EFFECT OF CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE OF KENYA FOOTBALL PREMIER LEAGUE

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DECLARATIONAND RECOMMENDATIONS

This project report is my original work and to the best of my knowledge, it has not been submitted to any institution or university for examination.

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This project report has been submitted for examination with our recommendation as university supervisors.

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ABSTRACT

Football is an "industry" and clubs "businesses" characterized by competition for resources. The opportunities presented by expanding markets and the challenges of an environment characterized by increasing competition require that clubs successfully position themselves to build sustainable, competitive advantage. The main aim of the study was to analyze the effects of corporate governance on performance of soccer management in Kenya Premier League. Particularly the study analyzed; the effect of board composition on performance, board structure on performance, corporate reporting practices on performance of Kenya Football Premier League and to find out the effect of corporate leadership structure on performance of Kenya Football Premier League. The studyadopted descriptive research design taking 96 elected officials and 48 employees giving a total of 144-target population who understood key issues of football governanceas the target population of the study. The study used proportional stratified random sampling technique to select the respondents. Data wascollected using both primary data collection tools. Structured questionnaires administered to the selected respondentswas used elicit information related to governance structure of the Clubs whereas both structured questionnaire and secondary data collection form was used to collect information related to Kenya Football Premier League Performance. To establish relationship between differentiation strategy and perceived attractiveness of the clubs was measured using Pearson Correlation. All inferential statistics will be tested at $\propto = 0.05$ significance level. The first objective of the study was to establish the effect of board composition on performance of Kenya Football Premier League. The study established that the Premier league Club's boards had other board members who were not necessarily footballs, which was a good idea in terms of bring into the clubs varied views that are meant to make the clubs perform well. In spite of board membership being drawn from members who were not necessarily footballs, the board lacked wider representation in terms of gender, institutional representation like the government, age variability making the board not to have the face of Kenya, that is most clubs were aligned to specific tribe or counties, the idea which was a replica of their respective boards.. The study established that the boards of the clubs in Kenya Premier League had ineffective corporate reporting practices affecting the performance of the clubs. The boards did not report to the Ministry of Sports who is mandated to regulate sports policies in Kenya nor did they report to FKF, which is their association umbrella body and also the organizers of Kenya Premier League and therefore were not accountable to the public. The poor reporting practices also affected the clubs internally with their management team also failing to report to the board complicating the issues of accountability further.

Keywords: corporate governance practices, Kenya football premier league, performance, Kenya, employees, elected officials

TABLE OF CONTENTS

DECLARATIONAND RECOMMENDATIONS ii

ACKNOWLEDGEMENT iii

ABSTRACT iv

TABLE OF CONTENTS v

LIST OF ABBRIVIATIONS AND ACRONYMS viii

LIST OF TABLES ix

LIST OF FIGURES x

CHAPTER ONE 1

INTRODUCTION 1

1.1 Background of the study 1

1.2 Statement of the problem 5

1.3 objectives of the study 6

1.4 Research Questions 6

1.5 Significance of the Study 7

1.6 Scope and Limitation of the study 7

1.7 Assumption of Study 7

1.8 Operational Definition of Terms 8

CHAPTER TWO 9

LITERATURE REVIEW 9

2.1 Introduction 9

2.2 Theoretical Review 9

2.3 Principles in Corporate Governance 12

2.4 Performance of Kenya Football Premier League 27

2.6 Empirical Review 28

2.7 Benefits of Corporate Governance 30

2.8 Reasearch Gap 31

2.9 Conceptual Framework 32

CHAPTER THREE 34

RESEARCH METHODOLOGY 34

3.1 Introduction 34

3.2 Research Design 34

3.3Target Population 34

3.4 Sampling Procedure and Sample Size 34

Source: Kenya Premier league 36

3.5 Instrumentation 36

3.6 Validity and Reliability of Research Instrument 37

3.7 Data Collection Procedure 38

3.8 Data Analysis 38

CHAPTER FOUR 41

DATA ANALYSIS, PRESENTATIONS AND DISCUSSIONS 41

4.1 Introduction 41

4.2 Demographic Characteristics of Respondents 41

4.3 Descriptive Analysis on Clubs' Board Composition of the Clubs 44

4.4 Descriptive Analysis on Clubs' Board Structure 46

4.5 Descriptive Statistics on Clubs' Corporate Reporting Practices 48

4.6 Descriptive Analysis of Clubs' Corporate Leadership Structure 49

4.7 Effects of Corporate Governance on Performance of Soccer Management 51

CHAPTER FIVE **56**

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS **56**

5.1 Summary 56

5.2Conclusions 58

5.3Recommendations 60

REFERENCE **61**

APPENDICES **68**

Appendix I: Letter of introduction 68

Appendix II: Questionnaire 69

Appendix III: Letter of authorization to carry out research 72

LIST OF ABBRIVIATIONS AND ACRONYMS

CG	Corporate Governance
FKF	Federation of Kenya Footballers
KCB	Kenya Commercial Bank
KPL	Kenya Premier League
OECD	Organization of Economic Co-operation Development
R&D	Research and development
ROA	Return on Assets
AFC	All Footballers Confederationleopards sports club
CEO	Chief Executive Officer

LIST OF TABLES

Table 3.1: Kenya premier league teams 36

Table 3.2: Data Analysis Matrix Table 40

Table 4.1: Clubs Board Composition 44

Table 4.2: Clubs Board Structure 46

Table 4.3: Board Reporting Structure 48

Table 4.4: Board's Corporate Leadership Structure 50

Table 4.5: Correlation between Corporate Governance Practices and Performance of Soccer Management 52

Table 4.6: Model Summary 53

Table 4.7: Full Regression Model 54

LIST OF FIGURES

Figure 2.1 conceptual frameworks……………………………………………………34

Figure 4.1: Effect of corporate governance on performance of Kenya Football Premier League.. 32

Figure 4.2: Respondents Gender Parity 41

Figure 4.3: Respondents Age Bracket 42

Figure 4.4: Respondents Education Level 43

Figure 4.5: Respondents Occupation 43

CHAPTER ONE
INTRODUCTION

1.1 Background of the study

Corporate Governance is the system by which companies are directed and controlled. It specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which company objectives are set and monitoring performance attained (OECD, 1999). A system of organization governance not only provide framework in which business organization are directed and controlled but helps to provide degree of confidence that is necessary for proper functioning of market economy (OECD, 2004).

Craig (2005) stated that Corporate Governance is defined and practiced in different ways globally depending upon the relative power of owners, managers and provider of capital. It entails the procedures, customs, laws and policies that affect the way corporations are directed, administered or controlled. An important objective of Corporate Governance is to ensure accountability and transparency for those who are involved in the policy implementation of organizations through mechanisms that will reduce principal agent conflict. Keasey and Wright (1993) define Corporate Governance as a framework for effective monitoring, regulation and control of companies, which allows alternative internal and external mechanisms for achieving the laid down objectives. The internal mechanisms include the board composition, managerial ownership, and non-managerial shareholding including the institutional shareholding while external mechanisms includes; the statutory audit, the market for corporate control and stock market evaluation of corporate performance.

Using the agency theory approach (Shleifer and Vishny, 1997) define CG as a process in which suppliers of finance to firms assure themselves of getting a return on their investment. The authors posit that CG is mainly concerned with principal agency problem between ownership and control and it is seen as a set of mechanisms through which outside investors protect themselves against expropriation by insiders. CG is also

defined as the system by which companies are directed and controlled to attain the goals as well as the objectives. It is a set of relationship between the company's management, its board, its shareholders and stakeholders that provides the structure through which objectives of the company are set and achieved (Cadbury, 1992).

According to Denis (2001) the fundamental perception and understanding of the field of CG originated from the fact that there are potential problems associated with separation of ownership and control which was inherent in the modern corporate form of organization and as a result they viewed CG as a structure with a set of institutional and market mechanisms that induce self-interested managers to maximize the value of the residual cash-flow of the firm on behalf of its shareholders. Jensen and Meckling (1976) stated that the agency theory apply to modern corporation and they explained that a manager who owns anything less than 100 percent of the residual cash-flow rights of the firm will tend to have conflict of interest with outside shareholders.

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Pati (2005) stated that the boards and managers are accountable for pursuing effective CG. The role of effective CG is of great significance for society as whole and it enhances the efficient use of scarce resources both within the organization and larger economy, and therefore there is flow of resources to those sectors where there is efficient production of goods and services and the return is adequate to satisfy the demand of the stakeholders. It assists the managers to remain focused on enhancing performance and ensure they are

replaced if they fail to perform. CG forces the organization to comply with laws and regulations in the corporate environment, and helps the supervisors to regulate the economy objectively without favoritisms and nepotism.

In addition, effective CG enhances the confidence of investors, which encourages them to invest in those economic systems, which are doing well. It also decreases the risk of capital flight from an economy and increases the flow and variety of capital in the economy and as a result, the cost of financing is lower therefore firms are encouraged to use resources more efficiently, thereby underpinning growth. CG has become such a prominent topic in the past two decades and it has attracted worldwide attention because of its apparent importance, particularly due to the much-unexpected collapse of giant corporations like Enron, and WorldCom (OECD, 2004).

1.1.1 Kenya Football Premier League

The Kenyan Premier League Ltd (KPL) is a private company incorporated in October 2003 under the Companies Act 486 of Kenya (Kenyan Premier League, 2003). The KPL is fully owned and managed by the sixteen Premier League clubs, which include institutional clubs, and community based who participate for the league cup each season. Each season end, two bottom clubs are relegated to the second tier national wide league which do not fall under the ambit of KPL, they are forthwith under the national football body, Football Kenya Federation (FKF). Hence, they do not receive financial support from the league body making them vulnerable to economic shocks as a majority of Kenyan professional football clubs heavily relies on KPL grants for their operations. Before the inception of KPL in 2003, the football industry in Kenya was on the precipice of oblivion due to wrangles in the federation then known as KFF that mutated two splinter groups namely KFF and FKL. hence formation of two parallel leagues, the football clubs could barely honor matches as they operated on donations from well-wishers and players participated in the league ordinarily on voluntary, the industry was destined to ground to a halt. (Kenyan Premier League, 2003).

With the formation of KPL, a company incorporated to run the professional league on behalf of the warring federations, things started looking up, a rule book of the league was established and sourcing of partners to help finance its activities was rolled out. With limited resources, there was minimal advertising and ultimately there was no clear brand positioning, so it took five years to bring on board a reputable partner, Supersport International, as a broadcast rights holder and as the only single source of revenue for the league in an initial three year deal worth Ksh.263 million. KPL's immediate challenge was to ensure the affiliate teams honor match days and so had to inject a huge junk of this sponsorship (Ksh.38million out of Ksh.77.37million which is 49.11% of total revenue) to clubs for their sustainability (KPL financial reports). This trend has been maintained over the five years that would follow, with 2012 grants disbursements of Ksh.99million at 52.4% of the total revenue (Kenyan Premier League, 2003).

The current teams in Kenya Premier League include; AFC Leopards, Bandari, Chemelil Sugar, GorMahia, KCB, Mathare United, Muhoroni Youth, Nairobi City Stars, Nakuru All Stars, Sofa Paka, Sony Sugar, Thika United, Tasker, Ulinzi Stars, Ushuru and Western Stima.

1.1.2 Football Premier League Performance

Firm performance in the literature is based on the value of the firm. CG affects value as a result of reduced expropriation by insiders and improvement in the expected cash flow that can be distributed to investors (Black et al., 2006). To evaluate performance, it is necessary to determine the constituents of good performance using performance indicators. To be useful, a performance indicator must be measureable, relevant and important to the organization (Oakland 1989). Financial performance used in empirical research on CG fit into both accounting-based measures and market-based measures.

The measurement of sports performance depends on the competition and the perspective on which the study is focused. For instance, if the purpose of analysis is the effect of performance on the pitch on attendance, it will be more useful to make use of variables such as the 'percentage of victories' (Dawson et al., 2000; Marques, 2002; Boulier and

Stekler, 2003), ‘number of goals scored’ (Palacios-Huerta, 2002), ‘team’s goal average weighted by relative quality of rival team’ (Koning et al. 2001), ‘score/goal difference’ (Boulier and Stekler, 2003; Palacios-Huerta, 2002), and even variables which incorporate the ‘playing style’ (Cocco and Jones, 1997). Koning (2003) worked on an evaluation of the effect of hiring coaches on team performance used ‘average goal difference,’ ‘goals conceded,’ and ‘goals scored.’ Goddard (2005) developed two approaches for studying forecast models: goals-based model and resultsbased model. The variables he considered are ‘goals scored’, ‘goals conceded’ and ‘results’, with a ‘points score’ of one point for a win, a half for a draw and zero for a defeat. This study will utilize three sports performance variables: league position variable, league points variable and compound index variable.

