INFLUENCE OF ADOPTION OF GOVERNANCE PRINCIPLES ON PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA

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Abstract

The purpose of the study was to establish the influence of adoption of governance principles on the performance of commercial state corporations in Kenya. The study was guided with specific objectives which are; to examine the influence of transparency on performance of commercial state corporations in Kenya, to determine the influence of fairness on performance of commercial state corporations in Kenya and to evaluate how integrity influence performance of commercial state corporations in Kenya. The study used descriptive research survey design. The study sample size was 55 commercial State Corporation, the sample use censused since the sample was small. Inferential statistics was used to determine the relationships and significance between independent and dependent variable. The data was presented using tables, graphs and charts. The number of questionnaires that were administered to all the respondents were 55 questionnaires. A total of 38 questionnaires were properly filled and returned from the Commercial State Corporation. This represented an overall successful response rate of 69%. The study found that majority of the respondent agreed that adoption of governance principles influences on the performance of commercial state corporations in Kenya. The study also found that principle of accountability, transparency and fairness had a high influence on the performance of commercial state corporations in Kenya. Further the study established that principle of integrity was very low on influencing the performance of commercial state corporations in Kenya. The study recommended on the adoption of governance principles on the performance of commercial state corporations in Kenya. The study concludes that principle of transparency and fairness influence on the performance of commercial state corporations in Kenya to a great extent. The study recommended that principle of transparency and fairness influences on the performance of commercial state corporations in Kenya to a great extent and therefore it should be adopted in state corporates. Also the study established that principle of integrity is negatively applied in the commercial state corporations in Kenya. The study established that annual report publication in state-corporate,
report auditing by internal and external auditors and members providing feedback on their roles highly influences on the performance of commercial state corporations in Kenya. The study recommended further research to be conducted on influence of adoption of governance principles on the performance on government ministries, Non–governmental institutions and private sector.

**Key Word:** Transparency Principle, Fairness Principle, Integrity Principle, Corporate Regulation

**Introduction**

Leadership, governance and structure of any corporate entity affects the institution’s ability to respond to external factors that have some bearing on its service delivery and eventual performance (Anum, 2010). Well-governed institutions largely perform better and that good Principle of governance is of essence to service delivery in all institutions. Indeed, it is believed that the Asian crisis and the seemingly poor performance of the corporate sector in Africa have made the concept of Principles of governance a catch phrase in the development debate (Arneson, 2011). Empirical studies have provided the link between Principles of governance and institution performance. Bonner (2010) indicates that well-governed public institutions have higher institution performance.

The relevance of principles of governance cannot be over-emphasized since it constitutes the organizational climate for the internal activities of a company. Principles of governance brings new outlook and enhances institution’s corporate entrepreneurship and competitiveness (Kihara, 2006). Parastatals have tremendous governance problems. Some of the parastatals have folded up partly because of governance problems as observed in South Africa (Kyereboah & Biekpe, 2006). Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved (Anon, 2004). Good governance requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community and a clear distinction between the concepts of good governance and politics (Anum 2010). Politics involves processes by which a group of people with initially divergent opinions or interests reach collective decisions. These decisions are generally regarded as binding on the group and enforced as common policy, (Bierstaker & Wright 2001).

**General Objective**

The general objective of the study was to determine the influence of adoption of governance principles on the performance of commercial state corporations in Kenya

**Specific Objectives**

1. To examine the influence of adoption of transparency principle on the performance of commercial state corporations in Kenya.
2. To determine the influence of adoption of fairness principle on the performance of commercial state corporations in Kenya.
3. To examine the influence of adoption of integrity principle on the performance of commercial state corporations in Kenya.
4. To determine the moderating effect of corporate regulation on the adoption of governance principles and the performance of commercial state corporations in Kenya.

THEORETICAL FRAMEWORK

Agency theory
According to the agency theory, superior information available to professional managers allows them to gain advantage over owners of public institutions. The reasoning is that a institution’s top managers may be more interested in their personal welfare than in the welfare of the institution’s shareholders (Collier, 2013) argue that managers will not act to maximize returns to shareholders unless appropriate governance structures are implemented to safeguard the interests of shareholders. Therefore, the agency theory advocates that the purpose of governance is to minimize the potential for managers to act in a manner contrary to the interests of shareholders.

