INFLUENCE OF ACCOUNTABILITY ON FINANCIAL PERFORMANCE OF STATE-OWNED COMMERCIAL ENTERPRISES IN KENYA

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ABSTRACT

Poor financial performance of state-owned commercial enterprises poses fiscal risks to the government and major challenges in competitiveness and overall national growth, hence the need to implement corporate governance strategies to stem this trend. This study examined the influence of accountability, as one of the corporate governance practices, on financial performance of state-owned commercial enterprises in Kenya. Stewardship theory anchored the study. Explanatory research design was adopted for a comprehensive consideration of the specified topic. Target population of the study comprised 476 board members and 379 corporate executives from 46 SOCEs in Kenya. Sample size comprised 153 board members and 142 corporate executives. Respondents' selection was done through stratified random sampling. Collection of primary data was done using questionnaires. Data analysis was sourced from the Office of the Auditor General, which included reports and financial statements of SOCEs from July 2014 to June 2023. This period was considered because the Government of Kenya developed and implemented 'Mwongozo' code of governance for state corporations in January 2015. Data were analysed using descriptive statistics and testing of hypotheses done using covariance-based structural equation modelling (CB-SEM) with the aid of Analysis of Moment Structures (AMOS) software. Results obtained were presented using tables. Study findings showed that the influence of accountability (estimate = 0.261, critical ratio = 3.556, $p < 0.001$) on the financial performance of Kenyan SOCEs was positive and statistically significant. The study concluded that features of accountability, such as clarity of mandate, monitoring and evaluation, feedback system, compliance with applicable laws, and corporate social responsibility activities, contributed to financial performance of SOCEs. The study recommended that SOCEs should set up reporting systems that enable stakeholders to audit, assess and monitor SOCEs' financial performance.

Keywords: Accountability, Financial Performance, State-Owned Commercial Enterprises, Kenya.

INTRODUCTION

In the increasingly dynamic, unstable and highly competitive business environment, state-owned commercial enterprises (SOCEs) are required to pursue sustained competitive advantages by being accountable and transparent in utilization of scarce public resources in addition to maintaining relationships with its stakeholders (Honggowati *et al*., 2017). Despite the trend towards privatization, SOCEs still play a significant economic role (International Finance Corporation [IFC], 2018). They account for up to 40% of domestic output, 5% of employment and 20% of investment in countries around the world (IFC, 2018). Thus, SOCEs influence people's lives and economy by providing goods and services in distinct and more varied ways than the direct action

of governments (International Monetary Fund [IMF], 2020). However, poor financial performance of SOCEs can be very detrimental to the economy and its citizens, since scarce public resources are used to keep SOCEs buoyant instead of being directed to essential areas (World Bank, 2020). Overall, state-owned enterprises' financial performance varies across economies, depending largely on the quality of public-sector governance (Organization for Economic Co-operation & Development [OECD], 2018). However, commercial and non-commercial objectives for which the SOCEs are established to achieve pose major challenges to the government in designing performance management initiatives (World Bank & IFC, 2021). This is because funds are also required to attain non-financial objectives, thereby causing problems to the board and corporate executives in an attempt to settle these rivalling goals (World Bank & IFC, 2021).

In Kenya, SOCEs control important economic sectors such as manufacturing, transport, trade, agriculture and energy (Ouko, 2019). However, over the years most SOCEs in Kenya have been performing dismally (Ouko, 2019). Consequently, by the 1980s, Kenyan SOCEs had become a major drain on the exchequer and a cause of long-term fiscal problems (World Bank, 2021). This poor financial performance has been linked to Kenya's economic decline as a result of the fiscal burden placed by cash strapped SOCEs on the national treasury (Ouko, 2019). Between financial years 2015-2016 and 2019-2020, SOCEs mainly used debt to finance their activities as depicted by rising debt to equity ratios from 1.91 to 2.84 (World Bank, 2021). SOCE debt increased annually by 14% on average, compared to 4% in equity and 11% in assets (World Bank, 2021). This is evidence that consistently declining current ratios from 0.92 to 0.51 demonstrate inability of SOCEs to deal with their short-term debt, suggesting increased risk of default (World Bank, 2021). Further, public corporations in Kenya have benefited from loans equivalent to 4.6% of GDP (IMF, 2020). Moreover, SOCEs have been involved in major corporate scandals and have been characterized as highly inefficient and unprofitable (Ouko, 2019).

