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Ethical Procurement Practices and Performance of Commercial State Corporations in Nairobi City County, Kenya

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ABSTRACT

Purpose: The general objective of this study was to assess the influence of ethical procurement practices on performance of commercial state corporations in Nairobi City County, Kenya. Specifically, the study sought to assess the influence of accountability on performance of commercial state corporations in Nairobi City County, Kenya and to evaluate the effect of conflict-of-interest management on performance of commercial state corporations in Nairobi City County, Kenya. This study was anchored on; Institutional Theory and Control Theory.

Methodology: This study used a cross-sectional survey design. According to State Corporations Advisory Committee (SCAC) (2024), there is a total of 46 commercial state corporations in Nairobi City County, Kenya. The study targeted a total of 92 respondents comprising of Procurement managers and their assistants. Due to small size of the target population, this study used census method hence the sample size was 92 respondents. This study used closed-ended questions to collect the data. The researcher collected questionnaires, coded them, and entered them into the Software Package for Social Sciences (SPSS version 26) for analysis. Data analysis was done through use of descriptive and inferential statistics. Pearson correlation coefficient was used for testing associations between the independent and the dependent variables.

Findings: The study concludes that accountability has a positive and significant effect on performance of commercial state corporations in Nairobi City County, Kenya. The study also concludes that conflict of interest management has a positive and significant effect on performance of commercial state corporations in Nairobi City County, Kenya.

Unique Contribution to Theory, Practice and Policy: Based on the findings, the study recommends that commercial state corporations in Kenya should strengthen conflict of interest management by establishing and enforcing clear policies requiring board members, managers, and employees to disclose any personal or financial interests that may influence their official decisions.

Key Words: *Ethical Procurement Practices, Accountability, Conflict of Interest Management, Commercial State Corporations*

Background of the Study

Ethical procurement practices have become a central focus for organizations worldwide, especially among public and state-owned enterprises that are increasingly held accountable for transparency, fairness, and value-for-money in their procurement functions (Ulfah, Rusydi & Prihatiningtias, 2024). Ethical procurement refers to the process of acquiring goods and services in a manner that upholds integrity, compliance with laws, and respect for human rights, environmental standards, and anti-corruption principles. In many countries, unethical procurement practices such as bid rigging, conflict of interest, bribery, and favoritism have resulted in significant financial losses and damaged public trust in state institutions. According to the World Bank (2021), globally, nearly 10–25% of public procurement expenditure is lost to corruption, with procurement fraud being among the most prevalent forms of economic crime (Ray & Khaba, 2022).

Commercial state corporations, which are government-owned entities that operate on commercial principles, play a vital role in delivering strategic services such as energy, infrastructure, transport, and water. Their performance is closely tied to how efficiently they manage public resources—including procurement processes. In nations like Kenya, South Africa, and Nigeria, the misuse of procurement systems in state corporations has led to project delays, inflated costs, and service delivery failure. A global study by Transparency International (2020) reported that 57% of citizens in Africa believe corruption in public procurement is widespread, a perception that erodes confidence in state institutions and undermines sustainable development goals. Ethical procurement practices such as open tendering, supplier due diligence, and the adoption of e-procurement systems are increasingly seen as tools to curb such malpractices and improve performance. Moreover, ethical procurement contributes positively to organizational performance in terms of cost-efficiency, supplier reliability, risk mitigation, and institutional reputation. Empirical evidence from OECD countries suggests that organizations that implement ethical procurement frameworks experience cost savings of up to 20% through increased competition and transparency (OECD, 2019). The study sought to assess the influence of ethical procurement practices on performance of commercial state corporations in Nairobi City County, Kenya.

Statement of the Problem

Commercial state corporations in Nairobi City County play a pivotal role in delivering essential public services and contributing to national development goals. However, their performance continues to be undermined by unethical procurement practices such as bid rigging, nepotism, favoritism in supplier selection, and lack of transparency in tender processes. Despite the existence of procurement laws like the Public Procurement and Asset Disposal Act (2015), and oversight agencies such as the Public Procurement Regulatory Authority (PPRA) and the Ethics and Anti-Corruption Commission (EACC), cases of procurement irregularities in Nairobi-based

commercial state corporations remain rampant. According to the Auditor-General's Report (2023), more than KSh 25 billion in unsupported procurement expenditures were reported among state corporations headquartered in Nairobi City County, raising questions about the effectiveness of ethical compliance mechanisms.

