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Board Composition and Performance of Independent State Institutions in Kenya

[1*]Christopher Leparan Tialal, [2]Dr. Paul Kariuki, [3]Dr. Dennis Juma, [4]Dr. Douglas Ogolla

[1]PhD Student, Jomo Kenyatta University of Agriculture and Technology
[2,3,4]Lecturer, Jomo Kenyatta University of Agriculture and Technology

https://orcid.org/0009-0001-4205-1557

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ABSTRACT

Purpose: The main objective of this study is to assess the effects of board composition on performance of Independent State Institutions in Kenya. This study was guided by Agency Theory.

Methodology: The study employed the descriptive research design. The research paradigm for this study was positivist. The unit of analysis was therefore for be the 20 Independent State Institutions while the unit of observations was 242 respondents comprising of 200 board members, 20 CEOs, 20 Audit Committee members, head of public service and principal secretary. The total population was therefore 242 respondents. The sample size was determined using Slovin's Formula. The sample size for the study was 151 respondents. Primary data was obtained using structured and semi-structured questionnaires. The pretesting sample was made of 15 respondents representing 10% of the sample size. Inferential and descriptive statistics was employed for analysis of quantitative data with the assistance of Statistical Package for Social Sciences version 26. The findings were presented in tables, figures, and graphs.

Findings: The study found that board composition has a positive and significant effect on performance of Independent State Institutions in Kenya.

Unique Contribution to Theory, Practice and Policy: The study recommends that the management of independent state institutions in Kenya should prioritize the recruitment of highly qualified, diverse, and experienced members who bring a range of expertise and perspectives. A well-structured, competent board with members from varied professional backgrounds can provide strategic oversight, sound decision-making, and effective governance.

Key Words: *Board Composition, Performance, State Institutions*

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Background of the Study

The government is the main provider of essential services such as health, education, defense and infrastructure (Sarhan & Ntim, 2018). Independent state institutions refer to governmental bodies or organizations within a country that operate autonomously from the direct control or influence of the executive, legislative, or judicial branches of government. These institutions are typically established to perform specific functions or tasks that require impartiality, expertise, and insulation from political interference. Independent state institutions are organized institutions that are formed to undertake all business activities in key industries by the government with the purpose of fulfilling its economic policies (Wong & Mwanzia, 2019). There are twelve independent state institutions listed under chapter fifteen of the constitution of Kenya (GoK, 2010) in Article 248(2) and eight others created through Acts of parliament bringing the total number of independent state institutions to twenty (20). The 20 independent state institutions cover human rights; land; elections; salaries in the public sphere; appointments and disciplinary action for the police, public service, judiciary, parliament and teachers; allocation of revenue (for counties); corruption; gender and equality; administrative justice and national cohesion and integration, budget, audit, law reforms, police oversight, prosecution, political parties, and data protection, (GoK, 2020).

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled (Amodu, *et al*, 2019). It essentially involves balancing the interests of a company's many stakeholders, such as shareholders, employees, customers, suppliers, financiers, government, and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure (Andrews, 2015). Corporate governance structures represent the systems set in place to help guide the decision makers of an organization and monitor activities in light of respective and diverse interests. It is deemed as anything that affects the decision-making process of a company that can impact any of the stakeholders (Jordan, 2019). It is a relevant factor across many fields including finance, accounting, strategic planning, and management (Arasa, & Gathinji, 2019). Good corporate governance in a business may determine its success or failure. It is the best indicator of well-managed, progressive, and strategic businesses.

Corporate Governance structures that have been developed and embraced are varied across different parts of the world (Kiratu & Moronge, 2016). These seemed to have had an influence from Country's legal orientation, Vis, those that followed civil law focused on stakeholders, while those that had a common law orientation focused on shareholders returns or interests (Mulili & Wong, 2019). Generally, the approach to corporate governance has been domesticated in every country to fit their beliefs, especially the independence of board members in view of whether they should be executives or not. Worldwide, corporate governance has become a crucial topic because the level of development of a nation is attributed to the level of good Corporate Governance practices. The absence of good Corporate Governance is a major cause of failure of many well performing companies (Kiratu & Moronge, 2016).

Good corporate governance and a competent board of directors are required for enhanced organizational performance. According to Martín and Herrero (2018), corporate governance is the collection of interactions between an organization's management, board of directors, shareholders, and other stakeholders. This study conceptualizes that corporate governance characterized by the directorship independence, inclusivity, organizational transparency, and public relations could influence performance in an organization.

The board's independence is necessary to ensure that it performs its duties honestly and keeps management accountable. Across jurisdictions, the Independent Director role is considered as a solution to issues like governance failure, corporate fraud, and so on (Jill & Simone, 2019). Independent directors are a key aspect of modern corporate law, and courts and legislators all over the world are increasingly relying on them to protect investors from dominating shareholder opportunism. In this context, studies on the nexus between corporate governance and performance have attracted the interest of scholars.

