DQ1 Response to Gilbert

Hi Gilbert,

This is a very good discussion and takes into explaining plainly the corporate governance approaches in many ways. I have enjoyed it however, I would like to deviate a bit about the structure in Kenya. You stated that implied that Kenya is one of the countries following rule-based corporate governance; this is untrue.

Kenya being a former colony of the UK closely follows the Westminister Parliament (Broshko & Li, 2006). What this means is that whatever corporate governance there is in the UK, it is followed in Kenya as well. This is true for most British colonies and territories (Howell & Sorour, 2016). Now that being said, in the principles-based corporate governance implies that there are guidelines to how compliance will be handled and if not an explanation is given to the shareholders. A great example is the profit warning that is always published by Centum Investments every year for the shareholders to know the extent of their profit or loss (Centumn Invesrment, 2018). In the case of the loss, a warning is issued earlier, and an explanation as to how that came about is given. This is an example of principles based governance.

On the flip side, the Kenyan companies that adhere to rule-based corporate governance, are these that are listed on the New York Stock exchange, and hence must comply with the law of the land.

**References**

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Howell, K. E., & Sorour, M. K. (2016). *Corporate Governance in Africa: Assessing implementation and ethical perspectives*. London: Palgrave MacMillan.