Furthermore, statistics from the EACC Annual Report (2022) indicate that 38% of all procurement-related corruption reports in Kenya originated from Nairobi-based state corporations, confirming the county as a hotspot for unethical procurement practices. These malpractices have resulted in project delays, cost overruns, reduced public confidence, and poor financial performance of key institutions. A case in point is the Kenya Medical Supplies Authority (KEMSA), headquartered in Nairobi, which faced allegations of unethical procurement during the COVID-19 pandemic—resulting in procurement losses exceeding KSh 7.8 billion, as documented in the Parliamentary Investment Committee Report (2021).

Various studies have been conducted in different parts of the world on ethical procurement practices and performance of commercial state corporations. For instance, Salil, Musau and Kurere (2024) assessed ethical procurement practices, lead-time variation, and organizational performance. In Kenya, Owala (2022) examined the relationship between ethical procurement practices and performance of Homa-Bay County government and Munyuny, Makokha and Namusonge (2023) conducted a case study on determinants of effective ethical procurement practices. However, none of these studies focused on accountability and conflict of interest management on performance of commercial state corporations in Nairobi City County, Kenya. To fill the highlighted gaps, the current study sought to assess the influence of ethical procurement practices (accountability and conflict of interest management) on performance of commercial state corporations in Nairobi City County, Kenya.

Objectives of the Study

General Objective

The study sought to assess the influence of ethical procurement practices on performance of commercial state corporations in Nairobi City County, Kenya

Specific Objectives

i. To assess the influence of accountability on performance of commercial state corporations in Nairobi City County, Kenya
ii. To evaluate the effect of conflict of interest management on performance of commercial state corporations in Nairobi City County, Kenya

Theoretical Framework

Agency Theory

Agency Theory, developed by Stephen Ross and Barry Mitnick (1975), explores the dynamic between principals—such as shareholders or government entities—and agents, who are individuals or managers appointed to run the organization on their behalf (Giotopoulos & Pavlou, 2020). This theory addresses the core challenge that arises when there is a separation between ownership and control. Since principals delegate decision-making authority to agents, there is an inherent risk that agents may act in their own interests rather than those of the principals. This divergence can lead to inefficiencies, unethical behavior, or decisions that do not maximize organizational value (Nwaobia, Ogundajo & Theogene, 2020).

To mitigate these risks, Agency Theory emphasizes the need for mechanisms that align the interests of agents with those of principals. Such mechanisms include performance-based incentives, monitoring systems, and transparent reporting processes (Mbithi & Wasike, 2020). For instance, procurement transparency and ethical guidelines help principals verify that agents are acting responsibly, particularly in environments like commercial state corporations where the public interest must be safeguarded. These controls reduce information asymmetry and hold agents accountable for their actions (Muyundo, 2024).

In practice, Agency Theory highlights how improving transparency and accountability can positively influence organizational performance by limiting the scope for opportunistic behavior (Gatimu & Minja, 2024). When principals have better access to information and effective oversight tools, agents are more likely to make decisions that align with organizational goals. This theory thus provides a foundational framework for understanding how governance structures and ethical procurement practices can enhance performance in public institutions (Muyundo, 2024). The theory was used to assess the influence of accountability on performance of commercial state corporations in Nairobi City County, Kenya

Control Theory

Control Theory, developed by Travis Hirschi (1951), focuses on the systems and processes organizations use to guide, monitor, and regulate individual and group behavior to ensure alignment with organizational goals. Controls include rules, procedures, audits, and performance evaluations that help prevent deviations from expected standards. In procurement and governance, control mechanisms are crucial for detecting and managing unethical behavior, conflicts of interest, and inefficiencies (Bessler & Stanzel, 2020).

Within commercial state corporations, control systems support the implementation of ethical procurement practices by establishing clear guidelines and monitoring compliance (Masoud, 2022). These controls create a framework where procurement activities are continuously reviewed and evaluated, helping to identify irregularities early and enforce corrective actions.

Effective controls also foster accountability by making employees and management responsible for their decisions and actions (Ruttoh, Were & Nkirina, 2020).

Control Theory highlights the importance of balancing formal controls with flexibility to adapt to changing environments (Muriuki, Cheruiyot & Komen, 2020). While strict controls can reduce risks, they must be designed to support organizational objectives without creating excessive bureaucracy. In this way, well-designed control systems improve performance by ensuring that resources are used efficiently, ethical standards are upheld, and organizational objectives are met consistently (Momanyi & Juma, 2022). The theory was used to evaluate the effect of conflict of interest management on performance of commercial state corporations in Nairobi City County, Kenya.

Conceptual Framework

A conceptual framework is a structure or system of concepts that provides a foundation for understanding, analyzing, and interpreting a specific subject or phenomenon. It is a set of interconnected ideas, principles, and theories that form a coherent and comprehensive perspective on a particular topic (Musonye & Machoka, 2024). It is a diagram that explains the relationship between independent variables and dependent variable.

