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INFLUENCE OF BOARD MEETINGS ON FINANCIAL PERFORMANCE OF SUGAR INDUSTRIES IN WESTERN KENYA

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Abstract: **Recent global events concerning high-profile corporate failures such as Enron in the US have put back on the policy agenda and intensified debate on the efficacy of board composition as a means of increasing corporate financial performance. The main objective of the study was to establish the effect of corporate governance practices on financial performance of sugar industries in Western Kenya. Therefore a descriptive research design was used to study whether there is an effect of corporate governance practices spelled through board meetings on financial performance of firms listed in sugar industries in Western Kenya. The population of the study comprised of sugar manufacturing firms in Western Kenya and the sample size were 8 CEOs or relevant senior managers, 8 marketing managers, 8 production managers 8 finance managers and 8 human resource managers. Secondary financial data sources was used for the study, where annual financial reports of individual industry was used over the five year period where return on investment and return on asset was calculated and used as a measure of financial performance of these sugar industries. The findings showed that frequent board meetings influenced the financial performance of sugar industries of Western Kenya. It was also found that there was significant positive ($n = 38$; $p < 0.05$) relationship between board meetings, and financial performance of sugar industries in Western Kenya. The Kenya sugar board needs to strengthen the independence of board of directors by for example making it mandatory upon sugar industries to ensure that boards of directors have sizeable representation of outside directors, as is the practice in other countries, and since the evidence from this study suggest the need for this. The board needs to consist of well-educated and experienced professionals since they are actively involved in modeling the decisions of financial institutions. The study also recommends diversity of board in the firm's management in order to boost firm's financial performance. Since board diversity was found to have an influence on the financial performance, a diverse composition would likely bring out better financial performance due to different ideas that would be contributed by the board members and executives. The number of non-executive and independent directors needs to be selected with a lot care since they affect financial performance of sugar industry.**

Keywords: **sugar industries, financial performance, corporate governance, board meetings, board independence, board diversity.**

I. INTRODUCTION

The concept of corporate governance began to be used and spoken about more commonly in the 1980s (Parker, 1996) but it originated in the Nineteenth Century when incorporation was being advocated for as a way of limiting liability (Fletcher, 1996; Vinten, 2001). Adams (2002) perceives creation of the registered company to be the real starting point for any discussion on corporate governance. The issues associated with corporate governance have assumed multifarious

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dimensions with wide implications, especially for profit-oriented business organizations. Julia (1998) defines corporate governance as the composition of general meeting, board of directors, board meeting, independency meeting frequency election and composition of the board. The BOD is set up to monitor managers such as the CEO on behalf of the shareholders with common objectives in mind of increasing shareholder value and profitability. Shuk (1998) affirms that presence of corporate governance as a way to improve board efficiency in order to reduce principal-agency conflicts while other researchers argue that it may lead to bureaucracy and increase in operational costs. Increase in agency problems may lead to poor firm performance hence decrease in firm value in the long run. While a large body of literature relates board size, board composition and ownership structure to the efficacy of management decisions and their impact on performance, there is less literature on general meeting, frequency of holding meeting, members of the board and director's attendance in meetings and their effect on firm value on sugar industries in Western Kenya has not received as much attention in the literature even though there is a growing interest to practitioners, academics and shareholders in this area. Good operational corporate governance is expected to increase the value of the firm.

According to OECD (2004), corporate governance is one key element in improving economic efficiency and growth as well as enhancing investor confidence. It further defines corporate governance as a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth and increasing growth. This coincides with CIPE (2009) which emphasizes that corporate governance contributes to the sustainable development prospects of countries, increased economic sustainability of nations and institutional reforms that come with it provide the necessary basis for improved governance in the public and private sector. Alternatively, corporate governance failures can undermine development efforts by misallocating much needed capital and resources and developmental fallbacks can reinforce weak governance in the private sector and undermine job and wealth creation.

The Capital Market Authority (CMA) reaffirms that corporate governance as being one of the mechanisms of corporate governance practices that should aim at directing and managing the business affairs of a company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing long-term value while taking into account the interest of other stakeholders. According to the business dictionary, the framework of rules and practices are set by the board of directors and these ensure accountability, fairness and transparency in a company's relationship with all its stakeholders. It further explains that its framework consist of; explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights and rewards; procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges and roles; procedures for proper supervision, control and information flows to serve as a system of checks and balances.

