CORPORATE GOVERNANCE PRACTICES AND PERFORMANCE OF STATE CORPORATIONS IN KENYA: CASE STUDY OF KENYA NATIONAL ACCREDITATION SERVICES

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ABSTRACT

The research's overarching goal is to explore how different governance systems have affected the efficiency and effectiveness of Kenya's state-owned enterprises. The research's overarching goals are to determine how integrity, justice, openness, and accountability affect the efficiency and effectiveness of Kenya's state-owned enterprises. The research was anchored on stewardship theory, resource dependence theory and agency theory. A descriptive research survey was utilized in this research. The target population comprised 130 employees working at Kenya National Accreditation Services (KENAS). The stratified sampling technique was utilized to select 98 participants. Questionnaires were utilized to gather main data for the research. The questionnaires included open-ended or closed-ended. To reach the intended participants in the state business sector, the research used a drop-and-pick methodology for questionnaire distribution. The study used the test-retest procedure to find out how reliable the surveys are. In order to conclude that the data gathering instruments are legitimate, a coefficient greater than 0.7 is required. Coding, cleaning, and categorization of field data were done in accordance with questionnaire questions. Software called SPSS version 21 version was used to aid the analysis. The research utilized both descriptive and inferential statistics in the analysis of gathered data. Descriptive data was used to sum up the demographics of the company and the people who answered the survey. To do this, mean scores, the standard deviation, and percentages were used. Inferential statistics were used to find out how important the independent and dependent factors are and how they are related to each other. Tables, graphs, and were used to display the data. The results established that a significance level of $p = 0.001$which indicates that the results are statistically significant at conventional levels ($p < 0.05$). This low p-value suggests strong evidence implying that the corporate governance practices of accountability, transparency, fairness, and integrity significantly influence the performance of KNAS. The study concluded that accountability, transparency, fairness, and integrity are not just abstract governance ideals, but concrete pillars that significantly influence the performance of Kenya National Accreditation Services. Effective implementation of these practices can enhance service delivery, institutional reputation, and operational efficiency. The study recommended that Government of Kenya should prioritize the institutionalization of robust accountability mechanisms within KENAS and across other state corporations. This includes the development and enforcement of clear performance metrics, regular auditing processes, and transparent reporting systems. The stakeholders such as board members, institutional partners, and employees of KENAS, there is a need to champion and practice the principle of fairness in all organizational engagements.

INTRODUCTION

Background to the study

The establishment of state businesses in Kenya was a significant step toward realizing the national economic and social goals (Jebran &Chen, 2020). The Kenyan government set up state enterprises for a wide range of purposes, including redistributing income, resolving market failure, providing healthcare and education, advancing social and political goals, and developing marginal regions. Accordin to Jones (2010). But inefficiency, corruption, and financial mismanagement have cast doubt on the efficiency of Kenya's state-owned enterprises. Effective corporate governance practice have been identified as a crucial factor which can address this issues resulting in enhancing the performance of state corporations (Akhtaruzzaman, 2021).

The term "corporate governance" alludes to the systems in place to guide, oversee, and hold businesses to account. An organization's decision-making, risk management, and accountability processes may be standardized via good corporate governance (Anum, 2010). Incentives for managers and shareholders should be aligned, and trustworthy and transparent financial information should be provided, so that businesses may improve their financial performance and decrease risk (Farooq, 2022). Efficient and effective company operations that maximize shareholder value are the result of good CG (Alodat, 2022). There are still obstacles to establishing effective governance processes, even if excellent CG is clearly beneficial. Some of these difficulties include assessing and overseeing governance procedures and dealing with conflicts of interest (Hunjra, 2021). Holding the board accountable is the primary function of corporate governance. The board of directors is in charge of monitoring management's attempts to increase shareholder value, claim Jebran and Chen (2020). Corresponding to Brammer and Pavelin (2008), Balalay (2019), Akhtaruzzaman et al. (2021), and Miralles-Quirós et al. (2019), the capability of corporate governance to guarantee legitimacy, trust, and reputation of firms during crisis situations is one of the most crucial features of ESG indices.

The term "principles of governance" has become something of a cliche in discussions about development, supposedly due to the Asian crisis and the supposed poor performance of the corporate sector (Arneson, 2011). Public organizations that are well-run tend to perform better, according to Bonner (2010). Some parastatals in South Africa have gone out of business because of the serious governance problems plaguing state-owned enterprises (Kyereboah & Biekpe, 2006). According to Mubarak et al. (2021), poor and overly sensitive performance may be attributed to weak CG. An increasing amount of research in the field of corporate finance acknowledges the association between CG and business performance. According to Sayahat et al. (2019), several research conducted in Asia and the USA have shown beneficial connections between the two. Ali, Aqil, et al. (2021) and others have found no evidence of a correlation between CG and company success. According to Khan et al. (2023) and Mardnly et al. (2018), scholars are increasingly focusing on the effect of CG on the performance of companies in developing countries.

To enhance the effectiveness and resourcefulness of state-owned enterprises, the 2005 Corporate Governance of State-Owned Enterprises guidelines advise countries on how to best fulfill their responsibilities as owners. Sweden, New Zealand, and Korea are among the nations with the most comprehensive strategies. In these countries, the management of state enterprises employs a performance evaluation system that incorporates performance indicators for both profit-making and non-profit organizations. Having said that, Miring'u (2011) does concede that the majority of emerging nations are approaching the notion of corporate governance with the knowledge that it fosters long-term economic expansion. A large number of African régimes, according to the researcher, have known since 1970 that state enterprises are underperforming. Mismanagement of management offices, excessive bureaucracy, resource depletion, theft, inefficiency, and internal stakeholder irresponsibility are some of the issues that have contributed to State Corporations' poor performance (Miring'u, 2011). The work of Nguyen et al. in January 2019. As a rising Asian nation, Vietnam is experiencing a period of economic transformation and increased connectivity to the global financial system, both of which give opportunities to build stronger governance capability via the implementation of effective CG policies.

Finally, good CG is very important to make sure that state companies work for the benefit of owners and increase their value. Farooq et al. (2022) say that firms can improve their financial performance and lower their risk by making sure that managers and owners have the same goals and by giving accurate and clear financial reports. But there are still problems with putting effective government practices into place, and people need to keep working to make sure that businesses are run as quickly and efficiency as possible.

Corporate Governance Practices

When a government conducts its operations in a way that maximizes the welfare of all stakeholders while addressing conflicts of interest, this is called corporate governance. In order to maximize shareholder value, good corporate governance policies guarantee that organizations run efficiently and effectively (Alodat et al., 2022). State corporate governance is defined by Carmichael (2023) as "the policy and practice through which the government intends to reconcile the competing interests of its different stakeholders in order to achieve its stated goals." Good corporate governance practices are characterized by social control and trust and can improve business performance, reduce agency costs, and influence corporate policy (Chi, 2021; Khatib & Ibrahim Nour, 2021). The board of directors, according to Turnbull (2012), is a crucial control mechanism that has a big impact on how a firm runs. As per the Amran and Ahmad (2009), a previous research that was undertaken by Western specialists on the link between corporate governance practices and company success produced conclusions that were conflicting. It has been said by Kihara (2006) that effective corporate governance regulations have the ability to enhance the competitiveness and entrepreneurial spirit of a firm. According to Kyereboah and Biekpe (2006), a number of South African parastatals have been forced to close their doors as a result of serious governance issues. According to Anon (2004), effective governance requires the mediation of the many interests that are held by society in order to reach a widespread social consensus on what is most beneficial for the whole community and how this may be accomplished.

Academics and professionals alike may find it problematic to navigate the myriad of accountability frameworks, despite the fact that this is a foundational principle of effective governance (Bierstaker, 2009). Accountability typologies have been the subject of heated discussion in the academic and development worlds as of late (Carpenter & Westpal, 2011). Currall and Epstein (2013) contend that holding public officials responsible for their choices and deeds can lead to improved governance and the eradication of poverty. This supervision guarantees that government programs fulfil the requirements of the community they are intended to serve and accomplish their declared objectives.

According to Pratiwi and Sari (2017), one principle of good governance is making information about how public institutions and resources are managed easily accessible to the public. Nevertheless, IFC (2020) states that some of the shortcomings of CG practices include a lack of transparency, ineffectiveness, unprofessional boards, and protection of minority shareholders. The four cornerstones of reliable, understandable, accessible, and available information are reliability, understandability, and accessibility (Carcaba et al., 2017). The establishment of transparent processes and procedures is linked to this principle of open government. Government agencies are held more accountable and their management is made more clear when there is transparency. Starik and Rands (2007) state that openness improves corporate governance and organizational performance. Starik and Rands maintained that information accessibility improves governance and transparency. The reporting capabilities of management information systems, the Internet, email, intranet websites, and corporate intelligence systems make it practically difficult to conceal information. To promote oversight and criticism of public authorities' power use, transparency in government operations is essential (Meijer et al., 2012).

According to Baharifar and Javaheri (2010), when we talk about justice or fairness in the context of ethics, religion, equity, or the law, we're essentially referring to the idea that there's a morally righteous way to do anything. An individual's subsequent attitudes and actions may be influenced by how they perceive these evaluations as fair or unfair (Trevino and Nelson, 2010). Because workers' attitudes and actions on the job might be influenced by their views of unfairness, organizations often prioritize fairness. Problems with staff selection procedures, equal opportunities for advancement, and fair remuneration are all aspects of organizational justice.

According to Chandima and Markeset (2011), the notion of integrity depends on the management, which includes nonexecutive directors, being completely transparent, honest, and accountable. Chandima and Markeset said that financial institutions nominate institutional directors to the Board of Directors so that they may protect the they care about their organization and where they fit, and they are very important to honesty, openness, and responsibility.

Parastatals in Kenya

Most state companies were set up to help the state reach its social goals, not to make more money. Many governments have had to change the Corporate Governance systems of state companies in order to make them run better, cut down on debts, and become strategic tools for making their countries more competitive (Dockery & Herbert, 2000). Unfortunately, state businesses continue to be a big part of most of the money problems African governments have because they are inefficient, lose money, have to stick to budgets, and provide poor goods and services (Bradbury, 2006).

Shirley et al. (2001) said that state businesses haven't been able to keep up with demand, provide poor services, and play catch-up in tech areas like telephones. Also, Nyong'o (2005) said that the main problems that keep state companies from reaching their goals are poor management, excessive red tape, waste, theft, incompetence, and carelessness on the part of directors and employees. It looks like this situation hasn't changed much in recent years. There have been big changes in Kenya's business governance methods over the last 25 years. For Kenyans to reach their goals set out in Vision 2030, they must have strong and successful business governance. Because of this, Kenya's State corporations have gone through a lot of changes that were overseen by a government task force and sessional papers. These changes were made to make sure that the companies could do their jobs efficiently and effectively by making sure they were financially stable and independent. More work has been put into making sure that these companies are not only financially safe and self-sufficient, but they can also give money to other government projects in exchange.