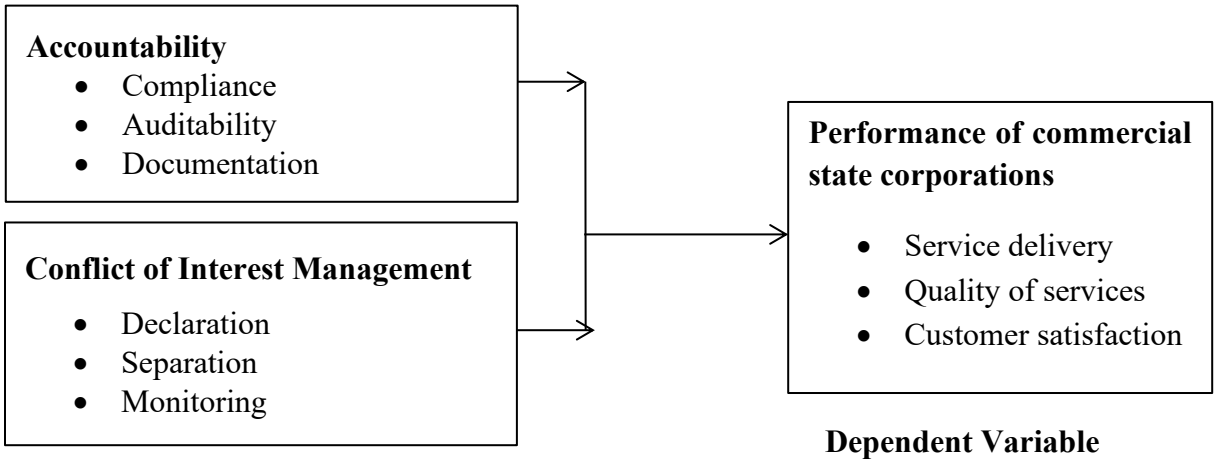


Figure 1: Conceptual Framework

Accountability

Accountability in procurement involves the obligation of individuals and organizations to accept responsibility for their actions and decisions. It means that procurement officers, suppliers, and management are answerable for the way resources are used and procurement decisions are made (Copp, 2020). Effective accountability mechanisms ensure that those involved in procurement

can justify their actions, are subject to oversight, and face consequences for unethical behavior or poor performance. This principle reinforces ethical conduct and helps ensure that public resources are used efficiently and for their intended purposes (Mucciarone, 2020). Compliance refers to the adherence to established laws, regulations, standards, and internal policies governing procurement and other organizational processes. In ethical procurement, compliance ensures that all activities are conducted within the legal and regulatory framework set by governing authorities (Hansen & Sriram, 2020). It involves following due process in tendering, contracting, and supplier selection, as well as meeting financial and operational reporting requirements. Compliance not only safeguards the organization from legal risks and penalties but also builds public confidence by demonstrating that procurement is conducted fairly and lawfully (Shangarai, Njoroge & Moi, 2023).

Auditability is the capacity of an organization's processes and records to be examined and verified by internal or external auditors. In procurement, auditability ensures that every transaction and decision can be traced, reviewed, and justified based on documented evidence (Onyango, 2020). This promotes accountability and transparency, as it allows auditors to detect irregularities, inefficiencies, or unethical conduct. An auditable procurement process also acts as a deterrent to malpractice, as individuals are aware that their actions can be scrutinized. Ultimately, auditability strengthens the credibility of the procurement function and reinforces ethical behavior (Copp, 2020). Documentation plays a critical role in supporting compliance and auditability. It involves systematically recording all relevant information, decisions, and communications throughout the procurement cycle. Proper documentation includes procurement plans, bid evaluations, contract agreements, and performance reports (Mucciarone, 2020). It serves as a reference point for verifying actions taken and decisions made, ensuring that they align with established procedures and standards. Beyond legal and audit purposes, documentation also supports institutional memory, enabling continuity and learning within the organization. When properly maintained, documentation enhances transparency, facilitates accountability, and ensures ethical procurement practices are upheld (Hansen & Sriram, 2020).