Conceptually, accountability involves answerability of the decision-makers to report, justify and explain their actions (Zahraa, 2021). Moreover, accountability includes the way corporate executives and directors manage normative, cultural, and professional expectations of the corporation (Zahraa, 2021). Thus, the study examined clarity of mandate, monitoring and evaluation mechanisms, feedback system, compliance with government laws and regulations, and its corporate social responsibilities as measures of accountability.

Statement of the Problem

Poor financial performance among SOCEs poses fiscal risks to the government in addition to major challenges in competitiveness and overall national growth (World Bank, 2018). As per the Kenyan Consolidated Government Investment Report, SOCEs posted net losses of Ksh. 12,590 million in the FY 2020-2021 and Ksh. 38,085 million in the FY 2019-2020 (Government of Kenya, 2021). Additionally, ROE, ROA and net profit margin declined from 5.44%, 1.59% and 9.04% to -1.42%, -0.37% and -2.45% respectively in the FY 2019-2020 (World Bank, 2021). In spite of several reform initiatives that included implementation of "Mwongozo" governance code, some of the SOCEs have or almost collapsed for example Mumias Sugar Company and Pan Paper Company (Riany, 2021; World Bank, 2021). Notably, reviewed empirical studies on corporate governance practices and financial performance have yielded contradictory findings. For instance, studies by Abang'a *et al.*

(2022), Eforis (2018), Laimaru (2018), Mumba and Kazonga (2021) and Omware *et al*. (2020) established that good corporate governance practices positively influence organizations' financial performance. Conversely, Gakpo (2020) and Chege (2021) established that corporate governance did not improve firm's financial performance. It was therefore prudent to explore how corporate governance practices, such as accountability, transparency, leadership structure and stakeholder engagement, influence the financial performance of SOCEs. This paper focuses only on the influence of accountability on financial performance of state-owned commercial enterprises in Kenya.

LITERATURE REVIEW

Under accountability variable, studies in relation to accountability and financial performance of SOCEs from the global, regional and Kenyan perspectives have been reviewed. Search by the title 'influence of accountability on performance of state-owned commercial enterprises' produced 75,200 results from Google Scholar database for the period 2016-2023. This was narrowed down to 12 journal articles and 5 doctoral thesis publications and reduced further to 9 articles based on their relevance to accountability and performance (Agustiawan & Halim, 2019; Agwor & Akani, 2017; Emodia & Mwanzia, 2021; Laimaru, 2018; Mumba & Kazonga, 2021; Mutegi & Ombui, 2016; Mwayungu, 2021; Olwol *et al*., 2022; Andriana, Pituringsih & Surasni, 2018).

Mwayungu (2021) undertook an ex post facto study on accountability, transparency and company performance in United States. Concerning the theoretical framework, stakeholder theory anchored the study. Accountability variable was predicted by corporate social responsibility (CSR). Additionally, CSR scores were measured through CSR reports. Dependent variable was company performance and was measured through EPS, ROA, ROE and net income. Secondary data for the period 2017-2019 were obtained from SEC EDGAR database. Target population was US publicly traded companies listed in New York Stock Exchange under real estate, oil and gas, energy, healthcare, technology, financial and bank services. The study sampled 91 companies. Data was analysed using multiple linear regression. Study findings did not establish a significant association between corporate social responsibility disclosure, CSR and company performance evaluated through profitability. Regarding performance, the significant values for net income (NI), ROA, and EPS were greater than 0.05 ($p > .05$) and therefore, the null hypothesis was rejected. Additionally, ROE p value was less than alpha ($p < .05$), indicating a statistically significant relationship. In relation to CSR and ROA ($p = 0.034 < 0.05$) while for CSRD and ROA, ($p = 0.20 > 0.05$).

Mwayungu recommends that transparency of managerial processes should be ensured by managers. In addition, managers should implement, conduct, and disseminate the idea of corporate social responsibility disclosures; and fully involve external and internal stakeholders.

Agustiawan and Halim (2019) examined accountability and performance of the public sector organizations in Yogyakarta Region of Indonesia. The study was underpinned by institutional theory. Moreover, measures of accountability consisted of legal, professional, hierarchical, financial and performance accountabilities while dependent variable consisted of quantitative and qualitative performance. The study targeted 114 senior executives whereas collection of primary data was done using questionnaires and analysed through SEM Study results indicated that the effect of legal (path

coefficient = 0.260, $p < 0.001$), performance (path coefficient = 0.230, $p = 0.010 < 0.05$), and financial accountabilities (path coefficient = 0.0360, $p < 0.001$), was positive on quantitative performance of public sector organizations. However, professional (path coefficient = 0.054, $p = 0.221 > 0.05$) and hierarchical (path coefficient = -0.017, $p = 0.436 > 0.05$) accountabilities did not influence performance of public sector organizations.