Corporate governance and Performance of state corporations in Kenya

Abbdullah (2018) agrees that good CG can lead to better company success. When it comes to CG, firms with better practices do better than those with bad practices. Singh and Pillai (2022) looked into what CG does in Indian state companies. They found that CG can lead to long-term progress and good financial returns. Erena et al. (2022) uncovered that the same thing in Ethiopia as well. There is a good chance that companies with weak CG systems will be involved in theft (Arora & Sharma, 2016). It's clear that investors, authorities, and other parties need compliance (Fasterling, 2005). In this case, "performance of state corporations" refers to how well those corporations have met their performance goals. Thomas and Palfrey (1996) say that people should be active in the process of evaluating the success of the public sector because they are the ones who use it and benefit from it the most. How well a state-owned sector does depend on how efficiently and effectively it gets resources and uses them. Bradbury (1999) says that proper controls are needed to make sure that the extra money that comes in because of inefficient and useless use of resources is not allowed. This is seen as a good sign of financial performance.

Corruption, however, has impacted the majority of Kenya's state-owned corporations. According to Manara et al. (2020), corrupt practices are characterized by the abuse of authority in organizations or the government, which in turn harms society. Since Kenya's independence, there has been a general belief that the State Corporation is corrupt. Corruption was called "ten percent" because, as Osamba (2019) explains, government officials would seek bribes from winning bids equal to 10% of the contract amount. Corruption in Kenya has stunted the expansion of the State Corporation and other service sectors, according to Omar (2020). These sectors include healthcare, education, transportation, water and power. According to Akkoyunlu and Ramella's (2020) research, nations with high levels of corruption have a worse chance of prospering than those with lower levels. Corruption, according to their findings, has a detrimental effect on a country's creativity, GDP per capita, and productivity. The African Union Commission (2019) echoed this sentiment, stating that corruption reduces national productivity since anti-corruption measures divert resources away from governance and value-adding initiatives. Additionally, certain government officials invest considerable effort into creating and maintaining bribery equipment.

There are several main ways to figure out how well a business is doing. One example is the balanced report. Langley et al. (2019) say that the balanced scorecard can be used to judge the success of a company. Kiiru et al. (2015) used financial stability as one of the success measures to rate the work of parastatals. Lauthaus (2002) noted that a firms' financial stability is measured by its ability to get the money it needs to run its business. To be financially stable and meet its practical needs, an organization must be able to make enough money to cover its running costs. The project will use the power to make money as a measure of success.

Good company governance makes the business world healthier, which makes the whole country more competitive. Corporate governance processes are a group of economic and legal institutions that make sure the company gets outside funding, makes sure that owners' (investors') interests are allied with those of managers and other stakeholders, and makes money for investors.

Statement of the Problem

The (OECD) (2013) says that Kenyan state-owned businesses have had problems with their success. Lien, Piesse, Strange, and Filatotchev (2009) say that responsibility, openness, and ethics are important parts of good government that must be kept for state companies to do well. Bonner (2010) says that governance is the set of rules and guidelines that govern how the organization's goals and driving principles are talked about and put into action. These rules and guidelines are made through power, management, and control. It includes the organizational structures and decision-making procedures as well as the interactions between the organization and its members.

The performance of the parastatals in Kenya has been inadequate. For instance, KQ reported a net loss of Ksh. 7.5 billion in 2017, Ksh.9.4 billion in 2018, Ksh.8.6 billion in 2019 and Ksh36.57 in 2020 (KQ annual reports, 2017, 2018, 2019, 2020). Moreover, the deficit reported by Kenya Airports Authority in the financial year 2016/2017 was Ksh 20,398,000, 2017/2018 was Ksh17, 788,000, 2018/ 2019 was Ksh 18,784,000 and 2019/2020 was Ksh 21,045,000 (Auditor General, 2017, 2018, 2019, 2020). In addition, the performance of the Kenya Airports Authority in maintaining airports in the country is worrying. In 2018, it was reported that Wilson Airport, one of the busiest airports in East and Central Africa, was grappling with potholes on some sections of its runways (Mwikya, 2019). Further, in 2017, the runways and other facilities of Mombasa Airport were found to severely deteriorate because of a lack of maintenance equipment (Mueni & Moronge, 2018). This is an indication that the Kenya Airports Authority is underperforming, thus forms the justification of conducting the current study.

According to Clarke (2010), one would anticipate that the governance arrangements of any organization will reflect a number of governance principles. According to Adams (2012), low accountability in the administration of public affairs contributes to weak governance and has an impact on how well services are provided to the general public. According to Donaldson and Preston (010), accountability in the administration of public affairs at the county level in Kenya has steadily declined since the new constitution was put into force in 2010. This affects the efficiency with which Kenyan state-owned businesses function. However, prior research indicates that, despite evidence of increased CG compliance, the relationship between CG practices and company performance in developed countries has produced conflicting, negative, or ambiguous results (Ali & Frynas, 2021; Rinaldi & Viganò, 2021; Ghulam et al., 2021). In addition, these research produced contradictory findings when applied to developing markets. While several research have examined the association between the aforementioned CG features and company performance, most researches have relied on models that only included one or two CG mechanisms, such as accountability or other dimensions (Bruna et al., 2019; He et al., 2021; Dauda & Shafii, 2021). Basyith et al. (2022), Xuan Ha and Thi Tran (2022) are two of the rare Vietnamese studies that have used the CG practice index questionnaire, a popular tool in other OECD nations, to evaluate and rank the effectiveness of CG. Otiti (2010) examined Heritage Insurance Company Limited using a corporate governance and performance scale. The research demonstrated that the company had traits such as a consistently high growth rate even during economic downturns and a well-organized system of governance. The research uncovered a robust association between good corporate governance and financial outcomes for companies. This research limited its focus to state-owned enterprises, as opposed to earlier ones that had mostly examined insurance firms.

Njoroge (2012) looked at publicly listed firms, he did not include state-owned enterprises in his analysis of the effect of corporate leadership on performance. Mugambi (2015) looked at the effect of corporate entrepreneurship on the productivity of state-owned businesses in Kenya, but they only looked at the investments made by the businesses and gave little consideration to the importance of sound corporate governance. Koech failed to take governance issues into account in his 2012 study on how different leadership philosophies affect state-owned business success. However, the effect of governance procedures on the effectiveness and efficiency of Kenya's SOEs was conspicuously absent from these studies. This research would address the knowledge gap about how different types of government affect the efficiency and productivity of Kenya's state-owned businesses.

Specific Objectives

The research's objectives were:

i. To establish how accountability affects the performance of Kenya National Accreditation Services.

ii. To look into how transparency affects the performance of Kenya National Accreditation Services.

iii. To explore how fairness affects the performance of Kenya National Accreditation Services.
iv. To look into how integrity affects the performance of Kenya National Accreditation Services.

Research Question

The study questions included:

i. What is the effect of accountability on the performance of Kenya National Accreditation Services?
ii. What is the effects of transparency on the performance of Kenya National Accreditation Services?
iii. What is the effect of fairness on the performance of Kenya National Accreditation Services?
iv. What is the effect of integrity on the performance of Kenya National Accreditation Services?

Significance of the Study

There are several reasons why this research is important. First, by concentrating on the Kenyan setting, it contributes to the existing body of knowledge about corporate governance and state business performance. Findings will provide light on how well corporate governance policies boost state firms' performance.

Makers of Policies; Policymakers will benefit greatly from the research since it will help them understand how governance methods impact the functioning of state corporations. This research will be useful for policymakers since it will explain the relevance of the state corporation's governance ideology.

Researchers; this study gives researchers a lot of weight as they would have access to reference data on how state firms in Kenya operate after implementing governance principles.

State Corporation of Kenya; The research places a great deal of emphasis on the commercial State Corporation since it will help those involved comprehend how accountability, openness, fairness, and integrity affect those organizations' ability to function in Kenya.

Secondly, the research findings will be beneficial to policymakers and regulators in designing and implementing appropriate governance frameworks for parastatals. By understanding the impact of board composition, transparency, accountability, and stakeholder engagement, policymakers can make informed decisions to enhance the governance and how well state companies are doing.

Finally, the significance of good corporate governance in attaining improved performance results makes this research applicable to stakeholders and management of state businesses. Managers may boost operational efficiency, decrease corruption risks, and increase financial performance by executing good governance measures.

Scope of the Study

This research explores how well Kenya's parastatals function under the corporate governance framework. The study's only emphasis was on how new governance practices affected the efficacy and efficiency of Kenya's state-owned businesses. The research would involve at least 55 commercial state companies in Kenya. The research took into account a number of corporate governance factors like stakeholder involvement, CEO remuneration, accountability, transparency, and board composition.

Limitations of the Study

A reluctance on the part of some participants to provide the necessary research data is one of the drawbacks. Nonetheless, in order to demonstrate the research's legitimacy, the investigator will provide letters from both the institution and the ministry. Secondly, researcher used study assistants and phone calls to follow up in the event that any surveys are returned late, which might delay data processing. Finally, remember that the research was limited by data availability, time constraints, and the inherent complexities of measuring performance in the parastatal sector, however the researcher dealt with one institution to remove time constrain and reduce complexities of measuring performance.

LITERATURE REVIEW

Introduction

An overview of the theoretical and empirical studies on corporate governance practices and their impact on Kenyan state business performance is given in this chapter. A conceptual model illustrates the association between the independent and dependent factors. The literature review is summarized below.

Empirical Review

This section covered the variables under study which include; Accountability, Transparency Fairness and Integrity in line with the research themes.

Accountability and Performance of State Corporation

Currall and Epstein (2013) argue that better governance and the end of poverty can be achieved through holding public officials accountable for their decisions and actions. This monitoring guarantees that initiatives undertaken by the government accomplish the objectives they have set for themselves and satisfy the requirements of the community that they are intended to serve.

Larger Pakistani enterprises benefit more from a strong governance framework, according to research by Farooq et al. (2022) that used the two-stage least squares method to analyze data from 152 non-financial enterprises listed on the Pakistan Stock Exchange from 2003 to 2017. Because of the association between responsibility and corporate success, the research highlighted this issue for both large and small businesses. Businesses are shielded from financial woes by accountability practice in corporate governance processes, according to this research.

A research by Mehmood et al. (2019) of manufacturing companies in South Asian countries found that managers who were not honest chose a diversification strategy for their own gain. This is true in the case of Bangladesh. The results show that formal ownership is bad for the firm's growth, which goes against the idea of freedom. In 2020, Rashid looked at 527 company years (168 from 2015, 183 from 2016, and 176 from 2017) to see how the features of the corporate board affect the association between capital structure and business performance. He found that these characteristics have an effect on accounting-based performance because the institution can demand clear financial reporting and hold managers responsible for the organization's performance.