Conflict of Interest Management

Conflict of interest management involves identifying, disclosing, and mitigating situations where personal interests could improperly influence professional judgment or actions in the procurement process (Bessler & Stanzel, 2020). Such conflicts can occur when procurement officers have financial, family, or other personal relationships with suppliers or contractors. Effective conflict of interest management requires clear policies, regular disclosures, and strong enforcement mechanisms to prevent biased decision-making. Properly handling conflicts of interest safeguards the integrity of procurement processes and ensures decisions are made in the best interests of the organization and the public (Masoud, 2022). Declaration is the process by which individuals involved in procurement openly disclose any personal interests or

relationships that may influence their decisions. This practice is essential in managing conflicts of interest and maintaining the integrity of procurement processes (Ruttoh, Were & Nkirina, 2020). By making declarations, procurement officers, evaluators, or committee members help ensure that all decisions are made objectively and in the best interest of the organization. Declarations promote transparency and serve as a preventive measure against biased or unethical behavior, as they make it easier to identify and address potential areas of concern before they compromise the process (Muriuki, Cheruiyot & Komen, 2020).

Separation refers to the clear division of roles, responsibilities, and decision-making powers within the procurement process. This principle is vital for reducing the risk of fraud, favoritism, and abuse of power (Momanyi & Juma, 2022). For example, separating the roles of those who request goods or services, those who approve budgets, and those who award contracts ensures that no single individual has undue influence over the entire process. This structural division helps promote checks and balances, fosters accountability, and enhances the credibility and fairness of procurement operations within organizations (Bessler & Stanzel, 2020). Monitoring involves the continuous observation, review, and assessment of procurement activities to ensure that they are conducted in line with established rules, standards, and ethical principles (Masoud, 2022). Effective monitoring allows organizations to detect irregularities early, assess supplier performance, and ensure compliance with contractual terms. It also enables timely interventions and improvements where weaknesses or unethical practices are identified. Through regular monitoring, organizations can maintain transparency, improve efficiency, and build a strong culture of accountability and continuous improvement in procurement (Ruttoh, Were & Nkirina, 2020).

Empirical Review

Accountability and Performance of commercial state corporations

Copp (2020) conducted a study on the effect of Accountability Strategies and Organization Performance Testing in Canada: Aligning Provincial Policy Objectives with Teacher Practices. The expectation for the improvement of instruction based on test results is called “professional accountability” and it is built into provincial assessment policies across Canada. This study asked teachers to self-report on instructional changes they have made in response to large-scale assessment data. The results were that teachers generally do show reactivity to large-scale assessment data, yet this change tends to be more “teaching to the test. The study concluded that this paper has done nothing more than ask if teachers are using the data from provincial LSAs as policy dictates, and then if the manner in which is being used is in accordance with widely accepted best practices for both the evaluation and the education of students.

Mucciarone (2020) conducted a case study on the effect of Accountability Strategies and Performance Measurement in Australian and Malaysian Government Departments. This study

seeks to add to the literature on public sector accountability and performance measurement by undertaking a comparative cross-country study involving Australia and Malaysia, a developed and a developing country. The findings of the content analysis and interviews concerning performance indicator disclosure by Australian Federal government departments show that cost and effectiveness performance indicators are the most disclosed indicator. The conclusion of the agency theory-related variables rejected the hypothesized influence of oversight bodies on performance indicator disclosure and dissemination for both Australian and Malaysian government departments

Hansen and Sriram (2020) conducted an assessment on the effect of Fighting for Justice (and Survival): Kenyan Civil Society Accountability Strategies and Performance Their Enemies. The study considers civil society as recipient and transmitter of norms of accountability and as transformer and user of such norms, as well as civil society strategies for engaging with actors domestically and internationally. The study found out that in particular, we question whether civil society can predominantly rely on international standards as part of a 'justice cascade,' arguing that the Kenyan case illustrates a more complex situation where narratives of justice and accountability continuously change and may be undermined as a consequence of counter narratives devised by those opposed to criminal justice

Shangarai, Njoroge and Moi (2023) examined the Public Accountability Practice and Devolved Administrative Structures in Selected Semi-arid Counties in Kenya. The study incorporated institutional theory explaining an institution as entities that are dependent on each other to form complete systems that are concerned with internal interdependence. The target population was 500 respondents from Taita Taveta and Makueni Counties. Purposive sampling was utilized to sample the top leadership who are mandated to oversee functions in the devolved administrative setups; the governor's, deputy governors, speakers of county assembly and clerks of county assembly. The study found significant relationship between public accountability and devolved administrative structures. The research concluded that public accountability practice had a significant effect ion devolved administrative structures in Taita Taveta and Makueni Counties.

