

Board Governance Practices and Organizational Performance of Kenyan State Corporations: A Case Study of the Nuclear Power and Energy Agency

Adewa Damian Okelo^{1*}; Jared Osoro^{2*}

¹MBA Student: Management University of Africa Kenya Institute of Primate Research,
P.O. Box 24481–00502, Karen, Nairobi, Kenya

²Management University of Africa P. O. Box. 29677-00100, Nairobi, Kenya

Corresponding Author: Adewa Damian Okelo^{1*}; Jared Osoro^{2*}

Publication Date: 2026/09/30

Abstract: This study examined the effect of board governance practices on organizational performance at the Nuclear Power and Energy Agency (NuPEA), with specific focus on board independence and board oversight practices. The study was motivated by persistent governance and performance challenges among Kenyan state corporations, including weaknesses in accountability, oversight, strategic decision-making, and resource utilization. Guided by Agency Theory, the study adopted a causal research design. The target population comprised 200 employees of NuPEA, from whom 133 respondents were selected using stratified random sampling. Primary data were collected using structured questionnaires, while 105 completed questionnaires were returned and analysed using SPSS version 28. Descriptive statistics, Pearson correlation, and regression analysis were used to examine the relationships between the variables. The findings established a positive and statistically significant relationship between board independence and organizational performance. Board independence explained 33.3% of the variation in organizational performance ($R^2 = .333$), with a significant regression coefficient ($B = .490$, $\beta = .577$, $t = 6.518$, $p < .001$). Board oversight practices also demonstrated a positive and statistically significant relationship with organizational performance. The variable explained 25.7% of the variation in performance ($R^2 = .257$), with a significant regression coefficient ($B = .454$, $\beta = .507$, $t = 5.417$, $p < .001$). The study concludes that strengthening board independence and oversight mechanisms can contribute to improved organizational performance at NuPEA.

Keywords: Board Independence, Board Oversight, Organizational Performance, State Corporations, Governance, NuPEA.

How to Cite: Adewa Damian Okelo; Jared Osoro (2026) Board Governance Practices and Organizational Performance of Kenyan State Corporations: A Case Study of the Nuclear Power and Energy Agency. *International Journal of Innovative Science and Research Technology*, 11(9), 1880-1884. <https://doi.org/10.38124/ijisrt/26sep905>

I. INTRODUCTION

Board governance is an important component of organizational accountability, strategic direction, and performance, particularly in state corporations entrusted with public resources. Effective boards provide oversight, monitor management, support strategic decision-making, and safeguard stakeholder interests. In Kenya, governance practices in state corporations have attracted considerable attention because of continuing concerns about efficiency, accountability, service delivery, and achievement of institutional objectives. The study's background identifies board independence and oversight as important mechanisms through which boards can strengthen accountability and organizational outcomes.

Board independence refers to the presence of directors who are free from relationships or influences that could compromise their objectivity. Independent directors are expected to provide impartial guidance, monitor management, and strengthen accountability. In Kenyan state corporations, independence is particularly relevant because organizations may operate within political, bureaucratic, and regulatory environments that can influence decision-making. Previous research reviewed in the study indicates that independent boards can improve monitoring, transparency, compliance, and strategic decision-making, although the strength of this relationship may depend on the organizational context.

Board oversight practices refer to the structured activities through which boards monitor management, review organizational performance, oversee risk, ensure financial integrity, and promote compliance with legal and ethical requirements. Effective oversight involves mechanisms such as board committees, regular meetings, performance reviews, management reporting, and accountability systems. Strong oversight can improve transparency, internal controls, risk management, and the alignment of management actions with organizational objectives.

The study was conducted at the Nuclear Power and Energy Agency (NuPEA), a Kenyan state corporation established under the Energy Act No. 1 of 2019 to spearhead the country's nuclear power programme and support energy research and development. Given the agency's specialized and highly regulated mandate, effective governance is necessary for strategic decision-making, regulatory compliance, accountability, and institutional performance.

Despite governance reforms in Kenya, performance challenges remain among state corporations. The project reports that only 53% of state corporations achieved their performance contract targets in 2023, while 47% failed to attain expected performance levels. The Auditor-General also reported recurring weaknesses involving board oversight, governance compliance, implementation of board decisions, and risk management. These challenges provide justification for examining specific board governance mechanisms within specialized state corporations such as NuPEA.