Otieno (2010) examined the association between corporate governance and the financial performance of companies listed on the Nairobi Stock Exchange. The aim of the study was to assess whether the implementation of corporate governance practices had an impact on the performance of these financial institutions. To facilitate the analysis, a Governance Index was developed, drawing on the Globe & Mail rankings. This index was constructed using data from financial institutions and performance indicators derived from 15 annual reports. According to the study's results, board composition, shareholder rights, compensation, and governance all positively correlate with a company's success. Concerns about disclosure

Researchers Muthiora and Murigi (2020) looked at the effectiveness of certain credit cooperative organizations' financial reserves and the significance of corporate governance accountability in Kenya. The researchers opted for a descriptive approach. Additionally, 58 testers were selected using stratified random selection, which yielded a 30% tester success rate. Responsibility has an effect on output, according to the research. Comparing the aforementioned studies with the present one reveals that the former employed descriptive research and a stratified random sampling strategy, while the latter will use a cross-sectional survey research approach.

Gitari (2008) did an investigation on the new (KCC) to explore the relation of accountability in corporate governance and KCC's monetary viability. According to the findings, the KCC's board improved the firms' monetary performance over time by implementing accountability measures in strong corporate governance. The investigation did not cover the components of board transparency in operations, which the present research will incorporate

Transparency and Performance of State Corporation

According to Pratiwi and Sari (2017), one principle of good governance is making information about how public institutions and resources are managed easily accessible to the public. The four cornerstones of reliable, understandable, accessible, and available information are reliability, understandability, and accessibility (Carcaba et al., 2017). The establishment of transparent processes and procedures is linked to this principle of open government. The administration of public institutions is made more clear and accountable when there is transparency.

Mwenzwa (2015) examined the extent of transparency and accountability in the provision of services in Kenya. The research was done among the government parastatals based in Nairobi. The main aim of government institutions is service delivery to the public. The research utilized primary data. The research uncovered that ethics and integrity are integral components of any undertaking to ensure efficiency in using resources and service delivery effectiveness. This calls for a minimal level of responsibility and openness in the way public affairs are conducted. The research remarks that accountability and openness are essential to the service delivery process. According to the research, the government should implement measures that would improve accountability and openness in government agencies. The study's exclusive focus on accountability and transparency in service delivery creates a conceptual gap.

Research by Opara (2014) on the effects of corporate governance on economic efficacy specifically looking at state-owned companies in Nigeria found that well-grounded systems of corporate governance improve performance. The research’s findings demonstrated the undeniable effect of corporate governance principles on business management. The research indicate that the broad effect of excellent corporate governance principles is mostly due to the detrimental effects of breaking corporate governance code regulations. This is because good corporate governance practices in state organizations boost transparency, which in turn boosts employee commitment and raises performance levels. The importance of sound corporate governance systems is that employees are more active in conducting activities that they have been assigned to do. This has the possibility of increasing the overall performance since the employees will not be working toward self-interest but on the general interests of the organization.

As part of his attempt to comprehend the relationship between the two, Otieno (2010) attempted to respond to the issue of whether corporate governance policies have an impact on the performance of companies listed on the NSE. Data gathered from banks and other financial institutions, along with performance metrics taken from fifteen distinct annual reports, were used to create a Governance Index, which was then ranked using the standards established by the Globe and Mail. According to the study's findings, a firms’ performance appears to be positively connected with the following elements: board governance, shareholder rights, compensation and ownership, and board composition.

Miring'u and Muoria (2011) sought to ascertain if and how corporate governance affected the performance of commercial state businesses in Kenya. The survey aimed to identify three variables: board size, composition, and financial performance. The research embraced a descriptive survey approach. This study looked at 41 commercial SCs in Kenya using information from the Inspectorate of SCs. The survey was completed by thirty HR officers. The data was analyzed by means of descriptive statistics and multilinear regression. As per the to the statistics, a board with a mean size of 10 appears to require at least three independent members. Thus, the study uncovered that the RoE increases as the board size and composition of all SCs increase.

Fairness and Performance of State Corporation

According to Baharifar and Javaheri (2010), when we talk about justice or fairness in the context of ethics, religion, equity, or the law, we're essentially referring to the idea that there's a morally righteous way to do anything. An individual's subsequent attitudes and actions may be influenced by how they perceive these evaluations as fair or unfair

(Trevino and Nelson, 2010). Because workers' attitudes and actions on the job might be influenced by their views of unfairness, organizations often prioritize fairness. Some examples of issues that could arise in the context of organizational justice are concerns about fair remuneration, equal chance for advancement, and procedures around staff selection.

Bowen, Moon, and Kim's (2017) study looked at how ethics play a part in investor relationships and financial communication in the US. The research employed a descriptive research technique. The study revealed a more sophisticated grasp of ethics is essential in three domains: investor relations, financial communication, and public relations. According to the research, companies must manage their investors' trusts in order to continuously gain, increase, and keep their trust. If managers behave unethically, this might negatively affect performance.

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Integrity and Performance of State Corporation

The concept of integrity hinges on management, including nonexecutive directors, being fully open, truthful, and responsible, claim Chandima and Markeset (2011). According to Chandima and Markeset, financial institutions choose institutional directors to the Board of Directors in order to safeguard the institution's interests, where they belong, and to play a vital role in transparency, accountability, and honesty.

Alam, Johari, and Said (2018) discovered that enhancing the integrity of government institutions greatly contributes to increasing the performance of service delivery in Malaysia. It is impossible to overestimate the value of integrity, openness, and fostering solid business connections. These attributes are essential for a firms' monetary performance and sustainability, according a study conducted in Malaysia by Abidin, Hashim, and Ariff (2017). Bowen, Moon, and Kim (2017) did a research to investigate how honesty affects investor relations and financial communication in the United States. The research employed a descriptive research technique. Research indicates that enhancing our techniques for assessing honesty is critical in the domains of investor relations, financial communication, and public relations. Businesses must manage investors' trusts to gain, maintain, and build their trust; otherwise, investors may hinder performance through unethical management and judgements that lack integrity, according to the research. According to research conducted in Afghanistan by Peteraf (2021), the integrity of the leadership of government parastatals determines their level of performance.

Laimaru (2018) looked into how governance norms affected Kenya's commercial state businesses' performance. The declared objectives of the research were to examine how

Kenyan commercial state businesses performed when subjected to stricter accountability, transparency, and honesty requirements. Participants in this study were polled using a descriptive research methodology. Our target population consisted of 55 Kenyan commercial state firms. The census was utilized in the research due to small sample size. The study found that honesty, openness, and justice had a major effect on the success of Kenya's commercial state enterprises. The research exposes a conceptual gap because it only relies on integrity, fairness, and accountability.

According to a research done in Ghana by Donkor and Zhou (2020), one of the key elements affecting the quality of services provided by the Ghanaian public sector is leadership integrity. According to the survey, ineffective service delivery has resulted from a lack of integrity in government office leadership. Alam, Johari, and Said (2018) found that higher government institution integrity is linked to better parastatal performance. The research creates a contextual gap because of its Malaysian setting. Honest leadership is positively correlated with better service quality and a higher standard of living in South Africa, claim Zamokuhle, Nirmala, and Omololu (2020). When leaders behave dishonestly, projects take longer to complete and people receive lower-quality services. Furthermore, Mitonga-Monga and Cilliers (2016) note that the effectiveness of government offices is influenced by aspects of leadership, such as how people view justice, honesty, and integrity.

Miniga (2013) explored the relationship between corporate governance standards and the financial performance of regulatory state enterprises in Kenya, with the aim of identifying factors that contribute to the effective implementation of corporate governance principles. The study focused on various aspects of corporate governance, including board diversity, size and composition, committee independence, the internal audit function, frequency of board meetings, and the presence of co-CEOs. A descriptive correlation analysis was employed to examine the relationship between corporate governance practices and organizational financial performance. The research sample consisted of eighteen government-regulated state-owned enterprises in Kenya. In addition to original sources, the dataset also included data from secondary sources. Financial records completed by the auditor general's office were utilized to gather secondary data, while questionnaires were delivered to get primary data on corporate governance practices. The degree of association between financial performance and corporate governance procedures was investigated using a multiple regression model. The research uncovered that the financial performance of Kenyan governments that regulate firms is impacted by corporate governance laws. The present results are in line with other empirical studies on corporate governance, which shown that the financial performance of regulatory state firms was improved by the adoption of different corporate governance systems. The research presented here supports these findings.

This four-step method will be applied to 113 non-financial companies that were listed on the PSX between 2013 and 2018. How much does capital structure affect financial performance and CG systems? Bashir et al. (2020) want to provide an answer to that query. According to the results, a smaller audit committee performs better than a larger board, which has the opposite impact. The study found that when CEOs handle many responsibilities, the value of the company increases by 20%. According to this analysis, capital structure does not mitigate the association between CG and financial performance, and businesses with more autonomous CEOs typically have higher debt levels.

Performance of State Corporation

In order to explore whether the corporate governance practices of the companies had an effect on their financial success in the UAE business climate, Abhilasha and Jyoti (2015) conducted a study. Both the short-term and long-term financial performance of UAE-based firms were shown to be impacted by the corporate governance measures that were implemented. In the near run, workers get monetary compensation for their efforts when the firms' financial performance improves. According to the research, their company was able to expand in the long run because to their enhanced financial performance.

Miniga (2013) aimed to ascertain the connection between Kenyan state firms' financial performance and their corporate governance procedures. 18 Kenyan state-regulated businesses were the subject of the descriptive correlation analysis. Information from primary and secondary sources was also included in the dataset. Using a multivariate regression model, the study investigated the connection between financial success and corporate governance procedures. The results showed that the financial performance of Kenyan regulatory state firms is influenced by corporate governance standards.

A research by Miring'u and Muoria (2011) found a correlation between corporate governance and the effectiveness and efficiency of state-owned enterprises in Kenya. The study aimed to explore the board's size, makeup, and performance in addition to other factors that influence financial success. A descriptive survey approach was used in the investigation. This study's objective was to examine 41 private SCs in Kenya by analyzing data from the SC Inspectorate. Both multilinear regression and descriptive statistics were utilized to analyze the data. The research uncovered that the effectiveness of commercial state companies is influenced by corporate governance. The success of Kenyan commercial state businesses was shown to be positively correlated with corporate governance norms.

Tong'wen (2010), Research on the Relationship Between Corporate Governance and Financial Results of Nairobi Stock Exchange-Listed Companies. The research aimed was to compare the performance of listed corporations that adhered to basic requirements to those who went above and above in terms of corporate governance. With the use of a multiple linear regression model, we examined data collected from 43 different firms. Firm success was positively correlated with corporate governance traits that went above and above what is required by law and industry standards. The research concluded that above-and-beyond corporate governance procedures are good for businesses.

Otieno (2010) explore if corporate governance has any effect on the financial health of NSE-listed banking institutions. The Globe and Mail scores were used to create a Governance Index based on data from financial institutions and success metrics from yearly 15 reports. The study's results show that institutions sold on the Nairobi Stock Exchange do better financially when there is good corporate governance. Corporate governance covers a lot of different areas, including the make-up of the board, pay and ownership, shareholder rights, and the public exposure of board governance.

