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BOARD LEADERSHIP AND PERFORMANCE OF PENSION SCHEMES IN KENYA

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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 board leadership and performance of pension schemes in Kenya. To achieve the set objectives; To establish the influence of Board leadership on Performance of pension schemes in Kenya: To examine the moderating role of Regulatory framework on the influence of board leadership and performance of pension schemes in Kenya. The study developed research hypotheses and was statistically tested at α = 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: *Board Leadership, Regulatory Framework, Performance of Pension Schemes in Kenya*

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BACKGROUND

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 Board leadership on Performance of pension schemes in Kenya.
- To examine the moderating role of Regulatory framework on the influence of Board leadership and Performance of pension schemes in Kenya.

Research Hypothesis

$H_{01:}$ Board leadership does not significantly affect Performance of pension schemes in Kenya

$H_{02:}$ Regulatory framework does not significantly moderate the relationship between Board leadership and Performance of pension schemes in Kenya

LITERATURE REVIEW

Theoretical Framework

Agency Theory

Agency theory is a concept that explains why behavior or decisions vary when exhibited by members of a group. Specifically, it describes the relationship between two parties; the principal who delegates work to another party called the agent. It explains their differences in behavior or decisions by noting that the two parties often have different goals and, independent of their respective goals, may have different attitudes toward risk. The concept originated from the work of Adolf Augustus Berle and Gardiner Coit Means, who discussed the issues of the agent and principle as early as 1932. Berle and Means explored the concepts of agency and their applications toward the development of large corporations. They saw how the interests of the directors and managers of a given firm differ from those of the owner of the firm, and used the concepts of agency and principal to explain the origins of conflicts (Murtishaw&Sathaye, 2016).

Jensen &Meckling shaped the work of Berle and Means in the context of the risk-sharing research popular in the 1960s and '70s to develop agency theory as a formal concept. Jensen and Meckling formed a school of thought arguing that corporations are structured to minimize the costs of getting agents to follow the direction and interests of the principals. The theory essentially acknowledges that different parties involved in a given situation with the same given goal will have different motivations, and that these different motivations can manifest in divergent ways. It states that there will always be partial goal conflict among parties, efficiency is inseparable from effectiveness, and information will always be somewhat asymmetric between principal and agent. The theory has been successfully applied to myriad disciplines including accounting, economics, politics, finance, marketing, and sociology (Nikkinen & Sahlström, 2018).

Further, Eisenhardt (1989) elaborated that agency theory is concerned with resolving two problems that can occur in agency relationships. Agency problem that arises when the desires or goals of the principal and agent conflict and/or when it is difficult or expensive for the principal to verify what the agent is actually doing. Eisenhardt (1985) posits that agency theory suggests two underlying strategies of control: behavior based and outcome based. Both strategies rely upon performance evaluation. Taking agency theory into consideration, pension schemes performance may be indicative of an agency problem steaming from board leadership. As a consequence, enhancing the role of the governance mechanisms should result in increased pension schemes performance.

In pension schemes, there exist several principal-agent relationships. These include; members and the board of trustees, members and fund managers, members and sponsors (who is the employer in most cases), members and custodians, members and administrators (Baker et al, 2017), hence this theory.