Onyango (2020) determined the administrative culture and the performance of accountability institutions in public organizations: an analysis of the implementation of anti-corruption strategies in Kenya. It also sought to establish the extent to which the administrative culture in public administration can influence the work of accountability institutions and the way in which they implement of anti-corruption strategies. The findings of this investigation reveal that the implementation of anti-corruption strategies at the local-state levels is obstructed by layers of legislative ambiguity, conflicting means of ensuring organizational accountability, and an ambivalent and multidimensional administrative culture that both condones and perpetuates corruption. The study concluded that this thesis indicates that culture does impact on the performance of governmental and accountability institutions with regard to the implementation

of accountability measures such as anti-corruption strategies. Indeed, in Kenya at the time of this study, cultural dimensions such as power distance and collectivism not only defined how accountability measures were designed and executed but also how administrators related to, perceived, and participated in, corrupt practices

Conflict of Interest Management and Performance of commercial state corporations

Bessler and Stanzel (2020) conducted a study on the effect of conflicts of interest and research quality of affiliated analysts in the German universal banking system: evidence from Initial Public Offering (IPO) underwriting. The quality of equity research by financial analysts is a prerequisite for an efficient capital market. This study investigates the quality of earnings forecasts and stock recommendations for initial public offerings (IPOs) in Germany. Overall, the findings of our empirical analysis support the 'conflicts-of-interest-hypothesis' which can also be interpreted as evidence of the inherent agency problems in a universal banking system. The study concluded that financial analysts in a universal banking system may have certain advantages in information gathering and information processing, because the employer of the analyst offers a wide range of banking services and the analyst may have access to private information allowing them to produce higher quality research (information-advantage- hypothesis)

Masoud (2022) conducted a study on the effect of conflict of interest on procurement function performance in State Corporation of Tanzania. The study employed an explanatory research approach and collected data from 241 heads of departments at state corporations in the Dar es Salaam region via a standardized questionnaire. The study found that a lack of transparency and lack of accountability had a negative significant relationship with procurement function performance. The study concluded that according to the research results, a code of ethics has a positive effect on the performance of the procurement function, whereas a lack of transparency and accountability has a negative effect

Ruttoh, Were and Nkirina (2020) conducted a study on the effects of conflict of interest on procurement performance in referral hospitals in Kenya: a case of Kenyatta National Hospital (KNH) Nairobi, Kenya. Descriptive research design was used for the study and the questionnaire was the main data collection instrument, Slovin's formula was used to pick a sample of 131 respondents from a target population of 194 staff working in supply chain department at KNH. The study established the influence of conflict of interest on procurement performance in Kenyatta National Hospital and it can be summarized to consider first, the interest of one's organization in all transactions and to carry out procurement process effectively and believe in its established policies. The study concluded that purchasing and supply management professionals should encourage colleagues to declare any material personal interest which may affect, or be seen to affect, their impartiality or judgment in respect of their duties

Muriuki, Cheruiyot and Komen (2020) conducted a study on the effect of conflict management strategies on the relationship between corporate governance and organizational performance in state corporations in Kenya. Descriptive and inferential statistics were computed using statistical package of social sciences. Linear regression model was used to determine the relationship between corporate governance and organizational performance. The study revealed that board conflict management strategies are key factor in resolving conflict within the board and in the State Corporation. The study concluded that the relationship between corporate governance (board leadership) and organization performance of the state corporations is statistically significant moderated by Board Conflict Management Strategies

Momanyi and Juma (2022) conducted a study on the influence of conflict management strategies on employee satisfaction: a case study of KCB Bank Kenya limited, head office. The study used snowball sampling to select 10% of target population. Sample of the study was 200 respondents from a population of 2000 employees. The study found that the organization faced the challenge of personal differences, challenge of different faith and culture, challenge of changing environment (globalization and technology), different ways of conflict management, challenge of critical skills associated with handling difficult people and situations, challenge of competition over scarce resources, the challenge of creating structural for consensus processes, challenge of cooperative discourse and the challenge of change. The study concluded that management of the KCB should take bold step on trainings on conflict management to have the knowledge of managing conflict.

RESEARCH METHODOLOGY

Research Design

A research design is the overall plan or blueprint for conducting a research study. It outlines how the research was carried out to answer the research questions (Cooper & Schindler, 2018). This study used a cross-sectional survey design. This is an observational design that enables the researcher to collect data to make inferences about a population of interest. It was employed to collect data on indicators that describe the variables, which will be done through sampling of the respondents. Cross-sectional research designs provide a clear 'snapshot' of the outcome and the characteristics associated with it, at a specific point in time).