The topic of corporate governance and its components has remained critical for academic researchers and policy makers for the last few decades especially in the context of firm's value. Various factors influence the structure of corporate governance but regardless of the structure, it is assumed to increase the value of the firm; CEO duality, board composition, size of board of directors and ownership structure like controlling shareholders, managerial and institutional shareholders etc. However, the current study mainly focuses on the components of corporate governance. Firm value is one of the most important areas in corporate finance that can affect the whole operations of a firm. It means the gain shareholders get which can be measured in share value in the long run (capital gain) and short term gain measured by gains made by each share yearly (dividends). This study focuses on the long term gain. Previous studies mainly focus to explore the relationship between corporate governance and performance mostly in emerging economies like Kenya while their counterparts in developed countries have explored the components of corporate governance statement and firm value and performance. Listed firms must show the corporate governance statement and its elements while other firms‟ especially private ones may not necessarily publish theirs because of little or no control by the securities market.

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The top two leadership roles in the American corporation are the chief executive officer and the chairperson of the board of directors and there is a large body of literature that examines the impact of the CEO's compensation and stock ownership on the company's performance (Norazian, & Radiah, 2012). Less attention has been given to the governance structure in which corporate governance is mandatory to be prepared and published annually especially for sugar industries in Western Kenya and its effect on firm value. The pervasiveness of corporate governance in Kenya underlies the importance of understanding this leadership structure and its impact on corporate performance. This study analyzes the impact of corporate governance elements on firm value in sugar industries in Western Kenya in order to establish whether there is a relationship and if any, the nature of the relationship will be established. Corporate governance structure with a non-executive chair, instead of a dual CEO-chair, is better suited to the fulfillment of the directors" fundamental responsibilities to oversee business operations and monitor management for the purpose of enhancing shareholder value. Organization for Economic Co-operation and Development (OECD) (2012) reported that 75% to 80% of U.S. firms have implemented corporate governance practices. Corporate scandals, such as Enron and WorldCom, and the 2001 recession raised the alarm for more board vigilance and decentralization of power and led to the enactment of Sarbanes- Oxley Act in the year 2002. Critics of corporate governance argue that some structures compromises board effectiveness in monitoring the board members. They affirm that some corporate governance structures are more likely to pursue selfish interests that are inconsistent with shareholders" values. Proponents of corporate governance assert that different structures provide directional clarity and judgment that is lacking within an independent leadership structure and entrepreneurism in ventures that can increase firm value because the board's decisions are consistently monitored due to the implementation of corporate governance practices.

From the foregoing analysis, it can be argued that corporate governance is represented by structures and processes which are laid down by a corporate entity to minimize the extent of agency problems as a result of separation between ownership and control. World Bank (1999) stated that board members are governed by external and internal corporate governance mechanisms with the corporate governance taking a dominant stage. The difference between them is that internal mechanisms are able to supervise managers directly. Internal corporate mechanism includes the rights of shareholders, participation in decision making, independent character of the board of directors and supervisors while external governance is related to laws and stakeholders of the organization. However the main purpose of the study is to explore the relationship between frequency of holding meetings, number of resolutions, state of ownership, change of CEO, board of directors i.e. number and composition, number of committees and the firm value. Therefore firm size, firm age, business environment and prior performance will be assumed to remain constant.

Sugar industry ensures food security improves rural lives and provides sustainable livelihoods for millions of Kenyans, but it also has to suffer heavy government intervention. The industry is under constant threat of collapsing due to perennial challenges. The major crises the sub-sector is currently experiencing include liberalization and increasing competition from cheap sugar imports, poor industry policies and structures that fail to address basic problems that would assist in recovery and continued government intervention that has resulted in mismanagement of the industry (Mwakio, 2009). The reasons for poor corporate governance are found throughout the world which is mostly coupled with fraudulent acts and other major malpractices. They include irregularities in accounts, non-compliance with law, nepotism, non-merit based system and exploitation of minority shareholders (Love, 2011). Sugar firms have also had their share in corporate frauds and scandals. However the government has taken strides to reduce such malpractices and their effects on corporate environment. Governance is all about encouraging corporate sector to be accountable, fair, transparent and responsible as spelled out by the World Bank president. Companies today have established the concept of corporate governance which is characterized by major components that include company polices, rules and regulations, board of directors, role of CEO and chairman, stock holders, creditors, institutional investors and regulators reporting and maintaining overall transparency, fairness and accountability about the business operations (Nwakioke, 2009).

