REVIEWED JOURNAL INTERNATIONAL of BUSINESS MANAGEMENT
ISSN 2663-127X

Vol. 6, Iss. 1 (2025), pp 642 – 662, July 9, 2025. www.reviewedjournals.com, ©Reviewed Journals

STAKEHOLDER ENGAGEMENT AND PERFORMANCE OF PENSION SCHEMES IN KENYA

[1] Grace Kerubo Nyarango, [2] Prof. Wario Guyo, PhD, [3] Dr. Makori Maronge, PhD

[1] PhD Scholar (Leadership and Governance), Jomo Kenyatta University of Agriculture and Technology, Kenya
[2] Senior Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya
[3] Senior Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya

Accepted: June 14, 2025

DOI: https://doi.org/10.61426/business.v6i1.372

ABSTRACT

The topic on Governance has become central to many organizations. The debate in this area has extremely grown both nationally and internationally after a series of recorded scandals that have led to poor performance of pension schemes. This study explored the influence of stakeholder engagement and performance of pension schemes in Kenya. To achieve the set objectives; to establish the influence of Stakeholder engagement on Performance of pension schemes in Kenya: To examine the moderating role of Regulatory framework on the influence of stakeholder engagement and performance of pension schemes in Kenya. The study developed research hypotheses and was statistically tested at $\alpha = 0.05$. The theories on which the study is hinged is Agency theory. The study adopted a descriptive research design, and used both qualitative and quantitative approaches. The study looked at a population of 1,246 regulated pension schemes in Kenya. Simple random sampling method was used to sample 384 Pension schemes officials who are directly involved with governance mechanism and performance of pension schemes. The study used open-ended and closed-ended questionnaire as the main mode of data collection. Primary data was collected using structured questionnaires. Secondary data was collected from institutional documents, Ministry of Finance publications, Retirement Benefits Authority (RBA) and relevant publications in referred journals. The collected data was edited, coded and entered into SPSS software for analysis. Data was analyzed using descriptive and inferential statistics. In particular, Regression Analysis was used to investigate the relationships between hypothesized variables. Analysis of Variance (ANOVA) was also used to investigate whether independent variables have a combined effect on the dependent variable. The data was analyzed through the use of descriptive statistics. ANOVA, t-test, Pearson correlation, p- values and coefficient of determination was used in the data analysis. Data was presented using frequency tables, figures, graphs and pie charts. The study found out that effective governance mechanisms are pivotal for the performance of pension schemes in Kenya, ensuring efficient and ethical management of pension funds in the best interests of scheme members. Transparency, including regular financial reporting, fosters trust among members and stakeholders, ultimately bolstering the appeal and stability of these schemes. Furthermore, the regulatory framework and oversight from bodies like the Retirement Benefits Authority (RBA) play a critical role in upholding the integrity and stability of these schemes by establishing governance and investment standards.

Key Word: *Stakeholder engagement, Regulatory framework, Performance of pension schemes in Kenya*

CITATION: Nyarango, G. K., Wario, G., & Makori, M. (2025). Stakeholder engagement and performance of pension schemes in Kenya. *Reviewed Journal International of Business Management*, 6 (1), 642 – 662. https://doi.org/10.61426/business.v6i1.372

BACKGROUND OF THE STUDY

Over the last decade, governance has prompted a lot of debate and reform in almost every industry. It has gained a great deal of prominence but is often difficult to define. Despite the different definitions, there are several concepts underlying it and the areas it encompasses, which apply to all types of organizations. Both public and private organizations incorporate good governance principles and practices into their daily business activities and it refers to the methods through which organizations are directed, controlled, and held accountable and is based on the concepts of accountability openness, honesty, and responsibility. The term also refers to the structures and procedures that govern an organization. At the top of organizations, decision-making, accountability, control, and behavior are all important. In certain jurisdictions, "Corporate governance" is a term used to describe the private sector. "Government governance" is a term used in different jurisdictions to describe how a government operates; it describes the public sector's governance. (Governance today, 2022). To avoid any possible misunderstandings, the term "governance" is used in this study to denote governance of pension schemes.

Governance in pension schemes perspective implies a framework that the governing bodies (directors or trustees) use in decisions making. The framework may include, among others, "the structure of the governing body (including legal basis and segregation of functions); the decision making processes within the governing body (including internal controls, risk management, compliance functions and internal oversight structures); the requisite skills and competencies of the governing body; and the means by which the governing body is accountable to stakeholders (principally plan members and beneficiaries, but also a wider stakeholder set including employers, supervisory board, supervisors, regulators and government)" (OECD/ISSA/IOPS 2008: 5).

The Institute on Governance (IOG, 2016), defines governance, as the interaction among structures, processes and traditions that determine how power and responsibilities are exercised, how decisions are taken, and how citizens and stakeholders have their say. Further, governance of pension schemes involves the managerial control of the organizations and how they are regulated, including the accountability of management and how they are supervised. The basic goal of pension scheme governance is to minimize the potential agency problems, or conflicts of interest, that can arise between the scheme members and those responsible for the scheme‘s management, and which can adversely affect the security of pension savings and future promises. Good governance goes beyond this basic goal and aims at delivering high pension scheme performance while keeping costs low for all stakeholders

Rajeeva Sinha (2018), posits that, governance of pension schemes is the framework that facilitates the process of accountability, it identifies tasks and responsibilities, provides the context for decision making amongst multiple intermediaries and principal. Pension fund governance focuses on a different set of stakeholders which are usually plan members, beneficiaries, and employers in a pension scheme. In this regard, pension governance refers to the framework by which the governing body (Board of directors and senior management) make decisions about a pension schemes business and how performance is optimized.

Mark C. Schultz (2022), states that, Governance today exist to assist organizations to be more effective in their governance practices. It provides support to professional development for board members, individually and collectively; and it also enables board members to do their best in their roles as organizational governors and leaders. Today, the board has two major responsibilities, compliance and accountability. This implies that an organization's performance depends on the board's priority. These two board roles are critical for successful governance. Compliance is important because it examines, monitors, and evaluates the activities and outputs produced in relation to the board's expectations, while guaranteeing that legal and stakeholder obligations are met, as well as protecting the company from any negative events or acts.

The pension industry has had governance related challenges despite the fact that pension schemes have a governing body in which the interests of the stakeholders are well-aligned. With a majority of pension schemes being governed by representatives of employers and employees, it is deemed that this arrangement should encourage decisions that are in the best interests of members and stakeholders. However, most public pension plans in particular have faced financial stress in recent years leading to poor performance. As a result, industry experts have observed that good governance can mitigate issues related to poor performance and is an important determinant of long-term success and effectiveness of institutions. Organizations with effective retirement plan governance are seen to be better equipped to manage potential retirement plan risks, protect against fiduciary liabilities and capture opportunities to improve structures, strategies and service delivery

Despite the challenges, pension funds have tremendously grown in many OECD countries as well as in emerging markets, both relative to GDP and compared to banks. They have become key financial intermediaries due to their significant holdings in financial assets, which include domestic and foreign holdings of equities, government bonds, real estate, corporate debt, money market instruments and deposits (Archer, 2011). According to OECD (2021), preliminary data for 2020 show that pension funds held over USD 35 trillion of assets worldwide at end-2020, exceeding 2019 levels despite the headwinds due to COVID-19. Pension fund assets grew by nearly 9% in the OECD area, less than the double-digit growth rate in 2019, to reach USD 34.2 trillion at end of 2020. Outside the OECD area, pension fund assets amounted to USD 0.8 trillion at end of 2020 in a group of 31 jurisdictions, just over 1% more than at end of 2019. This increase was supported by capital gains in financial markets and government measures that helped members to continue participating in their pension plans. Despite this performance, high inflation could pose a risk for the investment performance of pension funds in real term, depending on the extent of their portfolios. Although South Africa's 66% ratio of pension assets to GDP surpasses the average of 60% (per OECD Global Pension Fund Statistics, June 2020), most African countries' pension assets to GDP remain well below the 60% average. (Brighter Africa 2020) This study therefore, seeks to explore the impact of governance mechanisms on performance of pension schemes in Kenya.

