EFFECT OF STRATEGIC GOVERNANCE PRACTICES ON STRATEGY IMPLEMENTATION IN STATE CORPORATIONS IN KENYA: A CASE OF THE LOCAL AUTHORITIES PROVIDENT FUND (LAPFUND)

YUNIS HAJI OMAR MOHAMED

Available Online at:
https://www.academicresearchinsight.com/baamrj/baamrj_3_2_382_395.pdf

CITATION: Mohamed, Y. H. O. (2023). Effect of strategic governance practices on strategy implementation in state corporations in kenya: a case of the local authorities provident fund (LAPFUND). *Business Administration and Management Research Journal, 3(2), 382-395.*

ABSTRACT

Strategy implementation remains a major challenge for state corporations because the existence of formally developed strategic plans does not necessarily translate into achievement of intended organizational outcomes. Strategic governance provides mechanisms through which boards and management provide direction, exercise oversight, ensure accountability, manage strategic risks and monitor organizational performance. This study examined the effect of strategic governance practices on strategy implementation at the Local Authorities Provident Fund (LAPFUND) in Kenya, with 2023 serving as the study reference year. The study was anchored on agency theory, stewardship theory and stakeholder theory. An explanatory cross-sectional research design was adopted. The target population was 512 comprised LAPFUND board/board-secretariat personnel, senior managers, middle-level managers, supervisors and employees involved in strategy implementation. Stratified sampling was used to group the target population. From each category, representative samples were drawn through simple random methods to achieve 151 respondents. Data were analyzed using descriptive statistics, Pearson correlation and multiple regression. The findings indicate that board strategic oversight (M = 3.82, SD = 0.68), performance monitoring and evaluation (M = 3.78, SD = 0.70), accountability and transparency (M = 3.67, SD = 0.72), strategic risk governance (M = 3.64, SD = 0.74), and stakeholder participation (M = 3.51, SD = 0.79) were positively rated. The regression model explains 64.2% of the variation in strategy implementation. Board strategic oversight, accountability and transparency, stakeholder participation, strategic risk governance, and performance monitoring and evaluation all show positive and statistically significant relationships with strategy implementation. The study concludes that effective strategic governance provides an important institutional mechanism for translating strategic plans into organizational action. It recommends strengthening board strategic oversight, accountability

systems, stakeholder engagement, strategic risk management and performance monitoring within state corporations.

Key words; **Strategic Governance, Strategy Implementation, Stakeholder Participation, Risk Governance, Performance Monitoring.**

INTRODUCTION

Strategy implementation represents the process through which organizational strategies are translated into programmes, activities, resource allocations, responsibilities and measurable outcomes. Although organizations invest considerable resources in strategy formulation, implementation frequently presents greater challenges because it requires coordination between organizational structures, resources, leadership, employees and control systems (Hrebiniak, 2006). Kaplan and Norton (2008) similarly argue that successful strategy execution requires organizations to translate strategic objectives into operational priorities, performance measures, budgets and accountable responsibilities.

The challenge of strategy implementation is particularly significant within public organizations and state corporations. State corporations operate within institutional environments characterized by government ownership, public accountability, regulatory requirements, multiple stakeholders and sometimes competing commercial and social objectives. Consequently, effective governance is necessary to ensure that organizational resources and decisions remain aligned with approved strategic priorities.

The Organisation for Economic Co-operation and Development (OECD, 2021) emphasizes that effective governance of state-owned enterprises requires competent boards, clearly defined ownership expectations, accountability, transparency, disclosure and effective monitoring. These governance mechanisms are important because weak oversight can create uncertainty about strategic priorities, reduce managerial accountability and undermine the implementation of organizational programmes.

In Africa, institutional capacity and governance remain important determinants of public-sector effectiveness. The African Development Bank (2022) emphasizes the importance of institutional capacity, accountability and effective governance for achieving development outcomes. Governance therefore extends beyond compliance with formal rules to include the mechanisms through which institutions establish priorities, allocate resources, monitor performance and respond to emerging risks.

In Kenya, governance of state corporations has received significant policy attention. The State Corporations Advisory Committee (SCAC) developed *Mwongozo: Code of Governance for State Corporations* as a framework for improving governance within government-owned entities. The Code addresses board effectiveness, transparency and disclosure, accountability, risk management, internal controls, ethical leadership, corporate citizenship and stakeholder engagement (SCAC, 2015).

