

**INFLUENCE OF CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE OF  
SMALL AND MEDIUM FAMILY OWNED FOOD AND BEVERAGE ENTERPRISES IN  
NAIROBI COUNTY, KENYA.**

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## **ABSTRACT**

The purpose of study was to explore the influence of corporate governance practices on the performance of small and medium family owned food and beverage enterprises in Nairobi County, Kenya. The study sought to investigate the existence of a Board or family council in the family business, frequency of their meetings role of the founder in the family business, establish ownership and control systems and their influence on the performance of the family business. A sample size of 84 family businesses were selected from a population of 146 Food and Beverage enterprises registered under Kenya Association of Manufacturers (KAM) Directory. Respondents were sampled using non-probability convenient sampling procedure. Data was collected using questionnaires which had both open and closed ended items. The collected data was analyzed using descriptive and inferential statistics. The findings of the study revealed that most family businesses had a system of governance as indicated by the presence and participation of a Board or a family council. This was more prevalent among the family businesses of Kenyan of Asian origin than those of Kenyan of African origin. Family businesses that had effective governance structures performed better in terms of longevity and sales turnover than those that had less effective governance structures. The role of the governance structures was to add value by directing, guarding, monitoring and protecting the assets of the family business. The role of the Board or family council provided clarity on roles, rights and responsibilities of the different systems of the family business. It is recommended that for better performance of family businesses in Kenya, family business governance structures and practices should be strengthened with a clear separation of the family affairs and those of the business. It is also important to professionalize family business management.

**Key words:** Family business, corporate governance, firm performance, SMEs, accountability and professionalism .

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