Andriana *et al*. (2018) examined organizational commitment and accountability; and performance of Indonesian public organizations at the General Hospital in Praya District. In addition, independent variables were commitment and accountability. Dependent variable was performance. Explanatory design was employed. Target population was 356 employees at the General Hospital in Praya District. 78 respondents were selected through stratified random sampling. Collection of primary data was done using questionnaires. Data analysis was done through Partial Least Squares (PLS) estimation method. Study findings demonstrated that performance of public organizations was positively affected by organizational commitment. Further, study findings revealed that public accountability (t-statistic = 1.851 > t-table = 1.67) positively influenced performance of public organizations in Indonesia.

Mumba and Kazonga (2021) assessed corporate governance and SOEs' performance in Zambia. Dependent variable consisted of financial performance of SOCEs from 2006 to 2017 measured through financial gearing, short term liquidity, operating gearing and profitability ratios. Independent variables of the study comprised accountability, transparency, board composition, board size, board tenure and board appointing authority. In addition, descriptive survey was employed. Study findings showed that lack of accountability and transparency was established when SOEs fail to timely produce and publish audited financial statements for examination by the public. Further, on financial performance, SOEs were highly geared as per financing (overall mean = -3.89) and operating gearing (overall mean = 1.88) ratios and yielded negative returns on total assets. Moreover, SOEs' corporate governance practices and financial performance varied considerably across distinct industries in which they operated ($p < 0.001$). For comparative purposes, the study recommended for further research on corporate governance practices and financial performance of Zambian listed firms.

Agwor and Akani (2017) did a study on financial accountability and performance of local governments in Rivers State, Nigeria. Independent variables were accountability, transparency and integrity. Dependent variable was performance of local governments. The study targeted 450,904 respondents from Port Harcourt City and Obio Akpor local governments out of which 400 were sampled using stratified random sampling. Collection of primary data was done using questionnaires. Data analysis was done through ordinary least squares (OLS) regression. Findings established a positive and significant association ($r = 0.703$, $p = 0.005 < 0.05$, $R^2 = 0.494$) between financial accountability and healthcare services in local governments in Rivers State, Nigeria. The study recommended for creation and enforcement of strict penalties to punish non-transparent local government council officials in addition to institutionalization of effective measures of internal control in all local government councils.

Olwol *et al.* (2022) studied on accountability and performance of National Water and Sewerage Corporation in Uganda. Independent variables consisted of responsiveness, transparency and compliance. Dependent variable consisted of performance as measured through financial and budget performance, efficient and effective operations; institutional output and impact measures. Both correlational and cross-sectional survey designs were employed. Target population was 350 National Water and Sewerage Corporation employees. Krejcie and Morgan (1970) formula was employed in obtaining a sample size of 184 respondents. Further, purposive and stratified random sampling techniques were adopted. Findings showed that the effect of accountability on performance was positive and significant (F-value = 64.119, $p = 0.000$, $R^2 = 0.511$). The study recommended that emphasis on implementation of internal controls should be put by management so as to enhance accountability and subsequently performance of an organization.

Emodia and Mwanzia (2021) studied on corporate governance practices and Kenyan SCs' performance in the health sector. Regarding theoretical framework, the study was anchored on agency theory. Independent variables consisted of moral integrity, board responsibility, transparency and accountability. Dependent variable consisted of organizational performance measured through stakeholder return, customer satisfaction and organizational growth. Regarding research design, descriptive survey was employed. Target population was 14,434 employees which consisted of corporation secretaries, chief executive officers and staff from audit and integrity assurance, human resource management, supply chain management, finance and marketing from 9 Kenyan SCs in the health sector. Study sample of 390 respondents was obtained from stratified random sampling using Yamane formula. In addition, questionnaires were used to collect primary data. Inferential and descriptive statistics were employed in data analysis with the aid of SPSS software. Hypotheses testing was carried out using multiple regression. Study findings established a significant and positive association between accountability and health SCs' performance ($r = 0.749$, $p = 0.000$) and also between transparency ($r = 0.735$, $p = 0.000$) and organizational performance of health state corporations was established. Moreover, a significant and positive relationship was also established between moral integrity, board responsibility and organizational performance of health state corporations. The study concluded that effect of corporate governance practices on organizational performance was significant and positive. The study recommended regular audits and internal checks on management and establishment of mechanisms for control to enhance accountability.

