Board Behavior and Corporate Performance: A Case of African Guarantee Fund for Small and Medium-Sized Enterprises

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***Abstract*:- The main purpose of this study was to examine effect of corporate governance on the performance of credit guarantee schemes. The study was guided by the following objectives; to determine effect of board behavior and the performance of credit guarantee schemes. The study was guided by the stewardship theory. The study employed descriptive research design. The target population was 40 staff working at AGF. Census survey was adopted while primary data was used which was collected using questionnaires. The validity and reliability of the data collection instruments was ascertained through pretesting. Descriptive statistics like frequencies and percentages was used to summarize data while inferential statistics such as correlation coefficients was used to test the non-causal relationship between variables while regression analysis was used to test the research hypotheses at 5% significance level with the aid of SPSS version 25. The results were presented using tables and discussion there-off. The research findings indicate that there exist a statistically significant positive relationship between board behavior and the performance of credit guarantee schemes.**

***Key words:* board behavior, performance, corporate governance, credit guarantee schemes, stewardship**

I. INTRODUCTION

It is important to highlight the definition of corporate governance to understand it at its entirety. Berger, Imbierowcz and Rauch (2016) ascertain that good corporate governance practices will result to a great significance in the improvement of the performance of companies. Corporate Governance is concerned with structures, actions or mechanisms in which the management of a company is held responsible by the stakeholders that have stake in the business. Corporate governance provides structures intended to ensure that the right questions are asked, with checks and balances put in place to reflect what is best for the creation of long-term sustainable value of the firm Monks and Minow(2004). Sharma (2015) asserts that corporate governance is putting in place an arrangement, devices and measures that will ensure that the company is focused on maintaining the shareholder value through the role of their managers.

Gupta and Sharma (2014) argue that good corporate governance practices will ultimately result to a better share performance and will make it easier for the company to acquire new capital through other investments. Good corporate governance is crucial for every business success, as a well-governed company is more lucrative for potential investors Krivogorsky (2006), Chen, Chen & Wei (2009). Good governance is also known to lower the cost of capital for firms by mitigating agency problems Chen et al., (2009). In the wake of various corporate scandals, debate on business ethics has been on the rise; more so with the historic failures of giant corporations such as Enron, WorldCom and Parmalat, largely due to corporate governance issues West(2009). The aim of corporate governance is to enhance board commitment in the management of firms and sustainable long-term value for all shareholders. However continuous debates among corporate governance researchers since inception has brought conflicting arguments on how to best define measures of good governance mechanisms that will lead to financial efficiency, social legitimacy and goal attainment of the firm Judge (2010).

Various researchers in corporate governance have applied different theories that have given rise to different arguments and interpretations Keasey et al(2005), hence the multi-theoretical character of corporate governance. However, modern research on corporate governance has focused on some key theoretical frameworks in management studies such as; the theory of agencies Jensen and Meckling (1976), Stakeholder Theory, Freeman (1984), Modern Theory of Institutions Meyer and Rowan (1977), Zucker (1977), Meyer and Scott (1983), resource dependency theory Pfeffer and Salancik (1978), transaction cost theory Williamson (1981) and the stewardship theory Donaldson and Davis (1991). While the theory of virtue ethics, the theory of feminist ethics, the theory of discourse ethics, postmodern theory of ethics, and the theory of business ethics, are other theories closely associated to corporate governance from ethical research Valentine et al (2009).

For the purpose of this study, corporate governance is defined as a set of mechanisms that Outline the powers, influence management decisions that "manage" the behavior and limit managers' discretionary space Charreaux(1996). This study analyzed the structure of ownership, Board conduct and CEO tenure as independent variables. Ownership structure is the identity of ownership of a company (Thomsen, 2000) and is considered the hard core of corporate governance; which consists of owners of a company who share two formal rights: the right to control the company and the right to appropriate profits of the company. Two dimensions further defines ownership structure: ownership concentration and ownership mix Gursoy and Aydogan(2002). The ownership concentration refers to the share of the largest shareholder and is determined by absolute risk and cost of monitoring and refers to the amount of the shares owned by individual investors and large-block shareholders holding at least 5% of the company's ownership interest Pedersen and Thomsen (1999), while the ownership mix is linked to the identity of the major shareholder. Higher shareholder interest could be achieved when management is monitored by outside shareholders to prevent opportunistic behavior Donker et al.(2009).