In order to do their duty of monitoring, independent directors must be held accountable to public investors. This can be achieved by allowing investors to elect or retain these directors, or at the very least to have a considerable influence on their election or retention (Bebchuk & Hamdani, 2017). Increased board independence would considerably improve public investor protection without jeopardizing the controller's ability to choose the company's course. Experience, on the other hand, hasn't always been on our side. Despite having a substantial number of independent directors on their boards, companies have failed in the past. This calls for studies aimed at explaining this phenomenon.

A diverse board is one of the most effective strategies to improve corporate governance. It has been discovered that the participation of women on boards of directors correlates with the firm's performance (Sarhan & Ntim, 2018). According to one study, having a high representation of women in a company is linked to a higher return on sales and return on invested capital (Dworkin & Schipani, 2018). Increasing demands for diversity from regulators and stakeholders, on the other hand, demonstrate that many corporations are slow to diversify their top management ranks (Mehmood, Hunjra, & Chani, 2019). According to Lamberti (2018) companies with higher levels of gender diversity do not obviously outperform other companies with lower levels, in terms of several markets and accounting measures. However, the link between inclusivity in government agencies and performance has eluded the attention of scholars. This calls for studies in this direction.

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Statement of the Problem

Independent State Institutions (ISIs) in Kenya, established under the Constitution of Kenya (2010), play a critical role of delivering constitutional democracy, promoting governance, transparency, accountability, and the rule of law (Namanya, Musiime, & Muganga, 2024). These institutions, such as the Ethics and Anti-Corruption Commission (EACC), the Commission on Revenue Allocation (CRA), and the Judiciary Service Commission (JSC), are mandated to safeguard public interest, foster equitable resource distribution, and uphold human rights (Ndege, Tenambergen, & Njoroge, 2024). They act as checks and balances to ensure that governance systems function effectively and in alignment with constitutional principles. By addressing corruption, resolving disputes, and guiding public policy, ISIs contribute significantly to national development and the realization of Kenya's Vision 2030 (Njoroge, Bula, & Wanyoike, 2024).

However, despite their crucial role, the performance of Independent State Institutions in Kenya has been declining in key areas, raising concerns about their effectiveness. Reports from the Office of the Auditor-General indicate that less than 50% of planned activities by ISIs are fully implemented annually (Ndege, Tenambergen, & Njoroge, 2024). Mandate fulfillment has suffered due to inadequate funding, political interference, and leadership inefficiencies (Sihanya, 2025). Secondly, customer satisfaction has deteriorated, as evidenced by a 2024 survey by the Kenya National Bureau of Statistics (KNBS), which showed that only 35% of Kenyans expressed confidence in ISIs' ability to deliver services efficiently. Lastly, the impact of decisions made by these institutions is often limited (Namanya, Musiime, & Muganga, 2024). For example, the EACC has seen a low conviction rate for corruption cases, with only 4% of cases resulting in successful prosecutions between 2018 and 2022. These trends indicate systemic governance challenges within ISIs, underscoring the need for research into the corporate governance structures influencing their performance (Munyoki, 2024).

Corporate governance plays a pivotal role in shaping the performance of organizations (Krithi, & Pai, 2024). Strong corporate governance ensures that institutions adhere to principles of accountability, transparency, fairness, and ethical decision-making, which are essential for achieving their mandates effectively (Jill, & Simone, 2024). Governance structures such as well-defined roles of boards, robust internal controls, and strategic leadership enhance decision-making processes, resource allocation, and operational efficiency (Hanafizadeh, Shafia, & Bohlin, 2024). Conversely, weak governance—characterized by poor oversight, lack of stakeholder engagement, and leadership inefficiencies—can lead to mismanagement, corruption, and diminished trust among the public (Ehikioya, 2024). Research indicates that organizations with sound corporate governance are 20-30% more likely to achieve their objectives and maintain stakeholder confidence, emphasizing the critical link between governance structures and institutional performance (Adeabah, Gyeke-Dako, & Andoh, 2024).

Various studies have been conducted on corporate governance and organization performance. Otiti (2023) studied on Corporate Governance and Performance in the Heritage Insurance Company Limited. Gitari (2024) sought to find out the relationship between Corporate Governance and the Financial Performance of state corporations. Chelang'at (2024) studied the challenges of implementing corporate governance practices at the Judicial Services Commission. Mwangi, and Nyaribo, (2024) analyzed the effect of Corporate Governance Structures on Organizational Performance of State Corporations in Education Sector in Kenya.

However, none of these studies specifically focused on the effects of corporate governance structures on performance of Independent State Institutions in Kenya. To fill the highlighted gaps, the current study sought to assess the effects of board composition on performance of Independent State Institutions in Kenya.

General Objective

The main objective of this study is to assess the effects of board composition on Performance of Independent State Institutions in Kenya.