Target Population

The target population is a collection of research components that refers to all members of an actual or imaginary group of people, events, or objects to whom the findings should be applied (Prabhat &Meenu, 2019). It can also be described as the set of sampling units or cases that the researcher is interested in. The target population, according to Kothari (2019), is a physical representation that contains all the units that could be members of the sample. A population can alternatively be thought of as the whole collection of elements from which the study wants to

draw conclusions. This study targeted commercial state corporations in Nairobi City County, Kenya. According to State Corporations Advisory Committee (SCAC) (2024), there is a total of 46 commercial state corporations in Nairobi City County, Kenya. The unit of analysis was therefore the 46 commercial state corporations while the unit of observation was Procurement managers and their assistants. The study targeted a total of 92 respondents comprising of Procurement managers and their assistants.

Sample Size and Sampling Procedure

A sample is a representative of certain known percentage, frequency distributions of elements' characteristics similar to the corresponding distributions within the whole population (Kasomo, 2019). The census method is a data collection approach in which information is gathered from every individual or unit within a defined population or group, rather than selecting a subset or sample. It is a complete enumeration technique used when the population size is manageable or when precise and comprehensive data is required (Gitahi, 2019). Due to small size of the target population, this study used census method hence the sample size was 92 respondents

Data Collection Instruments

There are several ways of collecting data which differ considerably in terms of money costs, time and other resources at the disposal of the researcher (Orodho, 2018). The choice of data collection instrument is often very crucial to the success of a research and thus when determining an appropriate data collection method, one has to take into account the complexity of the topic, response rate, time and the targeted population (Mwangi, 2019). Different tools are used to collect different types of data. There is primary data that is collected directly from the respondents; it is information that has never been collected while there is secondary data collection tools that are used to collect secondary data. In this study, primary data was collected using a semi structured questionnaire because they are cost effective and convenient to collect and summarise responses (Zikmond, 2019).

This study used closed-ended questions to collect the data. Closed-ended questions were used where respondents were restricted to direct their answers without further explanation while the open-ended questions sought respondent's views on variables being studied. The use of a semi structured questionnaire has also been adopted by Gitahi (2019), Sialala (2019) and Hassan (2017) in their studies.

Pilot Study

In social science research, the word "pilot study" has two meanings. It can refer to "feasibility studies," which are small-scale versions, or "trial runs," carried out in advance of a larger investigation (Polit & Beck, 2019). A pilot study, according to Kothari (2018), is an imitation and rehearsal of the main survey. A pilot study, on the other hand, might be used to test or try out a new research instrument (Gujarati, 2017). A pilot study could reveal areas where the major

research project might falter, such as if research protocols aren't being followed or whether proposed methodologies or instruments are inadequate or overly complicated (Nassiuma, 2019). A pilot study of data collection instruments was conducted to check that the items in the questionnaire are stated clearly, have the same meaning for target respondents, and provide the researcher with an estimate of how long it takes to complete the questionnaire. According to (Green, 2018) It is utilized to improve the validity and relevance to the study objectives.

The lessons learned for improving both research design and data collection processes should be stated openly in the pilot study report. Because the pilot study is considered an essential component of the study protocol (Yin, 2019), the lessons learned from it eventually reflected in the design of the protocol and content (Riege, 2020).

Data Analysis and Presentation

The researcher collected questionnaires, coded them, and entered them into the Software Package for Social Sciences (SPSS version 26) for analysis. The sort function was used to perform the initial screening. The data was based on the study's objectives and research hypothesis. The descriptive statistical techniques of frequency, mean, and standard deviation were used to analyze the quantitative data acquired. The results were displayed using frequency distribution tables, which kept track of how many times a score or response appears.

Inferential statistics including regression and correlation analysis were used in the study. According to Saunders *et al.* (2019), correlation is a statistical tool that helps to determine the relationships between two or more variables. Cooper and Schindler (2019) indicate that correlation, as measured by a correlation coefficient, is the degree to which a linear predictive relationship exists between random variables. Pearson correlation coefficient was used for testing associations between the independent and the dependent variables. According to Wagana (2017), a correlation coefficient (r) has two characteristics, strength and direction. The strength of the relationship is indicated by how r tends toward 1, the maximum value possible. r is interpreted as follows; when r = +1 it means there is perfect positive correlation between the variables, when r = 0 it means there is no correlation between the variables, that is the variables are uncorrelated, when r = -1 it means there is perfect inverse correlation between the variables.

A multiple regression model was used to test the significance of the influence of the independent variables on the dependent variable. Regression analysis attempts to determine whether a group of variables together predict a given dependent variable and, in this way, attempts to increase the accuracy of the estimate (Mugenda & Mugenda, 2017). The use of regression model is ideal due to its ability to show whether a positive or a negative relationship exists between independent and dependent variables (Mason, Lind, & Marchal, 2019).