The corporate governance behavioral studies focused on actors, processes, and decision-making Pettigrew(1992), which is an analysis of internal governance mechanisms. Each country has a list of the European Corporate Governance Institute’s governance codes, which provide guidance on behavioral typologies and stakeholder expectations in the boards Thomsen et al (2012). According to the APRM guidelines (2003), the single most important aim of corporate governance is to ensure that businesses treat all of their stakeholders equitably and that transparency is strengthened by the representatives of the various companies.

The term of Chief Executive Officer is described as the longevity of the Chief Executive Officer in office and is a significant characteristic to managers and management scholars due to its effect on the success of a company. A strong argument has emerged over recent years between management and legal scholars over the significance of term limits for chief executives Whitehead(2011). At the core of this debate is the question of whether there is an optimum tenure for the chief executive. To answer this question one needs to understand the costs and benefits occurring over the term of office of the Chief Executive Officeras well as the determinants of this cost-benefit relationship Scholz et al, (2016). Although monitoring function is a key internal governance mechanism developed by the boards, the effectiveness of boards is decided by the recruitment and termination of the executive team. In addition, the chief executive turnover is a potential indicator of the efficiency of the board Senbet et al(1998), Wiersema (1995) found that Companies with a history of short-tenured CEOs experienced worse performance than those replacing their CEOs in a routine succession process.

Performance

The performance of an organization is an important construct across the globe in strategic management research and is mostly used as a dependent variable. Despite its relevance, there is hardly any consensus regarding its definition, dimensionality and measurement, which limits research progress. Successful businesses constitute a key ingredient for developing countries. When it comes to deciding on their economic growth, social progress, and political development, most economists find them equivalent to a motor. To survive in an area of competition, every company should operate under powerful performance conditions. The overall health of the company is measured over time, and the results obtained are then used to compare companies in the same industry or to compare companies in various industries or sectors Kwaning and Mahama(2015).

Bartoli and Blatrix (2015) were of the opinion that performance description Issues such as piloting, assessment, efficiency, effectiveness and quality. According to Atkinson et al. (1997*)*, a performance measurement system must essentially do four things:’’ Help the company to determine if it receives the expected results or contribution from their suppliers and employees; Help the company to assess whether each group of the stakeholders is supporting the company to achieve their overall goals; Help the company in the development and implementation that will contribute to achieving the overall goals; Help the company in evaluating and monitoring strategic planning agreements that have been negotiated with the key interested parties’’. The study analyzed the non-financial aspects of performance by demonstrating how proper corporate governance can help a company grow while at the same time influencing the development of the employees.

Objective of the Study

The objectives for this study were:

i. To examine the effect of board behavior on the performance of credit guarantee schemes.

Research Hypotheses

H_0: Board behavior has no significant effect on the performance of credit guarantee schemes.

II. LITERATURE REVIEW

Stewardship Theory

The fundamentals of stewardship theory are based on the social psychology, which focuses mainly on the behavior of executives. The steward’s behavior is collectivists and pro-organizational and has a higher utility than individualistic self-serving behavior that seeks to attain the objectives of the organization Davis, Schoorman, and Donaldson (1997). Stewardship Theory purports that managers or management should diligently apply all their available resources to make sure they achieve higher profits for the company and maximize on their shareholders returns. This theory provides that managers are not only focused on their self-interest but are very capable of positive actions that will create impact in the organization, they have the drive and need for achievement for their internal satisfaction and will improve their performance to meet the needs of the organization as stewards Machuki and Oketch(2013). Accountability of board of directors is very crucial in corporate governance Cadbury (1992) and the success of the company.

It is widely noted that holding directors accountable for their behavior and decisions is fundamental to good corporate governance Solomon and Solomon (2004).Lynch (1979) goes further to assert that it is very important and beneficial for a company to have a an active board and a participative board . This type of relationship will make it easier for the management to analyze and articulate their proposals, plans, and suggestions as per the high quality discussion already generated by the active and participative governing boards on any submission for decisions Hung, (1998).This study will assess the stewardship model from a perspective of how its application to a credit guarantee scheme affects its performance and eventually its success or failure. Some commentators have argues that in the past couple of years that stewardship theory offered an alternative way of conceptualizing the agent/principal relationship which has been applied to the board members and managers of companies. This theory rejects the existence of problems that the agency theory recognizes and works on Chrisman et al (2007). Much like the theory of agency, stewardship theory sought to clarify the role and actions of directors in achieving the overall objectives of the business Chrisman et al (2007).