Theoretical Review

Agency Theory

Agency Theory founded by Jensen and Meckling (1976) is a foundational concept in economics and organizational management that explores the relationship between principals and agents. Principals are individuals or entities that delegate authority, such as shareholders or owners of a company, while agents are those who are hired to act on behalf of the principals, such as managers or executives (Carlos & Shahzad, 2020). The theory addresses the challenges that arise from this principal-agent relationship, particularly issues related to information asymmetry, where agents typically possess more information about the day-to-day operations and decision-making processes than the principals do. This imbalance can lead to conflicts of interest, as agents may prioritize their personal goals over those of the principals, potentially resulting in agency costs (Aminu, Aisha & Muhammad, 2020).

One of the central tenets of Agency Theory is the notion of aligning interests between principals and agents. To mitigate the risks associated with divergent goals, principals often implement various mechanisms, such as performance-based incentives, contracts, and monitoring systems. For example, performance bonuses or stock options can motivate managers to act in the best interests of shareholders by tying their compensation to the company's financial performance (Webi & Ouma, 2020). Additionally, regular audits and oversight can help ensure that agents are held accountable for their actions, thus reducing the likelihood of opportunistic behavior. These strategies aim to minimize agency costs, which are the costs incurred from the potential misalignment of interests (Nyagilo & Njeru, 2020). Agency Theory also highlights the importance of governance structures in organizations. Effective governance can facilitate better

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alignment between principals and agents, enhancing overall organizational performance. This includes the establishment of a board of directors that acts on behalf of shareholders to oversee management activities and ensure that agents are acting in the best interests of the organization. Strong governance practices can help build trust and transparency, reducing the likelihood of agency-related conflicts and fostering a more cohesive working environment (Oyugi *et al*, 2021).

Agency Theory is built upon several key assumptions that help frame its analysis of the principal-agent relationship. One fundamental assumption is that both principals and agents act rationally, pursuing their own self-interests. This premise implies that agents, given the opportunity, may engage in behaviors that benefit themselves at the expense of the principals' objectives (Carlos & Shahzad, 2020). Another assumption is the existence of information asymmetry, where agents have more knowledge about their actions and the context in which they operate than the principals. This asymmetry can lead to inefficiencies and potential exploitation, as principals may not have the necessary tools to monitor agents effectively. Additionally, Agency Theory assumes that principals can design contracts and incentive systems to align the interests of agents with their own, thereby minimizing agency costs and ensuring that agents act in the best interests of the principals (Aminu, Aisha & Muhammad, 2020).

Despite its valuable insights, Agency Theory has faced significant critiques. One major criticism is its overly simplistic view of human motivation. By primarily focusing on self-interest, the theory tends to ignore the complexities of human behavior, such as ethical considerations, social norms, and intrinsic motivations. In reality, individuals often operate under a mix of personal and organizational values, which can influence their decisions and actions in ways that Agency Theory does not fully account for. This reductionist perspective can lead to management practices that emphasize control and incentives at the expense of fostering a collaborative and positive organizational culture (Webi & Ouma, 2020). Another critique is that Agency Theory can create a mechanical view of organizational relationships, portraying them as adversarial rather than cooperative. This adversarial framing may result in a lack of trust between principals and agents, undermining teamwork and collaboration. In practice, many organizations thrive on shared goals and mutual interests, which can be overlooked when focusing solely on potential conflicts. The emphasis on monitoring and performance-based incentives might inadvertently foster a culture of suspicion, where agents feel micromanaged and less motivated to contribute creatively (Nyagilo & Njeru, 2020). This theory was used to establish the influence of board composition on performance of independent state institutions in Kenya.

Conceptual Framework

A conceptual framework is a structured, visual, or written representation that outlines the key concepts, variables, and their relationships within a study or project (Sekaran, & Bougie, 2019). The figure below shows the independent variables, the moderating variable and the dependent variable (Cooper, & Schindler, 2019). In this study, the independent variable is board

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composition while the dependent variable is performance of independent state institutions in Kenya