1.2 Statement of the problem

Since the inception of the Football Kenya Federation (FKF) and its leadership, the quality of soccer in Kenya continues to deteriorate. There have been continuous wrangles between the Football Clubs, FKF, the football governing body and the government. Football Clubs on the other hand have a share of their challenges with complaints of players not paid their stipends and poor conditions that discourage players. All these are issues to do with governance, which affect football performance. The management of Football in Kenya has faced a myriad of challenges, which include constant leadership wrangles, poorly organized leagues, misused of funds at the federation, lack of sponsorsamong many challenges. In spite of these challenges the country has seen a stunted growth in the development of soccer in Kenya. In the existing literature, authors have studied the relationships between board structure, management and firm performance (Abdullah 2004) and corporate reporting and firm performance (Schmidt &Rynes 2003; Zairi& 12 Peters, 2002). There has been corporate governance challenges characterized by; the Board composition, management of the clubs, relationship between FKF, the clubs, the Ministry of Sports and other stakeholders which performance of the Kenya Premier League. Existing literature that documents governance structure of the Football Clubs and the Football governing body FKF and how such structure affect football performance is scanty of which this study hopes to fill the literature gap by

analyzing the effects of corporate governance on performance of soccer management in Kenya Premier League.

1.3 Objectives of the study

The general objective of the study wasto analyze the effect of corporate governance practices on performance of Kenya footballPremierLeague.

Specific objectives of the studywere;

i. To establish the effect of board composition on performance of Kenya Football Premier League
ii. To establish the effect of board structure on performance of Kenya Football Premier League
iii. To find out the effect of corporate reporting practices on performance of Kenya Football Premier League
iv. To find out the effect of corporate leadership structure on performance of Kenya Football Premier League.
v. To establish the combined effect of board composition, board structure, corporate reporting practices and corporate leadership on performance of Kenya Football Premier League.

1.4 Research Questions

i. Does board composition affect performance of Kenya Football Premier League?
ii. Does board structure affect performance of Kenya Football Premier League?
iii. Do corporate reporting practices affect performance of Kenya Football Premier League?
iv. Does corporate leadership structure affect performance of Kenya Football Premier League?
v. Do combined effect of board composition, board structure, corporate reporting practices and corporate leadership on performance of Kenya Football Premier League.

1.5 Significance of the Study

The present study will contribute to the existing body of knowledge concerning corporate governance practices and firm performance by analyzing the effect of corporate governance practices on performance of Kenya Football Premier League. First the findings from the study will be of great importance to FKF which is Football Governing Body in Kenya in informing exiting policy on how board composition, board structure, existing reporting practices and corporate leadership structure affect performance of Kenya Football Premier League. Secondly, the finding from the study will be of interest to scholars in corporate governance, sports and more especially football, advertisement and media on how corporate governance practices affect football performance. Third, football being a big entertainment and sports industry with wide patronage, the findings from the study will be of interest to football fans, football logistics companies, and football related equipment producers in understanding how Clubs and FKF board composition, board structure, existing reporting practices and corporate leadership structure affect performance of Kenya Football Premier League.

1.6 Scope of the study and delimitations

This study covered the following aspects of corporate governance practices by the Kenya Premier League Football Clubs; board composition, board structure, existing reporting practices and corporate leadership structure. The study also covered performance of Kenya Football Premier League between years 2010-2014. The study was conducted among the officials in the 16 teams in the Premier League targeting including; Patron, Chairman, Vice Chairman, Treasurer and Organizing Secretary.

1.7 Assumption of Study

The study assumed that the respondents understand differentiation strategy and its implications in making the clubs attractive to the clienteles. The study also assumed that the respondents understand key elements of football differentiation strategy including differentiated soccer, teamwork and promotion. Lastly, the study assumes that the data collected will be able to attain the set objectives.

1.8 Operational Definition of Terms

Board Composition: This is the number and representation of the people in the Football Club and FKF Boards.(Keys et al. 2003)

Board Structure: this is the separation of responsibilities and voting power in the Football Club and FKF Boards. (Van Der Walt and Ingley 2003)

Corporate Governance: this is the system by which Football Club and FKF are directed and controlled (OECD, 1999).

Corporate Leadership: this is the separation between leadership of the management and the board of Football Club and FKF (Lam & Lee 2008)

Football Performance: this is a measure of goals scored, goals conceded, results and points obtained in a football contest among the clubs in Kenya Football Premier League. (Kenyan Premier League, 2003)

Reporting Practices: this is disclosure of information as per requirement by the Clubs and FKF by-Laws (Deegan 2004; Rezaee 2009)

Kenya football premier league: this is a private company owned and managed by sixteen premier league teams clubs.

(Kenyan Premier League, 2003)

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter review relevant literature on the effects of corporate governance on performance of soccer management in Kenya Premier League. The literature is reviewed in terms of; theoretical review, principles in corporate governance, performance of Kenya Football Premier League, empirical review, benefits of corporate governance, literature gaps analysis and conceptual framework.

2.2 Theoretical Review

The study adopts three theories; Agency, Stakeholders and Stewardship.

2.2.1 Agency Theory

CG has traditionally been associated with the “principal-agent” or “agency” paradox. A “principal-agent” relationship arises when the person who owns a firm is not the same as the person who managers or controls it. Agency theory has its roots in economic theory and was developed by Jensen and Meckling (1976) and it states that shareholders who are the owners or principals of the company delegate the running of business to the managers or agents. The shareholders expect the agents to act and make decisions in the principal’s interest but the agents may make contrary decisions.

The agency model of corporations is the implicit presumption that the conflicts are between strong entrenched managers and weak dispersed shareholders. This has led to an almost exclusive focus, in both the analytical work and in reform efforts of resolving the monitoring and management entrenchment problems, which are the main CG problems. There are three types of separation of ownership and control. The first is majority control where some of the shareholders own majority of shares, and the minority shareholders is widely diffused and are separated from control. The second is minority control, where ownership is widely spread and the greater part of ownership is practically without control. The third is management control where the directors or managers are responsible in controlling the corporation. The separation of ownership and control has resulted in divergence of interests between shareholders and the managers.

Jensen and Meckling (1976) argued that the separation of ownership and control has resulted in an agency problem as the managers who act as agents might not always act in the best interests of the shareholders or owners, who are the principals of the firm. This might be due to the interests of both parties which are not aligned. Agency problem results in agency costs, which are the costs of the separation of ownership and control. Agency costs have been defined as the sum of the monitoring expenditures by the principal, the bonding expenditures by the agent and the residual costs. The agency problems arise because managers will not solely act to maximize the shareholders' wealth; they may protect their own interests or seek the goal of maximizing companies' growth instead of earnings while making decisions. Jensen and Meckling (1976) suggested that the inefficiency may be reduced as managerial incentives to take value maximizing decisions increased. Agency costs arise from divergence of interests between shareholders and company managers; it includes the monitoring costs, bonding costs, residual loss and costs of free cash flow and debt.

Despite monitoring and bonding, the interest of managers and shareholders are still unlikely to be fully aligned. Therefore, there are still agency losses arising from conflicts of interest. These are known as residual loss, which represent a trade-off between overly constraining management and enforcing contractual mechanisms designed to reduce agency problems. There are three groups of participants in a firm, suppliers of equity, debt suppliers and firm managers. It is logical that they would try to achieve their goals with different measures. Suppliers of equity, or shareholders, are interested in high dividend ratio's and high share prices. Debt suppliers, on the other hand, are interested in interest and debt repayments, whereas firm managers would be focused on their financial remuneration. These conflicts of interest give rise to opportunity costs and inspection costs. These costs decrease the market value of a firm. Kim and Sorensen (1986) investigated the presence of agency costs and their relation to debt policies of corporations. It is found that firms with higher insiders (managers) ownership have greater debt ratios than firms with lower insider ownership, which may be explained by the agency costs of debt or the agency costs of equity.

The principal-agent model is probably the most important model of CG, because the shareholders' residual voting rights commit the corporate resources to value maximization. According to Jensen and Meckling (1976), the relationship between the owners and the management involves the delegation of some decision-making authority to the agent by the principal. One critique of the agency approach is that the analytical focus on how to resolve CG problem is too narrow and the shareholders are not the only ones who make investments in the company therefore CG will be affected by the relationships among the various stakeholders in the firm.

2.2.2 Stakeholder Theory

Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1984) incorporating corporate accountability to a broad range of stakeholders. Unlike agency theory in which the managers are working and serving the shareholders, stakeholder theorists suggest that managers in organizations have a network of relationships to serve and this include the suppliers, employees and business partners. In addition, it was argued that this group of network is important other than owner-manager employee relationship as in agency theory. Sundaram and Inkpen (2004) contend that stakeholder theory attempts to address the group of stakeholders deserving and requiring management's attention. The groups participate in a business to obtain benefits and the relationships with many other groups can affect decision-making processes as stakeholder theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders.

2.2.3 Stewardship Theory

The theory asserts that managers will make decisions and act in the best interest of the firm, putting collectivist options above self-serving options. Notably, stewards are motivated only by making the right decisions which are in the best interest of the organization, as there is strong assumption that stewards will benefit, if the firm prospers. At the same time, stewardship theory presumes that executives and managers' main duty

is to maximize firm performance, while working under the premise that both principal and stewards benefits from the performance of the organization.

Daily et al. (2003) augured that in order to protect their reputations as decision makers in organizations, executives and directors are inclined to operate the firm to maximize financial performance as well as shareholders' profits. In this sense, it is believed that the firm's performance can directly impact perceptions of their individual performance. The 30 executives and directors are seen as effective stewards of their organization if they return finance to investors to establish a good reputation.

Stewardship theory has been framed as the organizational behaviour counterweight to rational action theories of management. It holds that there is no conflict of interest between managers and owners, and that the goal of governance is to find the mechanisms and structure that facilitate the most effective coordination between the two parties. Stewardship theory holds that there is no inherent problem of executive control, meaning that organizational managers tend to be benign in their actions (Donaldson, 2008). The essential assumption underlying the prescriptions of stewardship theory is that the behaviours of the manager are aligned with the interests of the principals. The theory places greater value on goal convergence among the parties involved in CG than on the agent's self-interest.

2.3 Principles in Corporate Governance

The set of mechanisms guiding good CG decision-making has been introduced in recent years through the enactment of governance codes throughout the world. The corporate financial scandals have made good CG an important tool for investors and other stakeholders. The scandals have resulted in countries introducing codes of good governance to complement their commercial codes or corporate laws and majority of the codes are voluntary. The principles formulated have provided a broad framework for a large number of countries to develop their own specific principles of corporate governance (Monks and Minow, 2002). The broad membership of the Organisation for Economic Co-operation and Development (OECD) and the Commonwealth Association for Corporate Governance (CACG) organizations suggest that these principles reflect the

views of a large number of countries with respect to addressing Corporate Governance (CG). The CG principles are minimum benchmarks against which member countries can compare their systems and carry out country specific initiatives (OECD, 1999).

Turnbull (1999) noted that although the principles are important, their limitations need to be recognized. She posits that these principles, which carry notions of codes of best practice, can be misleading. The codes tend to be portraying that they are ethically correct and righteous. She further points out that even if companies follow these principles, there is still no assurance to the shareholders that the business is either a good investment or ethical. Therefore these principles should be understood as minimum acceptable practices as this will alert investors to the possibility of superior governance standards.

Corporate governance is a uniquely complex and multi-faceted subject. Devoid of a unified or systematic theory, its paradigm, diagnosis and solutions lie in multidisciplinary fields i.e. economics, accountancy, finance among others (Cadbury, 2002). As such it is essential that a comprehensive framework be codified in the accounting framework of any organization. In any organization, corporate governance is one of the key factors that determine the health of the system and its ability to survive economic shocks. The health of the organization depends on the underlying soundness of its individual components and the connections between them. According to Morck, Shleifer and Vishny (1989), among the main factors that support the stability of any country‟s financial system include: good corporate governance; effective marketing discipline; strong prudential regulation and supervision; accurate and reliable accounting financial reporting systems; a sound disclosure regimes and an appropriate savings deposit protection system.

Corporate governance has been looked at and defined variedly by different scholars and practitioners. However they all have pointed to the same end, hence giving more of a consensus in the definition. Coleman and Nicholas-Biekpe (2006) defined corporate governance as the relationship of the enterprise to shareholders or in the wider sense as the relationship of the enterprise to society as a whole. However, Mayer (1999) offers a definition with a wider outlook and contends that it means the sum of the processes,

structures and information used for directing and overseeing the management of an organization. The Organization for Economic Corporation and Development (1999) has also defined corporate governance as a system on the basis of which companies are directed and managed. It is upon this system that specifications are given for the division of competencies and responsibilities between the parties included (board of directors, the supervisory board, the management and shareholders) and formulate rules and procedures for adopting decisions on corporate matters.

