. Indicate your area of specialization? .....
  
5. How long have you been working in this organization?
  - i. 0-5 years
  - ii. 6-10 years
  - iii. Over 10 years

---

### SECTION B

#### INTERNAL AUDITING PRACTICE

*This section will consider internal auditing and how the practice influences service delivery in this water organization. Please indicate by ticking according to the extent to which you agree with the given statements. The information you provide is strictly for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization embraces internal auditing practice	[ ]	[ ]	[ ]	[ ]	[ ]
2.	The organization engages in internal auditing practice	[ ]	[ ]	[ ]	[ ]	[ ]
3.	The organization ensures that there is quality and independence in internal auditing	[ ]	[ ]	[ ]	[ ]	[ ]
4.	The organization conforms to internal auditing practice	[ ]	[ ]	[ ]	[ ]	[ ]
5.	There is adequate internal auditing process in this organization as per the requirement	[ ]	[ ]	[ ]	[ ]	[ ]
6.	Risks faced by this organization can be effectively managed through internal auditing	[ ]	[ ]	[ ]	[ ]	[ ]
7.	Internal auditors have access to necessary records in all departments	[ ]	[ ]	[ ]	[ ]	[ ]
8.	The organization has adequate and competent staff to conduct internal auditing practice	[ ]	[ ]	[ ]	[ ]	[ ]
9.	Top management gives support to	[ ]	[ ]	[ ]	[ ]	[ ]

	internal auditing practice					
10.	Staff in the internal auditing department work independently	[ ]	[ ]	[ ]	[ ]	[ ]

## TRANSPARENCY AND ACCOUNTABILITY PRACTICE

*This section will focus on the aspect of transparency and accountability in the water organizations. The aim is to find out whether service delivery is influenced by transparency and accountability. In this regard, please indicate (by ticking) how you agree with the given statements in the table below. The information you provide is strictly used for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization has put in place mechanisms to ensure transparency and accountability	[ ]	[ ]	[ ]	[ ]	[ ]
2.	The organization encourages voluntary disclosure of information within and outside	[ ]	[ ]	[ ]	[ ]	[ ]
3.	There is transparency and accountability in allocation of resources	[ ]	[ ]	[ ]	[ ]	[ ]
4.	Transparency and accountability play a key role in performance of this organization	[ ]	[ ]	[ ]	[ ]	[ ]
5.	The organization encourages both top - down and down -top flow of information	[ ]	[ ]	[ ]	[ ]	[ ]



6.	Dissemination of information helps to build the reputation of the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	There is transparency and accountability in financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Transparency and accountability leads effective evaluation of management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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### ETHICAL FRAMEWORK PRACTICE

*This section will look into how ethical standards influence service delivery in this water organization. The table below contains statements on how service delivery is influenced by ethical standards. Please indicate the extent to which you agree with the given statements by ticking accordingly in the table. The information you provide is strictly for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization has ethical framework in place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	The organization uses ethical framework to regulate employees behavior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	There is positive response to ethical framework requirement by all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Every individual or department accounts for	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	their ethical performance					
5.	Executives of the organization lead by example in adherence to ethical framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Gender has effect on adherence to ethical framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	The organization has measures in place to punish those who do not adhere to ethical framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

---

### **CORPORATE SOCIAL RESPONSIBILITY PRACTICE**

*This section will consider how corporate governance practice of corporate social responsibility influences service delivery in this county owned water organization. In line with this you are given statements in the table below. Please tick accordingly to show how you agree with them. The information you provide is strictly for academic purpose only and not any other reason.*

<b>SNO.</b>	<b>Statement</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	The organization has CSR mechanisms in place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Employees willingly participate in CSR activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	The community associates with organization through CSR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Customers identify themselves with	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	organization according to CSR activities implemented					
5.	CSR has a positive impact on the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Organization have CSR that is relevant to the needs of customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	There is a strong link between CSR activities and organization image	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