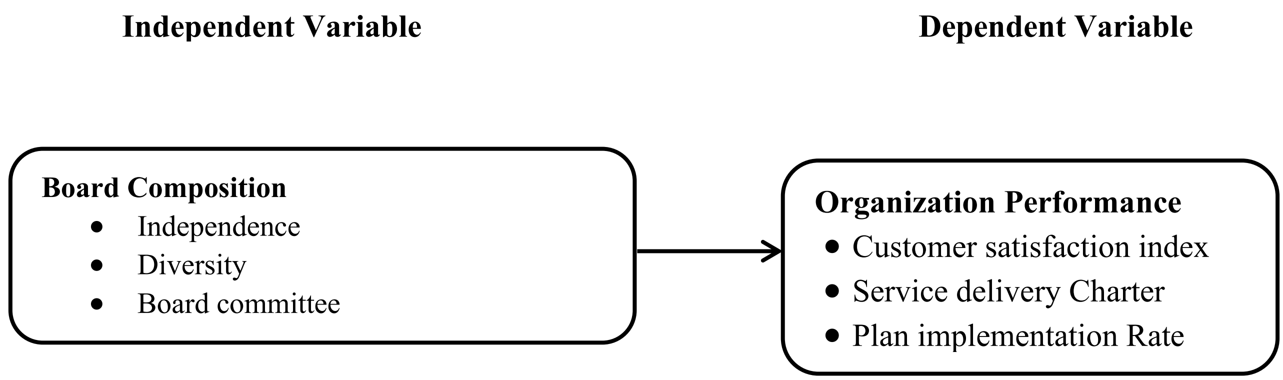

Figure 2. 1: Conceptual Framework

Board Composition

Board composition refers to the structure and makeup of a company's board of directors, including the number and diversity of members, their skills, expertise, experience, and background (Carlos & Shahzad, 2020). It is an essential aspect of corporate governance, ensuring that the board has the necessary knowledge, perspectives, and capabilities to effectively oversee the company's strategic direction, financial health, and operations (Aminu, Aisha & Muhammad, 2020). A well-composed board typically includes a mix of independent and non-independent directors, with a range of expertise in areas such as finance, law, industry-specific knowledge, and risk management. Diversity in gender, ethnicity, and experience is also emphasized to foster a more comprehensive decision-making process and to reflect a broader range of viewpoints, which can ultimately improve company performance and accountability (Webi & Ouma, 2020).

Independence on a board refers to the extent to which directors are free from relationships that could impair their ability to make objective decisions. Independent directors are not involved in the day-to-day operations of the company and do not have significant relationships with the company's management or other key stakeholders (Nyagilo & Njeru, 2020). This ensures that their judgment is not influenced by internal interests, allowing them to provide unbiased oversight and make decisions that are in the best interest of shareholders and other stakeholders. Independence is particularly important for key board functions such as audit, compensation, and governance, where impartiality is crucial for ensuring transparent, ethical, and effective corporate governance (Oyugi *et al*, 2021). Diversity on a board encompasses a variety of perspectives, backgrounds, and experiences, including but not limited to gender, ethnicity, age, professional expertise, and cultural backgrounds. Diverse boards tend to bring a wider range of ideas and viewpoints, which can enhance decision-making and problem-solving (Carlos &

Shahzad, 2020). In today's global business environment, diverse boards are increasingly recognized as essential for fostering innovation, improving company performance, and ensuring that the board better represents the interests of its stakeholders. Many companies and investors now actively seek to promote diversity within the boardroom to ensure more inclusive leadership and to adapt more effectively to a changing market landscape (Aminu, Aisha & Muhammad, 2020).

Board committees are subgroups of the board of directors that focus on specific areas of governance and operations. They are tasked with handling detailed work that requires specialized knowledge and attention, ensuring that the board can make informed decisions on complex issues (Webi & Ouma, 2020). Common committees include the audit committee, which oversees financial reporting and internal controls; the compensation committee, which manages executive pay and benefits; and the nominating/governance committee, which handles the selection and evaluation of board members (Nyagilo & Njeru, 2020). Committees play a vital role in increasing the efficiency and effectiveness of the board by focusing on particular functions, allowing directors to exercise due diligence in their oversight responsibilities. These committees typically report back to the full board with recommendations and findings, contributing to more informed and strategic decision-making (Oyugi *et al*, 2021).

Empirical Review

Board Composition and Organization Performance

Carlos and Shahzad (2020) examined the network of board of directors in Mexican corporations: a social network analysis. Using Social Network Analysis, this research examines whether a pattern of interlocked directorates exists among the 126 publicly traded corporations in Mexico based on data from 1,516 inside and outside board members of the whole corporations traded in the Mexican Stock Market. The study found that in Mexico, independent board members have created a network structure of social relationships through board interlocks. The paper demonstrates that a few individuals are far more powerful than others due to the connections they hold with the network. The study concluded that the interlocked directorates and positions of powerful and influential actors have the potential to render corporate governance reforms ineffective.

Aminu, Aisha and Muhammad (2020) conducted a case study on the effect of board size and composition on the financial performance of banks in Nigeria. This study analyzed the effects of board size and board composition on the performance of Nigerian banks. The financial statements of five banks were used as a sample for the period of nine years and the data collected were analyzed using the multivariate regression analysis. The paper found that board size has significant negative impact on the performance of banks in Nigeria. This signifies that an increase in Board size would lead to a decrease in ROE and ROA. On the other hand, board composition has a significant positive effect on the performance of banks in Nigeria. The study concluded that an increase in Board composition would lead to a decrease in ROE and ROA.

Webi and Ouma (2020) researched on Effects of Board Diversity on Performance of Non-governmental Organizations in Nairobi County Kenya. The study employed a descriptive research design and adopted questionnaires as its data collection tool. Primary data was collected using questionnaires sent to a sample of 84 respondents. The study found that the age diversity of the board members in their organizations was of low extent. The respondents agreed to a very great extent indicating that the boards of the studied organizations are composed of members from varied occupations. The correlation results indicated that occupational diversity was the strongest of the 3 variables. The study concluded that indeed there was a relationship between board diversity against the dependent variable, organizational performance.

