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Effect of Corporate Governance Principles on Performance of NG-CDF in Shinyalu Constituency, Kakamega County, Kenya

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Abstract: **National Government Constituency Development Fund is a devolved fund that was established by the Kenyan government to eradicate poverty at the constituency level, share national resources and create employment opportunities at the constituencies. There is an emerging need for NG-CDF in Kenya to improve their performance .This has been demonstrated by the many complaints from stakeholders such as constituents who have complained that there is misuse of the funds that have been allocated for certain projects. The purpose of the study was to establish the effect of corporate governance principles on the performance of NG-CDF, in Shinyalu Constituency, Kakamega County. The specific objective of the study was to assess the effect of accountability on the performance of NG-CDF in Shinyalu Constituency Kakamega County. The study adopted a descriptive survey design. The survey population was drawn from the 530 education PMCS, and security PMCS within Shinyalu Constituency. The preferred data collection instrument for primary data was a questionnaire. The findings indicated that there is significant positive relationship between accountability (R=0.639, P=0.000) and performance of Shinyalu NG-CDF. The study concluded that accountability has significant effect on the performance of NG-CDF Shinyalu Constituency. Therefore, the study recommended that there is need for strict conformity with corporate governance principles in the management of public finance. Particular attention should be directed to transparency and accountability as well as financial reporting system.**

Keywords: **Corporate Governance Principles, NG-CDF, Accountability, Performance, Kakamega County.**

I. INTRODUCTION

Corporate governance is the international term associated with the trend towards greater corporate responsibility and the conduct of business within acceptable ethical standards. Transparency, accountability and openness in reporting and disclosure of information, both operational and financial, are internationally accepted to be vital to the practice of good corporate governance principles. The object of good corporate governance is attained when institutions demonstrate their public accountability and conduct their business within acceptable ethical standards. This demonstration will take the form of effective financial reporting, both internally and externally, and the unqualified encouragement of public debate in respect of such financial reports. (Fourier, 2006)

Governance, Internal audit, financial reporting and performance are important concepts in NG-CDF Shinyalu due to their involvement in the success of the projects. Effective risk management and good governance is accepted as a major cornerstone of organization management by academicians, practitioners and regulators. The government of Kenya has acknowledged weaknesses in corporate governance principles and risk management and passed strict laws on governance and office holders of public offices about leadership and integrity in Chapter six of the Kenya constitution (Kenya Constitution, 2010).

Governance is concerned with structures and processes for decision making, accountability, control and behavior at the top of organizations. Corporate governance is a concept that involves practices that entail the organization of management and control of companies. Corporate governance is the means by which an organization is directed and controlled. In broad terms, corporate governance refers to the processes by which organizations are directed, controlled and held accountable. Corporate governance encompasses authority, accountability, stewardship, leadership, direction and control exercised in corporations. It reflects the interaction among those persons and groups, which provide resources to the company and contribute to its organizational performance such as shareholders, employees, creditors, long-term suppliers and subcontractors (Brownbridge, 2007).

Corporate governance principles are considered as one of most important pillars that lead to companies' prosperity since it represents the main principles for achieving company goals and visions in both local and international levels. Many committees have started for developing framework and rules to enhance and improve countries and companies economics, like Cadbury and Vino committee, and Organization of Economic & Cooperative Development (OECD) (Al-Ramahi, Barakat & Shahwan, 2014). The OECD principles of corporate governance have been first issued in 1999 and since then became a benchmark for corporate governance in many countries of the world.

The current version of OECD principles of corporate governance were agreed in 2004 and they continued the role of being a guideline for policymakers, regulators and other market participants for creating a sound institutional framework which underpins good corporate governance. The first set of OECD corporate governance principles consisted of only five subheadings, while the final version (2004) has six subheadings (principles) and these are: ensuring the basis for an effective corporate governance framework; the rights of shareholders and key ownership functions; the equitable treatment of shareholders; the role of stakeholders in corporate governance; disclosure and transparency and the responsibilities of the board.

In the preamble of the OECD Corporate Governance Principles document it is stated that the principles are updated with experiences from OECD area and non OECD countries to accommodate the legal and cultural circumstances and differences. Therefore, the principles are intended to help governments to evaluate and improve the legal and regulatory frameworks to improve corporate governance. Also, the principles are designed to provide guidance for stock exchanges, corporations, investors and other parties of interest with a role in the building good corporate governance. OECD Corporate Governance Principles are intended for publicly traded financial and non-financial companies. Each of the principles is supported by additional sub-principles which are intended to clarify the purpose of the principle and help the interested parties, either the governments, regulators/supervisors on one side, or the companies on the other, with the implementation in practice.