Statistical Model

The multiple regression equation model is illustrated below: -

$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ e$

Where:

Y is the dependent variable (Performance of state corporations in Nairobi City County, Kenya),

β_0 is the constant (Co-efficient of intercept)

β_1 and β_2 are beta coefficients,

X_1 is accountability,

X_2 is conflict of interest management while

e is an error term

RESEARCH FINDINGS AND DISCUSSIONS

Descriptive Statistics

Accountability and Organization Performance

The first specific objective of the study was to assess the influence of accountability on performance of commercial state corporations in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement accountability and performance of commercial state corporations in Nairobi City County, Kenya. The results were as shown in Table 1

From the results, the respondents agreed that the corporation strictly complies with all relevant laws, regulations, and policies (M=3.854, SD= 0.612). In addition, the respondents agreed that regular audits are conducted to ensure accountability in financial and operational activities (M=3.842, SD= 0.898). Further, the respondents agreed that audit findings are transparently communicated and addressed promptly by management (M=3.838, SD=0.533).

From the results, the respondents agreed that all important decisions and transactions are properly documented and accessible for review (M=3.825, SD= 0.590). In addition, the respondents agreed that documentation practices within the corporation support accurate tracking of performance and accountability (M=3.819, SD= 0.644). Further, the respondents agreed that accountability mechanisms in place significantly contribute to improving the corporation's overall performance (M=3.793, SD=0.787).

Table 1: Accountability and Organization Performance

	Mean	Std. Deviation
The corporation strictly complies with all relevant laws, regulations, and policies.	3.854	0.612
Regular audits are conducted to ensure accountability in financial and operational activities.	3.842	0.898
Audit findings are transparently communicated and addressed promptly by management.	3.838	0.533
All important decisions and transactions are properly documented and accessible for review.	3.825	0.590
Documentation practices within the corporation support accurate tracking of performance and accountability.	3.819	0.644
Accountability mechanisms in place significantly contribute to improving the corporation's overall performance.	3.793	0.787
Aggregate	**3.829**	**0.677**

Conflict of Interest Management and Organization Performance

The second specific objective of the study was to evaluate the effect of conflict of interest management on performance of commercial state corporations in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating to conflict-of-interest management and performance of commercial state corporations in Nairobi City County, Kenya. The results were as presented in Table 2.

From the results, the respondents agreed that employees and management are required to declare any potential conflicts of interest openly (M=3.884, SD= 0.592). In addition, the respondents agreed that the corporation has clear policies to separate personal interests from official duties (M=3.876, SD= 0.821). Further, the respondents agreed that there is regular monitoring to ensure conflicts of interest are managed effectively (M=3.861, SD=0.781).

From the results, the respondents agreed that conflict of interest declarations are taken seriously and acted upon promptly (M=3.858, SD= 0.790). In addition, the respondents agreed that the separation of conflicting roles helps maintain fairness and integrity in decision-making (M=3.843, SD= 0.694). Further, the respondents agreed that effective management of conflicts of interest improves the corporation's overall performance (M=3.835, SD=0.747).

Table 2: Conflict of Interest Management and Organization Performance

	Mean	Std. Deviation
Employees and management are required to declare any potential conflicts of interest openly.	3.884	0.592
The corporation has clear policies to separate personal interests from official duties.	3.876	0.821
There is regular monitoring to ensure conflicts of interest are managed effectively.	3.861	0.781
Conflict of interest declarations are taken seriously and acted upon promptly.	3.858	0.790
The separation of conflicting roles helps maintain fairness and integrity in decision-making.	3.843	0.694
Effective management of conflicts of interest improves the corporation's overall performance.	3.835	0.747
Aggregate	**3.860**	**0.738**

Organization Performance

The respondents were requested to indicate their level of agreement on various statements relating to performance of commercial state corporations in Nairobi City County, Kenya. The results were as presented in Table 3.

From the results, the respondents agreed that the corporation consistently delivers services on time according to customer expectations (M=3.817, SD= 0.597). In addition, the respondents agreed that the quality of services provided by the corporation meets the required standards (M=3.801, SD= 0.586). Further, the respondents agreed that the corporation regularly seeks feedback from customers to improve service delivery (M=3.774, SD=0.885).

From the results, the respondents agreed that customers are generally satisfied with the services offered by the corporation (M=3.765, SD= 0.775). In addition, the respondents agreed that the corporation effectively handles customer complaints and resolves issues promptly (M=3.757, SD= 0.615). Further, the respondents agreed that high service delivery standards positively impact the overall performance of the corporation (M=3.720, SD=0.854).