Gitari (2008) sought to ascertain if corporate governance has an impact on the financial performance of state firms using a case study of the KCC. The study showed an improvement in the bottom line. Because they established and routinely assessed best practices for corporate governance, the Board of Directors of New KCC was in charge of this. The selection and leadership of the Board, the Board's mission and principles, the power dynamics within the Board, corporate communication, and the Board's duty to stakeholders via social and environmental responsibility are all important components of corporate governance.

Summary of the Literature and Research Gaps

Table 2.1 Summary and gaps to be filled by the study

Author(s)(Year)	Topic of the research	Research Gap	Addressing the Gap
Alodat et al. (2022),	The association between corporate governance and business performance	The study only considered board characteristics	Current study included other corporate governance variables accountability and transparency
Bruna et al. (2019),	Does gender diversity on boards influence how firms take risks? Data derived from the French stock exchange	The research was based on diversity	Present research was based on corporate governance practices
Dauda et al. (2021),	The association between corporate leadership and financial achievement in developing economies in Nigeria	Study was based on emerging markets in Nigeria	The existing research was based on state corporations
Donkor, F., & Zhou, D. (2020).	The influence of organizational commitment on the relationship between	Study focused on leadership in Ghanaian public service environment in Ghana	Current study was based corporate governance practices

	transactional and laissez-faire leadership styles and employee performance in public sector in Ghana.		on Government parastatals in Kenya
Farooq et al. (2022),	Evidence from Pakistan on the association between corporate governance and company performance, Corporate Governance	The research concentrated on aligning incentives to reduce risks and was based in Pakistan	Current study focused corporate governance attributes and is based in Kenya
Hunjra et al. (2021)	Banks' risk-taking, diversification, corporate governance, and regulations	The research was based in banking sector	The existing research was based on Government parastatals
IFC (2020),	Financial and managerial practices in ASEAN companies: a background paper	Focused on developed economies	Current study was based developing economies
Khatib et al. (2021	How the COVID-19 epidemic affected company performance in relation to corporate governance	The research utilized Covid 19 as a moderating variable	Current Study did not have a moderating variable

Mueni, J., & Moronge, M. (2018).	The Kenya Airport Authority as an Example of a Parastatal in Kenya and the Impact of Strategic Procurement on Its Performance	The research was based on a case study of KAA	Present research was based all government parastatals
Nguyen et al. (2019)	The role of MNC subsidiaries in Vietnam's corporate social responsibility initiatives: challenges, possibilities, and innovations	The research was based on dynamic capabilities of a Multinational companies	Existing research was based in a parastatal in Kenya
Parastatals Report. (2022).	March 2013 Report on the Budget and Financial Situation. Title: The HM Treasury in London	Study was based on secondary data	The existing research utilized primary data collected through questionnaires
Opara L.C. (2014),	Exploring Nigeria's Corporate Governance Laws: An EvaluationLaw, Policy, and International Relations Journal	The study was in Nigeria and used exploratory research design	Current study based in Kenya using descriptive research design
Peteraf (2021)	Effects of Moral Leadership on the Efficiency of Afghan Government Agencies:	The research was based on ethical leadership in Afghanistan	Current study based on corporate governance practices

Xuan et al. (2022),	Empirical evidence from Vietnam's publicly traded enterprises on the effect of product market rivalry on firm performance as mediated by the corporate governance index	Research utilized corporate governance as a mediating variable in a product market competition	The existing study utilized corporate governance as explanatory variable in performance of government parastatals
Njoroge, R. K. (2012).	The Impact of Kericho Municipality Saccos' Financial Performance on Corporate Governance Practices	Research was based on Sacco sector in Kericho Municipality	Current study is based on Government parastatals

Theoretical Review

Analyze the connection between State Corporation's performance and corporate governance, and summaries pertinent ideas and models. Consider theories that explain the relationship between sound corporate governance and financial outcomes, such as resource dependency theory, stewardship theory, and agency theory.

Agency Theory

According to Anon (2008), the agency theory analyzes and attempts to resolve problems that occur in the relationship between principals (such as owners or customers) and their agents, such as senior management. The idea behind the theory is that businesses should try to make their owners or clients as much money as possible (Arneson, 2011). According to the agency theory, most companies have to work with incomplete knowledge and doubt. Agency theory says that the agent is responsible to the principle for 13 tasks. Another important part of the idea is that the person is responsible for any mistakes. Conversely, moral hazard occurs when a principle is unsure if an actor has given it their all (Bierstaker, 2009).

Professional managers have access to superior knowledge than public institution owners, according to the agency hypothesis. This is because a company's senior executives may be more concerned with their own welfare than the welfare of the business's owners (Collier, 2013). Some claim that without the proper control mechanisms are in place to safeguard owners' interests, managers won't act in their best interests. According to the agency theory, governance should aim to make it as difficult as possible for managers to act against the interests of owners. Proponents of the agency theory contend that when a big number of people own an organization's shares and the board of directors is made up of people with little organizational expertise, the top management of the company has more clout. According to the hypothesis, there should be a positive correlation between senior management's degree of ownership and the amount of shares they own, indicating that they should have a substantial stake in the business (Mallin, 2004).

According to Dobson (2011), the reason why firms have challenges is because top management and other agents are not ready to take responsibility for their judgments unless they have a significant amount of stock in the company. Establishing norms and incentives to bring managers' actions in line with owners' wishes is another tenet of agency theory (Forker, 2012). However, developing a set of rules that address every scenario that employees can encounter is nearly difficult. Boards of directors of for-profit businesses frequently apply agency theory to make sure that management is operating in the best interests of shareholders, according to Hall (2012). Jennifer (2007) asserts that the needs of stakeholders, including as communities, workers, shareholders, and customers, differ from those of profit-making businesses. The stakeholder group claims that the conflicting expectations might be used to defend actions that other people believe to be immoral or unfair.

Stewardship Theory

According to the idea, there should be a positive correlation between the quantity of stock held by top management and the degree of ownership in the institution, which means that top management should have a strong stake in the organization (Mallin, 2004). According to Dobson (2011), the reason why firms have challenges is because top management and other agents are not ready to take responsibility for their judgments unless they have a significant amount of stock in the company. Establishing norms and incentives to bring managers' actions in line with owners' wishes is another tenet of agency theory (Forker, 2012). But it's almost impossible to come up with a set of regulations that cover every potential situation that workers could face. Boards of directors of for-profit businesses frequently apply agency theory to make sure that management is operating in the best interests of shareholders, according to Hall (2012). Jennifer (2007) asserts that the needs of stakeholders, including as communities, workers, shareholders, and customers, differ from those of profit-making businesses. According to the stakeholder group, the competing demands may be used to rationalize practices that are seen by others as unethical or unjust.

Resource Dependence Theory

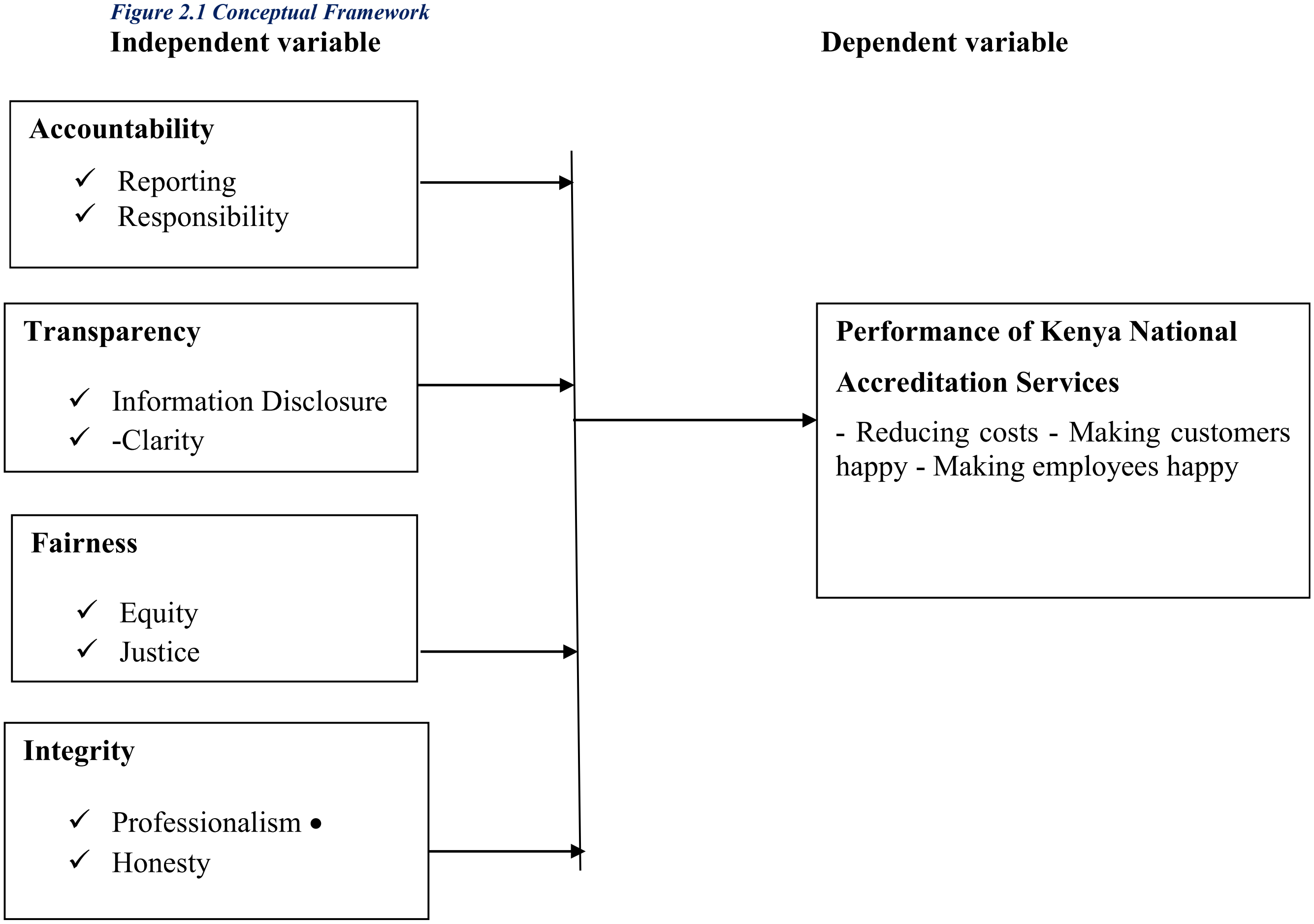
People say that Pfeffer and Salancik (1978) were the first to come up with the resource interdependence theory. In contrast to agency theory, their first ideas came from study that was inductively created. "When an organization appoints a person to a board, it expects the person to come to support the organization, will become interested in its problems, will talk about it in different ways, and will try to help it" (1978:173) is their main point, which shows how the board can give the company important resources.