In essence, the stewardship theory holds that directors act as stewards and will not be concerned with fostering their own economic interests, as the theory of agencies holds, but will be willing to act in their company's best interest, and they will act in a manner that leads to collectivist / organizational utility rather than self-serving benefits. The personal needs of the directors are met in working towards organizational ends Sundaramuthy and Lewis (2003) Kluvers and Tippett (2011). Directors acting as stewards are therefore concerned with acting honorably and "doing the right thing" Stout (2003,8). The philosophy of stewardship is characterized by the concept of service to others and not forself-benefit Block (1993).

In this theory the ability to perform excellently and with respect, is the overriding motivation that drives board members to accomplish their job. In particular, managers are conceived as being driven by the desire to succeed, to obtain intrinsic fulfillment through accomplishment, self-actualization and a chance to develop Davis et al (1997a), and more precisely to perform inherently successfully carrying out potentially difficult jobs, exercising responsibility and authority and thereby winning respect from colleagues and superiors. Non-financial motivations therefore exist for directors to act as stewards. That means trust is the core element of the theory Davis et al (2001a); Bundt (2000); Hernandez (2007); Huse (2007); Barclift (2007); Kluvers and Tippett (2011).

The theory stresses convergence of goals Van Slyke (2006) rather than conflict as posited by the theory of the agencies. Stewardship theory also argues that an organization requires a structurethat allows directors and shareholders to achieve harmonization most efficiently. Thus, it could be thought that questions of "motivation, congruence of goals, trust and organizational identification" have been captured in management stewardship theory Van Puyvelde et al (2013: 65).The theory is sometimes criticized on the grounds that it gives carte blanche to directors when it comes to exercising their discretion, but it must be recognized that boards are constrained by a number of factors such as the availability of adequate workforce, the demand for the company's products and the cost and availability of finance Blair and Stout (2001a).

If there is no accountability in the corporate context as far as the board is concerned, then at least some stakeholders are likely to be suspicious of the board. Among all the company's shareholders, there is unlikely to be absolute trust in the directors and the depth of trust will vary.

The board has to gain credibility and accountability to appoint board members and it grants them in essence, an operating license and an avenue for building trust, as well as credibility and reputation Schillemans and Basuioc (2015). O'Neill (2002) maintains that well-placed trust arises solely from inquiry, and inquiry is an integral component of accounting. There is an improvement in confidence in providing an account that is considered honest. The end result may be that with the support of the shareholders and other stakeholders, directors can expand their autonomy. If accountability exists, the board will be considered as having legitimate holding power and will be able to continue using that power with the shareholders' express or implicit consent Moore (2013); Keay (2015).

It might be argued that, if there is a high degree of confidence in the board, there is not the same need for transparency on the grounds of stewardship theory as the board would be legitimized. Although stewards concentrate on systems that motivate rather than regulate, and there is likely less need for monitoring, some accounting is still needed. Conflicts are likely and will be shareholders must be confident that they are behaving properly. The theory of stewardship holds that it can not be assumed that relationships would be defined by conflict, as the theory of agencies does, and does not dispute that they may exist at some stage Caers et al (2006); Kluvers and Tippett (2011).

Roberts (2001) also takes the view board’s shame/pride and conscience contribute to the point that they feel responsible for what they are doing and their directors or managers are afraid of harming their professional and personal reputations, which are important issues for them in the market. All this means that accountability is indeed vital to the Board Members and their behavior as it keeps them alive and reminds them of their reliance on others and their own shortcomings as human beings, both of which contribute to the fulfillment of social norms (Roberts 2001).

Empirical Literature Review

The effect that board structure has on firm performance works presumably through the tasks that boards perform and the actions they take. Consequently, some recent studies are trying to go deeper into inner workings of a board and to understand what functions boards perform and how these functions are influenced by firm environment. Adams (2003) uses data on board committees and director compensation in a sample of Fortune 500 firms to study the variation in the effort that firms devote to their three primary functions: monitoring, considering strategic issues and interests of stakeholders. She finds that boards devote most effort to monitoring but there is a lot of variation across firms; in particular, fast growing firms devote relatively more effort to the strategic issues. Importantly, board is an endogenous governance element Hermalin and Weisbach(2003); Bhagat and Black(2000).