Performance of the project is considered a key concern to both public and private sector clients. Kumaraswamy (2002) found out that project performance measurements include time, budget, safety, quality, and overall client satisfaction. Thomas (2002) defined performance measurement as monitoring and controlling of projects accordingly on a regular basis. Kuprenas (2003) stated that project performance measurement means an improvement of cost, schedule, and quality for design and construction stages. Silva, Ezcurdia, Gimena and Guerra (2014) stated that a project organizational performance measurement is related to many indicators such as time, budget, quality, specifications and stakeholders' satisfaction. The success or failure of any project is mainly related to the problems and failure of the project manager. Moreover, there are many reasons and factors which attribute to such problems. In the US, Long (2004) discovered that project performance problems arise in large construction projects due to many reasons such as project managers' incompetence, leadership style and change management, social and technological issues, site related issues and improper techniques and tools. Lehtonen (2001) obtained a model for organizational performance measurement which assists both firms' top management and operational managers for continuous feedback on operational activities.

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (amendment) Act 2007, and repealed through CDF Act, 2013.The later was subsequently succeeded by the current NG-CDF Act, 2015. The Fund is domiciled within the ministry of Treasury. The main purpose of the Fund is to enhance socio-economic development at the constituency level in order to reduce poverty by dedicating a minimum of two and half per cent (2.5%) of the National Government's share of annual revenue towards projects identified at constituency level by the communities. Management is administered by a Board of Directors (NG-CDFB) at the National level. This Board considers project proposals submitted from various constituencies in accordance with the Act and approve them for funding. The board disburses funds to constituencies Shinyalu being among them, as per respect to the approved code list and ensures timely and efficient disbursement of funds. NG-CDF Board management receives, discusses, and offer technical advice on the annual reports and monthly returns from the Shinyalu constituency.

At the constituency level, National Government Constituency Development Fund management is administered by the National Government Constituency Development Fund Committee (NG-CDFC). The work of this committee is to deliberate on all project proposals proposed through public participation from the six wards in Shinyalu constituency and any other project considered beneficial to the constituents, consult with the relevant government departments to ensure the cost estimates for the projects are realistic as possible, rank project proposals in order of priority provided that ongoing projects take precedence, ensure projects proposed for funding comply with the Act, monitor the implementation of projects and recommend to the board the removal of a member of the NG CDFC in line with the Act (CDF Act,2015)

1.1 Statement of the Problem

Principles of corporate governance improve the financial management of public and private organizations. The same can be said for NG-CDF, corporate governance principles in NG-CDF improve financial management in NG-CDF. In recent time, lack of funds has often been attributed as the major problem which had hindered effective and successful execution and completion of many public projects at the constituencies. However, experience has shown the contrary, that inability to implement corporate governance principles at the NG-CDF, rather than inadequate finance is the bane of devolved units' inability to achieve substantial development in their domain. NG-CDF in Kenya has been faced by poor financial management this has been demonstrated by the many complaints from various stakeholders. For instant, citizens have complained that corruption is very high, member of National Assembly (MNA) have been influencing the use of funds by developing their own projects or those affiliated to their relatives and friends. Local studies related to corporate governance principles and financial management in public institutions include a study conducted by Owalla (2006) on Management of Devolved Funds a Case Study of Kisumu Municipality. The study however failed to underscore the effect of corporate governance principles on performance of CDF funded projects, Mohamed (2012) conducted a study on service delivery through stakeholder engagement and a citizen centric approach a case of Gatanga constituency Development fund .He noted that the challenges most of the CDF are facing in Kenya is interference by the area Member of Parliament (MP). Kimenyi (2005) conducted a study on Efficiency and Efficacy of Kenya's Constituency Development Fund. However, the above studies did not touch the relationship between corporate governance principles and performance of NG-CDF in Shinyalu constituency, Kenya. The study aimed to fulfil this research gap by answering the following research question: What is the effect of corporate governance principles on the performance of NG CDF in Shinyalu Constituency, Kakamega County?

1.2 Research Objective

To study sought to assess the effect of accountability on the performance of NG-CDF in Shinyalu Constituency, Kakamega County.