Conceptual Framework

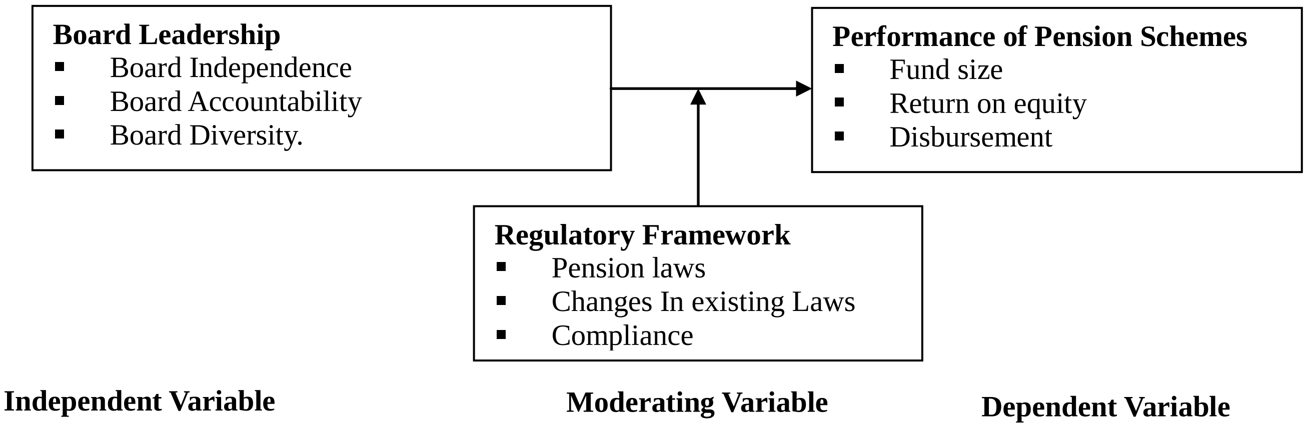

Figure 1: Conceptual Framework

Board Leadership
Board leadership is a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task (Covey et al., 2016). It is organizing a group of people to achieve a common goal. According to D. R. Kolzow (2014), many institutions today tend to be over-managed and under-led. As a result, such institutions tend to be slow in decisions making, administering the required changes and providing the right direction leading to poor Performance and under performance. Further, Organizations that have prioritized Board leadership development have become more effective and successful in achieving their objectives. David Ulrich Global consulting Alliance contends that Board leadership as the inner working of a computer, is a complex set of processes and systems that only a few may understand, it is the manner and approach of providing direction, implementing plans, and motivating people.

The Board leadership is a key determinant of the success or failure of any organization. Although there are clear differences between management and Board leadership, the two constructs overlap. According to Northouse (2013) management is directed toward activities such as planning, organizing, staffing and controlling in order to get a job done while Board leadership is a process whereby an individual influences a group of individuals to achieve a common goal. It should be noted that both processes involve influencing a group of individuals toward goal attainment. Literature suggests there are diverse linkages between Board leadership qualities and Performance indicators in organization in both private and public sectors. Research on Board leadership has focused on the orientation of the leader toward completing tasks, motivating people and the Board leaderships (Bolman& Deal et al., 2016).

Burke and Collins (2015) for example find that ethical values have an impact on performance of tasks and in turn how services are delivered. Board leadership is influence, how do you get people aligned with the organization strategies. A leader should demonstrate ethical values, nature his followers, have faith in his followers, listen to his followers, be understanding, be able to navigate his followers, be emotionally intelligent, have the skills to communicate and be exemplary. Ethical values to societal expectations on leaders, employees and customers. Society is predicated upon behaviour that it expects will advance itself.

Board leadership is established and allowed to exist because in capitalist societies it is deemed to have a central and pivotal role in the betterment of society. Ethical values consist of code of ethics, ethical audits, ethics ombudsman, ethics committee, ethics training committee and support to whistle-blowers (Badkka &Gogtay, 2018). Ethical values are intended to support organizations' ethical concerns across organizations. There is a need for ethical values that surround the modes in which organizations strive to inculcate corporate and business ethics (Kuye &Mafunisa, 2015).

Ethical values consist of ethical performance appraisal, staff education, aid in strategic planning, consequences for a breach, communication of the code to organization workers, dissemination of the code to new staff, dissemination of the code to pensioners, dissemination of the code to stakeholders, communication of the code to other stakeholders and revision of the code (Akhavan et al., 2014). There is a need to support the staff of the organization in different ways; otherwise they will not know the corporate standpoint on ethical business practices. In particular, staff may not know how to act and behave in situations requiring ethical considerations. According to Maina (2017), organizations need to be aware that ethical values and principles change over time and vary across contexts. It is therefore crucial to create processes that contribute to regulating organizations' ethical business practices, but also there must be structures in place to support staff in their ethical actions and behaviour.