The FRC Report, (2016) stated that culture starts with their behavior in the boardroom, as far as the boards are concerned where employees need to see that the leadership is held to account and to the same standards as the rest of the organization. The board is expected to act as a role model for the desired culture of the company. The way the board challenges management and handles discussion and dissent should reflect the company's desired values and behaviors EY Audit committee leadership summit report(2015). A study conducted in the UK firms in 2016, which targeted those holding chairman positions, established the need to lead by example and emphasized on the board's influence on culture. There was also emphasis on evaluating board behavior by the management as important and findings indicated that 58% paid attention to board behavior while 36% indicated more could be done.

Okpara (2011) conducted corporate governance research studies in emerging markets in Africa.

The study findings revealed weak governance mechanisms attributed by abuse of shareholder's rights, lack of adherence to the regulatory framework and lack of commitment by the board of directors, weak enforcement and monitoring systems and lastly, lack of transparency and disclosure. Behavioral studies in corporate governance in developing economies have not been exhausted which is why this study is anchored on behavioral theory of the firm departing from previous studies which have mostly been anchored on agency theory or path-dependency theory.

III. RESEARCH METHODOLOGY

The study used the descriptive research design because of being solely interested in describing the situation under the research study. Brink (1998) defined descriptive design as being composed of different characteristics and is created by gathering, analyzing and presenting the collected data. . The researcher focused on variables and the indicators they intend to use during the study because it will only assess the correlation between corporate governance and the performance of credit guarantee schemes in Kenya. The information collected here and the main was very beneficial to all the stakeholders. Descriptive design was able to identify all the issues facing the organization.

Cooper and Schindler (2008) define a population as the total of the elements (an element is the subject on which measurement is being taken) upon which inferences can be made. This in itself is a good description but it is slightly varied by Mugenda (2008) who defined target population as that population to which a researcher wishes to generalize the result of the study. The target population for this study comprised of the top managers and staff of AGF. The total number of staff AGF were 40.

AGF has 40 employees excluding the Board of Directors. The Chief Executive Officer, Senior Management, Senior Officers, Junior Officers and subordinate staff. In order to ensure the objectives of the study are met, the focus was on all staff excluding the board. The senior management attends all the meetings of the board and so they had adequate information to share. The study used census methodology because by focusing on a complete enumeration of all items in the population at large. The census was convenient here because the sample to be surveyed was quite small.

Case-study research often relies on multiple sources of evidence that include documentation, archival records, interviews, direct observation, participant observation, and physical artefacts Yin (2009). This study collected primary data through personal interviews by use of an questionnaire. The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. These are normally collected using interview guides as data collection instruments. The secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process Kothari(2004). Yin (2009) describes document review as a systematic search for information. This method of collecting information through personal interview was carried out in a structured way through questionnaires Kothari(2004). Such interviews will involve the use of a set of predetermined questions and recordings. Through the structures questionnaires the researcher was able to obtain more in-depth information.

The interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses Kothari (2004). For this study, the personal interview sessions required the researcher as the interviewer to initiate the interview and collect the information. Given that the use of structured interview method was employed, the use of a set of predetermined questions was adopted. The researcher made appointments and met with people from whom data was collected. The researcher used the technique of six-stage interviews Legard, Keegan & Ward, (2003); Robson (2011) that had the following stages: Arrival, introduction of the research, beginning the interview, during the interview, ending the interview and after the interview. As for the secondary data, the researcher conducted documentary reviews using multiple sources of data, both published and unpublished, for the purposes of enhancing quality of information. Some of the secondary data sources included websites, internal documents including memos, business plans, constitution, policy and procedural manuals as well as external documents including published and unpublished research works, local and foreign government publications, journals, books, reports and publications of various associations connected to their business.

Questionnaires were arranged systematically by sorting and evaluating if they are complete, computations was done and submitted into the SPSS software. Descriptive statistics like frequency, percentages and means were used to give a brief data on each variable of the study in order to identify patterns. Inferential statistics was then used to assess the relationship between the independent and dependent variables of the study. The multiple linear regression technique was also used to conduct the inferential analysis.