Statement of the Problem

Governance has become an important aspect to both private and public institutions globally. This is due to its contribution in cultivating a company's culture of integrity, accountability and performance. Stakeholders as well as regulators highlight the importance of effective governance mechanisms. A well-structured governance mechanism provides effective oversight for management and incentive for management (Hart et al., 2015).

Recent studies based in Australia, New Zealand, Canada, US and Europe, Ambachtsheer et. Al (2016) posits that good governance and good performance are linked. They concluded that poor-good governance gap as assessed by pension CEOs has greatly widened. In a study of a sample of large pension funds (over US$5bn in assets) from 6 different countries dispersed across North America, Europe and Asia-Pacific, Clark and Urwin (2017) conclude that, their superior Performance is linked to strong governance mechanism practices such as policy making and remuneration.

Report by Transparency International (2014), notes that despite governance practices that have been put in place in Kenya, performance of pension schemes has decreased. The negative publicity and services provided by the public pension schemes impacts the livelihood of retirees and their beneficiaries. Kyande (2015) established that despite the implementation of training programs of personnel in pension schemes governance, there is still poor performance. Retirees face challenges stemming from delay in processing, non-payment of pension benefits and claims take up to 2 years or more before they are processed and paid. This leads to retirees and staff engaging in unethical arrangements before they receive payment.

Centre for Governance Development (2015) contended that as a result of governance problems, the National Social Security Fund (NSSF) had been dogged with many intricate challenges that have negatively impacted the fund's performance. In December 2018, the total assets held by NSSF decreased by Kshs. 11.47 billion to stand at kshs.209.88 billion, from 221.36 billion representing a decline of a 5.18 percent. During the last decade, various scholars have found positive association between governance and Performance of institutions.

Investment choices marked by a lack of diversification exacerbate the issue further. For example, NSSF, a pension fund, has 72% of its total assets in real estate (Ngugi, Njuguna & Wambalaba, 2018). 4.6% of the fund's total assets came from the additional 7% of the fund invested in bank deposits with 16 financial banking institutions, 10 of which had collapsed (Mwangi, 2018). Furthermore, political appointees and top leadership/managers serve as trustees, and due to lack of requisite skills/qualifications there is misuse of employer contributions. This has led to instances of low rate of return on investment; delays in member payment, non-payment, and outright embezzlement of scheme funds by the very leadership tasked with protecting the fund. These aspects have further affected performance of pension schemes.

Majority of previous empirical studies on governance mechanism and Performance have been conducted in developed and developing countries of Asia and Latin America (Kyriacou& Roca-Sagale's, 2011; Wei-qing& Shi, 2010). There is relatively a small body of work and attempts to systematically examine the evidence on the impact of governance mechanism on Performance of pension schemes in Sub-Saharan Africa. Consequently, the link between governance mechanism and Performance in the context of Sub-Saharan Africa is scarcely explored. The near absence of research in Africa in this area raises a question as to whether governance mechanism influences Performance of pension schemes.

This study therefore, seeks to establish the relationship between governance mechanisms and performance of pension schemes in Kenya with a view to bridge this gap.

Research Objectives

- To establish the influence of Stakeholder Engagement on Performance of pension schemes in Kenya.
- To examine the moderating role of Regulatory framework on the influence of Stakeholder Engagement and Performance of pension schemes in Kenya.

Research Hypothesis

- $H_{01:}$ Stakeholder Engagement does not significantly affect Performance of pension schemes in Kenya
- $H_{02:}$ Regulatory framework does not significantly moderate the relationship between Stakeholder Engagement and Performance of pension schemes in Kenya

LITERATURE REVIEW

Theoretical Framework

Stakeholder Theory

Stakeholder theory was postulated by Freeman (1984) and it states that every individual or a group involved in a project will always safeguard their interests. The theory touches on stakeholders' management in relation to the governance mechanism and performance. This theory examines personalized preferences while attempting to satisfy as many of those preferences as possible. Generally, stakeholder theory argues that every individual or a group involved in a governance mechanism process do so to safeguard their interests this theory is further supported by Friedman (2006) who states that the organization should be thought of as grouping of stakeholders and the purpose of the organization is to manage their interests, needs and viewpoints.

Freeman, (1984), defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Under this theory, owners drop out of the centre to become one of several equal stakeholders. Stakeholders include employees, customers, suppliers, local community, owners, competitors and government. Therefore, the focus of management decisions considers the interests of all stakeholders. The stakeholder theory applies to the pensions sector because it is a stakeholder industry. This is because there is no ‘owner’ of the schemes but only stakeholders. Members and beneficiaries only claim beneficial ownership on retirement. It is the responsibility of the organization to pay the benefits as they fall due and per the laid down rules and regulations.

Initially, as proposed by Freeman (1994), later academic deals with the subject of partner hypothesis appropriate to the current review incorporate Donaldson and Preston (1995), Mitchell et al. (1997), Friedman and Miles (2001), and Phillips (2003). The Stakeholder hypothesis starts with the suspicion that values are essentially and unequivocally as a component of carrying on with work. It requests that administrators articulate the common feeling of the worth they make, and what unites its center partners. It additionally pushes supervisors to be clear about how they maintain that should carry on with work, explicitly what sorts of connections they need and have to make with their partners to follow through on their motivation. Partner hypothesis is administrative in that it reflects and coordinates how directors work instead of basically tending to the board scholars and market analysts. The focal point of partner hypothesis is explained in two center inquiries (Freeman, 1994).

This urges directors to express the common feeling of the worth they make, and what unites its center partners. This drives the firm (pension schemes) forward and enables them to create remarkable performance. Second, partner hypothesis asks, what obligation does the executives need? This pushes supervisors to express the way that they believe should carry on with work explicitly, what sorts of connections they need and have to make with their partners to follow through on their motivation. The present financial real factors highlight the principal reality which is at the center of partner hypothesis: Economic worth is made by individuals who willfully meet up and collaborate to advance everybody's situation. Directors should foster connections, rouse their partners, and make networks where everybody endeavors to do everything they possibly can for convey the worth the solid guarantees. Unquestionably investors are a significant constituent and benefits are a basic element of this action, yet worry for benefits is the outcome instead of the driver during the time spent and assets should ensure adequate growth (Collins, 2020). Trustees should consider investment strategies to meet expectations of the scheme members through appropriate asset diversification on execution of benefits plans in Kenya.