Laimaru (2018) did a study on governance principles and performance of Kenyan state-owed commercial enterprises. Independent variables consisted of accountability, transparency, fairness and integrity. Corporate regulation was studied as a moderating variable. Additionally, agency, stewardship and institutional theories underpinned the study. The dependent variable consisted of performance measured through customer satisfaction, employee satisfaction and cost reduction. Target population of the study was 55 commercial Kenyan state-owed commercial enterprises. Census survey study design was employed. Primary data were collected using both open and closed ended questionnaires. In addition, data analyses were carried out using inferential and descriptive statistics. Study findings demonstrated that accountability ($p = 0.000 < 0.05$, $R^2 = 0.310$, $F = 16.169$) had a significant influence on Kenyan commercial state-owed commercial enterprises'

performance. Embracement of governance principles so as to improve performance of Kenyan commercial SCs was recommended.

Mutegi and Ombui (2016) investigated on factors that contribute to poor performance of Kenyan SCs. Independent variables consisted of transparency, accountability and leadership integrity. Dependent variable of the study consisted of performance. Both case study and descriptive designs were used. Further, 250 employees of Uchumi Supermarkets within Nairobi City comprised the target population. The study found that accountability influenced Kenyan state-owed commercial enterprises' financial performance and further demonstrated that multiple reporting and accountability lines within state-owed commercial enterprises led to poor performance. 47% and 39% of the respondents indicated that accountability improved financial performance to a very large extent and large extent respectively, while 13% and 1% to a moderate and less extent respectively.

The study recommended that state corporations' management should provide effective leadership that encompass accountability and transparency; and involve staff in decision-making so that they can make a positive contribution to their performance.

The major finding regarding the influence of accountability on financial performance is that in the long-run, accountability could enhance financial performance and mitigate against possible risks arising from unsatisfactory managerial actions (Agwor & Akani, 2017; Emodia & Mwanzia, 2021; Laimaru, 2018; Mutegi & Ombui, 2016; Mwayungu, 2021; Olwol *et al*., 2022; Andriana *et al.*, 2018).

MATERIALS AND METHODS

The study was conducted in Kenya focusing on state-owned commercial enterprises (SOCEs). It adopted an explanatory research design because explanatory studies enhance understanding of a given topic, provide explanations regarding occurrence of phenomena and predictions of occurrences in the future (Sue & Ritter, 2012). The study targeted corporate management executives consisting of board members and corporate executives of 46 SOCEs in Kenya. The 46 state-owned commercial enterprises have 476 board members and 379 corporate executives totalling 855 (Government of Kenya, 2022). Board members and corporate executives were targeted since they are integral components of an organization's corporate governance and have the responsibility to implement board decisions and initiatives.

From the target population, a sample size of 295 respondents was identified using the Nassiuma (2000) formula. This sample consisted of 153 board members and 142 corporate executives. Following determination of the sample size, stratified random sampling technique was then used in selection of board members and corporate executives. Data was collected using a questionnaire and document analysis guide. Collection of primary data from respondents was done through administration of questionnaires whereas document analysis of financial statements and audit reports provided secondary data in relation to financial performance of SOCEs. Data collected through questionnaires were coded, keyed in and edited. Then analysed using both descriptive statistical and SEM analyses. SEM analyses were carried out using AMOS software version 29. In the study, the latent factor (sub-dimension) for corporate governance construct was accountability.

Accountability was measured using five indicators, namely clarity of mandate, monitoring and evaluation, feedback system, compliance with government laws and regulations, and corporate social responsibility.

RESULTS AND DISCUSSION

The study examined how clarity of mandate, monitoring and evaluation, feedback system, compliance and corporate social responsibility, as indicators of accountability, influenced the financial performance of SOCEs. Table 1 presents the study findings.