1.3 Research hypothesis

There is no significant effect of accountability on performance of NG-CDF in Shinyalu Constituency, Kakamega County.

II. LITERATURE REVIEW

2.1 Theoretical Review

The study was guided by stewardship theory. Davis, Schoorman and Donaldson (1997) defined the stewardship as protecting and maximizing shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximized. Stewardship theory holds that the part-time/ceremonial position of Non-Executive Directors in many cases inhibits their monitoring function and renders their contribution to decision making negligible (Marashdeh, 2014). In this perspective, stewards are company executives and managers who work for the shareholders, protect and make profits for the shareholders. The stewardship perspective suggests that stewards are satisfied and motivated when organization success is attained (Letting, 2012). Unlike agency theory, stewardship theory stresses not on the perspective of individualism but rather on the role of top management being as stewards, integrating their goals as part of the organization.

Agyris (2003) further argues Stewardship Theory looks at an employee or people as an economic being, which suppresses an individual's own aspirations. However, stewardship theory recognizes the importance of structures that empower the steward and offers maximum autonomy built on trust as adapted by (Donaldson & Davis, 1991). Daily and Dalton (2003) argued that in order to protect their reputations as decision makers in organizations, executives and directors are inclined to maximize firm's financial performance as well as well as shareholders' profits. In this sense, it is believed that the firm's performance can directly impact perceptions of their individual performance. Indeed, Fama (1980) contend that executives and directors are also managing their careers in order to be seen as effective stewards of their organization. Stewardship model can have linking or resemblance in a country like Japan, where the worker assumes the role of stewards and takes ownership of their jobs and work at them diligently. Moreover, stewardship theory suggests unifying the role of the Chief Executive officer and the chairman so as to reduce agency costs and to have greater role as stewards in the organization. It stresses on the position of employees or executives to act more autonomously so that the shareholders' returns are maximized, indeed, this can minimize the costs aimed at monitoring and controlling behaviours (Donaldson & Davis, 1997). It was evident that there would be better safeguarding of the interest of the shareholders. It was empirically found that the returns have improved by having both these theories combined rather than separated (Donaldson & Davis, 1997).

2.2. Accountability and Performance of NG-CDF

Accountability can be measured by using internal control mechanisms such as controlling corruption practices. Corporate governance is one of the many effective tools that can be used in reducing incidences of corruption. It is concerned with the processes, systems, practices and procedures that govern institutions, the manner in which these rules and regulations are applied and followed. Good corporate governance system spells out the procedures for carrying out activities and responsibilities in an organization and does not leave room for ambiguity of roles and power (Mensah et al., 2010). Public sector organizations with weak internal control mechanisms and poorly remunerated officials provide receptacles for unethical practices.

According to Ebrahim (2003) agency accountability is a dynamic concept and arguably more complex than simply making agents transparent and allowing public scrutiny. Agency accountability highlights the issue of competing stakeholder interests. Organizations must deal with competing requirements of various stakeholders and must often choose to satisfy the needs of the primary stakeholders first often at the expense of secondary stakeholders since their principle goal is aligned with the needs of these primary stakeholders.

According to Brown and Moore (2001) the issue of multiple stakeholders while at best making accountability more complex can be an additionally problematic for agents because such competing demands can actually lead to poorer organizational performance. Satisfying clients and donors can at times be in conflict with the organization's long term goal. These agents should commit themselves to more accountability to their clients rather than donors.

Slim (2002) outlines two kinds of accountability for agents that is; Organizational performance accountability and voice accountability. Organizational performance accountability requires agents to be accountable for what they do. This kind of accountability is focused on accountability to donors and clients and is similar to corporate style accountability that firms have to their primary stakeholders(stakeholders and investors) which they discharge via published accounts and other reporting that indicates how much has been spent, and whether they have been achieved.

According to (NG-CDF, Act 2015).The NG-CDFC is required by law to be accountable to the NG-CDF board that in turn is accountable to the National Assembly Select committee on National Government Constituency Development Fund. Records of amounts received by each constituency and the record of expenditure of amounts so received shall be prepared by the NG-CDFC and submitted to the NG-CDF board within thirty days after the close of the relevant financial year together with a copy of the relevant bank statements (NG-CDF, Act 2015). The Board shall on a monthly basis, submit to the National Assembly Select Committee summary of project proposals received from constituencies status of disbursement of funds to the constituencies, status of disbursements from Treasury to the National Account any restrictions imposed on a constituency account.