Conceptual Framework

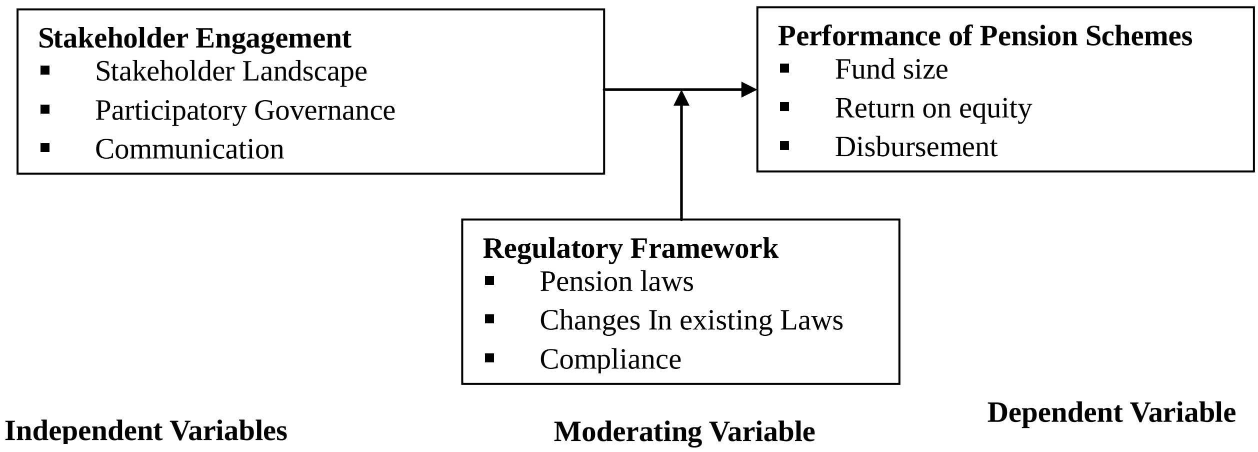

Figure 1: Conceptual Framework

Stakeholder Engagement

According to Solomon (2016), countries that followed civil law; for example, France, Germany, Italy and Netherlands, developed corporate governance frameworks that focused on the interests of stakeholders that included employees, customers, creditors, managers, suppliers and the wider community. Smith (2015) study noted stakeholders had a more direct incentive than directors serving on the corporate board to monitor the management. He further stated that directors of joint stock companies, however, being the managers rather of other people's money than their own, could not well be expected, that they could watch over it with the same anxious vigilance as stockholders (Simsek, 2014).

Stakeholder engagement has been described to be essential to the success of businesses in the 21st century. The need to create value for everyone in an enterprise is also important in building common purpose and addressing the multifaceted challenges facing the world (Stakeholder Research Associates 2015). Stakeholders often have different attributes that define the degree of their influence on organizations. These attributes can be the degree of their powers, legitimacy, urgency, and interests in the activities of these organizations (Karkhanis et al., 2016).

Given the sensitivity of stakeholders' attributes, organizations are expected to give their stakeholders utmost attention by taking their perspectives into account towards decision making and strategy development. One of the most effective ways of giving stakeholders attention is to engage them actively on issues of mutual concern. Stakeholder engagement stems from identifying and mapping who the stakeholders are, and prioritizing them accordingly based on relevant attributes. The issues of concern to be addressed also need prioritization especially when they are numerous. It is important for an organization to be able to bring stakeholders on board for two-way and multi-way dialogues towards creating mutual value, understanding, cooperation, and shared objectives. Stakeholder engagement is described as fundamental to a successful business (Hutton, 2015). Therefore, it was useful to explore the process of stakeholder engagement in tandems with the provisions of standard framework and best practices.

Due to fluctuations of stakeholders' numbers and nature in the course of a civil service undertaking, it is advisable to continuously conduct identification reviews (Moodley et al, 2016). Involvement of stakeholders can be incorporated in various stages of the policy implementation and management of the Pension scheme and at different levels of management, as well as take many diverse forms. The stakeholders can be involved in sharing of information, conducting consultations, making decisions, partnerships and empowerment. Involvement is considered to be both a means and also an end. With regards to being a means, it is referred to be a process of cooperation and collaboration by beneficiaries in the Pension scheme and they can act as an external governance mechanism if incorporated in organization's decision making.

Regulatory Framework

OECD 2016, core principles of pension scheme regulation provide Regulators, Governments and supervisors worldwide with a new benchmark and guidance on the design and operation of pension schemes. The new guidelines reflect changes in the nature pension schemes should be supervised. This is with the aim to strengthen the regulatory framework in order to promote a sound and reliable operations and thus improve performance. Regulatory controls comprise controls on governance mechanism, access to pension funds, investment of funds and running costs of schemes. The management of pension systems has become more structured and organized since the Retirement Benefits Act and other laws came into force (Owinyo, 2017). However, there is doubt whether this has resulted in an enhancement in the financial results of the pension schemes. This is because the regulations also resulted in some constraints on pension scheme activities and an increase in administrative expenses. It is the performance that determines a pension scheme's economic health and its capacity to pay all obligations as and when they fall due (Owinyo, 2017).

Research has shown that there has been performance improvement of occupational pension schemes during the period which the laws were in place. This shows that the laws had created positive impacts (Owinyo, 2017). Regulatory checks have an important connection to the development of pension systems, according to Kipkoech (2016). This implies that regulatory checks on pensions schemes, lead to enhanced economic results on retirement schemes development. Further, Kipkoech (2016) states that reducing the benefits processing period, providing relevant education to the trustees, maintaining an appropriate internal control system, communicating regularly with beneficiaries, defining the roles of the trustees clearly, regulating the fees charged by the service providers, controlling default risk on the part of the contributors and implementing investment strategies are major factors that influence the performance of pension schemes in Kenya.

Performance of Pension Schemes

Stenzel and Stenzel (2013) observe that Performance presents an organization's levels of excellence. Definitions given by Helmsing (2015) present Performance as a decision that is deliberate and obligatory made by officials who have been elected or appointed to offer service or deliver goods and services to the beneficiaries. On the other hand, Heskett (2017) defines Performance as an attitudinal or dispositional sense, giving reference to the globalization of consistent service values and norms. Mintzberg and Quinn (2011) define Performance as a set of technology components that provide capabilities.

An organization is said to be well performing if it is meeting its goals and objectives effectively and efficiently. The main goal of pension scheme is to make payments to retirees on timely basis and meet other obligations as to when required. This means that pension funds must generate enough returns to cover their operating costs and plan promises. Pension funds are a set of benefits payment promises out of the plan assets that are protected by property rights. Pension is defined as an amount of money paid regularly by the state or trustees of a scheme to an employee upon normal or ill-health retirement. In a study by Mghali (2013), it was established that firms should operate pension schemes where the employer contributes a certain amount together with the employee contribution and all this be invested by trustees who should manage and control the fund.

Pension funds are playing an increasingly significant role as both channels for retirement savings and as intermediaries in both money and capital markets. This combined role makes them a major concern for governments and other regulators from a variety of perspectives. Pension fund schemes, however, are by their nature a major source of conflicts of interest arising between the fund administrators and the ultimate beneficiaries of the fund. They therefore, require a set of internal controls and external regulations to ensure that they are operated and managed in the best interest of their beneficiaries (Mugweru, 2011). Studies on the performance of pension funds use financial ratio analysis (Bikker & Dreu, 2014). According to the study by Rodgers and McFarlin (2017), profitability ratios are often held in a high esteem as the measures of credit worthiness in banks, since profitability is associated with the performance of management function. The study by Sharifi, Haldar and Rao (2019) indicated the purpose of rate of return on Equity (ROE) as the measurement of the amount of profit generated by the equity in the firm. It is also mentioned that the ROE is a measure of the ability to generate profit from equity. This strength is related to how well the assets are utilized to produce the profits as well. The efficient use of assets is significantly related to the amount of returns that the company generates for each shilling of equity and this translates to adequacy of pension benefits.