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 theperformance 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

Board Leadership and Performance

Adonov et.al, 2016 states that board composition plays an important role in pension fund plan, funding status and asset allocation decisions. Further, that the performance of pension schemes is highly related to the board composition. Lack of financial experience of board of directors contributes to poor pension performance. Board of directors play an important role in maintaining effective board governance, particularly in publicly held corporations in which agency problems may arise from the separation of ownership and control (Masetu, Mbebe, & Nzioki, 2021). The management body in a firm is responsible for suggesting and implementing major policies; however, shareholders do not always agree with these policies, which can lead to an agency problem between management and shareholders. Kinyeki, Amuhaya, Mwimali and Orwa (2016) investigated the effect of board governance on health service delivery in Kenya. The study findings revealed that board have a positive and significant relationship with service delivery and that there was a linear positive relationship between board size and service delivery which means that an increase in board size would leave to a linear increase in service delivery. The study recommends that all counties in Kenya adopt County Health Management Committees to improve health service delivery in Kenya.

Lawal (2016) investigates the composition of boards of directors in Nigerian firms and analyses whether board structure has an impact on financial performance, as measured by return on equity (ROE) and return on capital employed (ROCE). Findings from the study show that there is strong positive association between board size and board financial performance. Evidence also exists that there is a positive association between outside directors sitting on the board and board financial performance. However, a negative association was observed between directors' stockholding and firm financial performance measures. The study suggests that large board size should be encouraged and the composition of outside directors as members of the board should be sustained and improved upon to enhance board financial performance.

The board of directors is only one of several mechanisms that can mitigate agency conflicts within the public organizations (Lim & Kim, 2018)Adeabah, Gyeke-Dako and Andoh, (2019) study focused on the composition of board of directors and its effects on service delivery and firm performance in the Ghanaian banking industry. The cross-sectional panel survey purposively draws a sample of fourteen banking firms over the 2008 and 2013 year period. From four aims, four study hypotheses were formulated and examined. Using the GMM, fixed and random effect econometric models, board size and the presence of independent non-executive directors were observed to have significant positive effects.

Board size is considered to be a crucial characteristic of the board leadership (Waweru, Mangena, & Riro, 2019). Large boards could provide the diversity that would help companies to secure critical resources and reduce environmental uncertainties (Sharhan & Bora, 2020). But, as Wanyama, Nambuswa and Namusonge (2016) said, coordination, communication and decision-making problems increasingly impede company performance when the number of directors increases. Thus, as an extra member is included in the board, a potential trade-off exists between diversity and coordination. Mandala, Kaijage, Aduda and Iraya (2019) recommend a number of board members between seven and eight. However, board size recommendations tend to be industry-specific, since Lim and Kim (2018) indicate that bank holding companies have board size significantly larger than those of manufacturing firms.

Board leadership is also an important characteristic of board structure (Tarus, Komen, & Tenai, 2019). It reduces manager–shareholder conflicts in stock ownership by board members (both executive and non-executive) (Waweru, Mangena, & Riro, 2019). To the extent that executive board members own part of the firm, they develop shareholder-like interests and are less likely to engage in behaviour that is detrimental to shareholders. The board governance function is intended to develop ownership structures and board governance structures for an organization to ensure managers to behave ethically and make decisions that benefit shareholders (Barako & Brown, 2016). Salem, Usman and Ezeani, (2021) study concluded that yet there remains no general consensus on the question of whether board structure positively or negatively affects firm performance. Salum, Gakure and Othiambo, (2017) study on the leadership of boards of directors: composition and effects on the performance of the firm established that not only the gender of board members, but also their age and nationality, since these are factors that can influence the knowledge, experience and skills of the directors.