In another perspective, Arun and Turner (2002) contend that there exists a narrow approach to corporate governance, which views the subject as the mechanism through which shareholders are assured that managers will act in their interests. However, Shleifer and Vishny (1997), Vives (2000) and Oman (2001) observed that there is a broader approach which views the subject as the methods by which suppliers of finance control managers in order to ensure that their capital cannot be expropriated and that they can earn a return on their investment. There is a consensus, however that the broader view of corporate governance should be adopted in the case of banking institutions because of the peculiar contractual form of banking which demands that corporate governance mechanisms for banks should encapsulate depositors as well as shareholders (Macey and O"Hara (2001). Arun and Turner (2002) supported the consensus by arguing that the special nature of banking requires not only a broader view of corporate governance, but also government intervention in order to restrain the behaviour of bank management. They further argued that, the unique nature of the banking firm, whether in the developed or developing world, requires that a broad view of corporate governance, which encapsulates both shareholders and depositors, be adopted for banks. They posit that, in particular, the nature of the banking firm is such that regulation is necessary to protect depositors as well as the overall financial systemgovernments in their effort to evaluate and improve legal, institutional and regulatory framework for corporate governance in their countries. The above principles also provide guidance in developing good corporate governance for those interested. Even though cultural and institutional differences exist between countries, the underlying principles may allow a more fundamental compatibility

2.4.1 Board Composition

A substantial body of research exists with respect to corporate governance and it has mainly focused on the role of the composition of the board of directors. The board of directors is considered to be the first defense for shareholders" interest against aggressive management actions. The roles of the board are not only to monitor management actions but also to work with senior management to achieve corporate legal and ethical compliance (BRC, 1999).

Board composition not only refers to its size and the independence of directors but also to the processes for nominating new members and to the remuneration system for board members. The independence of the chairperson of the board and the commitment of independent directors are also important factors. It is also argued that diversity of gender influences the behaviour of the board. In relation to these attributes of boards of directors, there is a small amount of literature that exists to support their effectiveness, though no prior study has investigated the direct relationship between these attributes and earnings management. Therefore, it is important to identify whether these proposed attributes of boards of directors have a bearing on the incidence of earnings management. There follows an examination of relevant prior research in order to study the effects of each of these variables.

Keys et al. (2003) found significant evidence of a positive relationship between board diversity, proxied by the percentage of women and/or minority races on boards of directors, and firm value, measured by Tobin's Q. Firms making commitment to increasing the number of women on boards also have more minorities on their boards and vice versa, and that the fraction of women and minority directors increases with firm size but decreases as the number of inside directors increases. Hermalin and Weisbach (2001) contended that board- specific phenomena are not quite explained by principal-agent models and note that current theoretical framework including agency theory does not provide clear-cut prediction concerning the link between board diversity and firm value. On the other hand, firms have in recent years been increasingly pressured by institutional

investors and shareholder activists to appoint directors with different backgrounds and expertise, under the assumption that greater diversity of the boards of directors should lead to less insular decision making processes and greater openness to change. There are also strong conceptual and business propositions for diversity. A diverse workforce and diverse leadership within the firm can increase its competitiveness as a great variety of ideas and viewpoints are available for decision- making, attract a larger base of shareholders and employees, and help retain existing as well as potentially gain new minority consumer.

Diversity of group membership increases discussion, and enhances the exchange of ideas and group performance (Knippenberg et al. 2004; Schippers et al. 2003). In the context of the board of directors, diversity has been advocated as a means of improving organizational value and performance by providing the board with new insights and perspectives (Carter et al. 2003). Second, if the function of the board is to protect the interests of the corporation's stakeholders, then it stands to reason that the board should comprise members that are representative of these stakeholders (Huse&Rindova 2001).

Fields and Keys (2003) conduct an extensive review of empirical research on outside directors and find overwhelming support from researchers (Brickley& James 1987; Weisbach 1988; Byrd & Hickman 1992; Brickley et al. 1994) who support the beneficial monitoring and advisory functions to firm shareholders. A study by Uzun et al. (2004) also finds that a higher proportion of independent outside directors is associated with less likelihood of corporate wrongdoing among U.S. companies.

The study by Faisal and Azlinda (2011) finds insignificant relationship between board independence and financial distress among Malaysian listed companies which indicates that the independence of directors may not be enough to act as an effective monitoring mechanism in order to avoid companies from becoming financially distressed. Prabowo and Simpson (2011) also find the share of independent directors on boards of family-controlled companies has an insignificant relationship with firm performance in Indonesian listed firms. Capezio et al. (2011) also find no support for the proposition that

the proportion of non-executive directors on the board moderates the association between CEO pay and firm performance in such a way that the association is stronger where the proportion of non-executive directors is higher. On the other hand, Choi et al. (2007) find that outside directors have a significant and positive effect on firm performance among Korean firms.

Oxelheim and Randoy (2003) posit that appointing independent Anglo-American directors who are experienced with the more demanding Anglo-American corporate governance system, is likely to signal to foreign investors a commitment to corporate transparency and thus help strengthen investor confidence and enhance the international orientation of the firm

2.4.2 Board Structure

Van Der Walt and Ingley (2003) identified some dimension that are implied by the term diversity, they include but are not limited to employing board members of diverse professional backgrounds, gender, age, levels of independence and ethnicity (Van der Walt &Ingley, 2003). They further describe the board of an enterprise as a "pool of social capital". This, by implication, means that the board can also be seen as an intangible asset to the enterprise, an asset which should add value to the enterprise.

It is important to note that board diversity does not mean "window dressing" purely for the benefit of compliance or placating stakeholders, but rather appointing persons to the board based on their merit and not their physical attributes like skin colour, gender or disability status. Reasons for appointing diverse boards can range from a moral obligation to both workers and stakeholders, access to specific markets e.g. be able to comply with standards set for government tenders, expectations from society that enterprises reflect the society in which they operate, or purely striving to find the people with the best fit with regard to experience, skills or knowledge to enable the enterprise to achieve its strategic goals (Van der Walt &Ingley, 2003). An expectation exists that diversity might alleviate insular decision-making on the board due to the wide spectrum of experience and expertise that a diverse board can offer an enterprise (Young &Thyil, 2008).

Enterprises are increasingly being put under pressure by stakeholders to appoint board members with diverse ethnic backgrounds, expertise and gender for this reason.

Prior studies provide evidence on the role of board size in enhancing the monitoring of management. Monks and Minow (1995) and Lipton and Lorsch (1992) suggest that larger boards are able to commit more time and effort, and smaller boards are able to commit less time and effort, to overseeing management. Klein (2002a) extends this argument by suggesting that board monitoring is positively associated with larger boards due to their ability to distribute the work load over a greater number of observers. The majority of the previous literature supports this argument, by 53 finding that larger boards are strongly associated with lower levels of earnings management (Peasnell et al., 2000a; Bedard et al., 2004; Xie et al., 2003; Yu, 2008).

Yu (2008) find that small boards seem more prone to failure to detect earnings management. One interpretation of this effect is that smaller boards may be more likely to be "captured" by management or dominated by blockholders, while larger boards are more capable of monitoring the actions of top management (Zahra and Pearce, 1989).

Directors on boards that meet frequently are more likely to discharge their duties in accordance with shareholders" interests because more time can be devoted to monitoring issues such as earnings management, conflicts of interest and monitoring management. Conversely, boards that rarely meet may have no time to find out about such complex issues and may perhaps have time only to rubberstamp management plans. Though there is extensive prior research on the independence and size of boards of directors, to the best of my knowledge there are few studies of the impact of board meeting frequency on earnings management. Xie et al. (2003) argue that a board that meets rarely may only have time for signingoff management plans and listening to presentations; therefore, they may not have the time to focus 55 on issues such as earnings management. Xie et al. (2003), using a sample of 282 firm-year observations, find that earnings management is significantly negatively related to the number of board meetings.

Gender is arguably the most debated diversity issue, not only in terms of board of directors, but also in many other societal situations. Board diversity has been a growing area of corporate governance research in recent years. To date, only three papers address the relationship between the quality of earnings and gender. However, no study directly investigates the relationship between earnings management and gender diversity.

The second study is conducted by Osma and Noguer (2007) and tests whether the existence of board monitoring committees constrains earnings manipulation for a Spanish sample of quoted companies during the period 1999–2001. Their final sample contains 155 firm-year observations and uses the Jones (1991) model and the marginal model (Peasnell et al. 2000a). They find that the independent nomination committee has a positive significant relationship with earnings management, contradicting agency theory predictions. However, they find that the significant positive relationship between board independence and earnings management is moderated by nomination committee independence.

Board size refers to the total number of BOD of an organization and it includes the CEO and Chairman. The board size also includes the number of outside directors, executive directors and NED (Bhagat and Black 2002). The directors are elected by the shareholders at the AGMs and they do retire depending on the Company's Memorandum of Association. There is no restriction on the number of board members stipulated under the OECD Code on Corporate Governance although the board is required to include a balance of executive and non-executive directors to avoid the board being dominated by one individual. However under the best practices in corporate governance (Finance Committee on Corporate Governance, 2000) it is recommended that every board examine its size so as to ensure optimum effectiveness.

There is a view that larger boards do better in regards to corporate performance because they have a range of expertise to help make better decisions, and are harder for a powerful CEO to dominate however, recent thinking has leaned towards smaller boards. Lipton and Lorsch (1992) argue that large boards are less effective and are easier for the

CEO to control and also when a board gets too big, it becomes difficult to manage and co-ordinate. Eisenberg et al. (1998) found that smaller board reduce the possibility of free riding and increases the accountability of individual directors. They also stated that there is a negative correlation between board size and profitability when using sample of small and midsize companies, which suggests that board-size effects can exist even when there is less separation of ownership and control in these smaller firms.

Equally important as board size, company should also focus on board independence. The board is composed of both employee of the organization (executive or insider) and senior or influential nonemployee (non-executive or outsider) (Moffett et al., 2006). At least one-third of the board should be nonexecutive director, a majority of who should be independent (McGee, 2010). Being independent in this case is they are not currently non-executive; they were not employee of the company in the past years; they do not have current business relationship with the company; they are not an immediate family of an executive officer of the firm and so on. Thus, being non-executive only is not independent enough. Company then should also disclose biographies of its board members and make a statement to define their independence.

Webb (2004) investigated responsible firms' board structures, and found that these firms tend to have a stronger representation of outsider and female directors on their boards. A study by Coffey and Wang (1998) provides more information about the direction of the relationship, as they demonstrated that boards with independent and female members are more likely to proactively enhance CR performance. In other words, responsible firms are not just likely to have more diverse boards, but the boards actually influence the level of CR activities. Coffey and Wang (1998) suggest that this is particularly related to the role that diverse board members take, as they argue that diverse boards are more effective in monitoring and limiting managerial opportunism that would have negative effects on corporate responsibility.

It could be suggested that this positive relationship is closely linked to female representation. With a sample of nearly 700 companies listed in the Fortune's '2009 Most

Admired Companies', Bear et al. (2010) studied how the diversity of board resources and the number of female board members affect firms' corporate responsibility ratings. The researchers found a statistically significant relationship between gender diversity and corporate responsibility, while other forms of resource diversity had no impact on CR performance.

Larkin et al. (2012) also examined the relationship between female board members and companies' corporate responsibility performance. They looked into Fortune 500 companies, and found that as the number of women directors increased, the probability of a corporation appearing on a listing of responsible companies (e.g. Ethisphere Magazine's 'World's Most Ethical Companies' and Corporate Responsibility Magazine's '100 Best Corporate Citizens') increased. As these lists demonstrate the total score of corporate responsibility, the finding could be said to suggest that female board members positively affect a company's ability to improve their overall CR performance. Bernardi and Threadgill (2010) also studied a sample of Fortune 500 companies and demonstrated that gender diversity is directly related to the total social responsibility score of a company and various corporate responsibility measures.

Based on 2009 data, McCann and Wheeler (2011) found that the presence of female non-executives is associated with higher CR scores in FTSE 100 companies. Interestingly, the appointment of female directors improved the CR commitment of companies in physical and technical industry sectors, where the proportion of women on boards is generally low.

2.4.3 Corporate Reporting Practices

Corporate reporting is an important mechanism of corporate governance that represents board accountability. It is considered that the board of directors is accountable to shareholders and other stakeholders who are affected by the activities of the firm (Deegan2004; Rezaee 2009). The purpose of corporate reporting is disclosure of information useful to those stakeholders who have an active interest in the organization (Zairi&Letza 1994). It provides society-at-large with information about the extent to

which the organization has met the responsibilities imposed upon it (Gary, Owen & Maunders 1991). An accountability model explained by Gary, Owen and Adams (1996) states that accountability involves responsibility to undertake certain actions and responsibility to provide an account of those actions, so that reporting is assumed to be responsibility-driven rather than demand-driven. Corporate reporting includes financial reporting and information beyond what regulations require companies to provide to their shareholders and other stakeholders (Eccles 2004).

It is comprised of mandatory reporting required by regulations such as the Companies Act, accounting standards and stock exchange listing requirements and voluntary disclosures, which vary in the level of disclosure (Ghazali 2008). The governance role of accounting information contributes directly to economic performance by managing the resources of the firm efficiently and reducing the expropriation of the wealth of investors by managers. Therefore, financial accounting information is considered to reduce the risk Premier demanded by investors to compensate for the risk of losses due to the opportunistic behavior of managers (Bushman & Smith 2001).