Akicho, Oloko and Kihoro (2016) investigated the influence of corporate governance practices on performance in Kenya's public sector. Quantitative data was analyzed descriptively while inferential statistics employed regression analysis to test hypotheses. The target population in this study comprised of selected government offices and respondents was senior management employees working in those ministries. An appropriate sample was determined through stratified random sampling approach. Primary data was collected using structured questionnaires. The analysis was done using SPSS. Linear regression analysis revealed a positive and significant relationship was also established between accountability and performance, hence the study rejecting the null hypothesis and revealing that there is a positive significant relationship between accountability and public sector performance in Kenya.

The researchers above have tried to explain how accountability can contribute to the effectiveness of the organizations; however they failed to illustrate how accountability can contribute to the organizational performance of National Government Constituency Development Fund. Hence forming the essence of this study, to establish the effect of corporate governance on the organizational performance of NG CDF in Shinyalu Constituency, Kakamega County.

2.3. Research Gaps

There are a number of studies that have been conducted on corporate governance and financial management. There have been local studies on the effects of Corporate Governance on Financial Organizational performance of Listed Insurance Firms in Kenya. Other studies focused on the effect of corporate governance on savings and credit co-operatives (Saccos) financial organizational performance in Kenya. International studies on Corporate Governance have also been conducted with focus on the effect of corporate governance on firm organizational performance and capital structure. Other studies have also been conducted on internal auditing as an effective tool for corporate governance. However, the above studies did not touch the relationship between corporate governance and organizational performance of NG CDF. The study aims to fulfill this research gap by answering the following research question: What is the effect of corporate governance principles on the performance of NG CDF in Shinyalu Constituency, Kakamega County?

III. METHODOLOGY

The study adopted descriptive survey design. The study targeted a population of 530. A total of project management committees in Shinyalu Constituency of 320 and 210 under education and security respectively. The sampling frame consists of Education PMCs and Security PMCs of which respondents were selected from. The sample was selected using the following Taro Yamane's Formula used by Mugenda and Mugenda (2003) where a sample size of 228 respondents. The researcher used random sampling technique. The researcher stratified into education PMCs, Security PMCs adopted by the Shinyalu NG-CDF. The researcher administered two hundred and twenty eight (228) questionnaires to the respondents through drop and pick technique. The study response rate was good as it was 85.1%. The instrument met reliability test as shown by Cronbach alpha of 0.777 for accountability and 0.722 for performance of NG-CDF Shinyalu Constituency. Data was then analysed using SPSS version 20. The findings obtained were summarized in frequencies and percentages and presented in tables and charts. Both descriptive and regression analysis were performed. For background information, descriptive statistical analysis was used and analysed to provide a profile of respondents. Quantitative analysis was done based on Pearson correlation coefficient (r) to determine the level of significance. A correlation is significant if the probability value is below 0.05 ($p \leq 0.05$). The study used multiple regression analysis to determine the influence corporate governance principles of the performance of Shinyalu NG-CDF. Simple Linear regression analysis was used to determine the influence of independent variable on the dependent variable guided by the following regression model:

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

Where:-

Y = Performance

$\beta 0$= Constant, showing performance in the absence of the corporate governance principles

B_1= Regression Coefficients of corporate governance principles influencing performance

X_1= Accountability

ε =Error Term

IV. FINDINGS AND DISCUSSIONS

4.1. Descriptive Statistics

Accountability is one of the crucial factors of in corporate governance principles in an organization. To measure accountability, a set of five statements were formulated. The respondents were asked to indicate the extent of agreement with each of the accountability statements. The statements were anchored on a five point Likert-type scale ranging from 5=Strongly Agree to 1= Strongly Disagree and respondents were asked to indicate the extent to which they agreed to the statements. Descriptive measures included percentage, frequency, mean and standard deviation. The pertinent results are presented in Table 1.