A radically different perspective on the board's function in fostering high performance becomes available when the board is viewed as a company's resource. Resources come in many different forms, and it may be argued that each one increases a company's "capital." Dalziel and Hillman (2003). Executives may find it useful to consult non-executive directors for advice and guidance regarding strategy and its execution, as well as for specialized talents. Executives may benefit greatly from their expertise, contacts, and alliances while dealing with environmental issues. Relational resources may serve both practical and symbolic purposes; for example, the affiliation of certain individuals with a company may enhance the perceived legitimacy or reputation of an executive team. We can take into account the varied requirements of businesses at different stages of their lifecycles by using the principle of resource dependency. A young, owner-managed firm might nonetheless benefit from the expertise of its non-executive directors in areas where it lacks the resources to employ full-time employees. For a corporation to be listed on a public market, it must have both expert provision and "grown-up governance," as one of our panelists put it. Here, the non-executive's value is derived from their networks and abilities, which open doors to new markets or funding sources, and from the positive associations that come from being associated with the firm. Consequently, rather than focusing on formal independence, the board would instead consider the non-executive's relevant expertise for the firm when making compositional decisions. The non-executive may be a valuable resource for more established companies looking to get insight into the industry or improve their management. The independent directors needed to manage massive organizational transformations may look quite different from those needed to help execute a lucrative business strategy, even in a well-established corporation. Expertise from the non-executive director may be crucial for managing other major sources of corporate risk, such legislation, government policies, consumer confidence, campaign or pressure group knowledge, or consumer confidence. Finally, resource dependency theory sees non-executives as context-specific resources that assist the performance of the business and executives, as opposed to the agency view that stresses their local policing duties on behalf of investors.

Conceptual Framework

According to Smyth (2014), a conceptual framework is a group of broad ideas and theories that help researchers identify their subject, formulate pertinent research questions, and find pertinent literature. Figure 2.1, a conceptual framework, illustrates how accountability, openness, justice, and integrity are related to the performance of state firms.

Figure 2.1 Conceptual Framework



Source; Researcher 2024

RESEARCH METHODOLOGY

Introduction

Data processing and analysis techniques are detailed in this chapter. Data gathering methods and tools, as well as the study's intended participants and sample size were also covered in detail.

Research Design

In this study, a descriptive research design was employed. The rationale behind this was that fact-finding using a variety of inquiry kinds would be required in order to obtain the data required for the study. The study's further design is appropriate as it permits adaptable data collecting without subjecting participants to any kind of manipulation. Research designs serve as blueprints for the whole research process, from coming up with research questions and hypotheses to presenting the results (Lavrakas, 2008). Kothari (2013) states that descriptive research designs aim to describe the current condition of circumstances using both quantitative and qualitative data without changing them. These designs include fact-finding inquiries and surveys. The study plan will be used to figure out what is going on with the current state of government practices and how they affect the success of parastatals in Kenya.

Variables

Accountability, transparency, fairness, and integrity served as the independent variables in this research. Performance of Kenya National Accreditation Services served as the research's dependent variable.

Target Population

In this research, the target population encompassed employees of the Kenya National Accreditation Services (KENAS), a key state corporation under the Ministry of Industry, Trade and Enterprise Development. KENAS is mandated with providing accreditation services in conformity assessment across various sectors, ensuring quality and compliance with global standards.

As of 2023, KENAS had 130 employees distributed across various departments including the corporate governance unit, accreditation, legal and compliance, finance, internal audit, and human resources (KENAS, 2023). These departments are integral to the implementation and monitoring of corporate governance practices within the organization. Given that the research concentrates on the effect of corporate governance practices on performance, the target population included all management and operational staff involved in governance-related activities or organizational decision-making.

Sampling Frame

The study's sample frame was workers working at Kenya National Accreditation Services. The major target of this inquiry is the managerial cadre. Lavrakas (2008) defines a sample frame as a roster of potential users. However, according to Gill and Johnson (2002), a sampling frame is a list of all the people in the study population that was used to generate a random sample. The sampling frame included employees from top-level management (e.g., CEO and directors), middle-level management (e.g., department heads and unit supervisors), and technical and support staff (e.g., officers and assistants) involved in accreditation and compliance. This stratified list facilitated the equitable selection of participants across different organizational levels, ensuring a balanced and representative sample.

Sampling Technique and sample size

The research adopted a stratified random sampling technique to ensure representativeness across the different departments and management levels within KENAS. Stratified sampling is ideal for heterogeneous populations, where subgroups (strata) are expected to have different views or experiences (Creswell & Creswell, 2022). The population was first divided into three strata based on job level: top management, middle management, and operational staff. From each stratum, participants were selected proportionally using simple random sampling.

The sample size was explored using the Yamane (1967) formula for finite populations:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n = required sample size

N = total population size (130)
e = margin of error (commonly 0.05 for 95% confidence level)
Substituting into the formula:

$$n = \frac{130}{1 + 130 \times 0.05^2} = 98\ workers$$

Data Collection instruments

The quantitative data for this research was gathered via the use of semi-structured questionnaires, which will constitute the main data. The findings were confirmed by the quantitative analysis of secondary data.

Pilot Study

Ten randomly chosen responders were sent pre-test surveys so that the researchers can find out how they feel. This helped in figuring out how true and reliable the device is. A pilot test is a way to check the plan, methods, and tools before the study is done (Cooper, & Schindler, 2003). Cooper and Schilder (2011) say that the pilot test should be made up of 10% of the sample as a general rule. The recommended level was met by the planned field test.

Reliability of Research Instruments

By doing a reliability study, the researcher ensured that the research instruments were internally consistent. This helped in discovering which questionnaire questions have poor correlations and exclude them from further analysis. In order to guarantee the survey results were reliable, the researcher employed Cronbach's alpha, a reliability coefficient that provides an objective assessment of the data's generalizability. As per Orodho (2009), Cronbach's alpha, a reliability coefficient, offered an objective measure of data generalizability. The Cronbach alpha coefficient threshold in the study was set at 0.7. High dependability was indicated by the reliability index of 0.813. Cronbach's alpha values above 0.7 often imply strong internal consistency reliability inside a scale, according to Hair, Black, Babin, and Anderson (2010).

Validity of Research Instruments

By consulting with university professors and research specialists, the researcher ascertained the research instrument's substance and validity. The validation of the instruments was aided by the helpful components, adjustments, and recommendations provided by the research professionals. Ten percent of the people who fill out the survey were selected from a pool of participants working for private state-owned enterprises (Mugenda & Mugenda, 2003). Using simple random sample, the researcher chose the 10% of organizations. The input that was gathered from the pilot test was utilized to update the questionnaire.

Data Collection Procedure

In order to go on with data collecting in the field, the researcher got authorization from both the university and NACOSTI. For one week, the researcher taught four research assistants several skills, such as how to keep sensitive information private, how to work together effectively, and how to treat clients with dignity and respect. Helping to distribute the surveys to participants were the recent college grads with backgrounds in economics, finance, and statistics. Data gathering was made more efficient with the help of the research assistants.

Data Processing and Analysis

The researcher verified the returned surveys for correctness, consistency, and typos. When questions with the same or a comparable topic were investigated, thematic analysis was utilized. The next step is to upload the data to a computer for analysis. This research combined qualitative and quantitative approaches to data analysis. Specifically, it used a qualitative strategy to examine the perspectives of various participants by identifying and categorizing shared themes. In contrast, the quantifiable replies to the surveys were examined using quantitative methods.

Data Analysis and Presentation

There was a categorization of the research data obtained via questionnaires. When it is complete, SPSS version 20 was used to analyze it. The researcher attained mean, frequency, and percentage for each variable using SPSS. Graphs, pie charts, and tables charts were utilized to display the research's results, which were based on descriptive statistics that calculate the mean and standard deviation to demonstrate distribution and correlations between variables. This provided light on how state firms in Kenya fared after implementing new governance standards. Finding any correlations between the research variables is the goal of a correlation study in inferential statistics. Additionally, the impacts of the independent factors on the dependent variable were explored using a multiple linear regression model. The multiple regression model used in this investigation was as follows:

$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \varepsilon$ ………………………………………..*3.1*

Where: -

y_i Represents the dependent variable, Performance State corporations; β_0, β_1, β_2, β_3, and β_4 are the parameter coefficients to be estimated.

Responsibility = Openness = Fairness = Honesty = Honesty = Stochastic term

Ethical Consideration

At Kenyatta University's Graduate School and the (NACOSTI), the researcher applied for a research permission. Fieldwork in Mombasa County was included obtaining permission from participants throughout the various areas. They were informed about the study aimed and any concerns they had about their privacy was addressed. The researcher ensured the participants that their identity and the information were kept secret.

RESEARCH FINDINGS AND DISCUSSIONS

Introduction

The findings on how corporate governance practices affect state firms' performance in Kenya are presented in this chapter. The Kenya National Accreditation Services case study is used. The participants' backgrounds and the analysis's conclusions based on the study's goals are presented in this chapter. The research's results were discussed using both descriptive and inferential statistics.

Response Rate

The chosen subjects were given 98 questionnaires by the researcher. A total of 92 questionnaires, however, were properly completed and sent back to the researcher. This yielded a 93.9% response rate, which is considered adequate for the research. This is in line with Juma, Otuya, and Kibati's (2018) suggestion that 50% of responses are sufficient for analysis and reporting, 60% is good, and 70% or more is exceptional. This suggests that this research had a very high response rate. The findings are exhibited in Table 4.1.

Table 4.1 Results on Response Rate

Category	f	%
Response	92	93.9%
Non Response	6	6.1%
Total	**98**	**100**

Source: Field Data (2025)

Demographic Information

The researcher requested general information from the individuals in order to ascertain their characteristics. The results pertaining to gender, age, educational attainment, and job experience are presented in this section. The outcomes are exhibited as follows:

Participants' Gender

The research aimed was to investigate the participants' gender distribution. Therefore, the participants had to click the box next to either male or female to indicate their gender. The gender breakdown of employees at Kenya National Accreditation Services is summarized in Table 4.2.

Table 4.2 Participants' Gender

Gender	f	%
Male	50	54.3%
Female	42	45.7%
Total	**92**	**100**

Source: Field Data (2025)

Based on the gender distribution of participants, which is displayed in Table 4.2, 50 (54.3%) of the 92 research participants were men and 42 (45.7%) were women. The well-balanced gender representation suggests that both male and female perspectives were well represented in the study, which improves the findings on the effect of corporate governance norms on performance at the Kenya National Accreditation Services (KENAS). According to the Public Service Commission (PSC, 2022), although strides have been made toward gender inclusivity, males continue to occupy a larger share of strategic decision-making positions in state corporations. This trend could influence how corporate governance practices are perceived and implemented within institutions like KENAS.

Age of Participants

The researcher reviewed the data gathered on the individuals' educational backgrounds, as exhibited in Table 4.4.