Corporate reporting is not only financial reporting but information beyond that which is required by the regulation (Corporate Law and Accounting Standards), provided through the annual reports to their shareholders and other stakeholders (Eccles 2004). Corporate social accountability and reporting is information over and above that which is mandatory, and is seen as a key driver for engaging the wider community as an important stakeholder in business activities (Zairi& Peters 2002). In support of this view, other stakeholder theorists consider that a firm's responsibility is not only to its shareholders, but to all stakeholders whose contribution is necessary for its success (Balabanis, Philips &Lyall 1998).

Monitoring costs are expenditures paid by the principal to observe and control an agent's behaviour. The economic impact of asymmetric information also results in various corporate agency problems. Firm managers (insiders) know more about their firm than shareholders and debt financiers (outsiders). When outsiders are unable to judge over the

firm's performance, they tend to qualify a firm’s performance as moderate. A result of this asymmetric information is that shares of a firm with a great performance are undervalued and vice versa. More specifically, information asymmetries between shareholders or bondholders and corporate executive management creates the necessity of monitoring (costs) and complications for the structuring of financial contracts. They may include the costs of preparing reliable accounting information and audits, writing executive compensation contracts and even ultimately the cost of replacing managers.

Denis (2001) contended that effective monitoring is restricted to certain groups or individuals. Such monitors must have the necessary expertise and incentives to fully monitor manager. In addition, such monitors must provide a credible threat to management’s control of the company. To minimize monitoring costs, managers tend to set up structures and try to act in shareholder’s best interests. The costs of establishing and adhering to these systems are known as bonding costs. They may include the costs of additional information disclosures to shareholders. Agents will stop incurring bonding costs when the marginal reduction in monitoring equals the marginal increase in bonding costs. As suggested by the agency theory, the optimal bonding contract should aim to entice managers into making all decisions that are in the shareholder’s best interests. However, since managers cannot be made to do everything that shareholders would wish, bonding provides a means of making managers do some of the things that shareholders would like by writing a less than perfect contract.

It has been predicted that corporate governance systems which promote corporate transparency and accountability are significantly associated with voluntary disclosures (Huafang&Jianguo 2007). Examination of the impact of board composition on corporate disclosures, as measured by the ratio of independent directors, is positively associated with mandatory disclosures (Chen &Jaggi 2000) and increases in the number of independent directors improves voluntary disclosures (Donnelly &Mulcahy 2008; Huafang&Jianguo 2007). Studies also report that combined leadership structure is

associated with a lower level of voluntary disclosures (Gul& Leung 2004; Huafang&Jianguo 2007).

2.4.4 Corporate Leadership Practices

An important mechanism of board structure is its leadership, which is reflected in the positions of chairman and CEO. Combined leadership structure occurs when the CEO wears two hats, one as the CEO and the other as the chairman. Cadbury (2002) refers to this as combined leadership. Alternatively, separate leadership is when two different people occupy the positions of chairman and CEO (Rechner& Dalton 1991). Review of the literature on corporate governance base their theoretical justifications on different views of agency theory and stewardship theory, which are both applicable to leadership structure. Separation of the role of CEO and chairman is largely grounded in the agency theory (Dalton et al. 1998), because the role of the board of directors is to monitor management to protect the interests of the shareholders (Fama& Jensen 1983). However, combining the roles of the CEO and the chairperson will result in a dominant CEO, which will lead to ineffective monitoring of the management by the board (Lam & Lee 2008).

Therefore separating the role is believed to lead to a more objective evaluation of the CEO, creating an environment of greater accountability (Monks &Minow 2004). According to Suryanarayana (2005), another advantage of the appointment of an independent chairman is that he/she brings experience in running similar businesses or handling the functions of finance, as well as the independence, objectivity and dispassionate views needed on crucial matters. A separation of the two roles seems to be a prudent and effective means of ensuring proper focus and also eliminating potential errors and conflict of interest that may arise as a result of combining the roles (Banks 2004).

According to Suryanarayana (2005), leadership is a matter of how the board functions, whether there is one person or two persons at the top. It is the efficacy of the other members of the board that determines if these two roles should be separated or combined.

However, the post of chairman and CEO requires different skills and abilities, but both positions do require leadership skills. The chairman needs to have a strategic sense, the ability to analyze and understand and foresee changes in the business environment. In contrast, the CEO's role is to formulate and implement the strategy and also requires making right things happen at the right time, which is to run the company as it stands today, whereas the chairman's responsibility is to create tomorrow's company out of todays.

Stulz (1988) established that the cost of large shareholdings and entrenchment predicts a negative relationship between managerial ownership and firm value. As managerial ownership and control increase, the negative effect on firm value associated with the entrenchment of manager-owners starts to exceed the incentive benefits of managerial ownership. The entrenchment costs of manager ownership relate to a managers' ability to block value-enhancing takeovers. Claessens et al. (2002) also found that firm value increases with the cash-flow ownership (right to receive dividends) of the largest and controlling shareholder, consistent with "incentive" effects. But when the control rights (arising from pyramid structure, cross-holding and dual-class shares) of the controlling shareholder exceed its cash-flow rights, firm value falls, which is consistent with "entrenchment" effects. La Porta et al. (2002), using samples in 27 wealthy countries, found evidence in firms with higher cash flow ownership by controlling shareholder improves firm valuation, especially in countries with poor legal investor protection.

Financial economists have paid considerable attention to the role of boards in monitoring managers and in removing non-performing CEOs. Jensen (1993) voices his concern that a lack of independent board leadership makes it difficult for boards to respond to failure in the top management team. Fama and Jensen (1983) also argue that concentration of decision management and decision control in one individual reduces a board's effectiveness in monitoring top management.

Turning to Asian markets, Leung and Horwitz (2010) find Hong Kong firms with the positions of CEO and board chairperson were occupied by the same individual

experienced a smaller stock price decline following the onset of the Asian Financial Crisis. Another study on Malaysian listed companies by Faisal and Azlinda (2011) reveals that CEO duality has significant influence in reducing the probability of companies becoming financially distressed. It suggests that a powerful CEO-Chairman helps in decision making as he/she can concentrate on the company's goals and objectives facilitating quick implementation of organization's operational decisions, thus able to perform effective business operational plans to prevent the company from suffering financial problems.

Faleye (2003) presents an interesting proposition. He argues that no "one hat fits all" and board leadership structure depends entirely on individual firm characteristics such as organizational complexity, availability of other controls over CEO authority and CEO reputation and power. Using a sample of 2,166 U.S. companies, he finds that companies with complex operations (implying a need for the CEO to make swift actions), alternative control mechanisms and sound CEO reputation are more likely to have CEO duality.

Rechner and Dalton (1991) found that firms with separate leadership structures outperformed joint structures when measured on return on equity, return on investment and profit margins, whereas Dalton et al. (1998) found no evidence of a relationship between leadership structure and financial performance. According to Abdullah (2004), board independence and combined leadership either singly or jointly are not related to performance.

Studies by Hillman and Dalziel (2003), Pfeffer and Salancik (1978) and Yoshikawa & McGuire (2008) report that the expertise and knowledge non-executive directors bring to the firm and the resource dependence role which allows them to provide advice and resources, help the firm to perform better. Peng (2004) also found that institutional outside directors impact positively on firm performance, which implies the effective resource role played by them. The results of the study by Haniffa and Hudaib (2006) indicated that the market measure of performance based on Tobin's Q or accounting

measures of performance based on ROA and board composition were not significantly related to performance.

2.5 Performance of Kenya Football Premier League

The Kenyan Premier League Ltd (KPL) is a private company incorporated in October 2003 under the Companies Act 486 of Kenya (Kenyan Premier League, 2003). The KPL is fully owned and managed by the sixteen Premier League clubs, which include institutional clubs, and community based who participate for the league cup each season. Each season end, two bottom clubs are relegated to the second tier national wide league which do not fall under the ambit of KPL, they are forthwith under the national football body, Football Kenya Federation (FKF). Hence, they do not receive financial support from the league body making them vulnerable to economic shocks as a majority of Kenyan professional football clubs heavily relies on KPL grants for their operations. Before the inception of KPL in 2003, the football industry in Kenya was on the precipice of oblivion due to wrangles in the federation then known as KFF that mutated two splinter groups namely KFF and FKL hence formation of two parallel leagues, the football clubs could barely honour matches as they operated on donations from wellwishers and players participated in the league ordinarily on voluntary, the industry was destined to ground to a halt. (Kenyan Premier League, 2003) With the formation of KPL, a company incorporated to run the professional league on behalf of the warring federations, things started looking up, a rule book of the league was established and sourcing of partners to help finance its activities was rolled out. With limited resources, there was minimal advertising and ultimately there was no clear brand positioning, so it took five years to bring on board a reputable partner, Supersport International, as a broadcast rights holder and as the only single source of revenue for the league in an initial three year deal worth Ksh.263 million. KPL's immediate challenge was to ensure the affiliate teams honour match days and so had to inject a huge junk of this sponsorship (Ksh.38million out of Ksh.77.37million which is 49.11% of total revenue) to clubs for their sustainability (KPL financial reports). This trend has been maintained over the five years that would follow, with 2012 grants disbursements of Ksh.99million at 52.4% of the total revenue. (Kenyan Premier League, 2003) Given that this is a direct cost for KPL and it still has obligations like league winner's title prize allocation, grants by final rank

and equalization grant as well as internal costs like administration, research and development, KPL as is with most African professional leagues, really get a budgetary allocation for investment to deepen its asset base to cushion itself against external shocks like sponsor withdrawal. Income through sponsorship deals are increasingly being weighted towards a handful of big clubs at the top of the professional game, with smaller teams facing a tough battle to compete in this context (PKF, 2011).

2.6 Empirical Review

Osma (2008) explores different types of earnings manipulation and analyses the effect of independent boards on constraining research and development (R&D) spending manipulation. They use all UK non-financial firms and their sample consisted of 3,438 firm-years, for the period 1990 to 2002. The results indicate that independent directors are capable of identifying and constraining earnings management represented by R&D cuts and can see through this type of manipulation.

In Canada, Park and Shin (2004) investigate the effect of board composition on the level of earnings management in a sample of 539 firm-years. Using the modified Jones model as a proxy for earnings management, they find that independent outside directors do not reduce discretionary accruals whereas outside directors from financial intermediaries and active institutional shareholders do reduce earnings management. They also find evidence that officers of financial intermediaries on the board and the tenure of outside directors restrain earnings management. Niu (2006) examine the association between corporate governance mechanisms (including board composition, management shareholding, shareholders‟ rights and the extent of disclosure of governance practices) and earnings quality, measure in two ways, namely, earnings management and earnings informativeness. Using a sample of Canadian firms in years 2001-2004 and applying Kothari et al. (2005) and Larcker and Richardson (2004) as earnings quality measurements, her empirical tests demonstrate that the level of independence of board composition is negatively related to the level of abnormal accruals.

Benkel, et al. (2006) study whether boards of directors and audit committees with a high proportion of independent members are associated with the incidence of earnings

management in Australia. They use a sample of 666 firm-year observations for the fiscal years 2001, 2002 and 2003 and apply the DeAngelo (1986) model for their earnings management proxy. They find that boards and audit committees with higher independence are associated with reduced levels of earnings management.

Siregar and Utama (2008) investigate the effect of ownership structure, firm size and corporate governance practices on earnings management using Indonesian companies listed on the Jakarta Stock Exchange. They do not find evidence that firms with independent boards engage in informative earnings management.

Jaggi et al. (2009) investigate whether independent boards provide effective monitoring of earnings management in firms operating in the family ownership environment of Hong Kong. Their final sample consists of 770 firm-year observations and uses Kothari et al. (2005) and Francis et al. (2005) as proxies for earnings management. They document that independent boards provide effective monitoring of earnings management.

Lo et al. (2010) investigates whether good governance structures help constrain management's opportunistic behaviors measured by transfer pricing manipulations in China. Their sample covers 266 listed companies on the Shanghai stock exchange in 2004. They find that firms with independent boards" are less likely to engage in transfer pricing manipulations.

Aduda and Musyoka (2011) while looking at CG mechanisms among commercial banks in Kenya found a negative relationship between executive compensation and bank size and this has been attributed to the diminishing influence of key owners as the bank grows in size. Performance ratios and opportunity only appear to be inversely related to big banks, as their executives appear to subordinate their immediate financial interests to that of the overall goal of the firm, which is to maximize profitability. The emphasis of the study was the banking sector in Kenya.

According to Lishenga (2012) boards normally increases the frequency of their meetings following poor performance and as a consequence of such an increase, the performance of firms improves as captured by the increase in the firms' value. Frequent meetings allow for better communication between management and directors. However, frequent meetings might also distract the firm's managers from their day-to-day operational responsibilities. Ongore and K'Obonyo (2011) considered the effects of ownership structures on performance of listed companies in Kenya. The period of study was only two years and only a single CG mechanism was considered.