The study therefore sought to examine the effect of board governance practices on organizational performance, with this paper specifically focusing on board independence and board oversight practices. The specific objectives were:

- To establish the effect of board independence on the organizational performance of Nuclear Power and Energy Agency.
- To examine the effect of board oversight practices on the organizational performance of Nuclear Power and Energy Agency.

The corresponding hypotheses were that board independence has no significant effect on organizational performance at NuPEA and that board oversight practices have no significant effect on organizational performance at NuPEA.

II. LITERATURE REVIEW

➤ *Theoretical Review*

The study was anchored on Agency Theory, which explains the potential conflict between principals and agents and emphasizes mechanisms for monitoring management and aligning managerial actions with organizational objectives. Boards serve as an important monitoring mechanism by overseeing management decisions, strengthening accountability, and protecting organizational interests. The theory is particularly relevant to board independence and oversight because independent directors can provide

objective monitoring while effective oversight mechanisms can reduce agency problems and improve organizational outcomes.

➤ *Board Independence and Organizational Performance*

Empirical evidence reviewed in the study generally supports a positive relationship between board independence and governance outcomes. Hossain and Islam (2025), for example, found that board independence strengthened accountability and strategic oversight among firms listed on the Dhaka Stock Exchange. Al-Amosh and Khatib (2022) also found that board independence strengthened transparency and reduced adverse governance effects among Jordanian industrial firms. However, most of the reviewed studies were conducted in private-sector organizations outside Kenya and focused on outcomes such as financial reporting, disclosure, or capital structure rather than organizational performance in state corporations. The study therefore identified a contextual and empirical gap concerning specialized Kenyan public institutions such as NuPEA.

➤ *Board Oversight Practices and Organizational Performance*

Board oversight enables boards to monitor management, manage risks, strengthen accountability, and support strategic decision-making. Beasley et al. (2021) found that stronger board involvement in risk oversight was associated with improved financial accountability and reduced tax uncertainty. Wang, Zhao, and Liu (2026) similarly demonstrated that stronger regulatory oversight improved internal controls and external monitoring. Ocak, Arioğlu, and Kurtuluş (2026) found that governance arrangements supporting effective oversight strengthened financial reporting quality and ethical accountability. However, these studies largely examined private-sector organizations and specific governance outcomes rather than organizational performance in Kenyan state corporations. This gap provided a basis for examining board oversight at NuPEA.

III. METHODOLOGY

The study adopted a descriptive research design to examine the effects of board governance practices on organizational performance. The target population consisted of 200 employees of NuPEA, from whom 133 respondents were selected using stratified random sampling. Data were collected using structured questionnaires. A pilot study involving 10 respondents was conducted to assess the reliability and clarity of the research instrument. A total of 105 completed questionnaires were returned, representing a high response rate. Data were analysed using SPSS version 28 through descriptive statistics, Pearson correlation, and regression analysis.

IV. FINDINGS AND DISCUSSION

➤ *Board Independence and Organizational Performance*

The findings established a positive and statistically significant relationship between board independence and

organizational performance. Pearson correlation analysis showed a strong positive association between board independence and organizational performance ($r = .577$, $p < .01$). Board independence therefore demonstrated the strongest correlation with organizational performance among the governance variables examined.

Regression analysis further demonstrated that board independence explained 33.3% of the variation in organizational performance ($R^2 = .333$; adjusted $R^2 = .325$). The regression model was statistically significant, $F(1,104) = 42.479$, $p < .001$. The regression coefficient was also positive and significant ($B = .490$, $\beta = .577$, $t = 6.518$, $p < .001$), indicating that an increase in board independence was associated with an increase in organizational performance.

The regression equation was: Organizational Performance = $2.211 + 0.490(\text{Board Independence})$

The null hypothesis that board independence has no significant effect on organizational performance was therefore rejected. The finding suggests that independent directors can strengthen objectivity, accountability, monitoring, and strategic decision-making, thereby contributing to improved organizational performance.

➤ Board Oversight Practices and Organizational Performance

Board oversight practices also demonstrated a positive and statistically significant relationship with organizational performance. Pearson correlation analysis produced a positive correlation of $r = .507$, $p < .01$, indicating that stronger oversight was associated with better organizational outcomes.