Table 4.3 Distribution of Participants by Age

Age Category	f	%
18 – 25 years	13	14.1%
26 – 35 years	21	22.8%
36 – 45 years	33	35.9%
46 – 55 years	18	19.6%
Above 55 years	7	7.6%
Total	**92**	**100**

Source: Field Data (2025)

The findings in Table 4.3 reveals that most participants (35.9%) fell within the 36–45 years age category, followed by 22.8% aged 26–35 years and 19.6% aged 46–55 years. Additionally, 14.1% of participants were between 18–25 years, while those above 55 years constituted 7.6% of the total sample. This demographic pattern underscores a workforce that blends both youthful energy and mature experience; a balance that is vital for effective implementation of corporate governance practices.

The dominance of participants aged 36–45 years suggests that a significant portion of KENAS staff are in their prime professional years, typically marked by increased leadership responsibilities, strategic involvement, and decision-making capacity (Ochieng & Kimani, 2020). Individuals in this age group often hold middle to senior management positions, which aligns with the study's focus on corporate governance practices. The presence of a substantial number of younger employees (18–35 years), making up 36.9% of the participants, reflects a progressive approach to workforce rejuvenation in state corporations. Younger employees are generally more adaptive to new technologies and modern governance frameworks, including digital compliance tools and risk management systems (Kariuki & Kosgei, 2021).

Educational Level

As shown in Table 4.4, the researcher examined the information gathered on the educational background of the research participants.

Table 4.4 Participants' Educational Level

Category	f	%
Diploma	18	19.6%
Bachelor's degree	42	45.6%
Master's degree	25	27.2%
PhD	7	7.6%
Total	**92**	**100.0**

Source: Field Data (2025)

The outcomes displayed in Table 4.4 shows the distribution of participants based on their highest educational level. The results revealed that most participants held a bachelor's degree (45.6%), followed by those with a master's degree (27.2%), diploma holders (19.6%), and a smaller proportion (7.6%) with doctoral qualifications. These findings indicate that the workforce at Kenya National Accreditation Services (KENAS) is highly educated, with over 80% of participants possessing at least a bachelor's degree. This aligns with the organization's technical and policy-oriented mandate, which requires a well-qualified human resource base to uphold governance and performance standards. According to Otieno and Omwenga (2020), employees with higher education levels tend to have a better understanding of governance principles such as accountability, transparency, and compliance with regulatory frameworks.

Working Experience

The participants were inquired to specific how long they had worked at the Kenya National Accreditation Services. The results are presented in Table 4.5.

Table 4.5 Working Experience

Response	f	%
Below 1 year	5	5.4%
1 – 5 years	26	28.3%
6 – 10 years	39	42.4%
Above 10 years	22	23.9%
Total	**92**	**100**

Source: Field Data (2025)

Table 4.5 illustrates that most participants (42.4%) had between 6–10 years of experience, followed by 28.3% with 1–5 years, 23.9% with over 10 years, and only 5.4% with less than one year of experience. This distribution suggests that a significant proportion of the workforce at KENAS has extensive institutional knowledge and professional exposure, particularly in matters related to governance and organizational performance. The predominance of participants with 6–10 years of experience indicates that many employees have had adequate time to understand and engage with internal governance frameworks and performance monitoring mechanisms. According to Wairimu and Kariuki (2020), employees with mid-level tenure are typically wellpositioned to evaluate institutional governance structures, having experienced both policy implementation and its outcomes over time.

Descriptive Statistics

Accountability and Performance of State Corporations

The first objective of the study was to find out how held accountable affects the work at Kenya National Accreditation Services. On a scale of 1 to 5 (1-strong disagree to 5-strongly agree), the participants were asked to indicate how much they agreed with each statement on accountability and how it impacts the work at Kenya National Accreditation Services. The outcomes were exhibited in Table 4.6.

Table 4.6 Results on Accountability

Statements	n	Mean	Std. Dev
Performance reports are kept up for a long time.	92	3.75	0.821
Members give commitment on their jobs.	92	3.83	0.879
The workers are involved an annual report preparation.	92	3.78	0.836
Both internal and external inspectors check the report.	92	3.89	0.894
The information from the company is shared with all stakeholders.	92	3.71	0.813
Average scores		**3.79**	**0.849**

Source: Field Data (2025)

The results exhibited in Table 4.6 show that there is a mean average score of 3.79 and a Std. Dev of 0.849 across all accountability indicators demonstrates that most participants perceive the accountability practices at KENAS positively. The data highlights that the presence of transparent reporting, employee involvement, inspection mechanisms, and stakeholder communication contributes to improved governance outcomes, aligning with the theoretical foundations of agency theory, which emphasize the alignment of institutional operations with stakeholder expectations (Jensen & Meckling, 1976; Wanyama & Wekesa, 2022).

The findings revealed that most participants agreed that performance reports are kept up for a long time at KENAS, as indicated by a mean score of 3.75 and a Std. Dev of 0.821. This implies that the organization emphasizes maintaining performance documentation for reference, compliance, and strategic planning. Such a practice supports accountability by enabling ongoing performance tracking and review. According to Kimani and Kiptoo (2020), consistent and long-term record-keeping is vital in public institutions as it ensures transparency, facilitates auditing processes, and supports informed decision-making. Similarly, Ochieng (2019) found that Kenyan state corporations that prioritize proper documentation tend to perform better in evaluations and audits. Therefore, the current findings align with existing literature emphasizing the significance of maintaining performance records as part of good corporate governance.

Also, majority of the participants agreed that members give commitment on their jobs, as reflected by a relatively high mean of 3.83 and a Std. Dev of 0.879. This suggests that employees at KENAS are generally dedicated to their responsibilities, a factor critical to institutional performance. Employee commitment is recognized as a key component of effective governance. Gathungu, Kamau, and Mwangi (2021) observed that when employees are engaged and committed, there is a direct positive impact on service delivery and organizational outcomes. Furthermore, Wanjala and Kihoro (2020) noted that commitment is often fostered through ethical leadership, inclusion, and a sense of ownership in decision-making all hallmarks of sound corporate governance. Thus, these findings reinforce the idea that accountability in governance is strongly linked to staff dedication and motivation.

The participants agreed that workers are involved in annual report preparation, with a mean of 3.78 and a Std. Dev of 0.836. This indicates that staff participation in report preparation is relatively strong at KENAS. Involvement in such critical functions reflects a culture of inclusive governance, where employees contribute to the processes that shape institutional transparency. Njiru (2021) emphasizes that involving employees in accountability processes such as reporting enhances their understanding of institutional goals and strengthens ownership of outcomes. In contrast, Omondi (2018) found that in some public agencies, report preparation remains centralized among senior management, limiting employee involvement and undermining accountability.

The participants agreed that both internal and external inspectors check the report, as this item recorded the highest mean score of 3.89 with a Std. Dev of 0.894. This reflects a robust auditing and oversight framework at KENAS, indicating adherence to both internal controls and external regulatory checks. Such dual inspection mechanisms are central to accountability and corporate governance. Chege and Ndungu (2022) argue that internal and external audits help ensure that public institutions operate with integrity, reduce opportunities for fraud, and promote compliance with set standards. This is supported by Wanyama and Wekesa (2022), who emphasize that audit processes serve as a performance-enhancing mechanism, particularly in public service agencies.

Finally, the results show that most participants agreed that information from the company is shared with all stakeholders, as seen in a mean score of 3.71 and a Std. Dev of 0.813. Although this was the lowest-rated item, it still reflects a general agreement among participants. This suggests that while KENAS engages in stakeholder communication, there may be opportunities to enhance the depth, frequency, or accessibility of shared information. Mwikali and Wambua (2020) caution that limited stakeholder engagement often leads to reduced trust and lower accountability, especially in the public sector. On the other hand, Otieno (2018) found that institutions that actively share timely and relevant information with stakeholders are more likely to build public confidence and achieve better performance outcomes.

Transparency and Performance of State Corporations

The objective two was to look into how transparency affects performance of Kenya National Accreditation Services. On a scale of 1 to 5 (1-strong disagree to 5-strongly agree), the participants were asked to indicate how much they agreed with each statement on transparency and how it impacts the work at Kenya National Accreditation Services. The outcomes were exhibited in Table 4.7.

Table 4.7 Results on Transparency

Statements	n	Mean	Std. Dev
My company's practice of withholding important information.	92	3.65	0.755
The financial statements are audited.	92	3.76	0.785
The management arranges for the shareholders to be invited to a meeting.	92	3.73	0.801
Appropriate parties are notified when management provides information.	92	3.79	0.814
Management promptly and relevantly communicates information.	92	3.81	0.912
Shareholders have access to the semi-annual, yearly, and quarterly reports.	92	3.61	0.743
Average scores		**3.73**	**0.802**

Source: Field Data (2025)

Table 4.7 present findings which revealed an average mean score of 3.73 and a Std. Dev of 0.802 indicate that transparency practices at KENAS are positively perceived. This suggests that the organization is largely compliant with corporate governance standards related to openness, communication, and stakeholder engagement. The findings show that majority of the participants agreed that the company withholds important information, as reflected by a mean score of 3.65 and a Std. Dev of 0.755. This suggests that while transparency is relatively upheld at KENAS, there are still instances where crucial information is not readily disclosed. This may be due to internal bureaucracies or cautious disclosure policies. According to Omondi (2018), lack of full disclosure in state corporations may hinder public trust and stakeholder engagement, affecting overall institutional performance. Conversely, Mwikali and Wambua (2020) found that improved transparency in government institutions significantly enhances operational efficiency and stakeholder confidence. While the participants acknowledged some level of information withholding, the moderate mean suggests this is not a widespread practice. However, to align with best governance practices, KENAS could strengthen its commitment to full information disclosure.

The participants agreed that the financial statements of the organization are audited, with a mean score of 3.76 and a Std. Dev of 0.785. This indicates that KENAS adheres to established financial accountability mechanisms, which is a critical pillar of transparency in corporate governance. Audited financial statements help assure stakeholders that financial information is accurate and compliant with applicable standards. Chege and Ndungu (2022) emphasized that regular auditing not only enhances transparency but also boosts investor and public trust in institutions. This is consistent with the findings of Wanyama and Wekesa (2022), who noted that in public sector organizations, financial audits serve as essential tools for detecting inefficiencies and ensuring responsible use of public resources.

The participants agreed that management arranges for shareholders to be invited to meetings, with a mean of 3.73 and a Std. Dev of 0.801. This suggests that KENAS values stakeholder participation in decision-making processes. Involving shareholders in meetings is a vital practice for fostering open communication and accountability. According to Otieno (2018), shareholder engagement promotes a culture of transparency and shared responsibility in governance. This aligns with findings by Musyoka (2023), who highlighted that when public agencies involve stakeholders in periodic meetings, it leads to more informed decisions and improved institutional performance.

The participants agreed that appropriate parties are notified when management provides information, as shown by a mean score of 3.79 and a Std. Dev of 0.814. This indicates that KENAS has systems in place to ensure relevant information reaches the right stakeholders. Proper dissemination of information is a key aspect of effective communication and accountability. Njiru (2021) supports this by emphasizing that timely notification of stakeholders ensures that no party is left out of critical governance processes. This result is in line with Wanjala and Kihoro (2020), who found that targeted communication strategies in public institutions enhance both transparency and decision-making efficiency.