Proponents of the agency theory belief that an institution’s top management becomes more powerful when the institution’s stock is widely held and the board of directors is composed of people who know little of the institution. The theory suggests that a institution’s top management should have a significant ownership of the institution in order to secure a positive relationship between governance and the amount of stock owned by the top management (Mallin, 2004).

Stewardship theory
Application of the stewardship theory suggests that institution’s board of directors and its CEO acts as stewards are more motivated to act in the best interests of the institution rather than for their own selfish interests. This is because, over time, senior executives tend to view an institution as an extension of themselves (Shapiro & Stefkovich, 2010). The stewardship theory argues that shareholders in an institution’s care more about the institution’s long term success (Hall, 2012). This theory is relevant to this study since it elaborates on the influence of shareholders on the performance of commercial state corporations in Kenya.

Conceptual framework

<table>
<thead>
<tr>
<th>Transparency Principle</th>
<th>Fairness Principle</th>
<th>Integrity Principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Information Disclosure</td>
<td>-Equity</td>
<td>-Professionalism</td>
</tr>
<tr>
<td>-Clarity</td>
<td></td>
<td>-Honesty</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Internal Control</td>
</tr>
<tr>
<td>-Policy implementation</td>
</tr>
<tr>
<td>-Regulations Compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance of Commercial state Corporations</th>
<th>Corporate Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>-ROA</td>
<td>-Underwriting Profit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Moderating Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency Principle</td>
<td>Corporate Regulations</td>
</tr>
<tr>
<td>Fairness Principle</td>
<td></td>
</tr>
<tr>
<td>Integrity Principle</td>
<td></td>
</tr>
</tbody>
</table>
RESEARCH METHODOLOGY

Research Design
Research design is a roadmap of how one goes about answering the research questions (Bryman & Bell, 2007). Sekaran (2010) states that a good research design had a clearly defined purpose, and had consistency between the research questions and the proposed research method. Mugenda and Mugenda (2003) define this as simply the framework or blueprint for the research, Orodho (2003) define the research design as a framework for the collection and analysis of data that is suited to the research question. Orodho (2003) defines research design as the scheme, outline or plan that is used to generate answers to the research problem.

Target Population
Population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated (Orodho and Kombo, 2002). Target population is the specific population about which information is desired (Orodho, 2004). The population of interest should be homogeneous. The target population was the commercial state corporation in Kenya. These entities are state owned public corporations formed under the Public Corporations Act with the main aim of delivering public services. The interest of this population was driven by the fact that state corporations are agents of the government in implementing the performance of state corporations.

Census
The study used census, where all the 55 commercial state corporations were sampled and CEO/Directors were the respondents. Census is the procedure of systematically acquiring and recording information about the members of a given population (Orodho, 2009). The study used census since the study sample was small.

Data Collection Procedure
The study collected primary data based on the objectives of the study. Drop and pick method of printed hard copies was used and online data collection was conducted where a link of the formatted questionnaire was emailed to the respectful respondent with attachment of the data collection letter from the university. The researcher used email, phone calls and meeting procedure with the targeted respondent in commercial state corporate to follow up.

Pilot Study
Pilot test is a method that is used to test the design and/or methods and/or instrument before carrying out the research (Cooper, & Schindler, 2003). It involves conducting an initial test, the pre-test sample of 1% -10 % depending on the sample size (Mugenda & Mugenda, 2003). The rule of thumb is that 10% of the sample should constitute the pilot test (Cooper & Schilder, 2011). The proposed pilot test was within the recommendation. The pre-test questionnaires were distributed randomly to 5 selected respondents in order to gather a cross-sectional feeling of respondents. This helped in ascertaining the reliability and validity of the instrument.
Research Results

Results of Pilot Study
The coefficient of the data gathered from the pilot study was computed with assistance of Statistical Package for Social Sciences (SPSS) version 21. A coefficient of above 0.7 was obtained and this indicated that the data collection instruments were valid (Kothari, 2005). The reliability of the questionnaires was determined using test retest method. A reliable measurement is one that if repeated a second time gives the same results as it did the first time (Mugenda & Mugenda, 2003).