Nyagilo and Njeru (2020) researched on the effect of board diversity on organization performance, a case of Kenya Ports Authority Mombasa, Kenya. The study adopted a cross-sectional descriptive survey design where 55 boards of directors, general managers and head of division of KPA were targeted. The sample size was 48 and stratified sampling technique was employed to identify respondents that participated in the study. Self-administered questionnaires were used to collect the data from the respondents. The study found that more than half the total percentage of the organization performance at KPA could be attributed to strategic corporate governance. The study also found out that board diversity had a statistically significant impact on the organization performance of KPA. The study concluded that board diversity has a statistically significant impact on the organization performance.

Oyugi *et al* (2021) assessed the relationship between board practices and organizational performance by government owned entities in Kenya. Data for board practices indicators were sought through semi structured questionnaires from all 234 government-owned entities operating in Kenya as at 31st December, 2022. A total of 153 government owned entities returned properly filled up questionnaires. The findings established that board practices have significant and positive effect on performance by government owned entities. The study findings have shed light on the crucial role of good board practices in enhancing organizational performance in government owned entities. The availability of such practices, including effective audit committee practices, has been shown to be strongly associated with improved organizational performance. The study concluded that, the presence of effective and good board practices enables an organization to safeguard its assets, ensure the accuracy of financial records, detect and prevent fraud leading to revenue growth and improved overall performance.

RESEARCH METHODOLOGY

Research Design

The study employed the descriptive research design. This design is pertinent in "developing the profile of a situation and a community of people by getting complete and accurate information through an interaction between the researcher and the respondent via data collection tools" (Kothari & Garg, 2019).Van Manen (2019) states that a descriptive research design as a data collection method from which a sample of individuals being investigated using research instruments by use of data collection instrument which has both the closed-ended and open-ended questions, interviews, and observations. It is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the targeted population. This study design is applicable in the study area since it made it easy to collect data from the study participants in insurance companies.

Research Philosophy

The research paradigm for this study was positivist. According to Cooper and Schindler (2017), the positivist research paradigm is founded on real facts, objectivity, impartiality, measurement, and the validity of results. The foundations of positivism can be found in empiricism, which states that all factual knowledge depends on positive information received through observable experiences. Positivism holds that knowledge should be founded on facts rather than abstractions; hence knowledge is founded on observations and experiments based on current theory (Cooper & Schindler, 2017). In the positivist paradigm, an epistemological study is how the social world can be explored as natural science. Hypotheses must be tested using empirical methods. According to Koul (2018), the positivist paradigm's quality requirements are validity and reliability because the objective of the positivist paradigm is to discover the "truth" through empirical study.

Target Population

The target population makes a part of the universal population (Creswell, 2018). There are twelve independent state institutions listed under chapter fifteen of the constitution of Kenya (GoK, 2010) in Article 248(2) and eight others created through Acts of parliament bringing the total number of independent state institutions to twenty (20). The 20 independent state institutions cover human rights; land; elections; salaries in the public sphere; appointments and disciplinary action for the police, public service, judiciary, parliament and teachers; allocation of revenue (for counties); corruption; gender and equality; administrative justice and national cohesion and integration, budget, audit, law reforms, police oversight, prosecution, political parties, and data protection, (GoK, 2020). The unit of analysis was therefore 20 Independent State Institutions while the unit of observation was 242 respondents comprising of 200 board members, 20 CEOs, 20 Audit Committee members, head of public service and Clerk of the National Assembly. The total population was therefore 242 respondents

Sampling Techniques and Sample Size

The study used stratified random sampling to select a sample of 226 policy, management, supervisory and operational levels of employees from the target population. Stratified random sampling technique is a method of sampling that involves the division of a population into smaller groups known as strata (Jolivette, 2015).

The sample size was determined using Slovin's Formula. Slovin's formula is used in statistical analysis as a tool to determine the sample size of a population that must be taken for a specific study.

$$n = \frac{N}{1 + NE^2}$$

Whereby:

n = number of samples

N = total population

E = error margin / margin of error (0.05)

$n = 242/ [1+242*.05^2]$

= 150.778

$n \approx 151$

Table 1: Sample Size

Category	Target Population	Sample Size
Board Members	200	125
CEO	20	12
Audit Committee	20	12
Head of Public Service	1	1
Clerk of the National Assembly	1	1
Total	**242**	**151**

Research Instruments

This study collected both primary and secondary data. This study adopted the self-administered questionnaire approach. Self-administered questionnaires offer researchers the potential to reach a large number of potential respondents in a variety of locations (Cooper & Schindler, 2017). Gitahi (2015), Sialala (2016), and Hassan (2017) used self-administered questionnaires in their studies on the influence of monitoring and evaluation on the performance of roads projects in Kenya.

Primary data was obtained using structured and semi-structured questionnaires. The structured questions were useful as they enable easy analysis of data and reduce the time and resources needed for data collection. The unstructured questionnaires helped the researcher get in-depth responses from the respondents as they give respondents a chance to provide views and suggestions on the various issues.