Empirical Review

Stakeholder engagement and Performance

Adeyanju (2013) reviewed the role of engaging stakeholders in the designing of a service: a case study in the B2B service context. A descriptive approach was used to propose a new process model. This process model applied a standard stakeholder engagement framework to complement the stakeholder approach to designing a service. This framework was explored and presented in a simple form for the purpose of benchmarking by businesses and organizations. Consequently, beyond service designing, businesses and organizations can as well use this process model as a guide to address other issues that entail stakeholder engagement. Several useful stakeholder engagement tools that form part of this framework have been presented in this thesis.

Adeyanju (2013) qualitative research methods such as thematic interviewing and observation were used to collect data. The use of an additional quantitative approach in confirming the result of the qualitative analysis was based on methodological triangulation of data. The result from the data triangulation helped in increasing the reliability of the research result. Among the results of the current state analysis were individual co-creation trees of the case companies and the partner company. The results from the case companies were further analyzed and summarized into a single co-creation tree as a final result. A co-creation tree presents a visual way of displaying the performance of a company in terms of co-creation approaches with its selected case companies. Its result can help a company to assess its co-creation strengths and weaknesses in order to take the appropriate steps towards necessary development and improvement.

Cheruiyot and Mugambi (2016) objective of the study was therefore to determine challenges of managing stakeholder based influence on Performance in Standards regulatory agencies. The specific objectives of the study were to determine the effect of Resource Divisibility on Performance in Standards Regulatory Agencies and to determine the effect of Stakeholder Uniqueness or Saliency on Performance in Standards Regulatory Agencies. The study thus concentrated on the Standards regulatory agencies in Kenya and specifically used Kenya Bureau of Standards as a case study. The data for the study was collected from employees of KEBS ranging from junior management, middle level employees to senior management. The study used a sample of 10% of the target population from whom responses was collected using Likert scale questionnaires. The study found that the Standards Regulatory Agencies were most heavily affected by Stakeholder uniqueness and Resource Divisibility.

Regulatory Framework

Raichura (2015) evaluated the pension system in Kenya on behalf of the OECD and noted that a pension benefit industry with little efficient regulation and oversight was seen in the pre-RBA period in Kenya. The interests of employees of the pension system and their beneficiaries have not been adequately protected. There has been concern about the design and economic viability in certain systems unless suitable remedial action was taken. Scheme funds were poorly administered and invested with specific concerns about asset levels, especially in property. This was inadvertent and unintentional in most cases, but there was always a risk of mismanagement and outright misappropriation without adequate controls and supervision. There was lack of additional disclosure and accountability. Also, the NSSF was riddled with problems of governance and worries about its assets and benefits payments. Not surprisingly, there was low confidence in the industry. Therefore, the main motive for reforming and enacting the pension benefit law in Kenya in 1997 was to enhance the governance, management and efficiency of the NSSF and the occupational pension industry. The enactment of the Retirement Benefits Act ('RBA') (1997) and the creation of the Retirement Benefits Authority (' the Authority ') in 2000 marked the start of Kenya's controlled, structured and more accountable pension benefits industry (Raichura, 2015).

Ruguru (2018) evaluated the effect on the cost efficiency of pension benefit schemes in Kenya of the pension benefit laws. The study compared cost efficiency between the two periods: pre and post introduction of regulations. The correlation results indicated a high positive correlation between cost efficiency and pension paid out to members and regulation dummy indicating Cost efficiency is determined by pension paid out to members and regulation dummy. Therefore, the study concluded that the introduction of regulation increased the cost efficiency among the pension schemes.

Comparative test between the two periods pre and post introduction of regulation indicated that the two periods are weakly correlated. The paired samples t-test statistics is 9.028 and significance indicating that the two periods are not related and are independent of each other. The outcome showed that after the implementation of pension benefit scheme regulation, cost efficiency was slightly improved.

Owinyo (2017) conducted an effect study on the economic results of occupational pension schemes in Kenya by regulating the retirement benefits industry. The research set out to explore whether regulatory enactment had an important effect on retirement schemes ' economic performance. A sample of thirty occupational pension benefit systems from information collected from scheme administrators was chosen. The total contributions and fund values for each sample plan were evaluated for each of the five years preceding and five years post-2000. Using the matched or paired t-test, results suggested that the economic performance of the occupational pension benefit schemes population during the period during which the laws were in place had an important beneficial effect.

Kihunyu (2015), conducted study on the effects of retirement benefit authority act on risk of investments held by pension funds in Kenya. The purpose of the study was to determine the effects of RBA Act 2000 on investment risk of pension funds in Kenya. The study enlightens the stakeholders in the pension industry on the risk effects arising from RBA enactment. The data was obtained from secondary sources, which included pension funds audited accounts, end of period returns and annual returns from Retirement Benefits Authority. The information was analyzed using SPSS on the portfolio of the pension fund's earnings and asset allocation. The study revealed that with application of RBA Act the asset distribution of pension fund’s portfolio have changed. It was established that pension funds have invested heavily in marketable and liquid assets improving liquidity of pension funds.

Njeru (2014) established the effect of the regulatory control changes passed since 2007 to date on the financial performance of pension schemes. Secondary data were gathered from financial reports from the pension benefit fund and multiple regression analyzes used in the data analysis. The study found that regulations affect the financial performance of retirement benefits funds in Kenya, thus the study concludes that since the enactment of the Retirement Benefits Authority Act, there has been significant growth in performance of retirement benefits fund.

METHODOLOGY

The study adopted positivism philosophy because the study variables were based on facts derived from the empirical literature review and also the theoretical premises highlighted in chapter two. The research design for this study was an explanatory survey research design; this is by and large a positivism approach, under objectivism ontology and epistemology, a methodological philosophy in quantitative research where we apply the methods of natural sciences to discover the study of social science (Hammersley, 2019). The study used theories and hypothesis to account for the forces that caused a certain phenomenon to occur (Cooper and Schindler, 2011).

The population for the study comprises of the unit of analysis and unit of observation and they are important measures that explain the subjects and objects under study. For the purpose of this study the unit of analysis was all the pension schemes (There are a total of 1246 pension schemes). The unit of observation will include board members, management and the administrators of these pension schemes in both Individual Pension Schemes and Occupational Pension Schemes the unit of observation was regarded as homogenous when it comes to governance issues. The sample size of 384 respondents was determined based on the criteria of efficiency, representativeness, reliability, and flexibility, with each stratum/category representing 10% of the target population to ensure optimal representation.This study collected primary data using a structured questionnaire. Data analysis was performed with the aid of SPSS version 29.0 (Hayes and Matthes, 2009) using both descriptive and inferential statistics.

RESULTS

Data Analysis

During the study, the researcher administered 384 questionnaires to randomly selected respondents operating within Nairobi County, but after data cleansing, screening, and verification, only 339 completed questionnaires were deemed valid, resulting in a final response rate of 88.2%. This process, as defined by

Jason (2019), involved rectifying incorrect, incomplete, or duplicate data to ensure accuracy. The analysis was conducted based on the 339 questionnaires, representing a response rate within the acceptable range for scientific investigations, as suggested by Sekaran (2017).

Descriptive Analysis

Stakeholder Engagement

The respondents were asked to indicate the extent to which the management has ensured that the key stakeholders are consulted always. The findings from the study showed that (3.20%) indicated they strongly disagreed with the statement, (2.40%) disagreed with the statement, (13.00%) moderately agreed with the statement, (52.20%) agreed with the statement while the remaining (29.20%) strongly agreed with the statement that The management has ensured that the key stakeholders are consulted always. On a five point scale, the average mean of the responses was 4.02 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.900

The respondents were also asked to indicate the extent to which the stakeholders (pensioners and management) are well informed on changes made always. The findings from the study showed that (1.2%) indicated they strongly disagreed with the statement, (4.7%) disagreed with the statement, (17.70%) moderately agreed with the statement, (49.9%) agreed with the statement while the remaining (26.50%) strongly agreed with the statement that stakeholders (pensioners and management) are well informed on changes made always. On a five point scale, the average mean of the responses was 3.96 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.859.