Midin, Joseph and Mohamed (2017) study investigated the impact of board leadership practices on organizational performance. The study concludes that greater transparency in disclosures is essential for effective service delivery. By adopting board size greater organization transparency, county Governments provide the system to allow the provision of information that can help in effective service delivery. The study thus highlights the importance of organizations to create a culture of transparency and accountability fundamental step in effective service delivery. Ranasinghe, Mather, & Young (2020) study on the board leadership and earnings persistence: The mediation effect of board processes, examined direct links between board structure and monitoring financial reporting with mixed results. The study results supported the assertion by showing the mediating effect of board processes and the impact on managerial behavior in relation to monitoring financial reporting. The study contributed to the accounting and finance literature by demonstrating the importance of examining alternative theoretical models and board-process variables, along with structure.

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

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

Board Leadership

The respondents were asked to indicate the extent to which the members have the necessary skills required to improve service delivery and performance of the scheme. The findings from the study revealed that seventeen point seven percent (1.2%) indicated they strongly disagreed with the statement, sixteen point one percent (7.1%) disagreed with the statement, twenty three point three percent (13.0%) moderately agreed and agreed respectively while the remaining nineteen point seven percent (51.90%) agreed to the statement that The members have the necessary skills required to improve service delivery and performance of the scheme. 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 0.888

The respondents were asked to indicate the extent to which the board members are appointed competitively. The findings from the study showed that two point four percent (2.40%) indicated they strongly disagreed with the statement, twenty one point three percent (2.40%) disagreed and moderately agreed respectively with the statement, eighteen point three percent (18.30%) agreed with the statement while the remaining nineteen point seven percent (36.0%) st agreed with the statement that the board members are appointed competitively. 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 0.944.

The respondents were asked to indicate the extent to which the Board Members conduct their statutory board meetings as required by law governing board meetings. The findings from the study showed that four point seven (4.7%) indicated they strongly disagreed with the statement, thirteen percent (13%) disagreed with the statement, thirteen percent (13%) moderately agreed with the statement, forty point one percent (40.1%) agreed with the statement while the remaining twenty nine point two percent (29.20%) strongly agreed with the statement that the Board Members conduct their statutory board meetings as required by law governing board meetings. 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 1.146.

The respondents were asked to indicate the extent to which the boards of members have full autonomy in conducting Pension scheme business. The findings from the study showed that four point seven percent (4.7%) indicated they strongly disagreed with the statement, five point six percent (5.60%) disagreed with the statement, sixteen point five percent (16.50%) moderately agreed with the statement, forty one point three percent (41.3%) agreed with the statement while the remaining thirty one point nine percent (31.9%) strongly agreed with the statement that the board of members have full autonomy in conducting Pension scheme business. On a five point scale, the average mean of the responses was 3.90 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.061.

The respondents were asked to indicate the extent to which the board Members are accountable to the pension scheme members. The findings from the study showed that (3.50%) indicated they strongly disagreed with the statement, (1.20%) disagreed with the statement, (26.0%) moderately agreed with the statement, (46.0%) agreed with the statement while the remaining (23.30%) strongly agreed with the statement that the board Members are accountable to the pension scheme members. On a five point scale, the average mean of the responses was 3.84 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.915.

The respondents were asked to indicate the extent to which the board organize regular meeting with pensioners to educate and sensitize them on any new development in regards to the pension function. The findings from the study showed that (7.1%) indicated they strongly disagreed with the statement, (5.9%) disagreed with the statement, (11.2%) moderately agreed with the statement, (53.4%) agreed with the statement while the remaining (22.4%) strongly agreed with the statement that the board organize regular meeting with pensioners to educate and sensitize them on any new development in regards to the pension function. On a five point scale, the average mean of the responses was 3.84 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 1.079

The respondents were asked to indicate the extent to which the board assesses progress towards achievement of the set targets and works towards improvement of the schemes performance. The findings from the study showed that (3.2%) indicated they strongly disagreed with the statement, eight point five percent (3.50%) disagreed with the statement, (11.50%) moderately agreed with the statement, (45.1%) agreed with the statement while the remaining (36.60%) strongly agreed with the statement that the board assess progress towards achievement of the set targets and works towards improvement of the schemes performance. On a five point scale, the average mean of the responses was 4.08 which implies that majority of the respondents agreed on the statement; however, the answers were varied as shown by the standard deviation of 0.954