Reliability Analysis

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Cronbach's Alpha Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle of Transparency</td>
<td>0.721</td>
<td>Accepted</td>
</tr>
<tr>
<td>Principle of Fairness</td>
<td>0.719</td>
<td>Accepted</td>
</tr>
<tr>
<td>Principle of Integrity</td>
<td>0.751</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Descriptive Statistics

Principle of Transparency
The study sought to establish the level at which the respondents agreed or disagree on the influence of Principle of Transparency on the performance of commercial state corporations in Kenya.

<table>
<thead>
<tr>
<th>Principle of Transparency</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There is protection of relevant information in my organization</td>
<td>38</td>
<td>4.0526</td>
<td>.83658</td>
</tr>
<tr>
<td>2. Auditing of financial statement is done</td>
<td>38</td>
<td>3.8684</td>
<td>.34257</td>
</tr>
<tr>
<td>3. Management organize invitation for meeting of the shareholders</td>
<td>38</td>
<td>3.6053</td>
<td>.49536</td>
</tr>
<tr>
<td>4. Management discloses information to the required stakeholders</td>
<td>38</td>
<td>3.8947</td>
<td>.92384</td>
</tr>
<tr>
<td>5. Management discloses information in relevant and timely manner</td>
<td>38</td>
<td>4.0000</td>
<td>.51988</td>
</tr>
<tr>
<td>6. Are the semi-annual, annual and quarterly reports available to the shareholders</td>
<td>38</td>
<td>4.3421</td>
<td>.70811</td>
</tr>
<tr>
<td>7. The corporate prepare the calendar of important events</td>
<td>38</td>
<td>2.7895</td>
<td>1.18909</td>
</tr>
</tbody>
</table>

Valid N (listwise) 38
The study established that majority of the respondents agreed with the statement on Principle of transparency influence on the performance of commercial state corporations in Kenya as follows; there is protection of relevant information in my organization with a mean of 4.0526, Auditing of financial statement is done with a mean of 3.8684, Management organize invitation for meeting of the shareholders with a mean of 3.6053, Management discloses information to the required stakeholders with a mean of 3.8947, Management discloses information in relevant and timely manner with a mean of 4.0000, Are the semi-annual, annual and quarterly reports available to the shareholders 4.3421, The corporate prepare the calendar of important events with a mean of 2.7895.

Principle of Fairness
The study sought to establish the level at which the respondents agreed or disagree on the influence of Principle of fairness on the performance of commercial state corporations in Kenya.

<table>
<thead>
<tr>
<th>Principle of Fairness</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shareholders are equally treated by the management</td>
<td>38</td>
<td>4.0526</td>
<td>.83658</td>
</tr>
<tr>
<td>2. There is an established mechanism for prevention and settlement of possible conflicts between its shareholders</td>
<td>38</td>
<td>2.8684</td>
<td>.34257</td>
</tr>
<tr>
<td>3. Diversity is embraced in the organization</td>
<td>38</td>
<td>4.6053</td>
<td>.49536</td>
</tr>
<tr>
<td>4. Employees are treated equally</td>
<td>38</td>
<td>2.8947</td>
<td>.92384</td>
</tr>
<tr>
<td>5. Comprehensive information on the proposed nominees is available to the Shareholders' Assembly when selecting Board members</td>
<td>38</td>
<td>4.0000</td>
<td>.51988</td>
</tr>
<tr>
<td>6. The management of the corporate hold meetings with interested investors yearly</td>
<td>38</td>
<td>3.3421</td>
<td>.70811</td>
</tr>
<tr>
<td>7. The corporate establish mechanisms to ensure that persons who have access to or possess inside information understand the nature and importance of such information and limitations related to it</td>
<td>38</td>
<td>3.7895</td>
<td>1.18909</td>
</tr>
</tbody>
</table>

Valid N (listwise) 38

The results of this study concurs with those of Shapiro and Stefkovich (2010) who argued that there are no viable arguments to support anyone in a leadership position being less than fair in all of their business dealings, or in expecting or accepting any less from others. Fairness facilitates improved communication and builds commitment, self-confidence, self-esteem, group cohesion, information
and resource sharing and a sense of purpose and enthusiasm for success. And those characteristics in a work force feed the bottom line which of those benefits of fairness in the workplace they are willing to do without.