The World Bank, in 1999, states that corporate governance comprises of two mechanisms, internal and external corporate governance. Internal corporate governance, giving priority to shareholders" interest, operates on the board of directors to monitor top management. On the other hand, external corporate governance monitors and controls managers" behaviors by means of external regulations and force, in which many parties involved, such as suppliers, debtors (stakeholders), accountants, lawyers, providers of credit ratings and investment bank (professional institutions). Consequently, corporate governance mechanism has been a crucial issue discussed again (Pham *et a*l., 2007). Poor corporate governance has been

a problem in the sugar industry. For efficiency and profitability of the industry, the reform process should be geared towards developing and implementing policies that will ensure that the principles of good corporate governance are installed and maintained. This will ensure competitiveness and sustainability of the industry business enterprises and attract investment (Kenya Sugar Board, 2009).

i. Statement of the Problem

Kenya's sugar industry is facing numerous problems that have almost brought it to its knees.

This has prompted the importation of cheap sugar into the country. At the moment, the country's 11 sugar mills are only producing an average of 500,000 tonnes a year against consumption of 800,000 tonnes. Factories in the sugar belt are operating at less than optimal standards needed to maintain profitable operations. Last year 402,000 tonnes of white mill sugar was produced, 15 per cent lower than last year (Organization for Economic Co-operation and Development (OECD) 2016). With the exception of Mumias Sugar Company, none of the factories has invested substantial amounts of capital in the upgrading of their facilities and training of their staff in new methods of operations. In 2017, capacity utilization in all factories, except Mumias, Chemlil and Sony, was below 50 per cent, with Mumias recording the highest utilization at 79 per cent. The resulting inefficiency at factory level contributes heavily towards the high cost of locally manufactured sugar. It is estimated that Kenyan consumers pay up to 3 times the world price for domestic sugar. Sugar in Kenya is priced to cover the production costs of the least efficient producers. While there are myriad of factors influencing the performance of sugar industry in Kenya, it is not clear whether corporate governance practices defined in the context of board meetings may also affect the financial performance of the organization. In fact, there is increased debate whether corporate governance statement should be included in the financial statements of sugar industries in Western Kenya. Most of the scholars have looked at the influence of corporate governance practices on the general performance of the organization, with little emphasis on financial performance of the organization, especially in sugar industry. For instance, Mwanzia (2010) concluded that proper governance of public sector organizations in developing countries can result to value addition in form of improved financial performance. This study is aimed at finding out if corporate governance through board meetings had impact on firm value in specific to sugar industries in Western Kenya. Wanjiku et al (2011) on their study found that leadership positively influence corporate growth and recommended companies listed in NSE to adopt leadership that would ensure proprietary use of shareholder's equity. Ongore et al (2011) and Miringu (2011) concluded that there is a positive relationship between foreign, institutional and diverse ownership forms and firm performance but ownership concentration and government and firm performance was negative. Koriata (2010) did a study on the effects of corporate governance practices on firm value on listed firms in Kenya and concluded that there is a strong positive correlation between the overall corporate governance index and firm value. In all these reviewed studies, there is scanty of empirical literature on how board meetings influence financial performance of sugar industry. It is against this gap that the present study sought to investigate the influence board meeting practices and financial performance of sugar industry in Western Kenya.

ii. Purpose of the study

i. The purpose of this study was to assess how the board meetings influence financial performance of sugar industries in Western Kenya

iii. Objective of the study

The objective of the study was to assess how the board meetings influence financial performance of sugar industries in Western Kenya

II. LITERATURE REVIEW

Every director is expected to attend all board meeting such attendance is one of the criteria for the re-nomination of a director except where there are cogent reasons that the board must notify the shareholders of at annual general meeting (AGM) (SEC 2006). For board to effectively perform its oversight function and monitor management performance, the board must hold a regular meeting. Measuring the intensity and effectiveness of corporate monitoring and discharging is the frequency of board meetings (Jensen 1993). There are mixed views about the effect of board meetings and corporate performance. One supporting point is that the frequency of board meetings is a measure of board activities and effectiveness of its monitoring ability (Conger et al. 1998 and Vefeas 1999) frequent board meetings can result in higher qualities of management monitoring that in turn impact positively on corporate financial performance (Ntim, 2009).