For this study, secondary data was sourced from the official annual reports of independent state institutions in Kenya. The data covered a five-year period, from 2020 to 2024, ensuring both a recent and longitudinal perspective that enables the researcher to capture trends, patterns, and changes within the institutions over time.

Pilot Study

The researcher carried out a pilot study to ensure the data collection tool is reliable and valid. The pilot test helped correct some of the challenges encountered before undertaking the final study. According to Singpurwalla (2019), a pilot study sample size should ideally be 1-10% of the study sample. The pretesting sample was made of 15 respondents representing 10% of the sample size. Respondents selected for piloting were not involved in the actual study and their input was used to modify the questionnaire. The pilot study was conducted on state agencies in Kenya. The results from the pilot test were not used in the main study.

Data Analysis and Presentations

Qualitative data was analyzed on thematic basis and the findings provided in a narrative form. Before quantitative data is analyzed, the researcher ensured the data is checked for completeness, followed by data editing, data coding, data entry, and data cleaning.

Descriptive statistics such as frequency distribution, mean (measure of dispersion), standard deviation, and percentages will be used. Descriptive statistics are very important because if the researcher simply presented raw data, it would be hard to deduce what the data was showing, especially where there was a lot of it. Descriptive statistics therefore enables researchers to present the data in a more meaningful way, which allows simpler and easier interpretation (Singpurwalla, 2019). Inferential and descriptive statistics were employed for analysis of quantitative data with the assistance of Statistical Package for Social Sciences (SPSS) version, 26).

The relationship between the study variables were tested using univariate and multivariate regression models. The univariate model is simple with one predictor and a single outcome while the multivariate model is complex with a single outcome but more than one predictor.

Inferential data analysis was conducted by use of univariate regression analysis, Pearson correlation coefficient, and multiple regression analysis. Inferential statistic is used to make

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judgments about the probability that an observation is dependable or one that happened by chance in the study. Before conducting inferential statistics, the researcher conducted diagnostic tests. This study adopted multiple regression formula as illustrated below;

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where;

Y = dependent variable (Performance of Independent State Institutions in Kenya)

X_1 = Board Composition

β_0 = the constant term

β_1 = the Beta coefficient

ε = the error term

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Descriptive Statistics

Board Composition and Organization Performance

The second specific objective of the study was to determine the influence of board composition on performance of independent state institutions in Kenya. The respondents were requested to indicate their level of agreement on board composition and performance of independent state institutions in Kenya. The results were as shown in Table 2.

From the results, the respondents agreed that the board operates independently from management influence (M=3.996, SD= 0.865). In addition, the respondents agreed that independent directors have a significant role in decision-making. (M=3.819, SD=0.945). Further, the respondents agreed that board members make objective decisions in the best interest of the organization (M=3.798, SD=0.611). The respondents also agreed that the board includes members with diverse backgrounds and perspectives (M=3.731, SD=0.908). Further, the respondents agreed that the board values diversity in terms of gender, ethnicity, and experience (M=3.711, SD=0.776). Aminu, Aisha and Muhammad (2020) revealed that board composition has a significant positive effect on the performance of banks. In addition, Webi and Ouma (2020) concluded that there was a relationship between board diversity against organizational performance.

The respondents agreed that diversity on the board enhances decision-making and problem-solving (M=3.675, SD=0.897). In addition, the respondents agreed that board committees effectively oversee key areas of the organization (M=3.613, SD=0.786). The respondents also agreed that the committees are composed of qualified and experienced board members (M=3.608, SD=0.841). In addition, the respondents agreed that board committees contribute to better governance and decision-making (M=3.600, SD=0.567). The findings concur with the findings of Nyagilo and Njeru (2020) who revealed that board diversity has a statistically significant impact on the organization performance. In addition, Oyugi *et al* (2021) revealed that board practices have significant and positive effect on performance by government owned entities.

Table 2: Board Composition and Organization Performance

	Mean	Std. Deviation
Independence		
The board operates independently from management influence.	3.996	0.865
Independent directors have a significant role in decision-making.	3.819	0.945
Board members make objective decisions in the best interest of the organization.	3.798	0.611
Diversity		
The board includes members with diverse backgrounds and perspectives.	3.731	0.908
The board values diversity in terms of gender, ethnicity, and experience.	3.711	0.776
Diversity on the board enhances decision-making and problem-solving.	3.675	0.897
Board committee		
Board committees effectively oversee key areas of the organization.	3.613	0.786
The committees are composed of qualified and experienced board members.	3.608	0.841
Board committees contribute to better governance and decision-making.	3.600	0.567
Aggregate	**3.728**	**0.800**

Organization Performance

This study used secondary data to collect information on performance of independent state institutions in Kenya which was measured through customer satisfaction index, service delivery Charter and plan implementation Rate. The results were as shown in figure 4.4-4.6

Customer satisfaction index

The Customer Satisfaction Index showed a consistent upward trend over the five-year period, starting at 68.5% in 2020. In 2021, the index rose to 70.3%, reflecting modest improvements in responsiveness to citizen needs. The upward momentum continued in 2022, where the index reached 71.4%, suggesting incremental but steady gains in public trust. In 2023, satisfaction levels improved further to 73.6%, showing stronger appreciation of institutional performance. By 2024, the index climbed to 75.1%, marking an overall increase of 6.6 percentage points since

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2020. This steady rise indicates that independent state institutions gradually strengthened service delivery and enhanced citizen confidence over time.