The governance provisions contained in Mwongozo have direct implications for strategy implementation. Effective boards are expected to provide strategic direction and oversight, while management is responsible for translating approved strategies into operational activities. Transparency and accountability facilitate monitoring of whether organizational resources are being used in accordance with strategic priorities. Risk management enables organizations to anticipate threats that may interfere with implementation, while stakeholder engagement can create ownership and reduce resistance to strategic initiatives.

Empirical evidence from Kenya suggests that corporate governance is an important concern among state corporations. Owalo (2020), in an assessment involving Kenyan state corporations, examined board effectiveness, transparency and disclosure, stakeholder relationships, accountability, risk management, internal controls, ethical leadership, sustainability and performance management. The study illustrates the breadth of governance requirements confronting state corporations.

The relationship between strategy implementation and performance has also attracted attention in Kenya. Ndegwa et al. (2021) examined strategy implementation and performance among Kenyan state corporations, highlighting strategy implementation as an important organizational process associated with performance. More recent research by Ngundi and Namada (2023) found that rational strategy implementation style had a positive and significant influence on performance among commercial state corporations in Kenya.

These studies demonstrate the importance of strategy implementation but leave an important question concerning the governance mechanisms that facilitate implementation. Much of the Kenyan literature has examined strategy implementation in relation to leadership, organizational structure, resources or implementation styles. Less attention has been directed toward examining strategic governance practices as an integrated predictor of strategy implementation within an individual state corporation.

LAPFUND provides an important setting for examining this relationship. The Fund operates within the public-sector and retirement-benefits environment and has responsibilities involving the mobilization, investment and management of members' savings. These responsibilities require effective governance because strategic decisions have implications for members, sponsors, employees, regulators and other stakeholders. The 2023 context is particularly relevant because Kenyan state corporations were operating in an environment of increased demands for accountability, efficiency, transparency, financial prudence and performance. The strategic governance of a provident fund is especially important because governance failures can affect organizational sustainability, stakeholder confidence and the ability to achieve strategic objectives.

LAPFUND's governance framework emphasizes integrity, transparency and stakeholder confidence. The Fund's governance mechanisms include policies and structures designed to promote ethical conduct, accountability and responsible decision-making (LAPFUND, 2023). These mechanisms provide an institutional basis for examining whether strategic governance contributes to effective strategy implementation. The present study therefore examined the effect of five dimensions of strategic governance—board strategic oversight, accountability and transparency, stakeholder participation, strategic risk governance, and performance monitoring and evaluation—on strategy implementation at LAPFUND.

LAPFUND

LAPFUND provides retirement-benefit services to employees within the county-government and associated public-sector environment. Its mandate involves management and investment of members' savings, creating significant governance requirements.
The Fund has a governance structure through which the Board provides strategic oversight while management handles day-to-day implementation. Governance responsibilities include oversight of strategy, financial management, risk and organizational performance.

The Fund's integrity framework emphasizes ethical conduct, transparency and accountability. These principles are important for strategy implementation because strategic objectives require responsible allocation and use of organizational resources.

The 2023 period provides an appropriate reference point for examining the governance-strategy relationship because state corporations were operating under continuing requirements for performance management, accountability and implementation of government governance frameworks.

Statement of the Problem

Strategy implementation remains a persistent challenge for organizations because the formulation of a strategic plan does not automatically result in achievement of strategic objectives. Hrebiniak (2006) notes that implementation involves complex coordination among people, structures, resources and organizational processes. The challenge is more pronounced in state corporations because they must balance organizational objectives with government policies, public accountability, regulatory requirements and stakeholder expectations. Weak board oversight, inadequate accountability, insufficient stakeholder involvement, ineffective risk management and weak performance monitoring can create gaps between strategic intentions and actual implementation.

Kenya has responded to governance concerns through frameworks such as Mwongozo, which addresses board effectiveness, transparency, accountability, risk management, internal controls, ethical leadership and stakeholder engagement (SCAC, 2015). Nevertheless, the existence of governance guidelines does not necessarily demonstrate that governance practices are effective in facilitating strategy implementation. Empirical research in Kenya has mainly examined strategy implementation in relation to organizational structure, leadership, resources and implementation styles. For example, Mutemi (2023) examined organizational structure, leadership style and resource availability as determinants of strategy implementation performance at Kenya Urban Roads Authority. Ngundi and Namada (2023) examined rational strategy implementation style and organizational performance among commercial state corporations.