The regression analysis showed that board oversight practices explained 25.7% of the variation in organizational performance ($R^2 = .257$; adjusted $R^2 = .248$). The model was statistically significant, $F(1,104) = 29.340$, $p < .001$. The regression coefficient was positive and statistically significant ($B = .454$, $\beta = .507$, $t = 5.417$, $p < .001$).

The regression equation was: Organizational Performance = $2.542 + 0.454(\text{Board Oversight Practices})$

The null hypothesis that board oversight practices have no significant effect on organizational performance was therefore rejected. The results indicate that effective monitoring, internal controls, accountability mechanisms, and oversight of management activities contribute to improved organizational outcomes.

➤ Hypothesis Testing

Table 1 Hypothesis Testing

Objective	Key finding	Decision
Board independence → Organizational performance	$B = .490$, $\beta = .577$, $p < .001$	Reject H_0
Board oversight → Organizational performance	$B = .454$, $\beta = .507$, $p < .001$	Reject H_0

The findings demonstrate that both board independence and board oversight practices significantly contribute to organizational performance, with board independence showing the stronger individual effect based on the standardized beta coefficient and explanatory power.

V. CONCLUSION AND RECOMMENDATIONS

The study concludes that board independence has a significant positive effect on organizational performance at the Nuclear Power and Energy Agency. Independent directors can strengthen objective decision-making, management monitoring, accountability, and strategic direction. Board oversight practices also have a significant positive effect on organizational performance by strengthening monitoring, internal controls, accountability, and alignment between management activities and organizational objectives.

The study recommends that NuPEA strengthen mechanisms that promote board independence, including objective decision-making and effective monitoring of management. The agency should also strengthen board oversight practices through effective board committees, regular performance reviews, systematic risk monitoring, timely management reporting, and stronger accountability mechanisms. These measures can support improved organizational effectiveness and service delivery.

Overall, the findings support the view that effective board governance is an important component of organizational performance in specialized Kenyan state corporations. The evidence from NuPEA contributes to addressing the contextual gap identified in previous studies, particularly the limited research on governance practices in technically specialized and highly regulated public institutions.

REFERENCES

- [1]. Abdullahi, S., & Alifiah, M. N. (2021). Board independence and capital structure of Nigerian non-financial listed firms: The moderating role of institutional ownership. *International Journal of Economics, Business and Accounting Research*, 5(2).
- [2]. Alam, M. (2021). A systematic qualitative case study: Questions, data collection, NVivo analysis and saturation. *Qualitative Research in Organizations and Management*, 16(1), 1–31.
- [3]. Beasley, M. S., Goldman, N. C., Lewellen, C. M., & McAllister, M. (2021). Board risk oversight and corporate tax planning practices. *Journal of Management Accounting Research*, 33(1), 7–32.
- [4]. Bhatia, M., & Gulati, R. (2021). Board governance practices and bank performance: A meta-analysis. *Research in International Business and Finance*, 58, 101425.