Table 1: Accountability

No	Accountability	1	2	3	4	5	Mean	SDV
1	The NG-CDF committee in our constituency emphases on the accountability of the funds disbursed to various projects	2.06% (4)	2.06% (4)	3.09% (6)	26.8% (52)	65.98% (128)	4.52	.828
2	Performance contracts have instilled a sense of accountability in the management of NG-CDF projects because it measures the extent to which target results have been achieved.	2.06% (4)	2.06% (4)	4.12% (8)	29.38% (57)	62.37% (121)	4.47	.840
3	The Shinyalu CDF committee provide accessible information on what it is doing and why it is doing it	1.03% (2)	3.09% (6)	5.15% (10)	25.77% (50)	64.95% (126)	4.50	.815
4	NG-CDF committee are accountable for project technical output	1.03% (2)	3.09% (6)	8.25% (16)	22.16% (43)	65.46% (127)	4.47	.852
5	The NG-CDF committee submit themselves to appropriate external scrutiny for auditing	5.15% (10)	6.7%(13)	11.86% (23)	23.71% (46)	51.55% (100)	4.12	1.18
	Overall Mean						**4.42**	**0.90**

As shown in Table 1, majority of the respondents strongly agreed that the NG-CDF committee in their constituency emphases on the accountability of the funds disbursed to various projects as shown by 65.98%(128). Similarly, the results revealed that 62.37%(121) strongly agreed that performance contracts have instilled a sense of accountability in the management of NG-CDF projects because it measures the extent to which target results have been achieved. Further, the results revealed that 64.95%(126) and 25.77%(50) strongly agreed and agreed respectively that the Shinyalu NG CDF committee provide accessible information on what it is doing and why it is doing it.

The results also revealed that 22.16%(43) and 65.46%(127) of the sampled respondents agreed and strongly agreed respectively that the NG-CDF committee are accountable for project technical output. Lastly, 51.55%(100) of the sampled respondents agreed that the NG-CDF committee submit themselves to appropriate external scrutiny for auditing and 23.71%(46) agreed with a mean of 4.12 and standard deviation of 1.18. The overall mean was 4.42 implying that respondents agreed on various statements related to accountability. However, large standard deviation of 0.90 indicated that there was deviation especially on the NG-CDF committee submitting themselves to appropriate external scrutiny for auditing.

Performance in this study was used as dependent variable. It was measured using task completion and quality of output. The pertinent results are presented in Table 2.

Table 2: Performance

No	Performance	1	2	3	4	5	Mean	SDV
1	NG-CDF projects are implemented according to the cost/budget provisions	.0%	.0%	3.61% (7)	35.57% (69)	60.82% (118)	4.57	0.56
2	NG-CDF projects are implemented according to the intended quality standards which were originally specified in the specifications.	.0%	.0%	4.12% (8)	34.54% (67)	61.34% (119)	4.57	0.57
3	NG-CDF projects are implemented according to set objectives which ensure that project goals are achieved.	.0%	.0%	22.16% (43)	46.39% (90)	31.44% (61)	4.09	0.73
4	Information from Balanced Score Card helps NG-CDF committee to maximize the use of available resources in the management of NG-CDF projects	.0%	.0%	18.56% (36)	28.35% (55)	53.09% (103)	4.35	0.77
5	NG-CDF projects are completed successfully and meet all the project objectives which ensures their sustainability	.0%	.0%	39.18% (76)	29.38% (57)	31.44% (61)	3.92	0.84
6	CDF projects are implemented according to the set timelines	.0%	.0%	16.49% (32)	28.35% (55)	55.15% (107)	4.39	0.75
	Overall Mean						**4.32**	**0.7**

From Table 2, majority of the sampled NG-CDF strongly agreed that NG- CDF projects are implemented according to the cost/budget provisions as shown by 60.82% (118) and 35.57%(69) agreed with 3.61%(7) of them remaining undecided. The results further revealed that 34.54%(67) and 61.34%(119) of the sampled respondents agreed and strongly agreed respectively that NG- CDF projects are implemented according to the intended quality standards which were originally specified in the specifications.

Slight majority of sampled respondents agreed that NG- CDF projects are implemented according to set objectives which ensure that project goals are achieved as shown by 46.39%(90) and further 31.44%(61) strongly agreed. In terms of balance score card, 53.09% (103) of the sampled respondents strongly agreed that information from BSC helps NG-CDF committee to maximize the use of available resources in the management of CDF projects while 28.35%(55) agreed and 18.56%(36) were undecided.

The results further revealed that 29.38%(57) and 31.44%(61) of the sampled respondents agreed and strongly agreed respectively NG-CDF projects are completed successfully and meet all the project objectives which ensures their sustainability. Lastly, 55.15%(107) strongly agreed that NG-CDF projects are implemented according to the set timelines while 28.35%(55) agreed and 16.49%(32) were undecided. Overall mean was 4.32 and standard deviation 0.7. From these statistics, it can be deduced that most sampled respondents agreed on various indicators related to NG-CDF performance of Shinyalu Constituency such as project timeliness, project specifications and utilization of balanced score cards.