The respondents were also asked to indicate the extent to which the stakeholders are always represented in the management of the pension scheme. The findings from the study revealed that (4.4%) indicated they strongly disagreed and disagreed respectively with the statement, (7.10%) moderately agreed with the statement, (49.9%) agreed with the statement while the remaining (20.9%) strongly agreed with the statement that the stakeholders are always represented in the management of the pension scheme. On a five point scale, the average mean of the responses was 3.76 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.006.

The respondents were also asked to indicate the extent to which the management of the Pension scheme has ensured that all organizations are represented and connected for proper flow of information and uniformity in changes pertaining to the pension industry. The findings from the study showed that (3.20%) indicated they strongly disagreed with the statement, (2.40%) disagreed with the statement, (13.90%) moderately agreed with the statement, (38.90%) agreed with the statement while the remaining (41.60%) strongly agreed with the statement that management of the Pension scheme has ensured that all organizations are represented and connected for proper flow of information and uniformity in changes pertaining to the pension industry. On a five point scale, the average mean of the responses was 4.13 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of .962

The respondents were also asked to indicate the extent to which stakeholders are always well informed of the key decisions made in time. The findings from the study showed that (2.10%) indicated they strongly disagreed with the statement, (4.70%) disagreed with the statement, (13.0%) moderately agreed with the statement, (41.60%) agreed with the statement while the remaining (38.6%) strongly agreed with the statement that stakeholders are always well informed of the key decisions made in time. On a five point scale, the average mean of the responses was 4.10 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.94.

The respondents were also asked to indicate the extent to which the management of the Pension scheme has effective/ adequate communication channels and tools to reach stakeholders anytime. The findings from the study showed that (1.20%) indicated they strongly disagreed with the statement, (3.20%) disagreed with the statement, (16.2%) moderately agreed with the statement, (41.9%) agreed with the statement while the remaining (37.5%) strongly agreed with the statement that management of the Pension scheme has effective/ adequate communication channels and tools to reach stakeholders anytime. On a five point scale, the average mean of the responses was 4.11 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of .873.

The respondents were also asked to indicate whether the management of pension scheme has a feedback mechanism for stakeholder complaint. The findings from the study showed that (3.2%) indicated they strongly disagreed with the statement, (5.90%) disagreed with the statement, (13.0%) moderately agreed with the statement, (49.90%) agreed with the statement while the remaining forty one percent (28.00%) strongly agreed with the statement that management of pension scheme has a feedback mechanism for stakeholder complaint. On a five point scale, the average mean of the responses was 3.94 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.968.

Table 1: Descriptive Statistics on Stakeholder engagement frequencies

	SD	D	N	A	SA	Mean	SD
The management has ensured that the key stakeholders are consulted always	3.2%	2.4%	13.0%	52.2%	29.2%	4.02	.900
The stakeholders (pensioners and management) are well informed on changes made always	1.2%	4.7%	17.7%	49.9%	26.5%	3.96	.859
The stakeholders are always represented in the management of the pension scheme	4.4%	7.1%	17.7%	49.9%	20.9%	3.76	1.006
The management of the Pension scheme has ensured that all organizations are represented and connected for proper flow of information and uniformity in changes pertaining to the pension industry	3.2%	2.4%	13.9%	38.9%	41.6%	4.13	.962
The stakeholders are always well informed of the key decisions made in time	2.1%	4.7%	13.0%	41.6%	38.6%	4.10	.940
The management of the Pension scheme has effective/ adequate communication channels and tools to reach stakeholders anytime	1.2%	3.2%	16.2%	41.9%	37.5%	4.11	.873
The management of pension scheme has a feedback mechanism for stakeholder complaint./grievances	3.2%	5.9%	13.0%	49.9%	28.0%	3.94	.968

Regulatory Framework

The respondents were asked to indicate the extent to which pension regulatory laws on fees charged by the service providers affects the performance of the Pension Schemes. The findings from the study showed that (25.70%) indicated they strongly disagreed and disagreed respectively with the statement, (9.1%) moderately agreed with the statement, (17.7%) agreed with the statement while the remaining (17.70%) strongly agreed with the statement that pension regulatory laws on fees charged by the service providers affects the performance of the pension Schemes. On a five point scale, the average mean of the responses was 2.72 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.462.

The respondents were also asked to indicate the extent to which pension laws on investment limits affects the performance of the pension schemes. The findings from the study showed that (1.20%) indicated they strongly disagreed with the statement, (2.40%) disagreed with the statement, (32.20%) moderately agreed with the statement, (45.70%) agreed with the statement while the remaining (18.60%) strongly agreed with the statement that The Pension Laws on Investment limits affects the performance of the pension schemes. On a five point scale, the average mean of the responses was 3.78 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.814.

The respondents were also asked to indicate the extent to which robustness of pension laws help in pension performance. The findings from the study showed that (0.00%) indicated they strongly disagreed with the statement, (9.4%) disagreed with the statement, (16.20%) moderately agreed with the statement, (53.10%) agreed with the statement while the remaining (21.20%) strongly agreed with the statement that robustness of pension laws help in pension performance. On a five point scale, the average mean of the responses was 3.86 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.857.

The respondents were also asked to indicate the extent to which continuous changes in existing laws to conform to new pension challenges help in improving pension Performance. The findings from the study showed that (4.40%) indicated they strongly disagreed with the statement, (0.00%) disagreed with the statement, (13.00%) moderately agreed with the statement, (49.00%) agreed with the statement while the remaining (33.60%) strongly agreed with the statement that continuous changes in existing laws to conform to new pension challenges help in improving pension Performance. On a five point scale, the average mean of the responses was 4.07 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.928.

The respondents were also asked to indicate the extent to which pension regulatory framework on compliance costs affects the performance of the pension schemes. The findings from the study showed that (3.50%) indicated they strongly disagreed with the statement, (6.80%) disagreed with the statement, (10.60%) moderately agreed with the statement, (38.30%) agreed with the statement while the remaining (40.70%) strongly agreed with the statement that the Pension Regulatory Framework on compliance costs affects the Performance of the Pension Schemes. On a five point scale, the average mean of the responses was 4.060 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.050.

The respondents were also asked to indicate the extent to which there is effective compliance with the pension laws. The findings from the study showed that (2.4%) indicated they strongly disagreed with the statement, (3.5%) disagreed with the statement, (19.80%) moderately agreed with the statement, (44.00%) agreed with the statement while the remaining (30.40%) strongly agreed with the statement that there is effective compliance with the Pension laws. On a five point scale, the average mean of the responses was 3.96 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.926.

The respondents were also asked to indicate the extent to which the pension regulatory framework informs the kind of compliance measure to be taken by pension schemes. The findings from the study showed that (1.2%) indicated they strongly disagreed with the statement, (2.40%) disagreed and moderately agreed respectively with the statement, (12.70%) agreed with the statement while the remaining (42.80%) strongly agreed with the statement that the pension regulatory framework inform the kind of compliance measure to be taken by Pension Schemes. On a five point scale, the average mean of the responses was 4.20 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.836.