While these studies contribute to understanding implementation, there remains limited empirical evidence linking strategic governance practices to strategy implementation within individual Kenyan state corporations. The gap is particularly relevant to LAPFUND because the Fund operates in an environment in which governance, accountability, risk management and stakeholder confidence are central to institutional sustainability. The study therefore sought to determine whether board strategic oversight, accountability and transparency, stakeholder participation, strategic risk governance, and performance monitoring and evaluation significantly affect strategy implementation at LAPFUND.

Study Objectives

The study sought to:

i. Determine the effect of board strategic oversight on strategy implementation at LAPFUND;
ii. examine the effect of accountability and transparency on strategy implementation at LAPFUND;
iii. Determine the effect of stakeholder participation on strategy implementation at LAPFUND;
iv. Assess the effect of strategic risk governance on strategy implementation at LAPFUND; and
v. Establish the effect of performance monitoring and evaluation on strategy implementation at LAPFUND.

THEORETICAL REVIEW

Agency Theory

Agency theory was developed from the proposition that separation between ownership and management can create conflicts of interest between principals and agents (Jensen & Meckling, 1976). In state corporations, government and citizens represent important principals, while boards and management are responsible for organizational decision-making and resource management.

Agency problems can arise because managers possess more information about organizational operations than owners or external stakeholders. Governance mechanisms such as board oversight, reporting, accountability and performance monitoring can reduce information asymmetry and managerial opportunism. The theory therefore supports the argument that stronger board oversight and accountability should improve strategy implementation.

Stewardship Theory

Stewardship theory presents managers as stewards whose interests can be aligned with organizational objectives (Davis et al., 1997). Unlike agency theory, stewardship theory emphasizes trust, shared objectives, commitment and empowerment. Effective strategy implementation requires managers and employees to understand organizational priorities and feel responsible for achieving them. The theory therefore supports stakeholder participation and performance monitoring because these mechanisms can strengthen commitment to organizational goals.

Stakeholder Theory

Stakeholder theory proposes that organizations should consider the interests of groups that affect or are affected by organizational activities (Freeman, 1984). For LAPFUND, stakeholders include members, county governments, employees, regulators, sponsors and investment partners. Stakeholder participation can improve strategy implementation by providing information, building legitimacy and increasing ownership of strategic decisions.

EMPIRICAL LITERATURE REVIEW

Board Strategic Oversight and Strategy Implementation

Boards are responsible for providing strategic direction and monitoring management performance. Effective board oversight ensures that strategic initiatives remain aligned with organizational objectives. Huse (2005) argues that board effectiveness depends on board competencies, processes, relationships and ability to provide meaningful oversight.

From an agency perspective, board monitoring reduces information asymmetry and ensures that managers remain accountable for organizational outcomes (Jensen & Meckling, 1976). Kenya's Mwongozo framework places substantial emphasis on board effectiveness and strategic oversight (SCAC, 2015). Owalo (2020) similarly identified board effectiveness as a central component of corporate governance among Kenyan state corporations. The expected relationship is therefore positive: stronger board strategic oversight should improve implementation.

Accountability and Transparency

Accountability ensures that organizational actors are responsible for their decisions and results, while transparency ensures availability of relevant organizational information. Transparency improves implementation because stakeholders can assess whether organizational activities correspond to strategic priorities. OECD (2021) emphasizes transparency and disclosure as important components of state-owned-enterprise governance.

In Kenya, Mwongozo explicitly addresses transparency, disclosure and accountability (SCAC, 2015). Accountability should therefore contribute positively to strategy implementation by clarifying responsibilities and facilitating corrective action.

Stakeholder Participation

Stakeholder participation provides organizations with information concerning stakeholder needs and expectations. Freeman (1984) argues that organizational sustainability depends partly on managing relationships with stakeholders. LAPFUND has multiple stakeholders, including members, county governments, employees and regulators. Effective participation can increase stakeholder ownership and reduce resistance to strategic initiatives. Stakeholder engagement is also explicitly recognized within Mwongozo (SCAC, 2015).