The respondents were asked to indicate the extent to which the board is diverse in composition. The findings from the study showed that (3.20%) indicated they strongly disagreed with the statement, (2.40%) disagreed with the statement, (10.0%) moderately agreed with the statement, (39.80%) agreed with the statement while the remaining (44.50%) strongly agreed with the statement that the board is multi diverse in composition. 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 0.946.

Table 1: Descriptive Statistics on Board Leadership frequencies

Board Leadership	SD	D	N	A	SA	Mean	SD
The members have the necessary skills required to improve service delivery and performance of the scheme	1.2%	7.1%	13%	51.9%	26.8%	3.96	.888
The board members are appointed competitively	2.4%	2.4%	18.3%	36%	41%	4.11	.944
Board Members conduct their statutory board meetings as required by law governing board meetings	4.7%	13%	13%	40.1%	29.2%	3.76	1.146
The Board of members have full autonomy in conducting Pension scheme business	4.7%	5.6%	16.5%	41.3%	31.9%	3.90	1.061
The board actively follow complaints from stakeholders	3.5%	1.2%	26%	46%	23.3%	3.84	.915
The board Members are accountable to the pension scheme members	7.1%	5.9%	11.2%	53.4%	22.4%	3.78	1.079
The board organize regular meeting with pensioners to educate and sensitize them on any new development in regards to the pension function	3.2%	2.4%	10%	39.8%	44.5%	4.20	.946
The board assess progress towards achievement of the set targets and works towards improvement of the schemes performance	3.2%	3.5%	11.5%	45.1%	36.6%	4.08	.954
The board is multi diverse in composition	2.4%	11.5%	13.0%	31.3%	41.9%	3.99	1.107
Pension performance is affected by the board diversity for they bring different approach to Pension management	2.1%	5.9%	14.2%	49.0%	28.9%	3.97	.924

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.

Board leadership is also seen to have a positive significant relationship with Performance of pension schemes in Kenya ($r= .593$, $p<0.05$). Since the p-value (.000) was less than the selected level of significance (0.05), the relationship was considered significant. This therefore suggests that Board leadership affects Performance of pension schemes in Kenya. The observed positive significant relationship between Board leadership and the Performance of pension schemes in Kenya aligns with previous research findings. Kimani and Kinyua (2017) reported a correlation coefficient (r) of 0.673 ($p < 0.05$), indicating a moderate positive relationship between board leadership and the performance of pension schemes in Kenya. The authors noted that since the p-value (.000) was less than the selected level of significance (0.05), the relationship was considered statistically significant. Therefore, it can be concluded that effective board leadership has a significant impact on the performance of pension schemes in Kenya, which supports the findings of this study.

Table 4: Correlation Analysis

		Performance of pension schemes in Kenya	Board leadership
Performance of pension schemes in Kenya	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	339	
Board leadership	Pearson Correlation	.593**	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 Board leadership on Performance of pension schemes in Kenya. The corresponding hypothesis was:

Ho_1: Board leadership 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 ($\beta = 0.585, p = 0.000 < 0.05$). The results show that performance of pension schemes will rise by 0.585 units for every unit increase in board leadership. The regression equation is given as:

$$Y = 1.712 + 0.585\ X_1$$

Y = Performance of pension schemes and X_1 = Board leadership

From hypothesis of the study, $\mathbf{H_{01}}$: Board leadership 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 Board leadership 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 Board Leadership

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.712	.174		9.863	.000
Board Leadership	.585	.043	.593	13.522	.000

Under this variable Board leadership, the T statistics for the constant and coefficient of Board leadership are 9.863 and 13.552 respectively, both with p values 0.000 and 0.000 respectively. Since the p value of the T statistics for Board leadership is less than 0.05, it implies that the coefficient of X_1, 0.585 is significant at 95% confidence. This further confirms that Board leadership significantly influences Performance of pension schemes in Kenya positively. This therefore implies that Board leadership has a positive influence on Performance of pension schemes in Kenya and hence the study rejected the null hypothesis

$\mathbf{H_{01}}$**:** Board leadership 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 (Board leadership) 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 Board leadership and Performance of pension schemes in Kenya.