Table 2: Descriptive Statistics on Regulatory Framework

Variable	SD	D	N	A	SA	Mean	SD
The Pension Regulatory Laws on fees charged by the service providers affects the performance of the Pension Schemes.	25.7%	29.8%	9.1%	17.7%	17.7%	2.72	1.462
The Pension Laws on Investment limits affects the performance of the Pension Schemes	1.2%	2.4%	32.2%	45.7%	18.6%	3.78	.814
Robustness of Pension laws help in pension performance	0%	9.4%	16.2%	53.1%	21.2%	3.86	.857
Continuous changes in existing laws to conform to new pension challenges help in improving pension Performance	4.4%	0%	13.0%	49.0%	33.6%	4.07	.928
The Pension Regulatory Framework on compliance costs affects the Performance of the Pension Schemes	3.5%	6.8%	10.6%	38.3%	40.7%	4.06	1.050
There is effective compliance with the Pension laws.	2.4%	3.5%	19.8%	44.0%	30.4%	3.96	.926
The Pension Regulatory Framework inform the kind of compliance measure to be taken by Pension Schemes	1.2%	2.4%	12.7%	42.8%	41.0%	4.20	.836

Performance of Pension Scheme

The respondents were asked to indicate the extent to which the pensioners usually receive their payments in time and in full as per law. The findings from the study showed that (5.60%) indicated they strongly disagreed with the statement, (9.40%) disagreed and moderately agreed respectively with the statement, (22.4%) agreed with the statement while the remaining (62.50%) strongly agreed with the statement that the pensioners usually receive their payments in time and full as per law. On a five point scale, the average mean of the responses was 3.76 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.116.

The respondents were asked to indicate the extent to which Members are paid their benefits promptly after they become due. The findings from the study showed that (3.2%) indicated they strongly disagreed with the statement, (3.50%) disagreed with the statement,(5.90%) moderately agreed with the statement, (54.9%) agreed with the statement while the remaining forty one percent (32.40%) strongly agreed with the statement that Member are paid their benefits promptly after they become due. On a five point scale, the average mean of the responses was 4.10 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.900.

The respondents were asked to indicate the extent to which Disbursements are done according to the laid down rules and regulation. The findings from the study showed that percent (0.9%) indicated they strongly disagreed with the statement, (4.7%) disagreed with the statement, (17.40%) moderately agreed with the statement, (76.90%) agreed with the statement while the Disbursements are done according to the laid down rules and regulation. On a five point scale, the average mean of the responses was 4.01 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.907.

The respondents were asked to indicate the extent to which delay in disbursements is promptly communicated to all parties in time. The findings from the study showed that (0.9%) indicated they strongly disagreed with the statement, (4.7%) disagreed with the statement, (15.30%) moderately agreed with the statement, (46.60%) agreed with the statement while the remaining forty one point six percent (32.40%) strongly agreed with the statement that delay in disbursements is promptly communicated to all parties in time. On a five point scale, the average mean of the responses was 4.05which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.864.

The respondents were asked to indicate the extent to which return on equity were measured by ability of the schemes to meet their financial obligations. The findings from the study showed that (0.90%) indicated they strongly disagreed with the statement, (3.50%) disagreed with the statement, (15.30%) moderately agreed with the statement, (40.70%) agreed with the statement while the remaining forty three point nine percent (39.50%) strongly agreed with the statement that return on equity were measured by ability of the schemes to meet their financial obligations. On a five point scale, the average mean of the responses was 4.14 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.867.

The respondents were asked to indicate the extent to which return on equity were measured by ability of the schemes to reduce costs. The findings from the study showed that (0.9%) indicated they strongly disagreed with the statement, (14.20%) disagreed with the statement, (10.6%) moderately agreed with the statement, (44.00%) agreed with the statement while the remaining (30.40%) strongly agreed with the statement that return on equity were measured by ability of the schemes to reduce costs. On a five point scale, the average mean of the responses was 3.89 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.023.

The respondents were asked to indicate the extent to which the fund size was measured by changes in the funds value. The findings from the study showed that (2.10%) indicated they strongly disagreed with the statement, (1.20%) disagreed with the statement, (14.20%) moderately agreed with the statement, (54.90%) agreed with the statement while the remaining (27.70%) strongly agreed with the statement that the fund size was measured by Changes in the funds value. On a five point scale, the average mean of the responses was 4.05 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.807

The respondents were asked to indicate the extent to which the fund size was measured by the Returns on investments. The findings from the study showed that (3.2%) indicated they strongly disagreed with the statement, (4.7%) disagreed with the statement, (8.3%) moderately agreed with the statement, (49.60%) agreed with the statement while the remaining (34.20%) strongly agreed with the statement that the fund size were measured by the returns on investments. On a five point scale, the average mean of the responses was 4.07 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.951.

The respondents were asked to indicate the extent to which fund managers do not have a freehand to immediately invest the funds whenever they see an opportunity. The findings from the study showed that (3.5%) indicated they strongly disagreed with the statement, (4.40%) disagreed with the statement, (14.20%) moderately agreed with the statement, (52.20%) agreed with the statement while the remaining (25.7%) strongly agreed with the statement that the fund managers do not have a freehand to immediately invest the funds whenever they see an opportunity. On a five point scale, the average mean of the responses was 3.92

which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.943.

Table 3: Descriptive Statistics on Performance of Pension Scheme

Variable	SD	D	N	A	SA	Mean	SD
The pensioners usually receive their payments in time and full as agreed	5.6%	9.4%	22.4%	30.7%	31.9%	3.74	1.166
Member are paid their benefits promptly after they become due	3.2%	3.5%	5.9%	54.9%	32.4%	4.10	.900
Disbursements are done according to the laid down rules and regulation	.9%	4.7%	17.4%	38.3%	38.6%	4.09	.907
Delay in disbursements is promptly communicated to all parties in time	.9%	4.7%	15.3%	46.6%	32.4%	4.05	.864
Return on Equity were measured by ability of the schemes to meet their financial obligations	.9%	3.5%	15.3%	40.7%	39.5%.	4.14	.867
Return on Equity were measured by ability of the schemes to reduce costs	.9%	14.2 %	10.6%	44%	30.4%	3.89	1.023
Fund size were measured by Changes in the funds values	2.1%	1.2%	14.2%	54.9%	27.7%	4.05	.807
Fund size were measured by the Returns on investments	3.2%	4.7%	8.3%	49.6%	34.2%	4.07	.951
Funds managers do not have a freehand to immediately invest the funds whenever they see an opportunity	.9%	1.2%	10.6%	47.5%	39.8%	4.24	.758
Members' turnover affects the Performance of the Pension scheme	3.5%	4.4%	14.2%	52.2%	25.7%	3.92	.943

Correlation Analysis

The study computed Correlation analysis to determine the strength and the direction of the relationship between the variables being studied. If the correlation values are r = ±0.1 to ±0.29 then the relationship between the two variables is small, if it is r = ±0.3 to ±0.49 the relationship is medium, and when r= ±0.5 and above there is a strong relationship between the two variables under consideration. Table 4 presents the findings obtained.

Stakeholder engagement is also seen to have a positive significant relationship with Performance of pension schemes in Kenya (r= .610, p<0.05). Since the p-value (.000) was less than the selected level of significance (0.05), the relationship was considered significant. This therefore suggests that Stakeholder engagement affects Performance of pension schemes in Kenya. The observed positive significant relationship between Stakeholder engagement and the Performance of pension schemes in Kenya aligns with previous research findings. Several empirical studies conducted in Kenya have consistently demonstrated the positive impact of stakeholder engagement on various aspects of corporate performance. For instance, Kirira and Kiware (2015) discovered that stakeholder engagement significantly enhances both the financial and non-financial performance of listed companies, encompassing entities such as pension schemes. Similarly, Kariuki (2013) found that stakeholder engagement correlates positively with corporate sustainability, reflecting improvements in financial, social, and environmental performance.