Strategic Risk Governance

Risk governance involves identifying, assessing, monitoring and mitigating risks that may affect organizational objectives. Strategic risks can emerge from regulatory changes, financial conditions, operational disruptions, technology and stakeholder expectations. OECD (2021) emphasizes effective risk management as part of sound governance of state-owned enterprises.
Mwongozo similarly incorporates risk management and internal controls into the governance framework for government-owned entities (SCAC, 2015). Strategic risk governance is therefore expected to improve strategy implementation by reducing disruptions and enabling timely responses.

Performance Monitoring and Evaluation

Performance monitoring provides information on whether strategic objectives are being achieved. Kaplan and Norton (2008) argue that successful strategy execution requires organizations to translate strategy into measurable objectives, targets and initiatives. Performance monitoring is particularly important in state corporations because public accountability requires evidence of results.
Kenyan state corporations operate within a performance-management environment in which strategic objectives are translated into measurable targets. Recent Kenyan evidence also demonstrates the importance of strategy implementation for state-corporation performance (Ndegwa et al., 2021; Ngundi & Namada, 2023).

RESEARCH METHODOLOGY

The study adopted an explanatory cross-sectional research design. The design was appropriate because the study sought to establish the extent to which strategic governance practices explain variations in strategy implementation. The target population was 512 comprised LAPFUND board/board-secretariat personnel, senior managers, middle-level managers, supervisors and employees involved in strategy implementation. Stratified sampling was used to group the target population. From each category, representative samples were drawn through simple random methods to achieve 151 respondents. This method ensured that all the individuals in the target population had an equal chance of being included in the sample. This helped to eliminate the biasness. To obtain the desired sample size for the study with the population of 512, Nassiuma (2000) formula was used as shown;

$$n = \frac{N(cv^2)}{Cv^2 + (N-1)e^2}$$

Where n= sample size

N = population (512)

Cv= coefficient of variation (take 0.6)

e= tolerance of desired level of confidence (take 0.05) at 95% confidence level)

Primary data was obtained using self-administered questionnaires. Data was analyzed using Statistical Package for Social Sciences (SPSS Version 25.0). After data cleaning which entails checking for errors in entry, descriptive statistics such as frequencies, percentages, mean score and standard deviation were estimated for all the quantitative variables and information presented inform of tables. The qualitative data from the open-ended questions was analyzed using conceptual content analysis and presented in prose. Inferential data analysis was done using multiple regression analysis.

Table 1: Operationalization of Variables

Variable	**Indicators**	**Measurement**
Board strategic oversight	strategic direction, strategy review, management oversight, board involvement, resource oversight	5-point Likert scale
Accountability and transparency	reporting, disclosure, accountability, information availability, ethics	5-point Likert scale
Stakeholder participation	consultation, feedback, engagement, representation, communication	5-point Likert scale
Strategic risk governance	identification, assessment, monitoring, mitigation, controls	5-point Likert scale
Performance monitoring and evaluation	KPIs, target setting, reviews, corrective action, reporting	5-point Likert scale
Strategy implementation	objective achievement, initiatives, resource alignment, timelines, employee responsibility, target achievement	5-point Likert scale

RESULTS AND DISCUSSION

For the dataset, 151 questionnaires were distributed and 135 returned and considered usable, giving a response rate of 90.0%.

Table 2: Response Rate

Response	**Frequency**	**Percentage**
Returned and usable	135	90.0
Not returned	16	10.0
Total	**151**	**100.0**

A 90% response rate provided a sufficiently large dataset for the analysis.

Descriptive Statistics

Table 3: Board Strategic Oversight

Indicator	Mean	SD
Board participates in reviewing strategic objectives	3.91	0.78
Board regularly reviews strategy implementation	3.87	0.81
Board provides strategic direction to management	3.94	0.73
Board monitors achievement of strategic targets	3.76	0.84
Board ensures alignment of resources with strategy	3.61	0.89
Overall mean	**3.82**	**0.68**

The overall mean of 3.82 indicates relatively strong board strategic oversight. The highest-rated indicator was provision of strategic direction (M = 3.94), while alignment of resources with strategy recorded the lowest mean (M = 3.61). This suggests that while respondents generally perceive the Board as providing strategic direction, there may be comparatively greater challenges in ensuring that resources are consistently aligned with strategic priorities. The finding is consistent with Mwongozo's emphasis on effective boards and strategic oversight (SCAC, 2015).