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Conger et al. (1998) suggest that the board meeting be important resource in improving the effectiveness of the board. It helps directors to be informed and keep abreast with the development with the organization (Mangena & Tauringana 2008). Regular meetings also allow directors to sit and strategize on how to move the organization forward. According to Lipton and Lorsch (1992) regular meetings enable directors to interact thereby creating and strengthening cohesive bonds among them. However, the opposing view of board meetings is that it is costly in terms of travel expenses, refreshments and sitting allowance to be paid to directors (Vafea, 1999). Board meetings are not necessarily useful because the limited time outside directors meet is not used for meaningful exchange of ideas among themselves and management (Jensen 1993) instead preoccupied with routine tasks and meetings formalities. This reduces the amount of time the board has to monitor management (Lipton & Lorsch 1992).

Empirical findings on the effect of frequent board meetings and corporate performance show mixed results. Vafeas (1999) reports a statistical significance and negative association between frequency board meetings and corporate performance. He also finds that operating performance significantly improves following a year of abnormal board activity. Karamandu and Vafeas (2005) find a positive association between frequency board meeting and management earnings forecasts, using a sample of 157 firms in Zimbabwe from 2001-2003; Mangena and Tauringans (2008) report a positive relationship between the frequency of board meetings and corporate performance. Similarly, in a study of the sample of 169 listed corporations from 2002-2007 in South African, a statistical significant and positive association between the frequency of board meeting and corporate performance exist (Ntim & Osei 2011). This implies that the board of directors in South Africa that meet more frequently tend to generate higher financial performance. Another study conducted on public listed companies in Malaysia using five years data 2003 to 2007 of 328 companies, shows that the higher the number of meetings the worse the firm performance (Amram, 2011).

Greco (2011) investigated the determinants of board and audit committee meeting frequency. By using negative binomial regression during the multivariate analysis, the study found that insider ownership negatively impacts either on the board or on the audit committee meeting frequency. This evidence contrasts with the views of Yin, Gao, Li and Lv (2012) no evidence was found between management ownership and the frequency of board meetings. The evidence also contrasts the findings of Sharma, Naiker, and Lee (2009) which indicated that audit committee meeting frequency is positively associated with the size of the audit committee and the level of institutional and managerial ownership.

i. Theoretical Review

Agency theory having its roots in economic theory was exposited by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). Conflicts arise when a firm's owners perceive that professional managers are not managing the firm in the best interests of the owners and these conflicts can spill over to other stakeholders of the same firm. According to the agency theory, superior information available to professional managers who are given full responsibility to run the firm may enable them act in a manner which will enable them gain more instead of adding value to shareholders and people are self-interested rather than self-sacrificing and cannot be trusted to act in the best interests of others hence they seek to maximize their own utility.

Daily et al (2003) argued that two factors can influence the prominence of agency theory. First, the theory is conceptually and simple that reduces the corporation to two participants of managers and shareholders. Second, agency theory suggests that employees or managers in organizations can be self-seeking. The agency theory shareholders expect the agents to act and make decisions in the principal's interest. Contrary to this, the agent may not necessarily make decisions in the best interests of the principals (Padilla, 2000). Such a problem was first highlighted by Adam Smith in the18th century and subsequently explored by Ross (1973) and the first detailed description of agency theory was presented by Jensen and Meckling (1976). Indeed, the notion of problems arising from the separation of ownership and control in agency theory has been confirmed by Davis, Schoorman and Donaldson (1997). The principals have three core responsibilities in agency governance namely selecting and putting in place the governors, auditors and ensuring that there is an effective governance system in place which is adhered to by all involved parties.

Separation of ownership and control (Bhimani, 2008) Holmstrom and Milgrom (1994) argued that instead of providing fluctuating incentive payments, the agents will only focus on projects that have a high return and have a fixed wage without any incentive component. This theory proposes that CEO and chair roles should be carried out by two distinct persons. Although this will provide a fair assessment, it does not eradicate or even minimize corporate misconduct. Here,

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the positivist approach is used where the agents are controlled by principal-made rules, with the aim of maximizing shareholders value. Hence, a more individualistic view is applied in this theory (Clarke, 2004). Indeed, agency theory can be employed to explore the relationship between the ownership and management structure. However, where there is a separation, the agency model can be applied to align the goals of the management with that of the owners.

The model of an employee portrayed in the agency theory is more of a self-interested, individualistic and are bounded rationality where rewards and punishments seem to take priority (Jensen & Meckling, 1976).

This theory relates with the current study given that management of the sugar industries through their boards of management, are held accountable in their tasks and responsibilities. The board of management must constitute a good governance structure that constitute corporate governance, as shown in board meetings. This in the long run, will influence financial performance of the organization. Therefore, the agency theory advocates that the purpose of corporate governance is to minimize the potential for managers to act in a manner contrary to the interests of shareholder. Agency theory suggests that corporate governance practices should be well implemented and monitored to facilitate more effective and control of the board as well as the CEO.