Additionally, Muturi and Waruingi (2016) highlighted the association between stakeholder engagement and corporate social responsibility, emphasizing ethical and socially responsible behavior towards stakeholders. Oketch and Owino (2014) further reinforced these findings by demonstrating a significant positive impact of stakeholder engagement on the financial performance of various organizations, including pension schemes.

Muthoni and Gitau (2013) extended this understanding to microfinance institutions, revealing a positive relationship between stakeholder engagement and their overall performance across financial, social, and environmental dimensions.

Table 4: Correlation Analysis

		Performance of pension schemes in Kenya	**Stakeholder engagement**
Performance of pension schemes in Kenya	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	339	
Stakeholder engagement	Pearson Correlation	.610**	1
	Sig. (2-tailed)	.000	
	N	339	339

Regression Analysis

Test of Hypotheses

Test for Hypothesis One

The first objective of the study was to determine the influence of Stakeholder engagement on Performance of pension schemes in Kenya. The corresponding hypothesis was:

Ho_1: Stakeholder engagement has no significant influence on Performance of pension schemes in Kenya.

Based on the regression coefficients in Table 5, there is a statistically significant positive relationship between board leadership and performance of pension schemes ($\beta = 0.252, p = 0.000 < 0.05$) .The results show that performance of pension schemes will rise by 0.252 units for every unit increase in board leadership.

The regression equation is given as: $Y = 3.080 + 0.252\, X_2$

Y = Performance of pension schemes and X_2 = Stakeholder Engagement

From hypothesis of the study, $\mathbf{H_{01}}$: Stakeholder engagement does not have significant influence on Performance of pension schemes in Kenya in Kenya, and based on the findings, the study revealed that there was positive significant relationship between Stakeholder engagement and Performance of pension schemes in Kenya in Kenya.

The results were fitted in the Model $\mathbf{Y = \beta_0 + \beta_1 X_1 + e}$

Table 5: Regression analysis for construct Stakeholder engagement

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.080	.134		22.975	.000
Stakeholder Engagement	.252	.035	.369	7.293	.000

Under this variable Stakeholder engagement, the T statistics for the constant and coefficient of Stakeholder engagement are 22.975 and 7.23 respectively, both with p values 0.000 and 0.000 respectively. Since the p value of the T statistics for Stakeholder engagement is less than 0.05, it implies that the coefficient of X_1, 0.252 is significant at 95% confidence. This further confirms that Stakeholder engagement significantly influences Performance of pension schemes in Kenya positively. This therefore implies that Stakeholder engagement has a positive influence on Performance of pension schemes in Kenya and hence the study rejected the null hypothesis

H_{01}: Stakeholder engagement does not have significant influence on Performance of pension schemes in Kenya in Kenya.

Test for Hypothesis Two

The second objective of the study was to determine the moderating effect of regulatory framework on the relationship between Governance Mechanisms (Stakeholder engagement) and Performance of pension schemes in Kenya. To achieve the second research objective, the study computed moderating effect regression analysis. This (moderating effect regression analysis) also guided the study in testing the second research hypothesis. Regulatory framework (M) was introduced as the moderating variable.

Ho_2: Regulatory Framework has no significant moderating effect on the relationship between Stakeholder engagement and Performance of pension schemes in Kenya.

To confirm whether Regulatory Framework influenced the relationship between Stakeholder engagement and Performance of pension schemes in Kenya, regression analysis was conducted as shown in table 6 below. The study focused on testing the hypothesis, **H_01_d:** Regulatory Framework do not influence the relationship between Stakeholder engagement and Performance of pension schemes in Kenya.

The results were fitted in the three models below

Model 1: $\mathbf{Y= \beta_0 + \beta_1 X_4 + e}$

Model 2: $\mathbf{Y= \beta_0 + \beta_1 X4_3 + \beta_M M + e}$

Model 3: $\mathbf{Y= \beta_0 + \beta_1 X_4 + \beta_M M + \beta_{1M} X_4 M + e}$

Where,

Y = Performance of pension schemes in Kenya,

X_1 = Stakeholder engagement

M = Regulatory framework

X_1M = Interaction term

From Table 6 (ii), the results indicate that the three regression models 1, 2 & 3 were all significant with t values of 3.212 3.758, 3.993 and 7.704 respectively, all with p-values<0.001).

Table 6: Regression Models

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1						
	X2	.008	.036	.007	3.212	.000
2						
	X2	.008	.135	.007	3.758	.000
	Z	.460	.060	.412	7.704	.000
	X2Z	-.004	.039	-.013	3.993	.000

CONCLUSIONS AND RECOMMENDATIONS

The study found that stakeholder engagement has a significant positive relationship with the performance of pension schemes in Kenya. Majority of the respondents agreed that the management ensures that key stakeholders are consulted always, stakeholders are well informed of changes made always, stakeholders are always represented in the management of the pension scheme, and management of the pension scheme has ensured that all organizations are represented and connected for proper flow of information and uniformity in changes pertaining to the pension industry.

However, the study also found that the regulatory framework affecting the performance of pension schemes in Kenya. The results showed that regulatory framework has a significant positive moderating relationship between stakeholder engagement and performance of pension schemes in Kenya. The study underscores the importance of stakeholder engagement and regulatory framework in driving the performance of pension schemes in Kenya. It is recommended that pension schemes ensure active consultation and engagement of stakeholders and comply with the regulatory framework to improve their performance. More studies can be carried out to further explore the relationship between these variables and to provide insightful recommendations for improving the performance of pension schemes in Kenya.

Based on the findings of this study, recommendations for enhancing the performance of pension schemes in Kenya include prioritizing stakeholder engagement by consistently consulting and involving key stakeholders, such as pensioners and management, in decision-making processes. Additionally, investing in modern communication tools and establishing effective feedback mechanisms for stakeholder complaints are essential for ensuring smooth communication and addressing concerns promptly. Strengthening the regulatory framework is crucial to ensuring proper governance and management of pension schemes, while regular performance monitoring and evaluation will help identify areas for improvement and ensure alignment with stakeholders' needs and objectives. Implementing these recommendations can contribute to the overall effectiveness and responsiveness of pension schemes in Kenya, thereby enhancing their ability to meet stakeholder expectations and achieve their intended outcomes.

Future Research

The current study suggests several avenues for future research concerning stakeholder engagement and the performance of pension schemes in Kenya. These potential research directions include investigating the specific factors influencing stakeholder engagement levels, exploring how different types of stakeholders impact engagement effectiveness, and examining potential variations in engagement practices between privately and publicly managed schemes.

Additionally, research could delve into how engagement levels correlate with scheme size or complexity and whether they can predict longer-term outcomes beyond short-term performance metrics. Moreover, exploring the integration of stakeholder engagement with other governance mechanisms, such as board leadership and regulatory frameworks, could further enhance pension scheme performance. Addressing these questions through rigorous research endeavors has the potential to deepen our understanding of stakeholder engagement's role in pension schemes and inform evidence-based policy and practice in this domain.

REFERENCES

Acaravci, S. K. (2015). The determinants of capital structure: Evidence from the Turkish manufacturing sector. *International Journal of Economics and Financial Issues, 5*(1), 158-171.