- [5]. Bordens, K., & Abbott, B. B. (2021). *Research design and methods: A process approach* (10th ed.). McGraw Hill Education.
- [6]. Chalu, H. (2021). Board characteristics, auditing characteristics and audit report lag in African central banks. *Journal of Accounting in Emerging Economies*, 11(4), 578–609.
- [7]. Cole, R. (2023). Inter rater reliability methods in qualitative case study research. *Sociological Methods & Research*, 53(4), 1944–1975.
- [8]. Daily, C. M., Dalton, D. R., & Cannella, A. A. (2003). Corporate governance: Decades of dialogue and data. *Academy of Management Review*, 28(3), 371–382.
- [9]. Dawson, C. (2019). *Introduction to research methods: A practical guide for anyone undertaking a research project* (5th ed.). Robinson.
- [10]. Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26(2), 301–325.
- [11]. Ganesha, H. R., & Aithal, P. S. (2022). Choosing appropriate research data collection methods in doctoral studies. *International Journal of Management, Technology, and Social Sciences*, 7(2), 455–489.
- [12]. Habersang, S., & Reihlen, M. (2024). Advancing qualitative meta studies: Current practices and reflective guidelines for synthesizing qualitative research. *Organizational Research Methods*. <https://doi.org/10.1177/10944281241240180>
- [13]. Hillman, A. J., Withers, M. C., & Collins, B. J. (2009). Resource dependence theory: A review. *Journal of Management*, 35(6), 1404–1427.
- [14]. Hossain, M., & Islam, M. (2025). CEO board chair familial relation, firm performance and moderating role of board independence: Evidence from an emerging economy. *Corporate Governance*, 37(1), 1–37.
- [15]. Ifada, L. M., Hendar, H., & Mohd Saleh, N. (2024). Board governance practices model, institutions, and financial performance. *Corporate Social Responsibility and Environmental Management*, 31(5), 3869–3883.
- [16]. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- [17]. Kemei, R. J., & Machoka, P. (2025). Accountability and fairness of corporate governance on the performance of state corporations in Kenya. *EPRA International Journal of Humanities and Social Sciences*, 10(2), 45–58.
- [18]. Khan, M. T., Al Jabri, Q. M., & Saif, N. (2021). Dynamic relationship between corporate board structure and firm performance: Evidence from Malaysia. *International Journal of Finance & Economics*, 26(1), 644–661.
- [19]. Khoa, B. T., Hung, B. P., & Hejsalem Brahmi, M. (2023). Qualitative research in social sciences: Data collection, analysis and reporting. *International Journal of Public Sector Performance Management*, 12(1–2), 187–209.
- [20]. Klarner, P., Tuschke, A., & Hitt, M. A. (2021). A capability-based view of boards: A new conceptual framework for board governance practices. *Academy of Management Perspectives*, 35(1), 123–141.
- [21]. Kula, V. (2006). Corporate governance reforms: Agency and stewardship theories. *Corporate Governance*, 6(1), 1–14.
- [22]. Mkandawire, S. B. (2019). Selected common methods and tools for data collection in research. *Selected Readings in Education*, 2, 143–153.
- [23]. Mulama, M. W. (2023). *Influence of board of management governance practices on safety standards in public secondary schools in Rabai Sub County, Kilifi County, Kenya* (Doctoral dissertation, University of Nairobi).
- [24]. Mweshi, G. K., & Sakyi, K. (2020). Application of sampling methods for research design. *Archives of Business Review*, 8(11), 180–193.
- [25]. Ndilito, N. N., & Massito, J. (2023). Influence of governance components on economic growth in Tanzania. *African Journal of Empirical Research*, 4(1), 80–89.
- [26]. Nuclear Power and Energy Agency. (2023). *Strategic plan 2023–2027*. Author.
- [27]. Ocak, M., Arioglu, E., & Kurtulmuş, B. (2026). Does mutual tenure between female independent members and top managers affect financial reporting quality? *Gender in Management: An International Journal*, 1–25.
- [28]. O'Neill, B. (2022). Sample size determination with a pilot study. *PLOS ONE*, 17(2).
- [29]. Pearson, N., Naylor, P. J., Ashe, M. C., Fernandez, M., Yoong, S. L., & Wolfenden, L. (2020). Guidance for conducting feasibility and pilot studies for implementation trials. *Pilot and Feasibility Studies*, 6(1), 167–181.
- [30]. Pfeffer, J., & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective*. Harper & Row.
- [31]. Priya, A. (2020). Case study methodology of qualitative research. *Sociological Bulletin*, 70(1), 94–110.
- [32]. Republic of Kenya. (2023). *State corporations' annual performance evaluation report for the FY 2021–2022*. National Treasury and Economic Planning.
- [33]. Salmona, M., & Kaczynski, D. (2024). Qualitative data analysis strategies. In *How to conduct qualitative research in finance*. Edward Elgar Publishing.
- [34]. Siddique, A., Ali, A., & Audi, M. (2025). Corporate governance and firm profitability: Leadership structure and board diversity in the Dubai Stock Exchange. *Contemporary Journal of Social Science Review*, 3(2), 1166–1176.
- [35]. Taherdoost, H. (2021). Data collection methods and tools for research. *International Journal of Academic Research in Management*, 10(1), 10–38.
- [36]. World Bank. (2021). *Enhancing corporate governance of state-owned enterprises in developing economies*. World Bank.

- [37]. Xu, A., Baysari, M., & Stocker, S. (2020). Researchers' views on informed consent in human participant research. *BMC Medical Ethics*, 21, 93.
- [38]. Życzyńska Ciołek, D., & Kołczyńska, M. (2021). Does interviewers' age affect assessment of respondents' understanding? *Journal of Public Opinion Research*, 33(2), 460–476.