Regression Analysis on Principle of Transparency Vs Performance of Commercial state Corporations
Linear regression model of Principle of transparency on performance of commercial state corporations

Model Summary Principle of Transparency on performance of commercial state corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261a</td>
<td>.068</td>
<td>.042</td>
<td>.56519</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Principle of Transparency

The regression model of Principle of Transparency with a coefficient determination of $R^2 = .068$ and $R = .261$ at 0.05 significance level. The coefficient of determination indicates that 26.1% of the variation on performance of commercial state corporations in Kenya is influenced by Principle of Transparency. This shows that there exists a positive relationship between Principle of Transparency on performance of commercial state corporations in Kenya.

ANOVA Principle of Transparency on performance of commercial state corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.842</td>
<td>1</td>
<td>.842</td>
<td>2.636</td>
<td>.113b</td>
</tr>
<tr>
<td>Residual</td>
<td>11.500</td>
<td>36</td>
<td>.319</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12.342</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial state Corporations

b. Predictors: (Constant), Principle of Transparency

The results of Analysis of variance (ANOVA) for regression coefficients are shown in Table 4.11 the analysis results revealed that the significance of $F$ statistics is 0.113 which is greater than 0.05 hence implying that the predictor coefficient is at least equal to zero. This does not imply a good fit for the model since it shows that Principle of Transparency has no significant influence on performance of commercial state corporations in Kenya.

Coefficients Principle of Transparency on performance of commercial state corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.500</td>
<td>.848</td>
</tr>
<tr>
<td>Principle of Transparency</td>
<td>.286</td>
<td>.176</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial state Corporations

The study further determined the beta coefficients of Principle of Transparency versus Performance of Commercial state Corporations. The table 4.12 also presents that the coefficient of Performance of Commercial state Corporations is 0.286. The t statics for this coefficient is 1.624
with a p-value of 0.113 which is greater than 0.05. This p value does not confirms the significance relationship of the coefficient of Performance of Commercial state Corporations at 95% confidence. We can thus conclude that Principle of Transparency is not significantly influencing Performance of Commercial state Corporations and thus has no significant relationship with Performance of Commercial state Corporations.

The regression analysis was conducted to establish the significance of the relationship between Principle of Transparency and performance of commercial state corporations in Kenya. As presented in the scatter diagram in Figure 4.2, all the plots are not in the first quadrate and the line of best of fit indicates an estimate line that is weak positively upwards. This therefore demonstrates that there is a weak positive linear relationship between Principle of Transparency and performance of commercial state corporations in Kenya.

Principle of Transparency on performance of commercial state corporations
The study is supported by Starik and Rands (2007) who argued that transparency improve the organization performance and governance structure of companies. Starik and Rands added that access to information improves transparency and governance. Yermack (2009) in his study reported that besides transparency impact on corporate also it has effects on company performance.

Regression Analysis on Principle of Fairness Vs Performance of Commercial state Corporations
Linear regression model of Principle of fairness on performance of commercial state corporations
Model Summary between Principle of Fairness on performance of commercial state corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.676a</td>
<td>.457</td>
<td>.442</td>
<td>.43152</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Principle of Fairness

The regression model of Principle of Fairness with a coefficient determination of $R^2 = .457$ and $R= .676a$ at 0.05 significance level. The coefficient of determination indicates that 45.7% of the variation on performance of commercial state corporations in Kenya is influenced by Principle of Fairness. This shows that there exists a positive relationship between Principle of Fairness on performance of commercial state corporations in Kenya.

ANOVAa between Principle of Fairness on performance of commercial state corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>5.638</td>
<td>1</td>
<td>5.638</td>
<td>30.280</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>6.704</td>
<td>36</td>
<td>.186</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12.342</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial state Corporations
b. Predictors: (Constant), Principle of Fairness

The results of Analysis of variance (ANOVA) for regression coefficients are shown in Table 4.14 the analysis results revealed that the significance of F statistics is 0.000 which is less than 0.05 this imply a good fit for the model since it shows that there is a significant relationship between Principle of Fairness and Performance of Commercial state Corporations. Adoption of governance principles is justified only when the perceived benefit is large enough to influence performance.

Coefficientsa between Principle of Fairness on performance of commercial state corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.578</td>
</tr>
<tr>
<td></td>
<td>Principle of Fairness</td>
<td>.676</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial state Corporations

The study further determined the beta coefficients of Principle of Fairness versus Performance of Commercial state Corporations. The table 4.15 also presents that the coefficient of Performance of Commercial state Corporations is 0.676. The t statistics is for this coefficient is 5.503 with a p-value of 0.000 which is less than 0.05. This p value confirms the significance of the coefficient of Performance of Commercial state Corporations at 95% confidence. We can thus conclude that Principle of Fairness significantly influences Performance of Commercial state Corporations and thus has a significant relationship with Performance of Commercial state Corporations.