III. METHODOLOGY

i. Research Design

This study used a descriptive survey design to ascertain and describe the characteristics of the study variables as they exist (Sekaran and Bougie, 2011). A survey research refers to a set of techniques for collecting data on human characteristics, attitudes, thoughts and behavior by obtaining responses from individuals to a set of prepared questions (Doyle, 2004). A descriptive survey normally attempts to describe or define a subject by creating a profile of a group of problems, people or events, through the collection of data and tabulation of the frequencies or their interaction (Cooper and Schindler, 2003). The choice of this research design is based on the fact that it was the most appropriate in providing adequate data for analysis and drawing of accurate conclusions. The other reason for this choice is that the researcher is interested in finding out the state of affairs existing in the field and there were no variables that could be manipulated. This research design is also chosen as it was helpful in collecting information about peoples' attitudes, opinions, habits or any other social issues through administering pre-set questions or questionnaire to a select group of individuals called participants (Orodho, 2003).

ii. Target Population

Nachmias and Nachmias (2008) define a population as all cases of individuals or things or elements that fit a researcher's specification. The population of the study comprised of sugar manufacturing firms in Western Kenya. As at March 2017, there were eight (8) sugar manufacturing firms in this region of Kenya (Kenya Sugar Board, 2016). The study therefore targeted 8 CEOs or relevant senior managers, 8 marketing managers, 8 production managers 8 finance managers and 8 human resource managers. These respondents are believed to have the relevant information regarding the research problem.

Table 1: Study Population

Target population	**Size**
CEO	8
Marketing Managers	8
Production Managers	8
Human Resource Managers	8
Manager of finance department	8
Total	**40**

Source: Kenya Sugar Board, (2016)

iii. Sampling Procedures

Sampling refers to the process of selecting representative elements of a study phenomenon for study and general deductions (Polit & Hungler, 1999). In qualitative research there is utmost care to select individuals who have relevant first- hand experience of the phenomenon of interest. This study adopts multiple techniques to obtain representative

sample from the population. The study used census sampling technique to identify potential respondents in the sugar industry institutions who provided the needed information. These individuals share specific characteristics have the necessary information for this research and as such was deliberately selected.

iv. Sample Size

The study used census to include all the study respondents. This implies that all the 8 CEOs or relevant senior managers, 8 marketing managers, 8 production managers. 8 finance managers and 8 human resource managers were involved in the study. This technique was chosen because of the sample number of target population in the study (Mugenda and Mugenda 2003). The technique is also chosen because it eliminates biasness as all the respondents are included in the study. Therefore, based on the each stratum, the respondents were distributed as shown in table 3.2 below.

Table 2: Sample Size

Target population	Size
CEO	8
Marketing Managers	8
Production Managers	8
Human Resource Managers	8
Manager of finance department	8
Total	**40**

v. Data Analysis and Presentation

Data analysis is the process that a researcher undertakes to formally make ideas about study themes as supported by the data collected during the study and support those ideas (Punch, 2010). The data collected was analyzed through descriptive statistics and inferential techniques through the platform of SPSS v 21.0. SPSS was used in this study because it is user friendly, can easily be used to analyze multi-response questions, cross section and time series analysis and cross tabulation. Findings were tabulated as well as by use of graphical representation to include bar charts, pie charts and graphs and interpreted using narratives. A linear regression model was used to determine the equation connecting Board meetings and financial performance with the equation connecting the two variables as ,

$$Y_j = b_0 + b_1x_1 + \varepsilon_i$$

Where $\hat{Y}$ is financial performance and

X is Board meetings

IV. FINDINGS

i. Demographic characteristics of the Board Members

This section represents the demographic characteristics of the board members of the organizations involved in the study.

Gender of the Respondent

Respondents were asked to indicate their gender. Table 3 shows the response. The study revealed that most of the board and executive members of sugar industry were male, 28(73.68%) while the minority was female at 10(26.32%), which is in line with (Business daily, 2016 findings which showed a scattered data and some anecdotal evidence reports that revealed that Kenyan boards are overwhelmingly male dominated

Table 3: Gender Distribution of the Respondents

Demographic Data	Categories	Frequency	%
Gender	Male	28	73.68
	Female	10	26.32
N=		**38**	**100.0**

Education Background of the Respondents

The study also sought to find out the education background of the respondents. Table 4 shows the response. Based on the level of education, none of the board members were diploma holders. Out of the 38 board members, 24(63.16%) held a degree level, 12(31.58%) held a master's degree, and 2(5.26%) held a doctorate degree.