Brown and Caylor (2006) tested the significance of CG metrics (governance index) using data for 2,327 firms; they tested Tobin's Q of the firm data set as a performance metric against each of the 51 governance metrics. They hypothesized that a smaller number of governance factors have the major effect on firm performance. They used an adjusted data set of 1,868 firms and regressed each of the 51 governance independent variables against firms' Tobin's Q. The authors found that seven of the governance metrics are related to firms' Tobin's Q. Therefore they documented that CG measured by Gov-score is significantly and positively associated with Tobin Q. The governance provisions that are linked to firm performance includes; option re-pricing, average option granted, directors attending 75% of board meetings, board guidelines about proxy statements and directors stock ownership option.

2.7 Benefits of Corporate Governance

The effectiveness of corporate governance depends on the application of these principles in a manner, which benefits stakeholders, as well as broader industries and economic sectors. Benefits to stakeholders include resolving conflicts of interest, instilling controls and a sense of ethics, and enforcing and encouraging transparency. Corporate governance promotes efficient use of resources within the firm and the larger economy. It also helps firm's to attract low cost investment capital through improved investor and creditor confidence, both nationally and internationally. It also increases the firms' responsiveness to the need of the society and results in improving long-term performance (Gregory &Simms 1999). Good governance promotes firm-wide efficiency and a fair return for

investors'. Furthermore, good governance can also benefit a company through better flow of funds and improved access to low cost capital, strong internal controls and discipline, and might achieve better credit ratings which would lead to lower debt funding and higher stock price valuation which can result in equity dilution when additional stock is floated. Companies that are properly governed are supported by deep and transparent financial markets, robust legal systems, and efficient resource allocation. This in turn promotes financial and economic stability and increases national and global growth rates, whereas poorly governed companies do the opposite (Banks 2004). According to (Keong 2002) good corporate governance brings better management and prudent allocation of the company's resources, and enhances corporate performance which would significantly contribute to the company's share price, increasing the value of a shareholder's holdings.

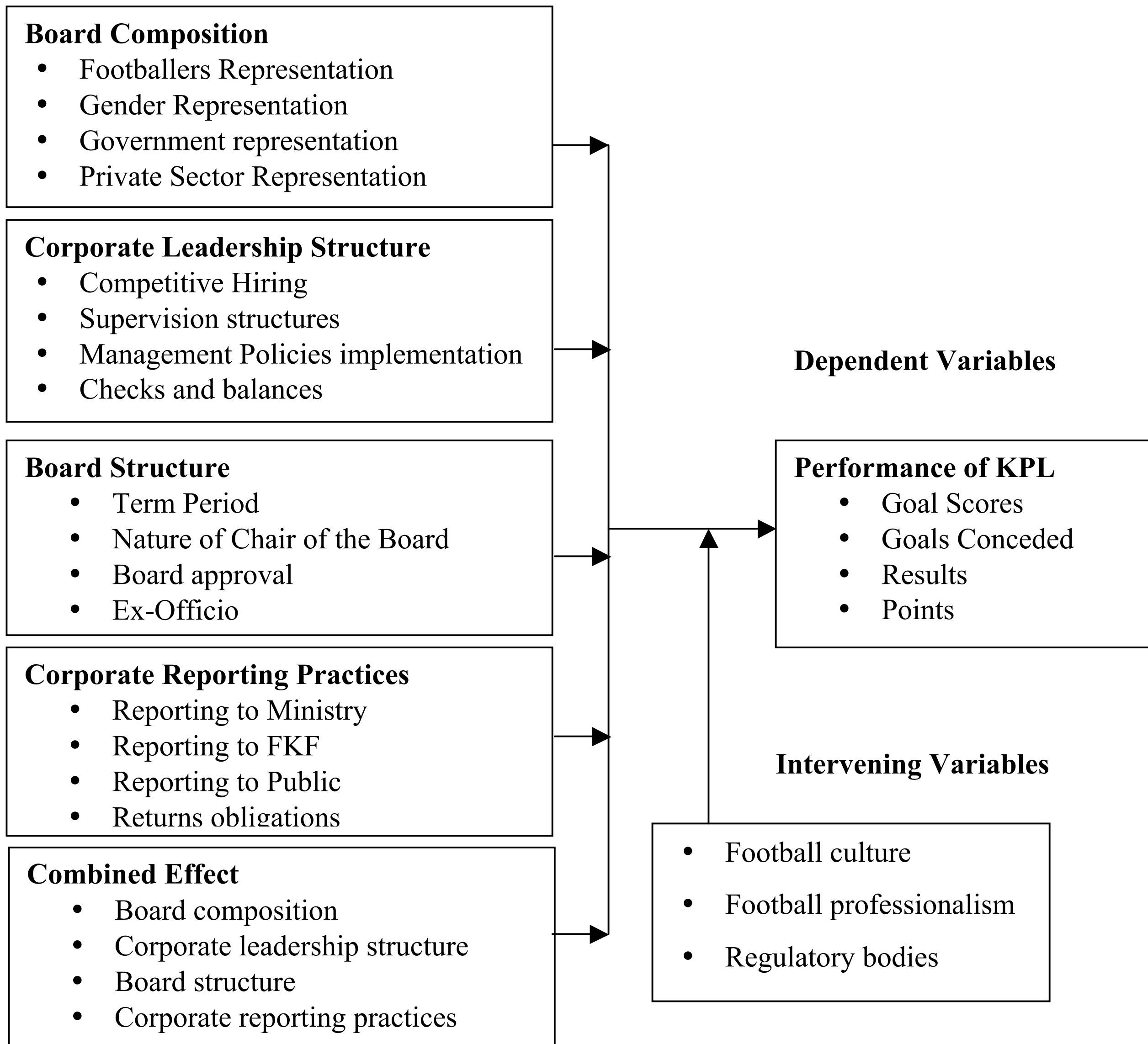
2.8Research Gap

The main aim of this study is analyze the effects of corporate governance on performance of soccer management in Kenya premier league. The review considered theoretical review on theories surrounding corporate governance, principles in corporate governance and Kenya Football Premier League performance. The following are the literature gap that this review established; There is scanty literature on the application of sound corporate governance in the management of the Clubs in the Kenya Football Premier League performance; The literature reviewed indicates inadequacy of literature in terms of relationship between board composition and performance of Kenya Football Premier League performance; The literature reviewed indicates inadequacy of literature in terms of relationship between board structures and performance of Kenya Football Premier League performance; The literature reviewed indicates inadequacy of literature in terms of relationship between corporate governance reporting practices and performance of Kenya Football PremierLeague performance; The literature reviewed indicates inadequacy of literature in terms of relationship between corporate leadership structures and performance of Kenya Football Premier League performance.

2.9 Conceptual Framework

This is a hypothesized model identifying the concepts or variables under the study and their relationships. It is a scheme of concepts (variables),whichthe researcher will operationalize in order to achieve the set objectives. The purpose of the conceptual model is to help the reader to see the proposed relationships.

Independent Variables



Source: (Own)

Figure 2.1: Effect of corporate governance on performance of Kenya Football Premier League

The independent variables are; Board composition, board structure, corporate reporting practices and corporate leadership structure. The dependent variable is performance of Kenya Football Premier League. The moderating variables are football culture and professionalism in Kenya. When the clubs in the Kenya Premier League effectively implements corporate governance by have a balanced composed board with acceptable board structures, establishing efficient reporting practices and team leadership structure with well-nurtured football culture and professionalism in Kenya then the performance of Kenya Football Premier League will improve and vise visa.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodological procedures to be used in data collection and analysis. Discussed in detail are the research design; location of the study; population of the study; sampling procedure and sample size; instrumentation; data collection; and data analysis.

3.2 Research Design

This study adopteddescriptive research design. Information was collected from respondents about their experiences and opinions in order to generalize the findings to the population that the sample is intended to represent (Gall, Borg & Gall, 1996). This method is the most appropriate for obtaining factual and attitudinal information or for research questions about self-reported beliefs, opinion, characteristics and present or past behavior (David & Sutton, 2004).

3.3Target Population

The target population of the study was the 6 office bearers and 3 employees in the 16 Kenya Premier Leagueteams thatcomprise the following; Patron, Chairman, Vice Chairman, Secretary General, Treasurer and Organizing Secretary (club officials) and Chief Executive officer, finance officer and the coach (employees). The target population of the study was 96 officials and 48 employees in the in the 16 Kenya Premier League teams which was the 144 people.

3.4 Sampling Procedure and Sample Size

Normally, it was preferable to collect data from all the 96 officials and 48 employees in Kenya Premier League. However, due to cost, time and logistics constraints, purposeful samplingwas inevitable.The study used proportional stratified random sampling technique to select the respondents.

Sample size formulawas arrived at using the following formula

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

Where

n= Sample size

N= Population size.

C= coefficient of variation which is$21\% \leq CV \leq 30\%$

e= margin of error which is fixed between $2\% \leq e \leq 5\%$

The study sample was calculated at 25% coefficient of variation and 5% of margin of error (Nassiuma, 2000).Nassiuma formula is used to calculate the final sample size

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

n=$\frac{144 \times 0.3^2}{0.3^2 + 143x0.02^2}$

n= $\frac{12.96}{0.14472}$

n=88

The researchertherefore collected data from 59 Officials and 29 employees in the 16 Kenya Premier League teams.

Allocation to the two strata is as follows $= \frac{n}{N}\ x\ Ni$ where n= sample size, N= total population and Ni= population of strata

Elected officials = $\frac{n}{N}\ x\ Ni$

= $\frac{88}{144}\ x\ 96$

= 59

Employees = $\frac{88}{144}\ x\ 48$

= 29

Table 1: Kenya premier league teams

No	Names
1	GorMahia
2	AFC leopards
3	Chemilil Sugar
4	KCB
5	Bandari
6	Mathare united
7	Nairobi city stars
8	Muhoroni Youth
9	Nakuru all stars
10	Sofa paka
11	Sony Sugar
12	Thika united
13	Tusker
14	Ulinzi Stars
15	Ushuru
16	Western stima

Source: Kenya premierleague(2016)

3.5 Instrumentation

Data wascollected using both primary and secondary data collection tools. Structured questionnaires administered to the selected respondentswas used elicit information related to governance structure of the Clubs whereas both structured questionnaire and secondary data collection form was used to collect information related to Kenya Football Premier League Performance. The structured questionnaire has the advantage of eliciting standard answers to questions, making it possible for comparisons to be made between sets of data. Structured questionnaire can be easily scaled whereas scaling can measure the complex and abstract concepts more accurately is scaling (Kothari, 1994). The questionnaire consisted of mainly closed-ended items. The questionnaires contained various items seeking different information on board composition, structure, reporting

practices and leadership structure. All the items in the questionnaires are aimed at addressing the research questions and majority are in the form of a Likert-Scale. The study also collected secondary data on number of goals scored by the clubs in the Premier League, goals conceded, points earned and positions between the year 2011-2015. This data was analyzed to establish the quantitative performance of the Kenya Premier League.

3.6 Validity and Reliability of Research Instrument

Validity of the research instrument was established for standardization of the research instruments used in the study. Content validity of the research instruments was established in order to make sure that they reflected the content of the concepts (factors and project performance) in question. First, the researcher went through the instruments and compared them with the set objectives and ensured that they contained all the information that answered the set questions and addressed the objectives.Second, expert (supervisor) from the Department of Business Management, Kabarak University was consulted to scrutinize the relevance of the questionnaire items against the set objectives of the study before the tool is used to collect the required information. The instrument then taken for piloting on a population similar to the target population; Piloting was done by 7 officials of Kenya Athletics Federation. The objective of piloting is to eliminate some ambiguous items, establish if there are problems in administering the instruments, test data collection instructions, establish the feasibility of the study, anticipate and amend any logical and procedural difficulties regarding the study, and allow preliminary (dummy) data analysis.

After validity of the research instrument, the researcher established the reliability of the instruments. This was done so as to measure the degree to which the items in the research instrument are internal consistent. In this study, piloting also assistedin testing the reliability of the instrument. The internal consistency of the research instrument was established by computing a Cronbach's Coefficient Alpha. A reliability coefficient of 0.7 5 wasobtained and accepted to have reflected the internal reliability of the instruments (Cronbach, 1951).

3.7 Data Collection Procedure

The researcher collected data from the selected respondents after receiving permission from Kabarak University. During this visit, the researcher informed the officials about the purpose of the intended study and book appointments for data collection. The questionnaires were distributed to all the 6 officials in each in Club in the Kenya Premier League. After familiarization, datathen was collected from the respondents using the mentioned instrument. The completed instruments was verified and collected within a period of two days from the day of distribution.

3.8 Data Analysis

Data collected wasprocessed, coded and analyzed to facilitate addressing the research objectives and answering the questions. This was done using both descriptive and inferential statistics. Descriptive statistics (percentages, frequencies, and means) presented in tables, pie charts, bar graphs and cross-tabulations were used to summarize and organize data and to describe the characteristics of the sample population. Descriptive statistics wasused in all the objectives. To establish relationship between differentiation strategy and perceived attractiveness of the clubs was measured using Pearson Correlation. This was done with the aid of a computer Software - Statistical Package for Social Sciences (SPSS). The analysis of the specific corporate governance practices and Kenya Premier League performance was analyzed using Pearson Correlation.