The study further carried out regression analysis to establish the significance of the relationship between Principle of Fairness and performance of commercial state corporations in Kenya. As presented in the scatter diagram in Figure 4.3 all the plots are in the first quadrate and the line of best of fit indicates an estimate line that is increasingly positively upwards. This therefore
demonstrates that there is a positive linear relationship between Principle of Fairness and performance of commercial state corporations in Kenya.

between Principle of Fairness on performance of commercial state corporations
A study by Gotsis and Kortezi (2010) revealed that organizational fairness to the employees had a moderately strong association with positive affect to the performance of the organization. The study is in consensus with Hermalin, (2005) who reported that organizational fairness has reached a point where there is enough evidence to strongly suggest that fairness is important to individuals at work.

Regression Analysis on Principle of Integrity Vs Performance of Commercial state Corporations
Linear regression model of Principle of integrity on performance of commercial state corporations
Model Summary Principle of integrity vs Performance of Commercial state Corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.065a</td>
<td>.004</td>
<td>-.023</td>
<td>.58428</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Principle of Integrity
The regression model of Principle of Accountability with a coefficient determination of $R^2 = .004$ and $R = .065^a$ at 0.05 significance level. The coefficient of determination indicates that 0.4 % of the variation on performance of commercial state corporations in Kenya is influenced by Principle of integrity. This shows that there exists a positive relationship between Principle of integrity on performance of commercial state corporations in Kenya.

ANOVAa Principle of integrity and Performance of Commercial state Corporations

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.052</td>
<td>1</td>
<td>.052</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>12.290</td>
<td>36</td>
<td>.341</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>12.342</td>
<td>37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial state Corporations
b. Predictors: (Constant), Principle of Integrity
The results of Analysis of variance (ANOVA) for regression coefficients are shown in Table 4.17. The analysis results revealed that the significance of F statistics is 0.153 and p-value .698 which is greater than 0.05. This implies no good fit for the model since it shows that there is no significant relationship between Principle of integrity and Performance of Commercial state Corporations. Adoption of governance principles is justified only when the perceived benefit is large enough to influence performance.

**Coefficients a Principle of integrity and Performance of Commercial state Corporations**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>5.078, .545</td>
<td>9.315, .000</td>
</tr>
<tr>
<td>Principle of Integrity</td>
<td>-0.044, .113</td>
<td>-.065, -.391</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial state Corporations

The study further determined the beta coefficients of Principle of integrity versus Performance of Commercial state Corporations. The table 4.18 also presents that the coefficient of Performance of Commercial state Corporations is -0.044. The t statistics for this coefficient is 0.698 with a p-value of 0.698 which is less than 0.05. This p-value confirms the significance of the coefficient of Performance of Commercial state Corporations at 95% confidence. We can thus conclude that Principle of integrity negatively significantly influences Performance of Commercial state Corporations and thus has a negative significant relationship with Performance of Commercial state Corporations. The study conducted a regression analysis to establish the significance of the relationship between Principle of Integrity and performance of commercial state corporations in Kenya. As presented in the scatter diagram in Figure 4.4, all the plots are in the first quadrant and the line of best of fit indicates an estimate line that is weak positively upwards. This therefore demonstrates that there is a positive linear relationship between Principle of Integrity and performance of commercial state corporations in Kenya.
Principle of Integrity and Performance of Commercial State Corporations

Rothman and Friedman (2011) agree with this study that integrity of corporations, financial institutions, and markets is essential to maintaining confidence and economic activity, and to protecting the interests of stakeholders. Hall, (2012) stated that Corporate Governance is the system of rights, structure, and control mechanism established internally over the management of a listed public limited company, with the objective of protecting the interests of the various stakeholders. According to Conyon and Mallin (2010) stated that Corporate Governance is different from corporate management, as the former is more ethical oriented and the later on operations specific. Management has the specific connotations of using the available resources comprising time, resources - finance & human, physical to get the