Table 4: Education Levels of the Respondents

Education Level	Diploma	0	0.00
	Bachelor	24	63.16
	Masters	12	31.58
	Doctorate	2	5.26
N=		**38**	**100.0**

ii. Board Meetings and financial performance of sugar industries in Western Kenya

The first study objective sought to establish how the board meetings influence financial performance of sugar industries in Western Kenya. Respondents were therefore asked to indicate their level of agreement with the following statements related to board Meetings and financial performance. Table 4.3 shows their responses. The study established that n sugar industries in Western Kenya, the board hold frequent meetings as strongly supported by 47.4% of the respondents. Another 42.1% agreed with the statement, while only 2.6% disputed the statement as 7.9% remained neutral. In fact, half of the respondents at 50.0% confirmed that the meeting attendance rate in their industries was very high. This shows that for board to effectively perform its oversight function and monitor management performance, the board must hold a regular meeting. Jensen (1993) also concurs with these findings when he reported that measuring the intensity and effectiveness of corporate monitoring and discharging is the frequency of board meetings. Moreover, Conger et al. (1998) and Vefeas (1999) documented that the frequency of board meetings is a measure of board activities and effectiveness of its monitoring ability frequent board meetings can result in higher qualities of management monitoring that in turn impact positively on corporate financial performance.

Almost three quarters of the respondents at 73.7% strongly agreed with the statement that frequent board meetings enhance directors' commitment. Only 2.6% disputed the statement as 5.3% remained neutral. Another 86.8% strongly supported the statement that frequent board meetings enhance the level of oversight, resulting in improved firm performance, while 13.2% neither agreed nor refuted the statement. This shows that frequent board meetings enhance financial performance of the sugar industry. Similarly, Conger et al. (1998) found that the board meeting is very important resource in improving the effectiveness of the board and also helps directors to be informed and keep abreast with the development with the organization.

Mangena & Tauringana (2008) also argued that regular meetings also allow directors to sit and strategize on how to move the organization forward. Further, the study established that over three quarters of the respondents at 76.3% viewed board meetings as a resource leading to board diligence. Only 5.3% disputed this statement. Majority of the respondents at 81.6% agreed that board meetings benefited the board by providing more time for directors to confer, set strategy, and monitoring management effectively, while only 2.6% indicated otherwise as 10.5% remained neutral. In the same vein, according to Lipton and Lorsch (1992) regular meetings enable directors to interact thereby creating and strengthening cohesive bonds among them. However, Vafea, (1999) opposed these views when he argued that board meetings is that it is costly in terms of travel expenses, refreshments and sitting allowance to be paid to directors. Actually, empirical findings on the effect of frequent board meetings and corporate performance show mixed results. Vafeas (1999) reports a statistical significance and negative association between frequency board meetings and corporate performance. He also finds that operating performance significantly improves following a year of abnormal board activity. On the other hand, Karamandu and Vafeas (2005) find a positive association between frequency board meeting and management earnings forecasts. Similarly, Mangena and Tauringans (2008) report a positive relationship between the frequency of board meetings and corporate performance.

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Table 5: Board Meetings and financial performance of sugar industries in Western Kenya

Statement	SA	A	N	D	SD
The board hold frequent meetings	47.4%	42.1%	7.9%	2.6%	0.0%
The meeting attendance rate is very high	36.8%	50.0%	10.5%	0.0%	2.6%
Frequent Board meetings enhance directors commitment	73.7%	18.4%	5.3%	2.6%	0.0%
Frequent board meetings enhance the level of oversight, resulting in improved firm performance	86.8%	0.0%	13.2%	0.0%	0.0%
Board meetings are viewed as a resource leading to board diligence.	76.3%	10.5%	7.9%	5.3%	0.0%
Board meetings benefit the board by providing more time for directors to confer, set strategy, and monitoring management effectively	81.6%	5.3%	10.5%	2.6%	0.0%

iii. Financial performance of Sugar industries in Western Kenya

Using secondary financial data from the sugar industries in Western Kenya, the study also sought to calculate the return on investment (ROI) of different sugar industries in Western Kenya. Therefore, net income of each industry and total expenses were sought and ratio calculated to obtain the ROI. Table 6 shows the response. According to table 6, the ROI performance of the four Sugar industries in Western Kenya averagely shows that there is increase in financial performance trend especially from between 2013-2017 for all the industries. Given that this ratio measured the industry's total financial strength for the last five years, it determined from revenue and investment (capital) gave an indication and a clear picture of profits as derived from active capital in the business. Patterson (2007) also asserts that management decisions pose significant consequences on profits thus affect the magnitude of ROI. However, the decisions as they are will direct the capital required and how to use it with the overall implication being on the profitability of the venture