To confirm whether Regulatory Framework influenced the relationship between Board leadership 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 Board leadership 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 = Board leadership

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 8.736, 0.211 and 0.786 respectively, all with p-values<0.001).

Table 6: Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	X1	.455	.052	.448	8.736	.000
2	X1	.048	.229	.048	.211	.000
	Z	.460	.060	.412	7.704	.000
	X1Z	.057	.066	.207	.858	.001

CONCLUSIONS

Based on the findings of the study, it can be concluded that board leadership has a significant positive influence on the performance of pension schemes in Kenya. Specifically, the study found that there is a moderate positive relationship between board leadership and the performance of pension schemes, with a correlation coefficient (r) of 0.593 ($p < 0.05$). Furthermore, the regression analysis revealed that performance of pension schemes will rise by 0.585 units for every unit increase in board leadership.

In addition, the study found that the majority of respondents agreed that the board members possess the necessary skills to improve service delivery and performance of the scheme, are appointed competitively, conduct statutory board meetings as required by law, have full autonomy in conducting pension scheme business, and are accountable to the pension scheme members. However, there was variation in the responses, suggesting differing levels of effectiveness in these areas.

Moreover, the study found that the board organizes regular meetings with pensioners to educate and sensitize them on any new developments regarding the pension function, assesses progress towards achieving the set targets and works towards improvement of the scheme's performance, and is diverse in composition. Again, there was variation in the responses, but the majority of respondents agreed that these factors contribute positively to the performance of pension schemes.

Overall, the findings suggest that effective board leadership, along with appropriate governance mechanisms and regulatory frameworks, can significantly impact the performance of pension schemes in Kenya. As such, policymakers and stakeholders should prioritize enhancing board leadership and governance practices to ensure sustainable and effective pension schemes.

RECOMMENDATIONS

Based on the study's findings, recommendations for enhancing the performance of pension schemes in Kenya include prioritizing the enhancement of board leadership through training programs and policies promoting transparency and accountability. Additionally, improving the appointment process by establishing clear criteria and ensuring transparency could result in a more competent board, contributing to scheme performance. Compliance with legal requirements, particularly regarding board meetings and decision-making processes, is crucial for maintaining trust, while encouraging member involvement and fostering diversity can lead to greater ownership and better decision-making outcomes. Continuous monitoring and evaluation of schemes, with clear performance metrics, are essential for identifying areas for improvement and ensuring sustained success. Efforts to implement these recommendations can contribute to the overall effectiveness and sustainability of pension schemes in Kenya, benefiting both scheme members and the broader economy.

Future Research

Future research could focus on exploring the specific aspects of board leadership that have the greatest impact on pension scheme performance. For example, researchers might examine the role of board chairperson characteristics, committee structures, risk management practices, and communication styles in influencing scheme performance.

Another potential area of investigation is the impact of technology on pension scheme governance and performance. With the increasing adoption of digital technologies, it may be useful to investigate how digitalization impacts board oversight, risk management, and stakeholder engagement in pension schemes.

Additionally, research could examine the effects of global economic conditions and demographic shifts on pension scheme sustainability and performance. Understanding how changing macroeconomic conditions and aging populations affect pension scheme funding and benefit design could inform policy interventions aimed at shoring up retirement security for future generations.

Finally, comparative studies examining best practices in pension scheme governance and performance across countries could yield valuable insights for policymakers and practitioners seeking to improve retirement security worldwide. Such studies could identify successful approaches to pension scheme governance, highlighting innovative solutions that address common challenges faced by pension schemes globally.

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