---

## SECTION C: ORGANIZATIONAL FACTORS

### ORGANIZATIONAL STRUCTURE

*This section will consider how organizational factors, such as Structure influences the relationship between corporate governance practices and service delivery in this county owned water organization. In line with this you are given statements in the table below. Please tick accordingly to show how you agree with them. The information you provide is strictly for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization has a Structure that is unique to its operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Employees in this organization are aware of the existing Structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.	Customers identify the organization by a specific Structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Structure determines the output of the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Generally the organization is committed to the structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### ORGANIZATIONAL CULTURE

*This section will consider how organizational factors, such as culture influences the relationship between corporate governance practices and service delivery in this county owned water organization. In line with this you are given statements in the table below. Please tick accordingly to show how you agree with them. The information you provide is strictly for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization has a culture that is unique to its operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Employees in this organization are aware of the existing culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Customers identify the organization by a specific culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Success of the organization is based on its culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Organizations culture determines success	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6.	Top management is committed to supporting the culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
----	---	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

## ORGANIZATIONAL SIZE

*This section will consider how organizational factors, such as Size influences the relationship between corporate governance practices and service delivery in this county owned water organization. In line with this you are given statements in the table below. Please tick accordingly to show how you agree with them. The information you provide is strictly for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization has a Size that is unique to its operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Employees in this organization are aware of the size of organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Customers identify the organization by its size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Success of the organization is based on the size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Services/ products are associated with the size of Organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

---

## SECTION D

### SERVICE DELIVERY

*This section will in focus on how five aspects of service delivery as proposed by Zeithmal et al. (1994) namely tangibility, reliability, responsiveness, assurance and empathy. The section will also consider other aspects such as quality service/products, customer satisfaction and revenue collection. Please tick in the table below accordingly to show how you agree with the given statements. The information you provide is strictly for academic purpose only and not any other reason.*

SNO.	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		1	2	3	4	5
1.	The organization has enough facilities in production of service/product	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	There is effective Service delivery in this organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	There is a clear service delivery charter that guides service delivery in the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Staff in the organization are always prompt in terms of responding to customer requests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Customers are satisfied with our services/products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6.	Employees in the organization have high level of courtesy towards customers	[ ]	[ ]	[ ]	[ ]	[ ]
7.	Customer satisfaction is important in the organization	[ ]	[ ]	[ ]	[ ]	[ ]
8.	There is a clear policy on how customer complaints and compliments are handled in the organization	[ ]	[ ]	[ ]	[ ]	[ ]

**SECTION E**

1. How can you describe the following corporate governance practices in this organization?

a) Auditing.....  
.....  
.....  
.....  
.....  
.....

b) Transparency and accountability.....  
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c) Ethical Framework.....  
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d) Corporate social responsibility.....

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- e) Organizational Factors;
  - i. Structure.....  
.....
  - ii. Culture.....  
.....
  - iii. Size  
.....  
.....  
.....

- f) Comment on the organization's Service Delivery  
.....  
.....  
.....  
.....  
.....

**THANK YOU**



## APPENDIX 6: QUESTIONNAIRE FOR CUSTOMERS

Dear respondent,

Thank you for participating in this survey. There is no right or wrong answer(s) and you may stop at any time, however, completing the entire survey (about 5 -10 minutes) is greatly appreciated. The purpose of this questionnaire is to collect data from customers of county owned Water Organizations in Western Kenya on Corporate Governance Practices and Service Delivery.

Thank you.

**Name of Your Water Company?**

.....

### SECTION A: DEMOGRAPHIC INFORMATION

1. Indicate your sex?
  - i. Male
  - ii. Female
2. Indicate your age?
  - i. 18-25 years
  - ii. 26-35 years
  - iii. 36 years and above
3. What is your occupation? .....