IV. RESEARCH FINDINGS AND DISCUSSIONS

Board behavior

Respondents were asked to indicate the extent to which they agreed with the following items relating to Board Behavior

Table: Disruptive results for Board Behavior

Statements N=33	**Very great extent %**	**Great extent %**	**Moderate %**	**Small extent %**	**Very small extent %**
The current board of directors regularly reviews the company goals	(15.2%)	(33.3%)	(21.2%)	(18.2%)	(12.1%)
The board members interact with subordinates and inspire them toward organizational objectives	(15.2%)	(36.4%)	(21.2%)	(9.1%)	(18.2%)
The current board of directors always exercise their powers for proper purpose	(21.2%)	(36.4%)	(21.2%)	(6.1%)	(15.2%)
Current board of directors consider the interest of the employees	(30.3%)	(33.3%)	(12.1%)	(15.2%)	(9.1%)
The board of directors regularly meets at least four times a year for regular meeting	(30.3%)	(30.3%)	(21.2%)	(12.1%)	(6.1%)
The board of directors regularly meets once a year for special meetings where necessary	(31.2%)	(21.2%)	(33.3%)	(9.1%)	(5.2%)
Stakeholders and staff are represented in the board meetings	(33.3%)	(24.2%)	(15.2%)	(9.1%)	(18.2%)
The board meetings always constitute a quorum	(34.2%)	(41.2%)	(11.2%)	(8.2%)	(5.2%)
The firm has systems in place to monitor and evaluate performance of board members	(25.2%)	(33.3%)	(23.3%)	(9.1%)	(9.1%)

Source, Research Data 2020

On board behavior results on table 4.5 indicate that majority of the respondents (45.8%) were of the opinion that to a great extent, the current board of directors regularly reviews the company goals with 30.3% and 21.2% of the respondents holding small extent and moderate extent view on this statement. According to 51.6% of the respondents, to a great extent, the board members interact with subordinates and inspire them toward organizational objectives. In addition, a majority of the respondents (57.6%) reported that to a great extent, the current board of directors always exercises their powers for proper purpose with 21.3% and 21.2% holding a small extent and moderate extent opinion respectively. To a great extent (63.6%), the current board of directors considers the interest of the employees while 24.35 of the respondents held moderate opinion on this statement.

According to 60.6% of the respondents, the board of directors regularly meets at least four times a year for regular meeting. 52.4% of the respondents were of the opinion that to a great extent, the board of directors regularly meets once a year for special meetings where necessary with 33.3% reporting as moderate extent view. To a great extent (57.5%), stakeholders and staff are represented in the board meetings although 27.3% of the respondents indicated a small extent opinion while 14.3% held a moderate opinion on this statement. The board meetings always constitute a quorum according to 75.4% of the respondents. Further, most respondents (58.5%) indicated that the board meetings always constitute a quorum with 23.3% of the respondents holding a moderate view on this statement. According to the FRC Report, (2016), that culture starts with their behavior in the boardroom, as far as the boards are concerned where employees need to see that the leadership is held to account and to the same standards as the rest of the organization. The board is expected to act as a role model for the desired culture of the company. Further, a study conducted in the UK firms in 2016, which targeted those holding chairman positions, established the need to lead by example and emphasized on the board's influence on culture. There was also emphasis on evaluating board behavior by the management as important and findings indicated that 58% paid attention to board behavior while 36% indicated more could be done.

Performance

Respondents were asked to indicate the extent to which they agreed with the following items relating to Performance.

Table Disruptive results for Performance

Statements N=33	**Very great extent %**	**Great extent %**	**Moderate %**	**Small extent %**	**Very small extent %**
There has been growth in the average loan and guarantee tenor	(34.2%)	(48.4%)	(6.2%)	(5.2%)	(6.1%)
Incremental revenue created by SMEs benefiting from AGF facilities has been recorded	(34.2%)	(40.3%)	(3.3%)	(6.1%)	(6.1%)
There is growth in the number of additional jobs created by SMEs under AGF Guarantees	(24.2%)	(43.3%)	(27.3%)	(2.1 %)	(3.0%)
Growth in the number of SMEs accessing loans from Partner Financial Institutions has been recorded	(31.2%)	(46.4%)	(15.2%)	(2.1%)	(5.2%)
There is increase on total volume of guarantee agreements from our funding partners	(34.2%)	(37.3%)	(17.3%)	(9.1%)	(2.1%)

Source, Research Data 2020

On performance the results on table 4.7 indicate that most respondents (82.6%) were in agreement that to great extent there has been growth in the average loan and guarantee tenor. According to 74.5% of the respondents, to a great extent, incremental revenue created by SMEs benefiting from AGF facilities has been recorded while 12.2% indicated a moderate opinion. To a great extent 77.5% indicated that there is growth in the number of additional jobs created by SMEs under AGF Guarantees while 17.3% held moderate view on this statement. Further, 77.6% of the respondents were of the opinion that to a great extent, growth in the number of SMEs accessing loans from Partner Financial Institutions has been recorded although 15.2% of the respondents indicated that this was only to a moderate extent. Most respondents (71.5%) reported that to a great extent, there is increase on total volume of guarantee agreements from AGF funding partners with 17.3% and 11.2% of the respondents holding a moderate extent and small extent opinion respectively.