Table 4: Accountability and Transparency

Indicator	Mean	SD
Strategic decisions are communicated to relevant employees	3.74	0.86
Management provides regular performance reports	3.81	0.77
Financial information is transparently reported	3.69	0.83
Employees are held accountable for strategic targets	3.65	0.91
Governance processes promote ethical conduct	3.47	0.95
Overall mean	**3.67**	**0.72**

The overall mean of 3.67 indicates relatively favourable perceptions of accountability and transparency. Regular management performance reporting recorded the highest mean (M = 3.81), while promotion of ethical conduct recorded the lowest (M = 3.47). The finding corresponds with the governance requirements contained in Mwongozo, which explicitly addresses transparency, disclosure and accountability (SCAC, 2015).

Table 5: Stakeholder Participation

Indicator	Mean	SD
Members are consulted on important strategic issues	3.46	0.91
Stakeholder feedback informs strategic decisions	3.52	0.87
County governments are involved in relevant decisions	3.58	0.88
Employees participate in strategy-related activities	3.61	0.83
Stakeholder concerns are incorporated into implementation	3.39	0.94
Overall mean	**3.51**	**0.79**

Stakeholder participation recorded the lowest overall mean among the governance dimensions (M = 3.51). The relatively lower score indicates that stakeholder participation may be an area requiring greater attention. In particular, incorporation of stakeholder concerns into implementation recorded a mean of 3.39. The finding is important from a stakeholder-theory perspective because effective strategy implementation requires not only internal organizational commitment but also acceptance and support from groups affected by organizational decisions.

Table 6: Strategic Risk Governance

Indicator	Mean	SD
Strategic risks are systematically identified	3.72	0.81
Major risks are assessed before strategic decisions	3.65	0.84
Risk mitigation measures are incorporated into plans	3.61	0.87
Strategic risks are regularly monitored	3.70	0.79
Internal controls support strategic risk management	3.52	0.91
Overall mean	**3.64**	**0.74**

The overall mean of 3.64 indicates moderate-to-high strategic risk governance. Risk identification recorded the highest mean (M = 3.72), while internal controls supporting strategic risk management recorded the lowest (M = 3.52). The results suggest that risk identification is relatively established, although the conversion of risk information into effective internal controls and mitigation mechanisms could be strengthened. This finding corresponds with Mwongozo's emphasis on risk management and internal controls (SCAC, 2015).

Table 7: Performance Monitoring and Evaluation

Indicator	Mean	SD
Strategic objectives have measurable indicators	3.89	0.76
Departments have clearly defined performance targets	3.84	0.79
Strategic performance is regularly reviewed	3.81	0.77
Corrective action is taken when targets are missed	3.69	0.84
Performance reports inform management decisions	3.67	0.82
Overall mean	**3.78**	**0.70**

Performance monitoring and evaluation recorded a high overall mean of 3.78. The highest-rated indicator was the existence of measurable strategic indicators (M = 3.89), followed by clearly defined departmental targets (M = 3.84). The finding demonstrates the importance of converting broad strategic objectives into measurable targets. This is consistent with Kaplan and Norton's (2008) argument that strategy execution requires systems that connect strategic objectives with performance measures.

Table 8: Strategy Implementation

Indicator	Mean	SD
Strategic initiatives are implemented as planned	3.61	0.79
Strategic objectives are translated into departmental activities	3.70	0.76
Resources are aligned with strategic priorities	3.54	0.83
Strategic programmes are implemented within planned timelines	3.48	0.89
Departments achieve most strategic performance targets	3.62	0.81
Employees understand strategic implementation responsibilities	3.76	0.75
Strategic implementation is continuously monitored	3.69	0.78
Overall mean	**3.63**	**0.67**

The overall mean for strategy implementation was 3.63. Employee understanding of strategic responsibilities recorded the highest mean (M = 3.76), while implementation within planned timelines recorded the lowest (M = 3.48). The relatively lower score for implementation timelines suggests that implementation delays may constitute an important challenge even where strategic objectives and employee responsibilities are relatively clear. This observation is consistent with Hrebiniak's (2006) argument that strategy implementation involves coordination and execution challenges beyond strategy formulation.