Table 1 Accountability and Financial Performance of SOCEs in Kenya

Statements	Mean	Standard Deviation
The mandate of the SOCE is clearly defined	4.74	0.44
The board comprehends the mandate of the SOCE	4.03	0.92
Corporate executives comprehend the mandate of the SOCE	4.02	0.75
Shareholders comprehend the mandate of the SOCE	3.73	0.86
The board ensures that the SOCE delivers on its mandate	4.06	0.90
Corporate executives ensure that the SOCE delivers on its mandate	4.29	0.71
Shareholders ensure that the SOCE delivers on its mandate	3.81	0.81
The board approves the annual budget of the SOCE	4.57	0.59
The board approves the annual procurement plan	4.56	0.69
The board ensures that the implementation of the procurement plan is aligned with the annual budget	4.09	0.80
Corporate executives implement the procurement plan according to the annual budget	3.98	0.84
Shareholders evaluate procurement plan in relation to the annual budget	3.65	0.93
The board monitors SOCEs' financial performance.	4.08	0.81
Corporate executives monitor SOCEs' financial performance.	4.21	0.79
Shareholders monitor SOCEs' financial performance through the Annual General Meeting	3.84	0.85
The board evaluates SOCEs' financial performance.	4.32	0.72
Corporate executives evaluate SOCEs' financial performance.	4.19	0.84
Shareholders evaluate SOCEs' financial performance.	3.83	0.83
The board has a feedback system in place for addressing audit queries.	3.98	0.99
Corporate executives implement recommendations on audit queries.	3.91	0.98
Shareholders monitor the implementation of recommendations on audit queries.	3.45	1.05
Board receives timely, accurate, and sufficient information from management	3.81	0.97
Corporate executives prepare sufficient, accurate, and timely audited financial, social, and environmental reports	3.64	1.12
Shareholders receive sufficient, accurate, and timely audited financial, social, and environmental reports	3.56	1.01
SOCE complies with applicable laws, rules, and regulations	4.20	0.69
The SOCE has environmental responsibility policy	4.19	0.66
The SOCE has corporate social responsibility policy	4.13	0.94
Average	**4.03**	**0.83**

In relation to clarity of mandate, respondents strongly agreed that SOCEs' mandate is clearly defined and agreed that shareholders comprehend the mandate of the SOCE (mean = 3.73, SD = 0.86). In addition, the respondents agreed that the shareholders, boards, and corporate executives ensure that the SOCE delivers on its mandate (mean = 4.05, SD = 0.81). Importantly, a clear mandate is necessary for the board to ensure that a SOCE meets its defined objectives and fulfils its

stated purpose by holding the CEO and corporate executives accountable for the SOCEs' performance (OECD, 2024).

Concerning monitoring and evaluation, 91.4% (mean = 4.57) of respondents strongly agreed that the board approves SOCEs' annual budget whereas 79.7% (mean = 3.98) believed that corporate executives implement the procurement plan according to the annual budget. They also agreed that the board and corporate executives monitor and evaluate the SOCEs' financial performance (mean = 4.20). However, they showed reservation in the shareholders' role in evaluating the procurement plan in relation to the annual budget (mean = 3.65).

Similarly, 76.8% (mean = 3.84) agreed that shareholders monitor and evaluate SOCEs' financial performance. This meant that shareholders' participation in evaluation of the SOCEs' financial performance is passive. Nevertheless, the crucial task of the state as an owner is monitoring SOCE performance so that accountability and transparency in utilization of public resources is realized (World Bank & IFC, 2021).

Regarding the feedback system, the respondents opined that the board had a feedback system in place for addressing audit queries (mean = 3.91, SD = 0.99) and agreed that corporate executives implement recommendations on audit queries and that shareholders monitor their implementation (mean = 3.68, SD = 1.02). However, they expressed doubt on whether the board and shareholders receive timely, accurate, and sufficient information from management and also whether corporate executives prepare sufficient, accurate, and timely audited financial, social, and environmental reports (mean = 3.67, SD = 1.03).

Under compliance and CSR, 84% (mean = 4.2, SD = 0.69) of the respondents thought that the SOCE complies with applicable laws, rules, and regulations and has environmental and corporate social responsibility policy (mean = 4.16, SD = 0.80). Therefore, in summary, respondents agreed to clarity of mandate (mean =4.10, SD = 0.77), monitoring and evaluation (mean = 4.12, SD = 0.79), compliance (mean = 4.2, SD = 0.69) and CSR (mean = 4.16, SD = 0.8) indicators whereas they showed reservation for feedback system (mean = 3.73, SD = 1.02). These findings agree with those of a study by Limbo (2019) that accountability resulted in high quality quarterly reports, timely reporting, good governance oversight and performance.

Importantly, measures of accountability as opined by respondents are key to performance of SOCEs. Markedly, SOCEs face a challenge of competing commercial and non-commercial objectives, thus, a clear mandate, can keep the state accountable. Thus, an effective regime of monitoring financial performance establishes targets and objectives that clarify government's expectations to SOCEs' management and boards (World Bank, 2014).