The participants agreed that management promptly and relevantly communicates information, which recorded the highest mean score of 3.81 and a Std. Dev of 0.912. This suggests that KENAS is proactive in its communication practices, ensuring that information shared is both timely and meaningful. Prompt communication is essential in upholding the principles of transparency, especially in regulatory bodies such as KENAS. Kimani and Kiptoo (2020) noted that effective communication practices not only support internal operations but also foster trust among external stakeholders. This finding also aligns with Gathungu et al. (2021), who found that communication strategies are directly linked to the quality of governance and organizational performance in Kenyan public agencies.

Lastly, the participants agreed that shareholders have access to semi-annual, yearly, and quarterly reports, with a mean of 3.61 and a Std. Dev of 0.743. Although this score is the lowest among the items assessed, it still indicates general agreement, pointing to a structured approach in report dissemination. Such access ensures that stakeholders are informed and can hold management accountable. Ochieng (2019) emphasized that consistent reporting builds stakeholder confidence and allows for performance tracking over time. However, this finding slightly contrasts with Omondi (2018), who observed that in some state corporations, periodic reports are either inaccessible or delayed, limiting the effectiveness of stakeholder oversight.

Fairness and Performance of State Corporations

The objective three was to establish how fairness affects performance of Kenya National Accreditation Services. On a scale of 1 to 5(1-strong disagree to 5-strongly agree), the participants were asked to indicate how much they agreed with each statement on fairness and how it impacts the work at Kenya National Accreditation Services. The outcomes were exhibited in Table 4.8.

Table 4.8 Results on Fairness

Statements	n	Mean	Std. Dev
The management treats all shareholders the same	92	3.69	0.745
The organization has ways to stop and settle any disagreements.	92	3.73	0.762
The company values diversity.	92	3.70	0.759
All employees are treated the same.	92	3.67	0.731
The company's leaders get together with potential partners.	92	3.61	0.723
Average scores		**3.68**	**0.744**

Source: Field Data (2025)

The findings displayed in Table 4.8 uncovered that average mean score of 3.68 and a Std. Dev of 0.744 across all fairness-related statements reflects a moderately high perception of fairness within KENAS. This suggests that fairness is upheld in most governance dimensions' shareholder treatment, dispute resolution, diversity, employee relations, and stakeholder engagement. These practices positively contribute to institutional performance, as affirmed by Kibe and Mburu (2021), who concluded that fairness in governance enhances accountability, reduces organizational friction, and improves overall performance.

The results established that most participants agreed that the management treats all shareholders the same, with a mean score of 3.69 and a Std. Dev of 0.745. This indicates a perception of equity in how shareholders are handled at KENAS. Equal treatment of shareholders is a fundamental principle of fairness and corporate governance, aimed at protecting minority shareholders from exploitation or exclusion. According to Kiarie and Mwangi (2019), equitable treatment fosters investor confidence and minimizes conflicts of interest. Similarly, Otieno (2020) found that fair shareholder engagement improves trust and organizational reputation. The finding aligns with the principles set by the OECD (2021), which emphasize that corporate governance should ensure equitable treatment of all shareholders.

The participants agreed that the organization has mechanisms to stop and settle disagreements, with a mean score of 3.73 and a Std. Dev of 0.762. This reflects positively on KENAS's dispute resolution mechanisms. Conflict resolution systems are vital for maintaining harmony and enabling effective organizational performance. Wekesa and Simiyu (2022) emphasized that well-established grievance handling procedures lead to improved employee satisfaction and reduce legal risks. This is consistent with Njeru and Githinji (2021), who found that conflict management mechanisms significantly improve institutional stability and performance in Kenya's public sector.

The participants agreed that the company values diversity, indicated by a mean score of 3.70 and a Std. Dev of 0.759. This suggests that KENAS fosters an inclusive culture that appreciates gender, ethnic, and professional diversity. Valuing diversity has been linked to increased creativity, broader perspectives in decision-making, and improved organizational image (Mulei & Kimani, 2020). The finding aligns with Wambua and Chege (2022), who noted that diversity in leadership and staff enhances innovation and institutional adaptability in regulatory bodies. However, Kamau (2018) cautioned that although diversity policies may exist on paper, their implementation often lacks consistency in public institutions.

The participants agreed that all employees are treated the same, with a mean score of 3.67 and a Std. Dev of 0.731. This reflects a generally fair working environment at KENAS, where favoritism or discrimination may be minimal. Equal treatment of employees promotes morale and reduces workplace conflicts. According to Wanyama (2019), fairness in employee treatment is essential for retaining talent and ensuring long-term productivity. Similarly, Mutua and Otieno (2023) observed that equitable human resource practices contribute to employee trust, which in turn enhances organizational performance. This finding supports the notion that fairness in human capital management is crucial to the success of corporate governance.

The participants agreed that the company's leaders engage with potential partners, with a mean of 3.61 and a Std. Dev of 0.723. Although this has the lowest mean among the fairness indicators, it still reflects general agreement. Engagement with potential partners signals openness and commitment to mutual growth. KENAS's effort to build partnerships supports broader stakeholder engagement, which is a key governance responsibility. Ndungu and Mworia (2020) observed that corporate engagement with stakeholders, including potential partners, increases organizational legitimacy and expands opportunities. However, the slightly lower score may suggest that such engagements could be more frequent or inclusive.

Integrity and Performance of State Corporation

The fourth objective of the research was to explore how integrity affects the performance at Kenya National Accreditation Services. On a scale of 1 to 5, (1-strong disagree to 5-strongly agree) the participants were asked to indicate how much they agreed with each indicator on integrity and how it impacts the work at Kenya National Accreditation Services. The outcomes were exhibited in Table 4.9.

Table 4.9 Results on Integrity

Statements	n	Mean	Std. Dev
Management makes sure that workers are skilled in their work.	92	3.84	0.789
Owners are able to use their right to freely take part in the actions and decisions of the owners' Assembly.	92	3.79	0.752
Management talks to shareholders when making big choices.	92	3.81	0.782
The rules that guide our company spell out in detail what the Board of Directors can do.	92	3.76	0.747
The management hires people who are properly prepared.	92	3.67	0.724
The Company Act spells out the qualifications needed for professional and expert knowledge and experience.	92	3.71	0.736
The selection group makes sure that people who want to join the board are qualified to do so.	92	3.65	0.715
Average scores		**3.75**	**0.749**

Source: Field Data (2025)

The outcomes displayed in Table 4.9 uncovered that most participants agreed that management ensures workers are skilled in their work, with a mean of 3.84 and a Std. Dev of 0.789. This suggests a strong focus on capacity building and professional development within KENAS. Employee competency is a key component of institutional integrity and efficiency. According to Wambua and Njuguna (2021), skilled employees uphold ethical standards and contribute to higher service quality in regulatory agencies. Similarly, Makori (2019) emphasized that integrity in performance is closely tied to employee preparedness and training.

The participants agreed that owners are able to exercise their right to freely participate in the actions and decisions of the owners' assembly, with a mean score of 3.79 and a Std. Dev of 0.752. This reflects positively on shareholder engagement and governance transparency. Stakeholder participation is a recognized tenet of integrity in corporate governance. Kilonzo and Muturi (2020) noted that effective shareholder participation builds accountability and trust, particularly in public institutions. This aligns with the findings of Gachoka and Wekesa (2023), who found that decision-making inclusivity enhances legitimacy and performance.

The participants agreed that management consults shareholders when making major decisions, with a mean score of 3.81 and a Std. Dev of 0.782. This finding illustrates the participatory nature of KENAS's decision-making process. It is a governance best practice to involve shareholders in critical organizational matters. Mwangi and Cheruiyot (2022) argued that this consultative approach improves governance outcomes and reduces resistance to strategic changes. Moreover, Oduor (2020) observed that shareholder engagement is an expression of organizational integrity and ethical commitment.

The participants agreed that the company's rules clearly outline the powers of the Board of Directors, reflected in a mean score of 3.76 and Std. Dev of 0.747. This demonstrates clarity in governance structure at KENAS, which is vital for integrity and accountability. Clear delineation of board authority prevents overreach and improves oversight. According to Nderitu and Wanjiru (2021), well-defined governance frameworks contribute to institutional transparency and integrity. The finding agrees with the work of Kibe and Chege (2018), who emphasized the need for legal and policy clarity in board responsibilities.

The participants agreed that management hires people who are properly prepared, with a mean score of 3.67 and a Std. Dev of 0.724. This indicates that KENAS prioritizes qualifications and competencies in hiring, a key integrity benchmark. Proper recruitment practices help curb nepotism and increase organizational efficiency. According to Karani and Otieno (2022), recruitment integrity influences overall institutional credibility. These findings align with Mureithi (2019), who found that recruitment based on merit improves morale and institutional outcomes.

The participants agreed that the Companies Act defines the qualifications needed for professional expertise, with a mean score of 3.71 and a Std. Dev of 0.736. This illustrates compliance with legal standards at KENAS. Regulatory compliance is a strong indicator of organizational integrity. As per the Companies Act of Kenya (2015, revised), organizations are expected to observe minimum qualification thresholds for directors and senior officers. Otieno and Mworia (2020) emphasized that adherence to such statutory provisions enhances board effectiveness and governance performance.

The participants agreed that the selection committee ensures board nominees are qualified, reflected in a mean of 3.65 and Std. Dev of 0.715. This is indicative of a robust nomination process grounded in integrity and professionalism. Ensuring competence at board level improves strategic oversight. According to Wekesa and Kiptoo (2023), boards with properly vetted members are more likely to deliver on governance mandates. The slightly lower mean may indicate areas for improvement in transparency or consistency in the selection process.

Overall, the average mean score for integrity stands at 3.75 with a Std. Dev of 0.749, reflecting a moderately strong perception of integrity within KENAS. These findings suggest that KENAS is committed to upholding ethical standards in management, recruitment, consultation, and board governance, aligning with the best practices of corporate governance. These integrity mechanisms have a direct positive impact on organizational performance, as shown in studies by Chege and Mutuku (2022), who concluded that institutional integrity correlates strongly with public trust and operational excellence.

Statistics

Model Summary

Corporate governance has become a cornerstone for improving performance, especially within public sector entities. In Kenya, state corporations play a critical role in delivering services, implementing policies, and driving national development. The model summary provides a statistical overview of the association between corporate governance variables and organizational performance.