To analyze the combined relationship between corporate governance practices and Kenya Premier League performance, regression model below was used.

$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_{43} + \varepsilon$

Where;

y= Kenya Premier League performance

α =constant

$\beta_1 \dots \dots \beta_{4d}$ = Parameter estimates

X_1 = Board Composition

X_2 = Board Structure

X_3 =Corporate reporting practices

$X_4 =$ Corporate Leadership Structures

ε = the error of prediction.

3.9 Ethical Issues

Discretion was strictly observed in the course of this research. The researcher protected the identity and privacy of the respondents. The respondents were assured that the information provided was used solely for academic purposes. No pressure or inducements of any kind was applied to encourage the respondents to become participants in the research study.

Table 3.1: Data Analysis Matrix Table

Research Questions	Independent Variable	Dependent Variable	Statistical Methods
Does board composition affect performance of Kenya Football Premier League?	Board Composition	Kenya Premier League Performance	-Pearson Correlation
Does board structure affect performance of Kenya Football Premier League?	Board structure	Kenya Premier League Performance	-Pearson Correlation
Do corporate reporting practices affect performance of Kenya Football Premier League?	Corporate reporting practices	Kenya Premier League Performance	-Pearson Correlation
Does corporate leadership structure affect performance of Kenya Football Premier League?	Corporate leadership structure	Kenya Premier League Performance	-Pearson Correlation
Do combined effect of board composition, board structure, corporate reporting practices and corporate leadership on performance of Kenya Football Premier League.	- Board composition - Board structure - Reporting practices -Leadership structure	Kenya PremierLeague Performance	Regression Analysis

CHAPTER FOUR
DATA ANALYSIS, PRESENTATIONS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the demographic analysis related to the effects of corporate governance on performance of soccer management in Kenya Premier League. Field research conducted in the Month of June 2016 and the data collected was meant the set objectives. The following key objectives were analyzed and linked to the effects of corporate governance on performance of soccer management in Kenya Premier League; Demographic characteristics of the respondents, the effect of board composition on performance, the effect of board structure on performance, the effect of corporate reporting practices on performance, the effect of corporate leadership structure on performance and the combined effect of board composition, board structure, corporate reporting practices and corporate leadership on performance. It is important to note that a total of 88 questionnaires were administered to the respondents as per the study sample out of which all the 88 questionnaires were collected back representing 100% return rate which was significant to answer the set objectives of the study.

4.2 Demographic Characteristics of Respondents

Demographic data analyzed included; gender, age bracket, highest level of education and respondents occupation.

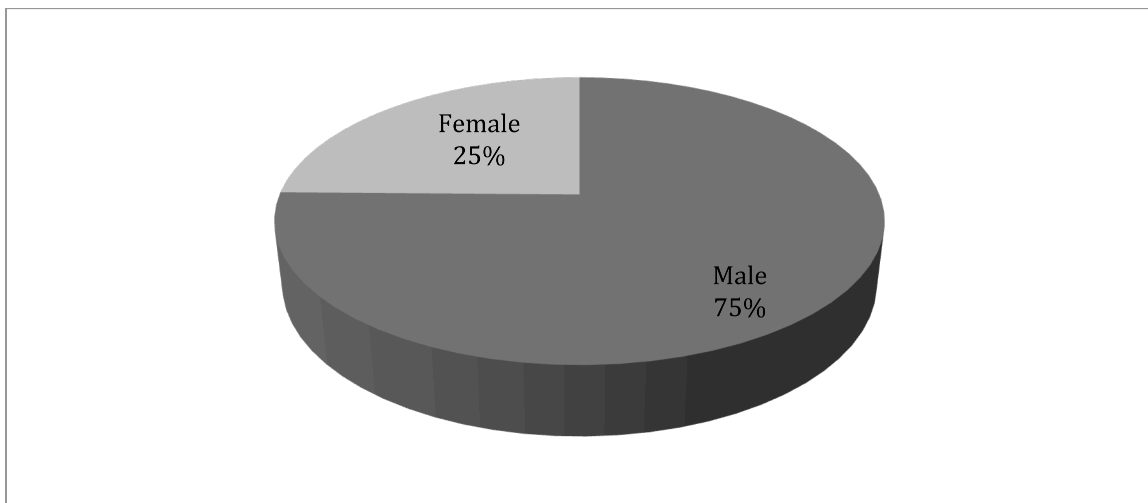


Figure 4.1: Respondents Gender Parity

The analysis on gender parity established that majority of the respondents 75% were male compared to 25% who were female. This finding indicated that the clubs in Kenya Premier league have less women compared to men in their boards and management. The percentage is less than the 30% gender representation recommended by the Kenya Constitution 2010

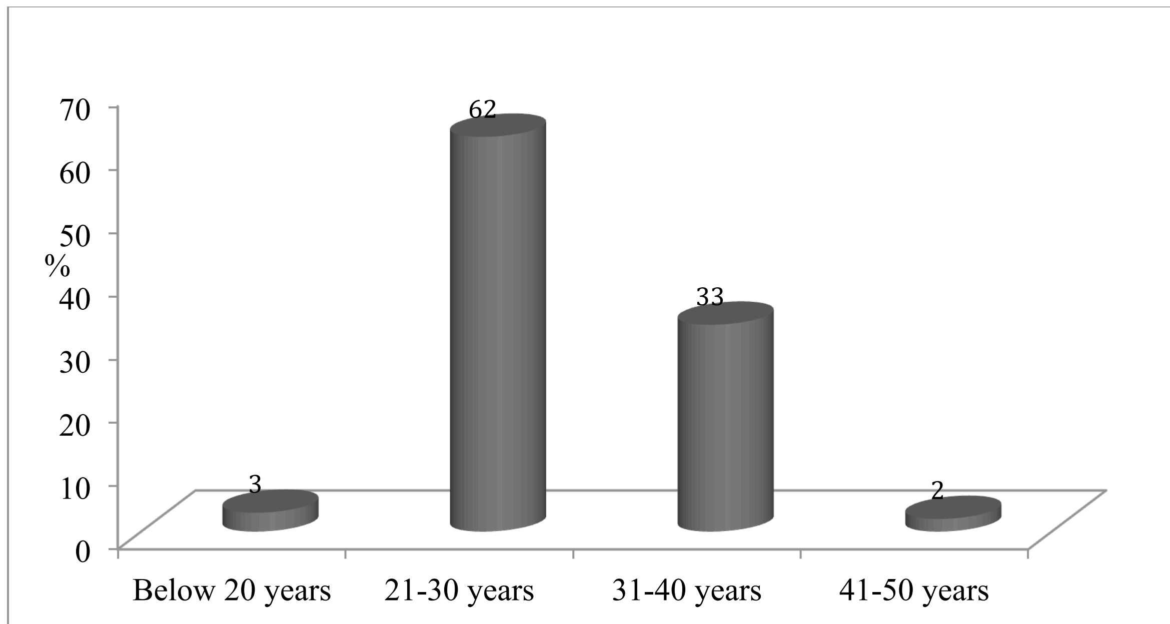


Figure 4.2: Respondents Age Bracket

Figure 4.2 was used to analyze age brackets of the respondents. The finding from the analysis established that majority of respondents 62% had age bracket between 21-30 years, 33% were between 31-40 years, and 5% were below 20 years and also 41-50 years respectively. This fining indicated that the board and management of the clubs in Kenya Premier league were young and energetic, a quality they could use to establish effective corporate governance policies for better football performance.

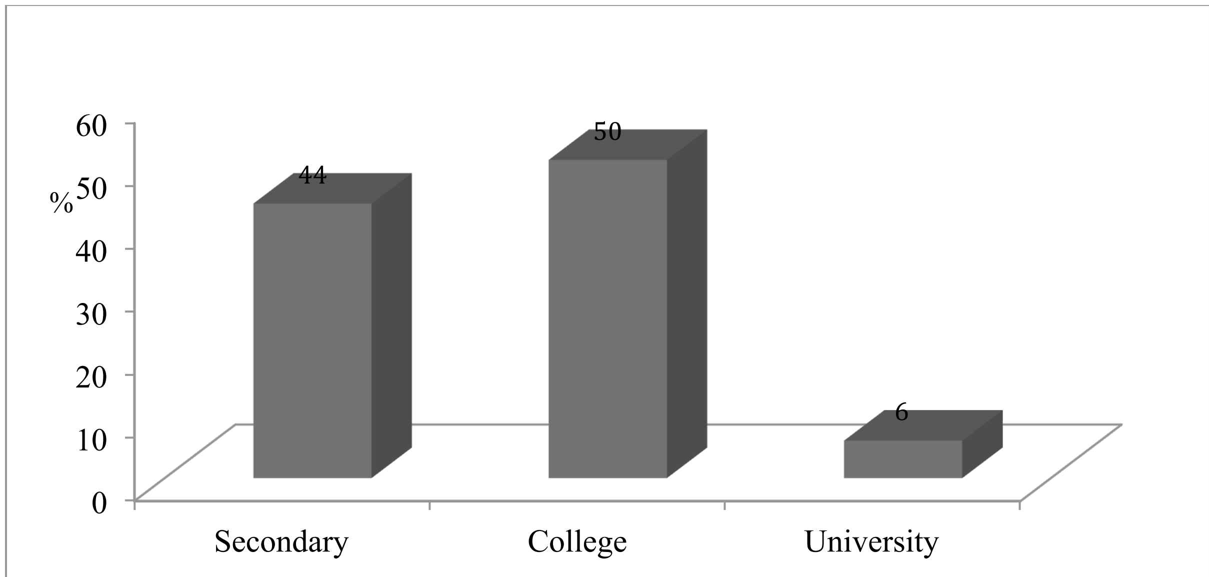


Figure 2.4: Respondents Education Level

The analysis on respondents' highest level of education established that majority 50% had college qualification, 44% had secondary qualification and 6% had university qualification. This finding indicated that the majority of board members lacked university education where learners are exposed to organizational management within which subjects like corporate governance is likely to be taught.

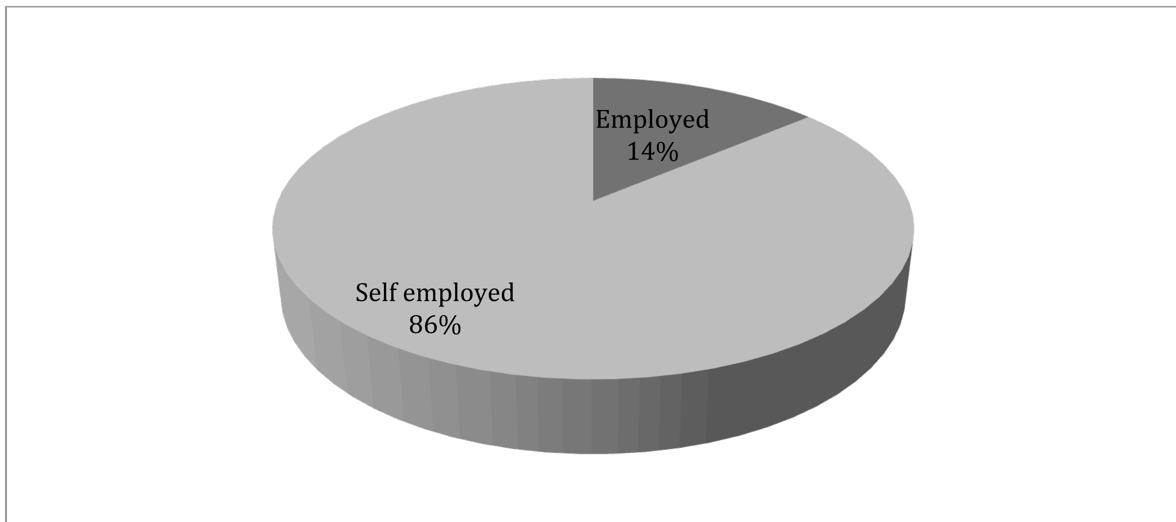


Figure 4.3: Respondents Occupation

The study established that majority of respondents 86% were self employed compared 14% who were in formal employment. This finding indicated that majority of the board members were self employed a situation which may contribute to poor corporate governance since such concepts are found in formal setup with elaborate organizational structures.

4.3 Descriptive Analysis on Clubs' Board Composition of the Clubs

The first objective of the study was to establish the effect of board composition on performance of Kenya Football Premier League. This section presents the analysis of the board composition of the clubs in Kenya Premier League. The key variables analyzed included; board composed of club members, wider representation, gender representation, government representation, age variability and board having the face of Kenya.