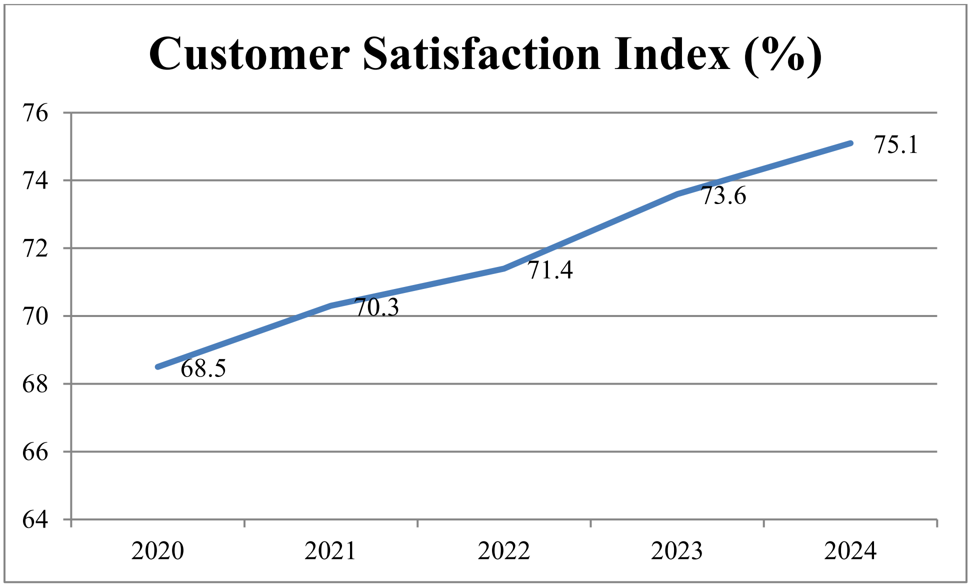

Figure 1: Customer satisfaction index

Service delivery Charter

Compliance with Service Delivery Charters recorded significant year-on-year improvement throughout the review period. In 2020, the compliance rate was relatively low at 59.7%, pointing to notable gaps between institutional commitments and actual service delivery. However, this improved to 66.2% in 2021, indicating strengthened operational efficiency. The rate rose markedly to 72.8% in 2022, showing growing adherence to performance standards and timelines. In 2023, compliance reached 77.5%, highlighting the positive impact of monitoring and accountability mechanisms. By 2024, compliance had increased sharply to 83.6%, representing an overall gain of 23.9 percentage points since 2020. This sharp growth demonstrates substantial progress in aligning institutional practices with citizen-focused service charters.

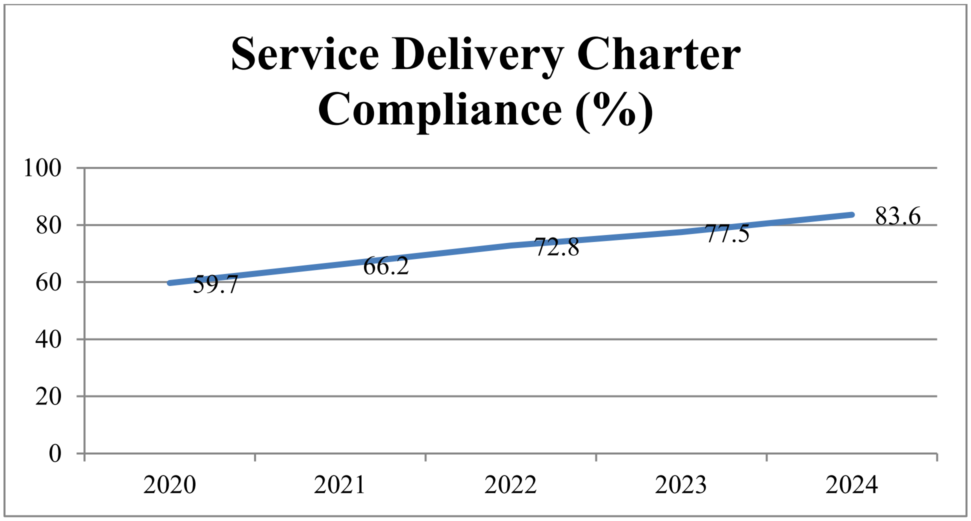

Figure 2: Service delivery Charter

Plan implementation Rate

The Plan Implementation Rate also showed remarkable progress during the five-year period. Beginning at 55.5% in 2020, the rate reflected major challenges in translating strategies into action. This improved significantly in 2021 to 65.3%, signaling stronger institutional capacity in execution. The upward trend continued in 2022, with the rate reaching 72.6%, indicating that most planned initiatives were being successfully implemented. By 2023, implementation rose to 75.4%, showing further consolidation of performance systems. In 2024, the rate peaked at 79.1%, translating to an overall increase of 23.6 percentage points from the baseline year. This strong growth underscores increasing efficiency in resource utilization, project execution, and delivery of institutional objectives.