Agulanna, C. E. & Madu, M. C. (2013). Business policy: The arms of strategic managements. Owerri: Reliable Publishers

Ambachtsheer, K., Capelle, R. and Lum, H. (2008). The Pension Governance Deficit: Still with Us. *Rotman International Journal of Pension Management, 1* (1), pp. 14-21.

Andersen, J. G. (2015). Pensions bomber of pensions reformer. Danmark som lemodel. *Department of Political Science, Centre for Comparative Welfare Studies - CCWS, Aalborg University*, 16(94), 24-45.

Anginer, D., Demirgüç-Kunt, A., Huizinga, H., & Ma, K. (2017). Corporate Governance of Banks and Financial Stability. *European Banking Center Discussion Paper Series,* (2014-010), 2014-053.

Artikis, P. G., & Papanastasopoulos, G. A. (2016). Implications of the cash component of earnings for earnings persistence and stock returns. *The British accounting review*, *48*(2), 117-133.

Asch, G. C. A. (2019). Does the performance of pension plans affect firm investment of Dutch sponsoring firms? (Master's thesis, University of Twente).

Ammann and Zingg (2008) Performance and Governance of Swiss PensionFunds.

Swiss Institute of Banking and Finance, Rosenbergstrasse.

Antolin, P. (2008) Pension Fund Performance. OECD Working Papers on Insurance and Private Pensions No. 20

Antolin, P., Payet, S. and Yermo, J. (2010). Assessing default investment strategies in defined contribution pension funds, OECD Journal: Financial Market Trends, 2010 (1),1-29.

Andonov et al (2016), Pension Fund Board Composition and Investment Performance: Evidence from Private Equity Economics Working Paper 16104

Black, F. (1980) The tax consequences of long-run pension policy. *Financial Analysts Journal* 36: 21–8.

Bodie Z (1990), "Pensions as retirement income insurance", Journal of Economic Literature, 28, 28-49.

Bodie, Z., Detemple, J. and Rindisbacher, M. (2009). "Life Cycle Finance and the Design of Pension Plans." 2009. Boston University School of Management.

Buchholz, R. A. (2004). The natural environment: Does it count?", Academy of Management Executive, 18 (2):130-133.

Barako, D. G., & Brown, A. M. (2016). The corporate governance of the Kenyan public sector. In Corporate Governance in Africa (pp. 223-247). London: Palgrave Macmillan,Oxera

Consulting Ltd. (2008). Defined-Contribution Pension Schemes: Risks and Advantages for Occupational Retirement Provision, *European Fund and Asset Management Association.*

Carton, B. (2004) Measuring Organizational Performance: An Exploratory Study. A Dissertation Submitted to the Graduate Faculty of The University of Georgia.

Chatterton, M. Smyth, E. and Darby, K. (2010) Pension scheme administration costs. Department for Work and Pensions Working Paper No 91

Crose, R.Kaminker, C. & Stewart, F. (2011) The Role of Pension Funds in Financing Green Growth Initiatives OECD Working Papers On Finance, Insurance And Private Pensions, No. 10.

Davis, E. (2000) Pension Funds, Financial Intermediation and the New Financial Landscape. The Pensions Institute, Discussion Paper No. P1-0010.

Davis, E.P. (1995), "Pension Funds, Retirement-Income Security and Capital Markets, an International Perspective", Oxford University Press.

Exley, C.J., Mehta, S.J.B and Smith A.D (1997) The financial theory of defined benefit pension schemes, *British Actuarial Journal* British Actuarial Journal 4: 213-383.

Freeman, R. E., Wicks, A. C. and Parmar, B. (2004) “Stakeholder Theory and ‘The Corporate Objective Revisited’”, Organization Science, 15 (3): 364-369.

Gitundu, E. (n.d) Assessment of Asset Selection and Performance Evaluation: A Case of Pension Funds in Kenya. An MBA research project submitted to Egerton University.

Government of Kenya, The Retirement Benefits Act, (No. 3 of 1997) The Retirement Benefits (Occupational Retirement Benefits Scheme) Regulations 2000.

Harper, J. T. (2008). Board of trustee composition and investment performance of US public pension plans, *International Centre for Pension Management.*

Hatchett, Bowie and Forester (2010) Organizational Culture for pension funds. Stapple Inn Actuarial Society.

Hinz, R. Rudolph, H. Antolin, P. and Yermo, J. (2010) Evaluating the Financial Performance of Pension Funds. The International Bank for Reconstruction and Development / the World Bank, Washington DC.

IMA (1999) Theory of Constraints (TOC) Management System Fundamentals. Institute of Management Accountants, USA.

Impavido, G., Tower, I., (2009), „How the Financial Crisis Affects Pensions and Insurance and Why the Impacts Matter‟, IMF Working Paper.

Jackowicz, K. and Kowalewski, O. (2011). Internal Governance Mechanisms and Pension Fund Performance, *Warsaw School of Economics, World Economy Research Institute.*

Kowalewski, O. (2010, December). Corporate Governance and pension fund performance. *ResearchGate*.

Kirkendall , N. (2009) Organizational Performance Measurement in the Energy Information Administration. Energy Information Administration Newsletter.

Lungu, F. (2009) An Assessment on the Viability of Occupational Pension Schemes in Zambia. An MBA thesis submitted to Copperbelt University, Zambia.

Meng, A.and Pfau, W. (2010) The Role of Pension Funds in Capital Market Development. GRIPS Discussion Paper 2017.

Modigliani, F., and M.H. Miller. 1958. The cost of capital, corporation finance and the theory of investment. *American Economic Review* 48: 261–97.

Ngetich, C. (2012) Determinants of the growth of individual pension schemes in Kenya. An MBA project submitted to the University of Nairobi.

Njuguna, A. (2011) Determinants of Pension Governance: A Survey of Pension Plans in Kenya. International Journal of Business and Management, 6 (11)

Njuguna, A. (2010) Strategies to Improve Pension Fund Efficiency in Kenya. A Ph.D Thesis Submited to Nelson Mandela Metropolitan University.

Njuguna, A. G. and Arnolds, C. (2010). Improving the financial efficiency of pension funds in Kenya, *Nelson Mandela Metropolitan University.*

Pablo et al., (2009) Evaluating the Financial Performance of Pension Funds. OECD - IOPS Global Forum Rio de Janeiro, Brazil 14-15 October 2009

Phillips, R. A. and Reichart, J. (2000) “The Environment as a Stakeholder? A Fairness-Based Approach”, Journal of Business Ethics, 23 (2): 185-197.

Retirement Benefits Authority (2013) Registered Fund Managers. Available at http://www.rba.go.ke/service-providers/registered-fund-managers. Accessed on 10/7/2013

Regulator, T. p. (2006). Code 09. Making Pensions workplace work.

Shikhule et al. (2012) Determinants of Pension Schemes Governance Effectiveness: A Case of Kenya Medical Research Institute (KEMRI). An International *Multidisciplinary Journal, Ethiopia, 6 (2): 25*

Tepper, I. (1981) Taxation and corporate pension policy. *Journal of Finance* 36: 1– 13.

Tonks, I. (2005) Pension Fund Management and Investment Performance. Clark and Manuel, the Handbook of Pensions. P 456-480.

Waweru, N., Mangena, M., & Riro, G. (2019). Corporate governance and corporate internet reporting in sub-Saharan Africa: the case of Kenya and Tanzania. Corporate Governance: The international journal of business in societ, 16(8), 239-256.

WorldBank. (2017). The evolution of the Canadian Pension model. Washington DC: The World Bank.Research Paper Series No. 2009-5. Available at SSRN: http://ssrn .com/abstract=1396835

.