Table 4.1: Clubs Board Composition

Composition of the Board	SA (%)	A (%)	NS (%)	D (%)	SD (%)	X^2	P-value
Board is composed of only footballers	13	20	13	45	10	80.3	.000
Board has wider representation	12	3	0	57	28	73.4	.000
Board has gender balance	9	9	4	54	24	37.7	.000
Government is represented in the board	4	4	0	60	32	26.5	.000
There is age variability in the board	1	4	0	67	28	103.7	.000
The board has the face of Kenya	5	12	12	56	15	48.3	.000

Source: Field Data (2016)

Table 4.3 presents the results of the analysis of Kenya Premier League Club's board composition. The study established that majority of respondent 65% disagreed that the board was only composed of footballer compared to 33% who agreed and 13% who were not sure. 85% of respondents disagreed that the club's board had wider representation compared 15% who agreed. Majority 78% agreed that board had gender representation compared to 18% who agreed and 4% who were not sure. Majority 92% disagreed that there was government representations in the board compared to 8% who agreed. Majority

of respondents 95% disagreed that there was agreed variability in the board compared to 5% who agreed. Majority 71% agreed that the board had the face of Kenya in terms of representation compared to 17% who disagreed and 12% who were not sure. This finding is supported by Keys et al. (2003) found significant evidence of a positive relationship between board diversity, proxied by the percentage of women and/or minority races on boards of directors, and firm value, measured by Tobin's Q. Firms making commitment to increasing the number of women on boards also have more minorities on their boards and vice versa, and that the fraction of women and minority directors increases with firm size but decreases as the number of inside directors increases. The current poor performance of football among the teams in Kenya Premier League is due to poor board composition as the study has established.

Based on the finding, the boards lack diversity, which leads to innovative ideas. This is supported by Knippenberg et al. (2004) and Schippers et al. (2003) who observe that diversity of group membership increases discussion, and enhances the exchange of ideas and group performance. In the context of the board of directors, diversity has been advocated as a means of improving organizational value and performance by providing the board with new insights and perspectives (Carter et al. 2003). Second, if the function of the board is to protect the interests of the corporation's stakeholders, then it stands to reason that the board should comprise members that are representative of these stakeholders (Huse&Rindova 2001).

This finding indicated that the Premier league Club's boards had other board members who were not necessarily footballs, which was a good idea in terms of bring into the clubs varied views that are meant to make the clubs perform well. In spite of board membership being drawn from members who were not necessarily footballs, the board lacked wider representation in terms of gender, institutional representation like the government, age variability making the board not to have the face of Kenya, that is most clubs were aligned to specific tribe or counties, the idea which was a replica of their respective boards.

4.4 Descriptive Analysis on Clubs' Board Structure

The second objective of the study was to establish the effect of board structure on Kenya Football Premier League performance of. The section presents the analysis of the board structure of the clubs in Kenya Premier League. The key variables analyzed included; office composition, term of the board, rotation, government approval and whether the structure worked well for the clubs.

Table 2.2: Clubs Board Structure

Board Structure	SA	A	NS	D	SD	X^2	P-value
Executive office	10	1	0	64	25	53.2	.000
Exe-officio member	3	10	2	45	40	73.4	.000
Fixed term	7	15	0	50	28	27.7	.000
Chairman post rotational	11	14	0	46	29	20.0	.000
Structure is approved	13	63	5	15	4	20.2	.000
Structure works well	1	18	0	52	29	23.3	.000

Source: Field Data (2016)

Table 4.7 presents the results of the analysis of Kenya Premier League Club's board structure. The study found out that majority of respondents 89% disagreed that the Clubs had executive officers running the daily affairs of the boards mandates compared to 19% who agreed. Majority of respondents 85% disagreed that the club boards had ex-official members compared to 13% who agreed and 2% who were not sure. Majority 78% disagreed that the clubs boards had fixed term compared to 22% who agreed. Majority of respondents 75% disagreed that the board chairman post was rotational compared to 25% who agreed. Majority 76% agreed that the board structure was approved by the government 19% who disagreed and 5% who were not sure. Majority of the respondents 81% disagreed that the board structure worked well for the organization compared to 19% who agreed.

The poor board structure also lead to poor performance and is supported by Young &Thyil, (2008) who found out that an expectation exists that diversity might alleviate

insular decision-making on the board due to the wide spectrum of experience and expertise that a diverse board can offer an enterprise. Enterprises are increasingly being put under pressure by stakeholders to appoint board members with diverse ethnic backgrounds, expertise and gender for this reason.

The boards lacked independence because of poor structures as supported by McGee (2010) who observes that at least one-third of the board should be nonexecutive director, a majority of whom should be independent. Being independent in this case is they are not currently non-executive; they were not employee of the company in the past years; they do not have current business relationship with the company; they are not an immediate family of an executive officer of the firm and so on. Thus, being non-executive only is not independent enough. Company then should also disclose biographies of its board members and make a statement to define their independence.

The finding indicated that Clubs in Kenya Premier League had many challenges, as far board structure was concern. Most clubs were not run by executive management, which was meant to report to the board. Most activities of the clubs were being directly managed from the board violating the basic principles of corporate governance supported by agency theory. The board did not encourage appointing ex-officials who could handle issues of tribunal and that most board members did not have fixed term making some members feel they owned the clubs. The chairman post was also not rotational making some chairmen lifetime officials. Although the respondents did not agree on most items related to board structure, they agreed that the club's board had represents ions the Government of Kenya Ministry of sports. The board structure did not work well for the clubs in enhancing their performance.

4.5 Descriptive Statistics on Clubs' Corporate Reporting Practices

The third objective of the study was to find out the effect of corporate reporting practices on performance of Kenya Football Premier League. The key variables used to analyze corporate reporting practices included; reporting to relevant ministries and Federation of Kenya Footballers, boards accountability to the public, the management reporting to the board, the board filling society and tax returns as per the Law.

Table 4.3: Board Reporting Structure

Reporting Practices	SA	A	NS	D	SD	X^2	P-value
Reports to the Ministry	10	3	-	53	34	57.2	.000
Reports to FKF	3	10	2	44	41	83.6	.000
Accountable to the public	9	17	-	47	27	31.7	.000
Reports directly to the board	11	18	-	43	28	30.0	.000
Fills society returns	19	-	-	55	26	40.4	.000
Fill Tax returns	9	-	-	45	46	33.3	.000

Source: Field Data (2016)

The results of analysis of the board reporting structure was presented in table 4.8 above. Majority of respondents 87% disagreed that the boards of the football clubs in Kenya Premier league reported to the Ministry of Sports on issues of regulations compared to 23% who agreed. Majority of respondent 85% disagreed that the clubs reported to Federation of Kenya Footballers which is the national body of all the football clubs and also organizers of Kenya Premier League compared to 13% who agreed and 2% who were not aware. Majority 74% disagreed that the clubs were accountable to the public compared to 26% who agreed. Majority 71% disagreed that management of the clubs reported to their respective boards compared 29% who agreed. Majority of respondents 81% disagreed that boards of their clubs filled company returns as per the Law compared to 19% who agreed. Majority 91% disagreed that their boards filled Tax returns according to the law compared to 9% who agreed.

The study established a poor reporting practice by the boards of the football clubs in the League as is supported by a number of scholars; Eccles (2004)Corporate reporting is not

only financial reporting but information beyond that which is required by the regulation (Corporate Law and Accounting Standards), provided through the annual reports to their shareholders and other stakeholders. Corporate social accountability and reporting is information over and above that which is mandatory, and is seen as a key driver for engaging the wider community as an important stakeholder in business activities (Zairi& Peters 2002). In support of this view, other stakeholder theorists consider that a firm's responsibility is not only to its shareholders, but to all stakeholders whose contribution is necessary for its success (Balabanis, Philips &Lyall 1998).

This finding indicated that the boards of the clubs in Kenya Premier League had ineffective corporate reporting practices affecting the performance of the clubs. The boards did not report to the Ministry of Sports who is mandated to regulate sports policies in Kenya nor did they report to FKF, which is their association umbrella body and also the organizers of Kenya Premier League and therefore were not accountable to the public. The poor reporting practices also affected the clubs internally with their management team also failing to report to the board complicating the issues of accountability further. The boards contravene the law by failing to fill annual society returns and also filling tax return, which requires them to declare their income, and law requires them to pay taxes.

4.6 Descriptive Analysis of Clubs' Corporate Leadership Structure

The fourth objective of the study was to find out the effect of corporate leadership structure on performance of Kenya Football Premier League. The corporate leadership structure variables analyzed in this section included; competitive hiring of the management, supervision, making sure that the management implements board's policies, board relationship with the management, resource availability for implementation of board's policies, remunerate and motivation of management.

Table 4.4: Board's Corporate Leadership Structure

Leadership structure	SA	A	NS	D	SD	X^2	P-value
Competitively hiring	1	10	-	64	25	80.2	.000
Supervise activities	3	10	2	44	41	73.4	.000
Implements of policies	8	17	-	48	27	30.8	.000
Relationship	13	16	-	43	28	20.5	.000
Required resources	11	18	-	43	28	20.0	.000
Remuneration	21	-	-	56	23	17.9	.000
Motivates of management	2	11	-	43	44	48	.000

Source: Field Data (2016)

Table 4.9 was used to present the results of the descriptive analysis of corporate leadership structure. The study established that majority of respondents 89% disagreed that the clubs' boards competitively hire the management compared to 11%. Majority of the respondents 85% disagreed that the clubs' board supervised activities of the management making the management unaccountable to the boards compared to 15% who agreed. Majority 75% disagreed that the management implemented board policies compared to 25% who agreed. Majority of respondents 71% disagreed that the board did not interfere with the management activities and provided all the required resources to the management compared agreed respectively. Majority of respondents 79% disagreed that the clubs' board properly remunerated the management compared to 21% who agreed and lastly, majority 77% disagreed that the board positively motivates the management compared to 23% who agreed.

The leadership structures in the clubs are poorly constituted leading to poor performance evident by conflicting roles and unaccounted for decisions as is supported by Monks &Minow (2004) who observes that separating the role is believed to lead to a more objective evaluation of the CEO, creating an environment of greater accountability. According to Suryanarayana (2005), another advantage of the appointment of an independent chairman is that he/she brings experience in running similar businesses or handling the functions of finance, as well as the independence, objectivity and

dispassionate views needed on crucial matters. A separation of the two roles seems to be a prudent and effective means of ensuring proper focus and also eliminating potential errors and conflict of interest that may arise as a result of combining the roles (Banks 2004).

This finding is further supported by a number of Studies by Hillman and Dalziel (2003), Pfeffer and Salancik (1978) and Yoshikawa & McGuire (2008) report that the expertise and knowledge non-executive directors bring to the firm and the resource dependence role which allows them to provide advice and resources, help the firm to perform better. Peng (2004) also found that institutional outside director's impact positively on firm performance, which implies the effective resource role played by them. The results of the study by Haniffa and Hudaib (2006) indicated that the market measure of performance based on Tobin's Q or accounting measures of performance based on ROA and board composition were not significantly related to performance.

This finding indicated that the clubs in the Kenya Premier League failed to provide the required leadership in enhancing their performance evident by; their failure to establish competitive hiring of employees and subsequent supervision making the clubs to be run by unqualified and unsupervised employees who were unable to articulate and implement the boards' policies leading to poor performance. The boards also failed to properly remunerate and motivate their employees; the employees on the other hand were unable to perform their duties effectively due boards' interference and failure to provide the required resource for the smooth running of the clubs.

4.7 Effects of Corporate Governance on Performance of Soccer Management

The main objective of the study was to analyze the effects of corporate governance on performance of soccer management in Kenya Premier League. The corporate governance practices analyzed in this study included; practices on clubs board composition, practices on board structure, corporate reporting practices and practices on corporate leadership structure. In order to analyze how each of these corporate governance practices affected performance of soccer management in Kenya Premier League, Pearson correlation was used and in order to further analyze which corporate governance practice contributed

more to the performance of soccer management in Kenya Premier League, regression analysis was used.

4.7.1 Pearson Correlation between Corporate Governance Practices and Performance of Soccer Management in Kenya Premier League

Table 4.5: Correlation between Corporate Governance Practices and Performance of Soccer Management

Variable	Board Composition Practices	Board Structure Practices	Corporate Reporting Practices	Leadership structure Practices
Soccer Management Performance	.103	.151	.350*	.106

Source: Field Data (2016)

The study established a strong positive correlation 0.350 with significance of 0.001<0.05 between corporate reporting practices and Performance of Soccer Management indicating that Clubs in Kenya Premier League corporate reporting practices had positively effect on Performance of Soccer Management. Further finding indicated a week positive correlation 0.103 for board composition practices with significance level 0.178>0.05, weak positive correlation 0.151 for board structure practices with significance level 0.161>0.05, weak positive correlation 0.106 for leadership structure practices with significance level 0.197>0.05 respectively with Performance of Soccer Management indicating that Clubs in Kenya Premier League board composition, board structure and leadership structure practices had insignificant effect on Performance of Soccer Management.

4.7.2 Regression Analysis between Corporate Governance Practices and Performance of Soccer Management

The results of the analysis are presented in Tables 4.6 and 4.7.