Correlation Analysis

Table 9: Correlation Analysis Results

Variable	BSO	AT	SP	SRG	PME	SI
BSO	1					
AT	.61**	1				
SP	.53**	.58**	1			
SRG	.55**	.62**	.49**	1		
PME	.64**	.60**	.51**	.59**	1	
SI	.69**	.65**	.58**	.61**	.70**	1

Note. $p < .01$. BSO = Board Strategic Oversight; AT = Accountability and Transparency; SP = Stakeholder Participation; SRG = Strategic Risk Governance; PME = Performance Monitoring and Evaluation; SI = Strategy Implementation.

All five governance variables have positive relationships with strategy implementation. Performance monitoring and evaluation has the strongest correlation with strategy implementation ($r = .70$), followed by board strategic oversight ($r = .69$). The results suggest that improvements in strategic governance practices are associated with improved strategy implementation.

Multiple Regression Analysis

The regression model was specified as:

$$\mathbf{SI = \beta_0 + \beta_1 BSO + \beta_2 AT + \beta_3 SP + \beta_4 SRG + \beta_5 PME + \varepsilon}$$

Where: SI = Strategy Implementation

BSO = Board Strategic Oversight

AT = Accountability and Transparency

SP = Stakeholder Participation

SRG = Strategic Risk Governance

PME = Performance Monitoring and Evaluation.

Table 10: Model Summary

Statistic	Value
R	.801
R^2	.642
Adjusted R^2	.629
Standard Error	.421

The model produces an R^2 of 0.642, indicating that the five strategic governance variables collectively explain 64.2% of the variation in strategy implementation. The remaining 35.8% may be explained by factors outside the model, such as organizational structure, resources, leadership style, organizational culture, technology and external environmental conditions.

Table 11: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.61	5	9.122	51.48	<.001
Residual	25.51	144	.177		
Total	71.12	149			

The model is statistically significant, $F(5, 144) = 51.48$, $p < .001$. This indicates that strategic governance practices jointly provide a statistically significant explanation of variation in strategy implementation.

Table 12: Regression Coefficients

Predictor	B	Std. Error	Beta	t	Sig.
Constant	.482	.231	—	2.09	.038
Board strategic oversight	.241	.061	.249	3.95	<.001
Accountability and transparency	.193	.059	.213	3.27	.001
Stakeholder participation	.137	.052	.161	2.63	.009
Strategic risk governance	.166	.058	.178	2.86	.005
Performance monitoring and evaluation	.278	.063	.291	4.41	<.001

The results indicate that all five dimensions had positive and statistically significant effects on strategy implementation. Performance monitoring and evaluation has the largest standardized coefficient ($\beta = .291$), indicating the strongest relative contribution among the five predictors. Board strategic oversight follows with $\beta = .249$.

DISCUSSION OF FINDINGS

Board Strategic Oversight

The findings demonstrate that board strategic oversight significantly influences strategy implementation. The finding supports agency theory because effective board oversight provides a mechanism for monitoring management and ensuring alignment between managerial activities and organizational objectives (Jensen & Meckling, 1976). It also supports the Kenyan governance framework, which emphasizes board effectiveness and strategic oversight within state corporations (SCAC, 2015). The finding is consistent with Owalo's (2020) assessment of corporate governance among Kenyan state corporations, where board effectiveness constituted an important governance dimension. The implication is that boards should not limit their involvement to approving strategic plans. They should continuously review implementation progress, assess emerging risks, evaluate management performance and ensure resource alignment.

Accountability and Transparency

Accountability and transparency significantly influence strategy implementation. The finding supports the view that implementation requires information and responsibility. Managers and employees must understand strategic targets and be held accountable for achieving them. Transparent reporting also enables boards and stakeholders to identify deviations and demand corrective action. The finding is consistent with Mwongozo's emphasis on accountability and transparency in state corporations (SCAC, 2015).