Summary of the Findings

Principle of Transparency on Performance of Commercial State Corporations

The study aimed to find out the influence of the principle of transparency on the performance of commercial state corporations in Kenya. The coefficient of determination indicates that the variation on performance of commercial state corporations in Kenya is influenced by Principle of Transparency. This shows that there exists a positive relationship between Principle of Transparency on performance of commercial state corporations in Kenya. Analysis of variance (ANOVA) for regression coefficients were shown in the analysis results revealed that the significance of F statistics was greater than confidence level hence implying that the predictor coefficient is at least not equal to zero. This did not imply a good fit for the model since it showed that Principle of Transparency had no significant influence on performance of commercial state corporations in Kenya. The coefficient of performance of commercial state corporations is less than the confidence level. The t-statics for this coefficient had a p-value which was greater than confidence level. This p-value confirmed the significance of the coefficient of Performance of Commercial State Corporations the confidence. The study thus concluded that principle of transparency has a significant positive correlation with Performance of Commercial State Corporations.

Principle of Fairness on Performance of Commercial State Corporations

The study sought to establish the influence of Principle of fairness on the performance of commercial state corporations in Kenya. The regression model of Principle of Fairness with a coefficient determination of $R^2$ at significance level, the coefficient of determination indicated that the variation on performance of commercial state corporations in Kenya is influenced by Principle of Fairness. This shows that there exists a positive relationship between Principle of Fairness on performance of commercial state corporations in Kenya. Analysis of variance (ANOVA) for regression revealed that the significance of F statistics which is less than confidence level imply a good fit for the model since it shows that there is a significant relationship between principle of fairness and performance of commercial state corporations. The coefficient of performance of commercial state corporations was greater than confidence level. The t-statics for this coefficient had a p-value which is less than confidence level. This p-value confirms the significance of the coefficient of performance of commercial state Corporations at confidence level. The study thus
concluded that principle of fairness significantly influences performance of commercial state corporations and thus has a significant relationship with performance of commercial state corporations. The scatter diagram plot indicates an estimate line that is increasingly positively upwards. This therefore demonstrates that there is a positive linear relationship between principle of fairness and performance of commercial state corporations in Kenya. The study established that principle of fairness has a significant positive correlation with Performance of Commercial state Corporations.

**Principle of Integrity on Performance of Commercial state Corporations**

The study sought to establish the influence of Principle of integrity on the performance of commercial state corporations in Kenya. The regression model of Principle of Accountability with a coefficient determination of $R^2$ at significance level. The coefficient of determination indicated that the variation on performance of commercial state corporations in Kenya is influenced by Principle of integrity. This shows that there exists a positive relationship between Principle of integrity on performance of commercial state corporations in Kenya. Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics and p-value were greater than the confidence level this imply no good fit for the model since it shows that there is a no significant relationship between principle of integrity and performance of commercial state corporations. Adoption of governance principles is justified only when the perceived benefit is large enough to influence performance.

The coefficient of Performance of Commercial state Corporations was at negative value. The t-statics is for this coefficient was a negative value with a p-value which is greater than confidence level. This p-value confirms there is no significance relationship of the coefficient of performance of commercial state corporations at confidence. The study therefore concluded that principle of integrity is negatively significantly influencing performance of commercial state corporations and thus has a negative significant relationship with performance of commercial state corporations.

**Conclusion**

The study concludes that principle of transparency had a positive significant influence on performance of commercial state corporations in Kenya. Scatter diagram plots demonstrates that there is a positive linear relationship between Principle of Transparency and performance of commercial state corporations in Kenya.

Principle of Fairness significantly influences performance of commercial state corporations and thus has a significant relationship with performance of commercial state corporations. The scatter diagram plot indicates an estimate line that is increasingly positively upwards. This therefore demonstrates that there is a positive linear relationship between principle of fairness and performance of commercial state corporations in Kenya. The study established that principle of fairness has a significant positive correlation with Performance of Commercial state Corporations.

Principle of integrity negatively significantly influences Performance of Commercial state Corporations and thus has a negative significant relationship with Performance of Commercial state Corporations. Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics and p-value is greater than confidence level this imply no good fit for
the model since it shows that there is no significant relationship between principle of integrity and performance of commercial state corporations.

**Recommendations**
The study also recommended that effective implementation of Principle of integrity should apply to increase good Performance of Commercial state Corporations Kenya. The lack Principle of integrity in Commercial state Corporations was established to influence on poor Performance in state corporate.

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