Thus, comprehensible targets along with accountability and evaluation creates a platform for SOCEs boards to formulate and implement strategies with suitable degrees of autonomy (World Bank, 2014). These also provide relevant stakeholders with enough assurances that SOCEs will be held to account for their performance (World Bank, 2014). Therefore, results regarding responses

were summarized in Table 1 and the measurement items had an average mean of 4.03 and standard deviation of 0.83.

Measures of Financial Performance

From study findings, respondents were of the view that SOCE's corporate governance practices had bolstered their respective ROI (mean = 3.87, SD = 0.85), ROA (mean = 3.72, SD = 0.88), and ROE (mean = 3.79, SD = 0.87). These results are consistent with the findings of Abang'a et al. (2022) that corporate governance influences the performance of SOEs in Kenya. Similarly, Walker (2018) established that corporate governance is a leading factor in organizational performance. Specifically, Machuki and Rasowo (2018) established a positive and statistically significant influence of corporate governance practices on performance of the sugar producing companies in Kenya. Thus, in the study, SOCEs' financial performance was evaluated using ROI, ROA and ROE and results regarding responses are illustrated in Table 2.

Table 2 Measures of Financial Performance

Statements	Mean	Standard Deviation
Corporate governance practices of the SOCE have improved its return on investment (ROI)	3.87	0.85
Corporate governance practices of the SOCE have improved its return on assets (ROA)	3.72	0.88
Corporate governance practices of the SOCE have improved its return on equity (ROE)	3.79	0.87

Confirmatory Factor Analysis for Accountability

Accountability had five (5) items coded as x1, x2, x3, x4 and x5. After confirmatory factor analysis, standardized regression weights and squared multiple correlations respectively were: x1 (0.657; 0.432), x2 (0.732; 0.536), x3 (0.715; 0.512), x4 (0.557; 0.311) and x5 (0.657; 0.432). Model-fit indices were established as adequate [$\frac{\chi 2}{df} = 2.632 < 5$, p = 0.000, RMR =0.025 < 0.05, GFI = 0.950 > 0.8, NFI = 0.956 > 0.8, IFI = 0.972 > 0.8, TLI = 0.951 > 0.8, CFI = 0.972 > 0.9 and RMSEA = 0.091 < 0.100]. Hence, x1, x2, x3, x4 and x5 were all selected as indicators of accountability.

Testing of Hypotheses

The study hypothesis stated that accountability does not have a statistically significant influence on the financial performance of state-owned commercial enterprises in Kenya. The null hypothesis was tested using beta coefficients (estimates) of the direct association between accountability and the SOCEs' financial performance (Table 3).

Table 3 Relationship between Accountability and Financial Performance

Path			Estimate	S.E.	C.R.	P Label
Financial Performance	<---	Accountability	0.261	0.074	3.556	***

From the results above, the hypothesis that accountability does not have a statistically significant influence on the financial performance of SOCEs in Kenya was rejected (estimate = 0.261, critical ratio = 3.556, p < 0.001). Hence, it was concluded by the study that there was satisfactory evidence at the 95% confidence level to suggest that influence of accountability on the financial performance of Kenyan SOCEs was positive and statistically significant. This was because central concern for corporate governance is ways to enhance board's accountability to key stakeholders (Keay, 2017).

These findings correspond to those of a study by Andriana *et al*. (2018) on organizational commitment and accountability; and performance of public organizations at the General Hospital in Indonesia's Praya District and established that performance was positively influenced by accountability.
Moreover, Laimaru (2018) examined governance principles and performance of Kenyan commercial SCs and established that influence of accountability on performance of Kenyan commercial SCs was significant. Comparably, Agwor and Akani (2017) studied on financial accountability and performance of local governments in Rivers State, Nigeria, and established a positive and significant association between financial accountability and performance. Equally, Olwol *et al*. (2022) established that accountability positively and significantly affected performance at National Water and Sewerage Corporation in Uganda.

CONCLUSION AND RECOMMENDATIONS

From the study findings and discussion, it was concluded that accountability positively and significantly influenced the financial performance of Kenyan SOCEs. Therefore, clarity of mandate, monitoring and evaluation, feedback system, compliance with applicable laws, and corporate social responsibility activities, as indicators of accountability, determine the financial performance of Kenyan SOCEs.

Regarding accountability and financial performance, management should improve on the timely flow of accessible, concise and comparable information to shareholders by introducing digital information systems. Particularly, they should deploy web-based platforms that support integration and interoperability solutions in order to have an aggregated view of SOCEs' performance by shareholders, corporate executives, the board, parliament, executive arm of government and the general public.

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