Table 6: Returns on Investment (ROI) of different Sugar industries in Western Kenya for the last five years

Return on Investment	2013	2014	2015	2016	2017	AVG
Sugar Industry 1	38%	41%	44%	47%	49%	**43.80%**
Sugar Industry 2	18.70%	20.40%	24.40%	25.80%	25.90%	**23.04%**
Sugar Industry 3	6.30%	11.70%	15.10%	16.50%	18.10%	**13.54%**
Sugar Industry 4	34.80%	35.20%	37.20%	41.20%	43.20%	**38.32%**
Average	**24%**	**27%**	**30%**	**33%**	**34%**	**29.68%**

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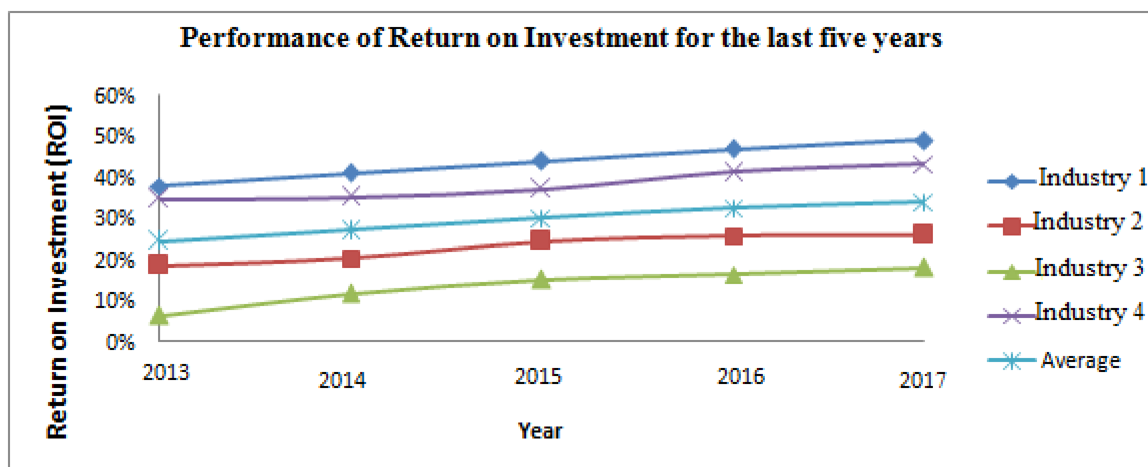

Figure 1: Trend in performance of ROI for the last five years

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ii. Return on Assets

The study also sought to calculate the return on asset (ROA) of different Sugar industries in Western Kenya. This was imperative to show the overall financial performance from an accounting perspective and corporate governance efficiency, showing how capable the corporate governance of each industry was able to translate its assets into net income. Therefore, net income and total assets of each sugar industry for the last five years was sought and (ROA) calculated for each year. The results was as shown in Table 7

Table 7: Returns on Asset (ROA) of different Sugar industries in Western Kenya for the last five years

Return on Assets	2012	2013	2014	2015	2016	AVG
Sugar Industry 1	4.00	5.30	5.70	6.20	6.40	**5.52**
Sugar Industry 2	2.70	3.00	3.50	3.80	4.10	**3.42**
Sugar Industry 3	1.10	1.90	2.30	2.50	2.80	**2.12**
Sugar Industry 4	4.40	4.60	4.20	4.10	4.30	**4.32**
Average	**3.05**	**3.70**	**3.93**	**4.15**	**4.40**	**3.85**

The trend on the performance in this ration for each sugar industry reveals that for the past five years, there has been increase in ROA performance see figure 2 . This was an indicator that the profitable each sugar industry in relative to its total assets was on the upward trend for the last five years. Khrawish, (2011) also asserts that ROA gives an idea as to how efficient management is at using its assets to generate earnings.