Table 4.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.812	0.659	0.653	0.016

a. Predictors: (Constant), Accountability, Transparency, Fairness and Integrity

b. Dependent Variable: Performance of Kenya National Accreditation Services

Source: Field Data (2025)

Table 4.10 outlines a model summary that sheds light on the association between various corporate governance practices specifically accountability, fairness, transparency, and integrity and the performance of the Kenya National Accreditation Services (KNAS). The findings captured in the table indicate a robust predictive capacity of these governance practices on the agency's performance, with an R value of 0.812. This implies that there is a high positive connection between the predictors and KNAS's performance, meaning that the organization's performance rises in tandem with the degree of these governance practices. The combined impact of accountability, openness, fairness, and integrity accounts for around 65.9% of the variance in KNAS's performance, according to the R Square value of 0.659. This significant explanatory power demonstrates how important corporate governance policies are in influencing the success of organizations. Other factors not included in the model account for 34.1% of the variation in KNAS performance (100% - 65.9%). These could include external economic circumstances, elements unique to a given industry, or other organizational effects.

ANOVA

This study used Analysis of Variance (ANOVA) to assess how corporate governance practices affected KENAS's performance in order to investigate the importance of these practices on organizational results.

Table 4.11 ANOVA

Model	SS	df	MS	F	Significance
Regression	27.23	4	.153	13.7	0.001[a]
Residual	62.12	88	1.124		
Total	89.35	92			

a. Predictors: (Constant), Accountability, Transparency, Fairness and Integrity

b. Dependent Variable: Performance of Kenya National Accreditation Services

Source: Field Data (2025)

The ANOVA (Analysis of Variance) findings for the regression model assessing how corporate governance practices; accountability, transparency, fairness, and integrity affect the Kenya National Accreditation Services' (KNAS) performance are shown in Table 4.11. The significance value ($p = 0.001$) indicates that this F-value is statistically significant at the 0.001 level. A p-value of less than 0.05 indicates that the regression model is statistically significant and that the performance of the organization is significantly impacted by the combined predictors of accountability, transparency, fairness, and integrity. These results imply that the performance outcomes of state businesses like KENAS are significantly impacted by corporate governance procedures. The findings confirm that improving organizational performance in public institutions requires effective governance, which is exemplified by values like accountability, openness, fairness, and honesty. This supports the assertion that the corporate governance practices under investigation have a statistically significant impact on KNAS's performance, which is consistent with research findings like those of Adongo and Osembo (2022), which highlight the critical role of governance in boosting organizational efficacy.

Regression Coefficients

Table 4.12 presents the regression coefficients, offering insight into the individual contribution of each governance variable toward organizational performance.

Table 4.12 Regression Coefficients

Multiple Regression Analysis Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	0.426	0.139		1.124	.002
Accountability	0.284	0.0128	0.259	1.121	.004
Transparency	0.265	0.0134	0.246	1.137	.003
Fairness	0.252	0.0127	0.238	1.142	.005
Integrity	0.249	0.0138	0.231	1.157	.001

Source: Field Data (2025)

To ascertain the connection between Kenya National Accreditation Services' performance and corporate governance practices, the researcher employed a multiple regression analysis. The equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) is transformed into the following table using SPSS:

$$\mathbf{Y = 0.426 + 0.284X_1 + 0.265X_2 + 0.252X_3 + 0.249X_3 + \varepsilon}$$

Where Y = Performance of Kenya National Accreditation Services
X_1 = Accountability
X_2 = Transparency
X_3 = Fairness
X_4 = Integrity

The constant term (β = 0.426, p = 0.002) suggests that even without the influence of the independent variables, the baseline level of performance at KENAS is moderately positive. However, the integration of accountability, transparency, fairness, and integrity significantly raises performance outcomes.

Accountability has a coefficient of 0.284 and a significance level of 0.004 which is less than p-value of 0.05, signifying that an increase in accountability is associated with a significant increase in organizational performance. The positive standardized beta of 0.259 suggests that accountability has a substantial and statistically significant impact among the variables studied. The results show that most participants agreed that when management ensures proper documentation, reporting, and follow-through on duties, performance outcomes are enhanced. This finding is consistent with Chepkemoi and Koech (2020), who established that accountability mechanisms such as reporting structures and oversight increased trust, improved service delivery, and enhanced overall performance in public service agencies in Kenya.

Transparency exhibits a coefficient of 0.265 with a significance level of 0.003 which is less than p-value of 0.05, meaning that higher transparency significantly boosts performance, with a standardized beta of 0.246 indicating its relative importance. The results show that most participants agreed that the availability of clear and timely information including access to financial reports, stakeholder engagement, and disclosure supports better organizational performance. This is in agreement with Wanjiku and Muturi (2023) who found that transparency builds stakeholder confidence and contributes to stronger institutional reputation and performance in Kenyan state-owned enterprises.

Fairness displays a coefficient of 0.252 and a significance level of 0.005 which is less than p-value of 0.05, signifying its positive and statistically significant affect on performance. Its standardized beta of 0.238 suggests it is an important predictor. The results show that most participants agreed that fairness manifested through equal treatment of employees and shareholders, conflict resolution mechanisms, and respect for diversity enhances collaboration and morale, which in turn boosts performance. These results are consistent with Maina and Wambua (2018) who argue that organizational justice and inclusive decision-making are essential elements of good governance and organizational success.

Integrity has a coefficient of 0.249 and a significance level of p-value 0.001 which is less than p-value of 0.05 emphasizing that integrity is strongly associated with improved performance, with a standardized beta of 0.231. The results show that most participants agreed that practices such as ethical leadership, compliance with professional standards, and transparent hiring processes improve performance by building internal capacity and trustworthiness. This result is aligned with Omondi and Nyongesa (2021), who noted that institutions with high integrity standards perform better due to ethical consistency and enhanced employee engagement.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The main findings of the actual study are summarized in this part, which then draws conclusions and offers some recommendations and proposals for more study.

Summary of the Study Findings

The research uncovered that accountability plays a critical role in affecting the performance of Kenyan state corporations. The findings showed that most participants believed that when institutions ensure that responsibilities are clearly defined and performance is routinely assessed, employees are more likely to fulfill their obligations effectively. Practices such as maintaining accurate performance records, involving employees in reporting processes, and subjecting operations to both internal and external review were found to foster a culture of responsibility. This culture, in turn, enhances operational efficiency and organizational credibility. The study showed that the presence of accountability mechanisms within a state corporation contributes to better decision-making, resource utilization, and service delivery.

Transparency is significant factor that influence the efficiency and success of state corporations. Most participants agreed that openness in operations especially in sharing critical information with stakeholder’s builds trust and improves institutional performance. Transparent practices such as financial disclosures, open communication from management, and timely reporting were seen as enhancing organizational legitimacy. The study revealed that transparency reduces the risks of corruption and mismanagement while increasing public confidence in the organization.

Also, the research found that fairness has a positive effect on the performance of state-owned entities in Kenya. Participants indicated that when an organization ensures equal treatment for all employees and stakeholders, it promotes a sense of belonging and justice that drives motivation and productivity. Fairness in promotions, conflict resolution, diversity, and stakeholder engagement was highlighted as essential in fostering harmony and collaboration within the organization. Participants noted that favoritism, discrimination, or bias in state corporations can lead to internal conflicts, low morale, and poor performance.

Also, the study revealed that organizations that prioritize ethical conduct, professionalism, and transparent recruitment practices tend to perform better. Participants indicated that leadership integrity and adherence to legal frameworks such as the Company Act inspire confidence among employees, stakeholders, and the public. When management is perceived as honest and principled, it sets the tone for a values-based organizational culture. Moreover, aligning decision-making processes with ethical standards encourages accountability and responsible governance. The study revealed that high levels of integrity within an institution are strongly linked to improved organizational performance and sustainability.

Conclusion

The research remarked that accountability significantly enhances performance at KENAS. The institution benefits when responsibilities are well-defined, performance is tracked, and reporting mechanisms are actively enforced. The participants acknowledged that the maintenance of performance records, regular involvement of employees in report preparation, and oversight by both internal and external bodies contributes to an environment where individuals and teams are held answerable for their actions. Such accountability mechanisms foster a culture of responsibility and reliability, which are essential for public institutions seeking to uphold standards of service and operational excellence.

The study concluded that open communication and the timely sharing of information positively impact organizational performance. Transparency within KENAS was associated with greater stakeholder trust and improved decision-making processes. Participants agreed that practices such as audited financial statements, regular stakeholder meetings, and prompt dissemination of relevant updates ensure that all interested parties are adequately informed. This openness reduces suspicion, mitigates risks of corruption, and strengthens organizational integrity, which is especially vital for a standards and accreditation body like KENAS that thrives on credibility and trust.

The study concluded that fair treatment of stakeholders and employees through inclusive practices, equitable conflict resolution mechanisms, and respect for diversity creates a harmonious work environment conducive to productivity. Participants emphasized that favoritism or perceived injustice can lead to demotivation and inefficiencies. Conversely, fairness cultivates morale and mutual respect, which are critical to driving organizational commitment and collaborative work within a regulatory agency such as KENAS.

The research also concluded that integrity plays a foundational role in the performance of KENAS. The management's adherence to ethical standards, clear professional qualifications for leadership roles, and transparent recruitment processes contribute to building a trustworthy and competent organization. Integrity also ensures that decisions are made in the public interest and that KENAS remains consistent with its mandate as a national accreditation body responsible for ensuring quality assurance across sectors.

Recommendation for Policy and Practice

The study recommended that:

The government of Kenya should prioritize establishing and strengthening robust accountability mechanisms within KENAS and across other state corporations. This involves developing and enforcing clear performance metrics, implementing regular auditing procedures, and ensuring transparent reporting systems. Oversight agencies such as the State Corporations Advisory Committee (SCAC) and the Office of the Auditor-General should enhance their monitoring and support functions to guarantee that public institutions are held accountable for their results and compliance with established standards.

Policymakers should review and reinforce existing corporate governance frameworks that guide the operations of state corporations. Specific policies should be enacted or revised to foster transparency across all aspects of institutional management, particularly in financial disclosures, decision-making processes, and stakeholder communication. Clear guidelines should be established to ensure that organizations like KENAS provide timely, accurate, and accessible information to both internal and external stakeholders. Such measures will help build public trust and reduce the risks of mismanagement or corruption.

Stakeholders including board members, institutional partners, and employees of KENAS must champion and uphold the principle of fairness in all organizational interactions. They should work collaboratively to promote inclusivity, diversity, and equal opportunities within the organization. Additionally, regular training and capacity-building initiatives on ethical leadership and corporate governance best practices are essential to sensitize staff and leadership on the importance of fair treatment and objective decision-making.

The government and relevant ministries should ensure that appointments to leadership and board positions are based on merit, guided by professional qualifications and ethical standards. The enforcement of the Code of Conduct and Ethics for public officers should be strengthened, and regular integrity assessments should be conducted to foster a culture of transparency, honesty, and accountability.

Suggestions for Further Study

Firstly, future studies could expand the scope beyond KENAS to include a comparative analysis across multiple state corporations in Kenya. Such research would offer a broader understanding of how governance practices vary between different sectors and institutions, and whether the trends observed at KENAS are consistent across other public entities. Also, a study should be done to examine the role of digital governance and technology in enhancing accountability, transparency, fairness, and integrity within public institutions.

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