4.2. Inferential Statistics

The Pearson correlation analysis was used to assess the relationship between accountability and the performance of NG-CDF in Shinyalu Constituency, Kakamega County. The results are as shown in Table 3

Table 3: Correlation of Accountability and Performance

Correlation Coefficient (R)	$.639^{**}$
Sig. (2-tailed)	.000
N	194

In assessing the effect of accountability on the performance of NG-CDF in Shinyalu Constituency, Kakamega County, the study established a coefficient of correlation (r) as 0.639**, P<0.01 at 99.0% confidence level. This shows that there exist a significant positive relationship between accountability and the performance of NG-CDF in Shinyalu Constituency, Kakamega County. This implies that the performance of NG-CDF in Shinyalu Constituency increase with an increase in accountability and a decrease in accountability leads to a decrease in their performance.

Regression analysis was conducted to find the proportion in the dependent variable (Performance) which can be predicted from the independent variable (accountability) using R Square which is the coefficient of determination. The results are as shown in Table 4.

Table 4: Regression Results of Accountability and Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639[a]	.408	.405	.54467

a. Predictors: (Constant), Accountability

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.287	1	39.287	132.430	.000[b]
	Residual	56.960	192	.297		
	Total	96.247	193			

a. Dependent Variable: Performance

b. Predictors: (Constant), Accountability

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.602	.252		6.361	.000
	Accountability	.636	.055	.639	11.508	.000

a. Dependent Variable: Performance

The results revealed a coefficient of determination (r^2) of 0.408. Meaning accountability can explain up to 40.8 % of the variance in performance of NG-CDF in Shinyalu Constituency, Kakamega County. The adjusted r square attempts to produce a more honest value to estimate r square for the population. The F test gave a value of (1, 193) = 132.430, P<0.01, which supports the goodness of fit of the model in explaining the variation in the dependent variable. It also means that accountability is a useful predictor of performance of NG-CDF in Shinyalu Constituency, Kakamega County. The unstandardized regression coefficient (β) value of accountability was 0.636 and is significant at P<0.05. This indicated that a unit change in accountability would result to change in performance by 0.636 significantly in the same direction. The regression equation to estimate the performance of NG-CDF in Shinyalu Constituency, Kakamega County as a result of accountability was hence stated as:

Performance = 1.602+0.636 X_1

The study sought to find out if accountability has effect on the performance of NG-CDF in Shinyalu Constituency and it was tested successful using linear regression. From the results, accountability had significant positive effect on performance with P<0.01 and it significantly accounted 40.8% variance in performance of NG-CDF in Shinyalu Constituency in Kenya. Therefore, the null hypothesis was rejected as there is significant effect of accountability on performance of NG-CDF in Shinyalu Constituency, Kakamega County. The study results are consistent with previous literature that the correlation between corporate governance principles of accountability and performance This finding agree with Akicho, Oloko and Kihoro (2016) who found out that revealed a positive and significant relationship was also established between accountability and public sector performance in Kenya. Mwaura (2013) established a significant relationship between financial performance of NGOs in Kenya and the independent variable financial accountability. The study finally concludes that taking the independent variables at zero, a unit increase in financial accountability will lead increase in the scores of financial performance in NGOs in Kenya. In another study, Al-Baidhani (2013) found out that their positive effects of corporate governance principles on bank performance in Arabian Peninsula.

V. CONCLUSION AND RECOMMENDATION

The study established that accountability significantly affects the performance of NG CDF in Shinyalu Constituency, Kakamega County. Therefore, the null hypothesis was rejected as P<0.05 and β≠0 (B-coefficient). The study established that increase in accountability would results to increase in performance of NG CDF in Shinyalu Constituency, Kakamega County. The NG-CDF committee in Shinyalu Constituency emphasized on the accountability of the funds disbursed to various projects and the NG-CDF committee ensures that primary accountability is given a priority. Therefore, the study concluded that accountability is significant predicator of performance of NG CDF in Shinyalu Constituency. In regard to the study conclusion, the study recommended that NG-CDF committees need to cultivate the culture of accountability in the management of CDF funded projects countrywide. A lot of stakeholders including citizen have decried lack of the accountability which has resulted to misuse of funds earmarked for various projects. Therefore, the committee should ensure that individuals and companies tasked with CDF projects should account for every penny disbursed to them.

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