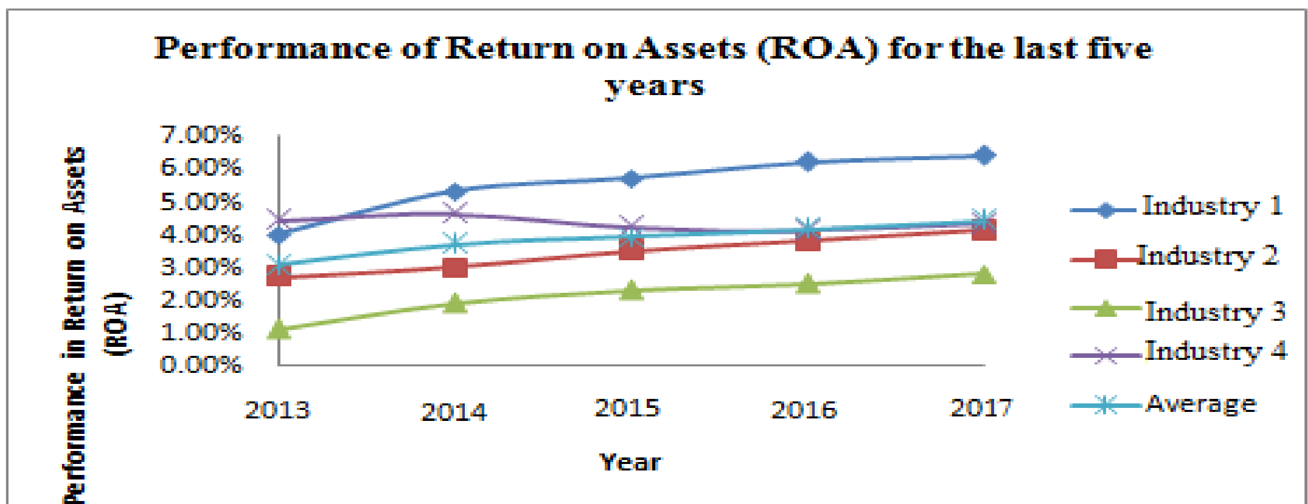

Figure 2: Trend in performance of ROA for the last five years

Testing of Hypotheses

Board Meetings and Financial Performance

Hypothesis one tested if Board meetings do not influence financial performance of sugar industries in Western Kenya. Null hypothesis was stated as follows:

$H1_0$: Board meetings do not influence financial performance of sugar industries in Western Kenya

A linear regression model was used to determine the equation connecting Board meetings and financial performance. The results are presented in Table 4.9 Showing that the regression slope was statistically significant (p<.05). The equation connecting the two variables is

$$Y_j = b_0 + b_1 x_1 + \varepsilon_i$$

$\hat{Y} = 2.988 + .297X$ Where

$\hat{Y}$ is financial performance and

X is Board meetings

Table 8: Board Meetings and financial performance of sugar industries in Western Kenya

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.988	.164		8.254	.000
Board meetings	.297	.046	.416	6.443	.000

Dependent Variable: Financial Performance

Thus, a change of 1 unit in Board meetings is associated with a corresponding change of .297 units in financial performance. The analysis revealed that there was significant positive ($n = 38$; $p < 0.05$) relationship between board meetings and financial performance of sugar industries in Western Kenya. Since the significance (p value) is less than 0.05, that is, $0.000 < 0.05$. We therefore rejected the null hypothesis and accepted the alternative hypothesis.

IV. CONCLUSIONS AND ECOMMENDATIONS

The study concluded that there were frequent board meetings in sugar industries in Western Kenya, and that the meeting attendance rate in their industries was very high. Frequent board meetings enhance the level of oversight, resulting in improved firm performance, given that board meetings are resources leading to board diligence. Board meetings benefited the board by providing more time for directors to confer, set strategy, and monitoring management effectively. There was significant positive ($n = 38$; $p < 0.05$) relationship between board meetings and financial performance of sugar industries in Western Kenya. We therefore rejected the null hypothesis and accepted the alternative hypothesis.

The Kenya sugar board needs to strengthen the independence of board of directors by for example making it mandatory upon sugar industries to ensure that boards of directors have sizeable representation of outside directors, as is the practice in other countries, and since the evidence from this study suggest the need for this. The board needs to consist of well-educated and experienced professionals since they are actively involved in modeling the decisions of financial institutions.

Based on the findings and conclusions on the findings of this study, the study found it necessary to make these recommendations as a step to the implementation of the study objectives. The board should make steps in ensuring stakeholders are involved in the managerial activities as executives, so as to work towards the protection of the sugar industry. This can lead to better financial performance of the firm since board independence had an influence on the financial performance of the firm.

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