Stakeholder Participation

Stakeholder participation significantly influences strategy implementation. The finding supports stakeholder theory (Freeman, 1984), which emphasizes the importance of considering stakeholders affected by organizational decisions. For LAPFUND, stakeholder participation is particularly important because the Fund interacts with members, county governments, employees, regulators and other stakeholders. The relatively lower descriptive mean for stakeholder participation suggests that although participation contributes to implementation, it may not be as strongly institutionalized as board oversight or performance monitoring.

Strategic Risk Governance

Strategic risk governance significantly influences strategy implementation. This finding indicates that organizations are more capable of implementing strategies when they systematically identify risks, assess their potential consequences and develop mitigation mechanisms. The finding is consistent with Mwongozo's emphasis on risk management and internal controls (SCAC, 2015). It also supports agency and stewardship perspectives because effective risk governance helps management and boards protect organizational resources while pursuing strategic objectives.

Performance Monitoring and Evaluation

Performance monitoring and evaluation has the strongest effect among the five predictors. This finding supports Kaplan and Norton's (2008) argument that strategy execution requires measurable performance indicators and systems for linking organizational objectives to operational performance. The finding is also consistent with Kenyan research demonstrating the importance of effective strategy implementation for state-corporation performance (Ndegwa et al., 2021; Ngundi & Namada, 2023). The implication is that strategic plans should be translated into measurable departmental targets, regularly reviewed and supported by corrective action.

Conclusions

The study concludes that strategic governance practices are significant determinants of strategy implementation at LAPFUND. Board strategic oversight contributes to implementation by providing direction and monitoring management. Accountability and transparency strengthen implementation by clarifying responsibilities and improving access to performance information.
Stakeholder participation contributes by enhancing ownership, information sharing and legitimacy. Strategic risk governance supports implementation by enabling the organization to anticipate and manage threats. Performance monitoring and evaluation provides the strongest contribution by connecting strategic objectives to measurable targets and corrective action. Overall, the study

demonstrates that effective strategy implementation in state corporations should be viewed not only as a management function but also as a governance responsibility.

Recommendations

The study recommends that LAPFUND should strengthen board-level monitoring of strategic-plan implementation by dedicating regular board sessions to strategic performance rather than focusing predominantly on operational and compliance matters. Each strategic objective should be assigned to a responsible department or officer with clearly defined indicators, targets and reporting responsibilities. The study also recommends that LAPFUND should strengthen structured engagement with members, county governments, employees and other stakeholders. Stakeholder feedback should be formally documented and incorporated into strategic reviews. The Fund should maintain an integrated strategy-performance dashboard linking objectives, KPIs, targets, responsible departments, implementation status and corrective action.

REFERENCES

African Development Bank. (2022). *African economic outlook 2022: Supporting climate resilience and a just energy transition in Africa*. African Development Bank.

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review, 22*(1), 20–47. https://doi.org/10.2307/259223

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48*(2), 147–160. https://doi.org/10.2307/2095101

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management, 16*(1), 49–64.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

Hrebiniak, L. G. (2006). Obstacles to effective strategy implementation. *Organizational Dynamics, 35*(1), 12–31. https://doi.org/10.1016/j.orgdyn.2005.12.001

Huse, M. (2005). Accountability and creating accountability: A theoretical perspective on corporate governance. *Corporate Governance: An International Review, 13*(6), 840–852.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kaplan, R. S., & Norton, D. P. (2008). Mastering the management system. *Harvard Business Review, 86*(1), 62–77.

Ndegwa, R. K. G., Ogutu, M., Awino, Z., & Kitiabi, R. (2021). Influence of strategy implementation on performance of Kenya owned state corporations. *DBA Africa Management Review*.

Ngundi, V. I., & Namada, J. M. (2023). Influence of rational strategy implementation style on performance of commercial state corporations in Kenya. *The University Journal, 4*(2).

OECD. (2021). *OECD guidelines on corporate governance of state-owned enterprises 2021*. OECD Publishing.

OECD. (2023). *G20/OECD principles of corporate governance 2023*. OECD Publishing.

Owalo, E. (2020). *Evaluation of corporate governance guidelines implementation by state corporations in Kenya* [Master's thesis, University of Nairobi]. University of Nairobi Repository.

State Corporations Advisory Committee. (2015). *Mwongozo: Code of governance for state corporations*. Government of Kenya.

State Corporations Advisory Committee. (2023). *Annual report and financial statements*. Government of Kenya.