Correlation Analysis

This section presents the findings of the correlation analysis between the predictor variables and the dependent variable to test the nature of non-causal relationship (correlation).

Table Correlation results

Correlations			
		Board Behavior	Performance
Board Behavior	Pearson Correlation	1	.536**
	Sig. (2-tailed)		.001
	N	33	33
Performance	Pearson Correlation	.536**	1
	Sig. (2-tailed)	.001	
	N	33	33
**. Correlation is significant at the 0.05 level (2-tailed).			

Source, Research Data 2020

The results also show that there exists positive significant non- causal relationship between Board Behavior and Performance of guarantee Schemes in Kenya (r = 0.536, $p <$ 0.05). These positive relationship correlation results implies that when board behavior are enhanced, or increases Performance of guarantee Schemes in Kenya increases

Regression Analyses

The multiple regression results shows that the overall R^2 of 0.781 indicated that 78.1% of the variance in the Performance of Guarantee Schemes in Kenya can be attributed to corporate governance practices.

The results show that the regression line fits the actual data since the mean square of the residuals is very small (0.074) compared to mean square of the regression (2.545). The F-statistics of the regression result is $F_{(3, 2)}$ =34.461 while the reported p-value=0.000 which is less than the conventional probability value 0.05. The model applied can thus significantly predict the change of the dependent variable as result of the independent variables in the model. Thus, the coefficients of the model are not equal to zero, suggesting that the model fits the data significantly.

The results indicate that there exists a statistically significant positive relationship between board behavior and performance of guarantee Schemes in Kenya (β = 0.136, p<0.05). Numerically, the 0.136 beta coefficient of board behavior implies that when board behavior increases by an additional unit, performance of guarantee Schemes in Kenya increases by 0.136. Thus, null hypothesis (**H_0**) was rejected implying that board behavior have a significant effect on performance of guarantee Schemes in Kenya. The results are in consistent with those of Adams (2003) who uses data on board committees and director compensation in a sample of Fortune 500 firms to study the variation in the effort that firms devote to their three primary functions: monitoring, considering strategic issues and interests of stakeholders. She finds that boards devote most effort to monitoring but there is a lot of variation across firms; in particular, fast growing firms devote relatively more effort to the strategic issues.

V. SUMMARY AND CONCLUSION

Summary

The second objective of the study was to examine the effect of board behavior on performance of credit guarantee schemes. According to the findings, most respondents were of the opinion that to a great extent, the current board of directors regularly reviews the company goals while some respondents held small extent and moderate extent views. A Fair majority of the respondents agreed that to a great extent, the board members interact with subordinates and inspire them toward organizational objectives. In addition, a majority of the respondents reported that to a great extent, the current board of directors always exercises their powers for proper purpose with a sizeable number reporting a small and moderate extent opinion. The current board of directors considers the interest of the employees and the board of directors regularly meets at least four times a year for regular meeting.

Respondents were of the opinion that to a great extent, the board of directors regularly meets once a year for special meetings where necessary with some respondents reporting as moderate extent view. Stakeholders and staff are represented in the board meetings although some of the respondents indicated a small and moderate opinion on this statement. In addition, the board meetings always constitute a quorum according to most respondents. There exist a statistically significant positive correlation between board behavior and performance of credit guarantee schemes, as well as a statistically significant positive relationship between board behavior and performance of credit guarantee schemes in Kenya.

Conclusions

It can be concluded that board behavior has a significant effect on performance of credit guarantee schemes. There exists a significant positive correlation between board behavior and performance of credit guarantee schemes is positive and statistically significant. Conclusions can be made that AGF board of directors regularly reviews the company goals. However, the board members rarely interact with subordinates and inspire them toward organizational objectives. It can be concluded that current board of directors always exercises their powers for proper purpose and also considers the interest of the employees. Conclusions can be made that the board of directors regularly meets at least four times a year for regular meeting and once a year for special meetings where necessary. It can also be concluded that to some extent, the stakeholders and staff are represented in the board meetings.

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