Table 3: Organization Performance

	Mean	Std. Deviation
The corporation consistently delivers services on time according to customer expectations.	3.817	0.597
The quality of services provided by the corporation meets the required standards.	3.801	0.586
The corporation regularly seeks feedback from customers to improve service delivery.	3.774	0.885
Customers are generally satisfied with the services offered by the corporation.	3.765	0.775
The corporation effectively handles customer complaints and resolves issues promptly.	3.757	0.615
High service delivery standards positively impact the overall performance of the corporation.	3.720	0.854
Aggregate	**3.772**	**0.719**

Inferential Statistics

Inferential statistics in the current study focused on correlation and regression analysis. Correlation analysis was used to determine the strength of the relationship while regression analysis was used to determine the relationship between dependent variable (performance of commercial state corporations in Nairobi City County, Kenya) and independent variables (accountability and conflict of interest management).

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (accountability and conflict of interest management) and the dependent variable (performance of commercial state corporations in Nairobi City County, Kenya) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients.

Table 4: Correlation Coefficients

		Organization Performance	Accountability	Conflict of Interest Management
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	70		
Accountability	Sig. (2-tailed)	.002		
	N	70		
	Pearson Correlation	.835**	1	
	Sig. (2-tailed)	.001		
	N	70	70	
Conflict of Interest Management	Sig. (2-tailed)	.003	.098	
	N	70	70	
	Pearson Correlation	.844**	.318	1
	Sig. (2-tailed)	.000	.056	
	N	70	70	70

**. Correlation is significant at the 0.01 level (2-tailed).

From the results, there was a very strong relationship between accountability and performance of commercial state corporations in Nairobi City County, Kenya (r = 0.835, p value =0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings conform to the findings of Copp (2020) that there is a very strong relationship between accountability and organization performance.

The results also revealed that there was a very strong relationship between conflict of interest management and performance of commercial state corporations in Nairobi City County, Kenya (r = 0.844, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Bessler and Stanzel (2020) who revealed that there is a very strong relationship between conflict of interest management and organization performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (accountability and conflict of interest management).) and the dependent variable (performance of commercial state corporations in Nairobi City County, Kenya)

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821	.674	.673	.10120

a. Predictors: (Constant), accountability and conflict of interest management

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.674. This implied that 67.4% of the variation in the dependent variable (performance of commercial state corporations in Nairobi City County, Kenya) could be explained by independent variables (accountability and conflict of interest management).

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.054	2	36.027	69.283	.000[b]
	Residual	34.814	67	.520		
	Total	106.868	69			

a. Dependent Variable: performance of commercial state corporations in Nairobi City County, Kenya

b. Predictors: (Constant), accountability and conflict of interest management

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 69.283while the F critical was 3.134. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of accountability and conflict of interest management on performance of commercial state corporations in Nairobi City County, Kenya.

Table 7: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.288	0.075		3.840	0.003
	accountability	0.355	0.093	0.356	3.817	0.001
	conflict of interest management	0.364	0.095	0.363	3.832	0.000

a Dependent Variable: performance of commercial state corporations in Nairobi City County, Kenya

The regression model was as follows:

$$Y = 0.288+0.355X_2 + 0.364X_4 +\varepsilon$$

According to the results, accountability has significant effect on performance of commercial state corporations in Nairobi City County, Kenya (β1=0.341, p value= 0.002). The relationship was considered significant since the p value 0.002 was less than the significant level of 0.05. The findings conform to the findings of Copp (2020) that there is a very strong relationship between accountability and organization performance.

In addition, the results revealed that conflict of interest management has significant effect on performance of commercial state corporations in Nairobi City County, Kenya (β1=0.364, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings are in line with the results of Bessler and Stanzel (2020) who revealed that there is a very strong relationship between conflict-of-interest management and organization performance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concludes that accountability has a positive and significant effect on performance of commercial state corporations in Nairobi City County, Kenya. Findings revealed that compliance, auditability and documentation influence performance of commercial state corporations in Nairobi City County, Kenya. The study also concludes that conflict of interest management has a positive and significant effect on performance of commercial state corporations in Nairobi City County, Kenya. Findings revealed that declaration, separation and

monitoring influence performance of commercial state corporations in Nairobi City County, Kenya.

Recommendations

The study recommends that commercial state corporations in Kenya should strengthen accountability by establishing clear responsibilities, performance targets, and reporting mechanisms for managers and employees. Management should regularly monitor performance, require timely justification of decisions and use of organizational resources, and enforce appropriate measures for non-compliance. The study also recommends that commercial state corporations in Kenya should strengthen conflict of interest management by establishing and enforcing clear policies requiring board members, managers, and employees to disclose any personal or financial interests that may influence their official decisions.

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