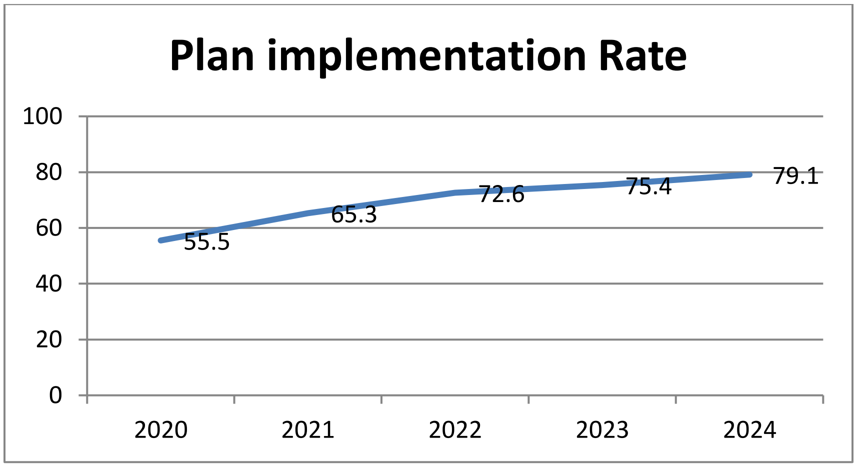

Figure 3: Plan implementation Rate

Test for Hypothesis One

The objective of the study was to establish the influence of board composition on performance of independent state institutions in Kenya. The corresponding hypothesis was board composition has no statistically significant influence on performance of independent state institutions in Kenya.

A univariate analysis was therefore conducted to test the null hypothesis. From the model summary findings in Table 3, the r-squared for the relationship between board composition and performance of independent state institutions in Kenya was 0.259; this is an indication that at 95% confidence interval, 25.9% variation in performance of independent state institutions in Kenya can be attributed to changes in board composition. Therefore, board composition can be used to explain 25.9% change in performance of independent state institutions in Kenya. However, the remaining 74.1% variation in performance of independent state institutions in Kenya suggests that there are other factors other than board composition that explain performance of independent state institutions in Kenya.

Table 3: Model Summary for Board Composition

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.509[a]	.259	.258	.68365

a. Predictors: (Constant), board composition

The analysis of variance was used to determine whether the regression model is a good fit for the data. From the analysis of variance (ANOVA) findings in Table 4, the study found out that that Prob>$F_{1, 133}$= 0.000 was less than the selected 0.05 level of significance. This suggests that the model as constituted was fit to predict performance of independent state institutions in Kenya. Further, the F-calculated, from the table (297.49) was greater than the F-critical, from f-distribution tables (3.912) supporting the findings that board composition can be used to predict performance of independent state institutions in Kenya.

Table 4: ANOVA for Board Composition

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	51.169	1	51.169	297.49	.000[b]
1	Residual	22.832	133	0.172		
	Total	74.001	134			

a. Dependent Variable: performance of independent state institutions in Kenya

b. Predictors: (Constant), board composition

From the results in table 5, the following regression model was fitted.

$$Y = 0.287 + 0.366\, X_2$$

(X_2 is Board Composition)

The coefficient results showed that the constant had a coefficient of 0.287 suggesting that if board composition was held constant at zero, performance of independent state institutions in Kenya would be at 0.287 units. In addition, results showed that board composition coefficient was 0.366 indicating that a unit increase in board composition would result in a 0.366 increase in performance of independent state institutions in Kenya. It was also noted that the P-value for board composition coefficient was 0.001 which is less than the set 0.05 significance level indicating that board composition was significant. Based on these results, the study rejected the null hypothesis and accepted the alternative that board composition has a positive and significant influence on performance of independent state institutions in Kenya.

Table 5: Beta Coefficients for Board Composition

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.287	.076		3.776	.000
	board composition	0.366	0.098	0.365	3.735	0.001

a. Dependent Variable: performance of independent state institutions in Kenya

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The second null hypothesis test was ‘Board composition has no statistically significant influence on performance of independent state institutions in Kenya. The study found that board composition is statistically significant in explaining performance of independent state institutions in Kenya. The influence was found to be positive. This means that unit improvement in board composition would lead to an increase in performance of independent state institutions in Kenya. Based on the findings, the study concluded that board composition positively and significantly influences performance of independent state institutions in Kenya.

Recommendations

The study recommends that the management of independent state institutions in Kenya should prioritize the recruitment of highly qualified, diverse, and experienced members who bring a range of expertise and perspectives. A well-structured, competent board with members from varied professional backgrounds can provide strategic oversight, sound decision-making, and effective governance.

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