Table 4.6: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.31	0.27	0.27	0.82

The R square value was 0.27, which indicated a low degree of correlation. The R^2 value indicates how much of the dependent variable, "Performance of Soccer Management ", was explained by the independent variables, "board composition, board structure, corporate reporting and leadership structure practices". In this case, 27% was the R Squared, which was fairlysmall indicating that the data collected was not closely fitted to the regression line. 27% of variation in performance is explained by all the independent variables (4) 73% of the variation is unexplained.

Table 4.12: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.232	3	1.077	2.604	0.279
Residual	7.832	49	.405		
Total	**9.064**	**52**			

Predictors: board composition, board structure, corporate reporting and leadership structure practices. The Dependable variable: Performance of Soccer Management. Table 8 indicated that the regression model did not predicted the outcome variable significantly with $p>0.279$, which was greater than 0.05, and indicated that; overall, the model did mot predicted the outcome variable.

Table 4.7: Full Regression Model

Model	Unstd. Coef.	Std. Error	Std.Coef.	t	Sig.(P)	VIF
(Constant)	1.258	.578		2.177	.034	
Reporting structure	.492	.141	.452	3.488	.000	1.14
Board Composition	.140	.097	.193	1.434	.070	1.87
Board Structure	.019	.122	.020	.156	.877	4.26
Leadership structure	.017	.101	.018	.146	.916	5.19

The first research question was stated as; does board composition affect performance of soccer management in Kenya Football Premier League? This was determined by; Y= α_1+ $\beta_1 x_{1+}$ e, whereYwasperformance of soccer management, X_1 was the variable for board composition practice, and β_1 coefficient of correlation of affect board composition on performance of soccer management. The independent variables; reporting, board and leadership structureswere held constant. Board composition practices contributed insignificantly to the performance of soccer management in Kenya Football Premier League this was because board composition practice had P=0.070>0.05 indicating that board composition practices did not affect the performance of soccer management in Kenya Football Premier League.

The second research question was stated as; does board structure affect performance of Kenya Football Premier League? The independent variables; reporting, board composition and leadership structurewere held constant. Board structure practice contributed insignificantly to the performance of soccer management this is because board structure practice had P=0.877<0.05 indicating that board structure practice did not the performance of soccer management in Kenya Football Premier League.

The third research question was stated as; do corporate reporting practices affect performance of Kenya Football Premier League? The independent variables; board composition, board structure and leadership structurewere held constant. Reporting structure practice contributed significantly to performance of soccer management this is

because reporting structure had P=0.0.000<0.05 indicating that reporting structure practice affected performance of soccer management in Kenya Football Premier League.

The fourth research question was stated as; does corporate leadership structure affect performance of Kenya Football Premier League? The independent variables; reporting, board composition and structurewere held constant. Leadership structure practice contributed insignificantly to the performance of soccer management this is because board structure practice had P=0.916>0.05 indicating that leadership structure practice did not the performance of soccer management in Kenya Football Premier League.

From the unstandardized coefficients, the following equation was developed:

$y= 1.258+0.492x_1+0.140x_2+0.019x_3+0.017x_3+\varepsilon$

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The aim of this study was to analyze the effects of corporate governance on performance of soccer management in Kenya Premier League. The study established the following findings;

On demographic characteristics, the findings indicated that the Clubs in Kenya Premier League had not complied with the constitutional 30% gender requirement since majority 75% were men compared to women who were 24%. Secondly, majority of respondents 62% had age bracket between 21-30 years, 33% were between 31-40 years, 5% were below 20 years and also 41-50 years respectively. This fining indicated that the board and management of the clubs in Kenya Premier league were young and energetic, a quality they could use to establish effective corporate governance policies for better football performance. Third, majority 50% had college qualification, 44% had secondary qualification and 6% had university qualification. This indicated that the majority of board members lacked university education where learners are exposed to organizational management within which subjects like corporate governance is likely to be taught. Four, majority of respondents 86% were self-employed compared 14% who were in formal employment. This indicated that majority of the board members were self employed a situation which may contribute to poor corporate governance since such concepts are found in formal setup with elaborate organizational structures.

The first objective of the study was to establish the effect of board composition on performance of Kenya Football Premier League. The study established that the Premier league Club's boards had other board members who were not necessarily footballs, which was a good idea in terms of bring into the clubs varied views that are meant to make the clubs perform well. In spite of board membership being drawn from members who were not necessarily footballs, the board lacked wider representation in terms of gender, institutional representation like the government, age variability making the board not to

have the face of Kenya, that is most clubs were aligned to specific tribe or counties, the idea which was a replica of their respective boards.

The second objective was to establish the effect of board structure on performance of Kenya Football Premier League. The study found out that most clubs did not run by executive management, which was meant to report to the board. Most activities of the clubs were being directly managed from the board violating the basic principles of corporate governance supported by agency theory. The board did not encourage appointing ex-officials who could handle issues of tribunal and that most board members did not have fixed term making some members feel they owned the clubs. The chairman post was also not rotational making some chairmen lifetime officials. Although the respondents did not agree on most items related to board structure, they agreed that the club's board had represents ions the Government of Kenya Ministry of sports. The board structure did not work well for the clubs in enhancing their performance

The third objective of the study was to find out the effect of Corporate Reporting Practices on performance of Kenya Football Premier League. The study established that the boards of the clubs in Kenya Premier League had ineffective corporate reporting practices affecting the performance of the clubs. The boards did not report to the Ministry of Sports who is mandated to regulate sports policies in Kenya nor did they report to FKF which is their association umbrella body and also the organizers of Kenya Premier League and therefore were not accountable to the public. The poor reporting practices also affected the clubs internally with their management team also failing to report to the board complicating the issues of accountability further. The boards contravene the law by failing to fill annual society returns and also filling tax return which requires them to declare their income and pay taxes as is required by law.

The fourth objective of the study was to find out the effect of corporate leadership structure on performance of Kenya Football Premier League. The study established that that the clubs in the Kenya Premier League failed to provide the required leadership in enhancing their performance evident by; their failure to establish competitive hiring of

employees and subsequent supervision making the clubs to be run by unqualified and unsupervised employees who were unable to articulate and implement the boards' policies leading to poor performance. The boards also failed to properly remunerate and motivate their employees, the employees on the other hand were unable to perform their duties effectively due boards' interference and failure to provide the required resource for the smooth running of the clubs.

The fifth objective was to establish the combined effect of board composition, board structure, corporate reporting practices and corporate leadership on performance of Kenya Football Premier League. It was established that the corporate governance practices did not affect performance of Kenya Football Premier League. This is because 27% of the variation in performance of Kenya Football Premier League could not be explained by the independent variables. It was established that the corporate governance practices did not affect performance of Kenya Football Premier League could not be explained by the independent variables; board composition, board structures, reporting structure and leadership structure.

5.2 Conclusions

The study aimed at analyzing the effects of corporate governance on performance of soccer management in Kenya Premier League. The study established apart from reporting practices, other practices including; board composition, board structure and leadership structure do not affect performance of soccer management in Kenya Premier League.

The first research question stated as does board composition affect performance of Kenya Football Premier League? The study established that board composition practices contributed insignificantly to the performance of soccer management in Kenya Football Premier League this was because board composition practice had $P=0.070>0.05$ indicating that board composition practices did not affect the performance of soccer management in Kenya Football Premier League.

Further, the second research question stated as does board structure affect performance of Kenya Football Premier League? The study established that board structure practice

contributed insignificantly to the performance of soccer management this is because board structure practice had P=0.877<0.05 indicating that board structure practice did not the performance of soccer management in Kenya Football Premier League.

The third research question stated as do corporate reporting practices affect performance of Kenya Football Premier League? The study established that reporting structure practice contributed significantly to performance of soccer management this is because reporting structure had P=0.0.000<0.05 indicating that reporting structure practice affected performance of soccer management in Kenya Football Premier League.

The fourth research question stated as; does corporate leadership structure affect performance of Kenya Football Premier League? The study established that leadership structure practice contributed insignificantly to the performance of soccer management this is because board structure practice had P=0.916<0.05 indicating that leadership structure practice did not the performance of soccer management in Kenya Football Premier League.

The fifth research question stated as Do combined effect of board composition, board structure, corporate reporting practices and corporate leadership on performance of Kenya Football Premier League? As shown in the results of the analysis model summary, 27% of the variation in performance of football management of Kenya Football Premier League could not be explained by the independent variables. Further, from the full regression model it was established that reporting structure practice (Beta=0.492) positively affected performance of football management of Kenya Football Premier League as opposed to board composition practice (Beta= 0.140), board structure practice (beta = 0.019) and leadership structure practice (beta =0.017) had negative effect on performance of football management of Kenya Football Premier League.

5.3 Recommendations

5.3.1 Recommendation for Practice and Policy

On the basis of the findings of this study, the following recommendations are important as far as analysis of the effects of corporate governance on performance of soccer management in Kenya Premier League is concerned.First,The study recommends that in order for the clubs to improve in their performance, their boards need to be well reconstituted based on sound representation as a corporate governance practices that will ensure gender, institutional, age variability and having the face of Kenya.The study also recommends that the clubs through the ministry of sports should involve all the stakeholders in restructuring the club boards to make it effective, representational and abiding by corporate governance principals. The Ministry of Sports should also capacity build the clubs' board on effective corporate structure that can enhance the clubs performance. Secondly, the Ministry of Sports should ensure that the clubs improve their corporate reporting practices both internally between the board and their respective management teams and also externally between the board and the regulator, FKF, Registrar of Societies, Kenya Revenue Authority and accountability to the wide public. The Clubs in Kenya Premier League should be capacity built on effective human resource management which will enlighten them on competitive hiring, effective intrinsic and extrinsic motivation. They should also be trained on resource management and supervisory skills that will create lines of reporting and effective delegation while executing their activities.

5.3.2 Recommendation for Further Studies

A study on the factors affecting players' turnover in the clubs in Kenya Football Premier League and its effect on clubs performance. This is because the study did not concentrate on players' turnover that may also affect clubs performance. The findings from this study will shed more light on which factor most affects influence' the turnover.

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APPENDICES

Appendix I: Letter of introduction

Paul Tuitoek
P.O Box 3270-20100,
Nakuru
+254722614488.

Dear Respondent,

I cordially invite you to participate in a survey that constitutes part of my Master of Business Administration; Strategic Management at Kabarak University. I am undertaking a project research on the topic "effect of corporate governance practices on performance of Kenya Football Premier League." I have therefore chosen you as a respondent and assure you that all the information given will be treated with utmost confidentiality, since this is purelyan academic research. Do not hesitate to contact me in case of any clarification.

Thank you in advance for your assistance and co-operation.

Yours Sincerely,

Paul Tuitoek
Kabarak University

Appendix II: Questionnaire

SECTION A: Respondents' personal characteristics and General Information.

1. Gender of respondent: Female (1) Male (2)
2. Age of respondent in years: Below 20 ☐ 21-30 ☐ 31-40☐ 41-50 ☐ above 50 ☐
3. Highest educational level: Primary ☐ Secondary☐ College☐ University ☐
4. Occupation Employed ☐ Self Employed☐

Section B: Corporate governance practices

The following table indicates key aspects of corporate governance practices in your organization. Please indicate by ticking 5 SA – SSA Strongly Agree, 4 – A Agree, 3 NS – Not Sure, 2 D – Disagree, 1 SD - Strongly Disagree your level of agreement on how you're the strategy is implemented in your club.

Composition of the Board	**SA**	**A**	**NS**	**D**	**SD**
Board is composed of only footballers					
Board has wider representation					
Board has gender balance					
Government is represented in the board					
There is age variability in the board					
The board has the face of Kenya in terms of representations					

Board Structure	**SA**	**A**	**NS**	**D**	**SD**
The board has the executive office					
The board has exe-officio member					
The board has a fixed term					
The board chairman is rotational					
The board structure is approved by the government					
The board structure works well for the organization					

Reporting Practices	**SA**	**A**	**NS**	**D**	**SD**
The board reports to the ministry of sports					
The board reports to Federation of Kenya Footballers					
The board is accountable to the public					
The management reports directly to the board					
The board fills company returns as per the Law					
The board fill Tax returns according to the law					

Leadership structure	**SA**	**A**	**NS**	**D**	**SD**
The board competitively hire the management					
The board supervise activities of the management					
The management implements board policies					
The board does not interfere with the management					
The board provide all the required resources to the management					
The board properly remunerate management					
The board positively motivates the management					

Section C: Kenya Football Performance

The following table indicates key aspects of football performance in Kenya. Please indicate by ticking 5 SA – SA Strongly Agree, 4 – A Agree, 3 NS – Not Sure, 2 D – Disagree, 1 SD - Strongly Disagree your level of agreement on the perceived attractiveness of the club.

Kenya League Football performance	SA	A	NS	D	SD
Number of goals scored has improved tremendously					
Number of goals conceded has dropped tremendously					
The Premier Leagues have improved in points earned					
Position at the Premier leagues keeps on changing					
Football fans Are satisfied with Kenya Premier League Performance					
Kenya Premier League has restored football culture in Kenya					

Section D: KPL Performance caption sheet

Club	Goals Scored	Goals Conceded	Points	Position