### SERVICE DELIVERY

4. How long have you been receiving water and other services from the company?
  - i. 0-5 years
  - ii. 6-10 years
  - iii. Over 10 years
5. Please rate the services you get from the water company using the following scale
  - i. Very Poor
  - ii. Poor
  - iii. Not Sure
  - iv. Good
  - v. Very Good
6. Do you pay your bills promptly?
  - i. Yes
  - ii. No

*The section will consider how service delivery in the water company is perceived by customers. You are requested to give your opinion with regard to the services offered. Please fill in the table below showing how you agree with the given statements. The information you provide is strictly for academic purpose only and will not be used for any other reason.*

<b>SNO.</b>	<b>Item</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Service delivery in the organization is good	[ ]	[ ]	[ ]	[ ]	[ ]
2.	The organization has good facilities	[ ]	[ ]	[ ]	[ ]	[ ]
3.	The services provided are reliable	[ ]	[ ]	[ ]	[ ]	[ ]
4.	Staff in the organization is friendly and give effective and efficient services	[ ]	[ ]	[ ]	[ ]	[ ]
5.	The service we get from the organization is satisfactory	[ ]	[ ]	[ ]	[ ]	[ ]

**THANK YOU**

## **APPENDIX 7: INTERVIEW GUIDE FOR DIRECTORS**

1. Briefly explain the corporate governance practices available in the organization?
2. a. What is your comment on internal auditing practice in the organization?
  - b. How often is the internal auditing done?
  - c. In case of internal auditing queries, briefly explain how you respond to it?
  - d. What is your comment on the effectiveness of internal auditing?
  - e. What is the level of independence in internal auditing in the organization?
3. a. Comment on the procedure on Transparency and accountability in the organization?
  - b. How do you handle information sharing in the organization?
  - c. How do you encourage transparency and accountability among senior management in the organization?
4. a. What is your comment on the importance of ethical framework in the organization?
  - b. Briefly explain the procedure for enforcing ethical conduct on members who do not adhere?
5. Comment on the CSR policy in the organization?
  - b. How many projects of CSR activities have been approved and implemented in the organization for the last two years?
  - c. What is the commitment of directors on corporate social responsibility and how is the same cascaded to all employees in the organization?
6. Comment on the effect of organizational factors such as culture, structure and size?
7. a. How reliable is your decision making on the provision of services and products?

b. Comment on revenue collection in your company for the last one year?

**THANK YOU VERY MUCH FOR YOUR COOPERATION AND TIME**

## **APPENDIX 8: INTERVIEW GUIDE FOR MANAGERS**

1. Briefly explain on the corporate governance practices available in the organization?
2.
  - a. What is your comment on internal auditing process?
  - b. How often do you conduct internal auditing practice?
  - c. Briefly explain the procedure for responding to internal auditing queries, if any?
  - d. What is your comment on the effectiveness of both internal auditing?
  - e. Comment on the independence of internal auditing in the organization?
3.
  - a. Comment on Transparency and accountability in your organization?
  - b. Briefly explain the procedure for information sharing within and outside the organization?
  - c. Comment on the commitment of the senior management on transparency and accountability in the organization?
4.
  - a. What is your comment on the importance of ethical framework in the organization?
  - b. Briefly explain the procedure for enforcing ethical conduct on members who do not adhere?
5.
  - a. Comment on the CSR policy in the organization?
  - b. How many projects of CSR activities have been approved and implemented in the organization for the last two years?
  - c. What is your commitment on corporate social responsibility and how is the same cascaded to all employees in the organization?

6. a. What is your comment on the provision of services and products?

b. Comment on revenue collection in your organization for the last one year?

**THANK YOU VERY MUCH FOR YOUR COOPERATION AND TIME**

## APPENDIX 9: MAP OF WESTERN KENYA



## **APPENDIX 10: LIST OF COUNTY WATER ORGANIZATIONS**

1. Amatsi Water and Sanitation Services Company
2. Nzoia Water and Sanitation Services Company
3. Kakamega Water and Sanitation Services Company