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Original Research Article

Corporate Governance Practices Effect on the Financial Performance of Constitutional Offices in Kenya: A Case of National Land Commission

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Abstract: The practice of corporate governance is one of the major factors considered to support and promote existence of accountability, transparency, and ethics in organizations, as well as having a positive impact on their financial results. Objective of this research was to analyze influence of corporate governance practices on financial performance of Kenyan constitutional offices, considering National Land Commission (NLC) as a case study. Specifically, the research aimed to establish influence of transparency, accountability, ethical conduct and compliance on financial performance of these publicly constituted offices. Study was anchored on stakeholder theory, Institutional theory, Agency theory, Resource dependency theory and stewardship theory. Descriptive research design was adopted on a population of sixty-four respondents from National Land Commission. Census sampling techniques together with the use of standardized questionnaires were employed to gather data from three departments: finance, corporate planning, and administration from the institution between March and April 2025. Results were analyzed by use of summary statistics, in particular mean, frequencies and standard deviation while statistical inference analyzed using multiple correlation. To assess significance of survey parameters, the researcher used Pearson correlation and simple linear regressions. Results obtained exhibited strong and positive association between transparency, accountability and overall financial performance of the company, whereas ethical conduct and compliance had minor and non-significant influences. However, positive effect on company culture and risk management was acknowledged. The study suggested that Kenyan constitutional offices should make their financial reporting more transparent, reinforce accountability through audits and reports, and incorporate value of ethics into their corporate culture. It is recommended that future research be designed as longitudinal studies so that it may be possible to observe the changes in governance practices over time and to perform sector-inclusive analyses across different public enterprises.

Keywords: Corporate Governance, Financial Performance, Kenyan Constitutional Offices, Return on Assets, Return on Equity, National Land Commission, Accountability, Transparency.

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INTRODUCTION

Corporate governance is a critical factor for every organization as it allows distribution of power from top management to lower levels, including staff and external stakeholders. It incorporates the setting up of oversight, strategic planning, executive pay, legal and regulatory compliance mechanisms. Mallin (2016) asserts that corporate governance comprises interactions of various stakeholders, such as the board of directors and management, aiming to maintain ethical behavior, accountability, and transparency. Good corporate governance guarantees protection of shareholders' interests, wise decision-making, risk management, and sustainability (Tricker & Tricker, 2015). Major corporate governance principles that are typical for state-owned enterprises constitute transparency, accountability, and efficiency (Amoako & Goh 2015). Mutize and Tefera (2020) claim that the aim of corporate governance processes and practices in state-owned companies is to ensure that decisions are made for the public good, thus fostering responsible management of public resources, and being in line with larger social and economic government goals.

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From a global point of view, corporate governance consists of rules and methods that guide businesses that are present in more than one country. It includes conducting operations of an organization in a manner ensuring that interests of different shareholders are respected and that there are no problems with transparency, accountability, and responsible management. Tamer (2015) notes that the diverse aspects of corporate governance at a global level are still very challenged. Some of the big names in corporate scandals, like Lehman Brothers and Goldman Sachs, were also pointed out by Sarpong-Danquah *et al.,* (2018) as among the ones that failed due to poor corporate governance practices. The issue of corporate governance still has great importance especially when downfall of multinational firms is attributed to non-compliance was the cases of Wirecard AG in 2020 and Nissan Motor Corporation in 2019, among others, which were quite publicized as corporate scandals (Zet 2019; Hoje 2021). According to El-Bassiouny (2019), dispersion degree of shareholding in Europe influenced the market's role in controlling corporations and consequently the need for strong control measures to be established in companies. Authors Sorensen and Miller (2017) in their paper on corporate control extended their argument by proposing that a whole range of stakeholders should be accounted for in the discussion, from insurance companies, over pension funds, to institutional investors, workers, banks, and other actors present in the different European countries.

On a regional level, African nations have begun to accept and put into practice various elements of corporate governance because they can potentially drive sustainable development of their enterprises (El-Chaarani *et al*.. 2022). When it comes to the financial aspect, corporate governance played a major factor during the COVID-19 period across African nations. In Africa, where the crisis has left companies with hard organic decisions regarding cost management, resource allocation and continuity, ensuring corporate governance that allows fast and easy decision-making that is clear and accountable is the key to good corporate governance throughout the crisis (Newiak, 2022). Strong risk management structures assist firms in quickly evaluating and reacting to new risks thereby securing their financial status and limiting the disruptions' impact (Alao & Gbolagade 2020). Generally, better corporate governance practices result in better performance outcomes, while poor governance results to the opposite (Afriyie *et al*., (2021). Solid governance, including good board characteristics, ownership structure, and disclosure practices, is very beneficial to the financial and operational performance of an organization (Kyere and Ausloos 2021).

In Kenya, majority of recent research studies have revolved around matters of corporate governance and influence they have on financial performance of organizations (Emile *et al.,* 2019). Different aspects of corporate governance like principles, practices, and processes have been noted to have considerable impact mainly on financial performance indicators (Tricker & Tricker, 2015). It is an undeniable fact supported by numerous studies that good corporate governance practices have the power to positively influence financial success of organizations (Omagwa & Muathe 2019). Moreover, the use of governance mechanisms in the operation has been conducive to providing a transparent, accountable, and efficient operation; thus, leading to the generation of better financial results (Xavier *et al*., 2015). The inference drawn from this observation is that Kenyan organizations should adopt effective corporate governance practices as a means of driving their financial performance (Okiro, Aduda, and Omoro 2015). Corporate governance practices in Kenya's commercial banks have shown their remarkable results in the areas of profit, transparency, and efficiency for the last ten years. This has been supported by studies such as Omware, Atheru & Jagongo (2020), which indicated that factors such as the size and independence of the board, and the presence of different genders and ethnicities, greatly affected the profitability of the banks listed on the stock exchange.

Statement of the Problem

Corporate governance has become an integral part of modern businesses, and its significance is growing day by day (Omware *et al.,* 2020). It is basically a situation where all the company stakeholders' interests are taken care of, and the interests are expressed, combined, and merged in a way that financial performance of the company is improved and long-term strategic objectives which are stakeholder-friendly met (Hossain, Hasan & Hasan, 2024). Even though independent constitutional offices like National Land Commission have been set up to promote accountability, transparency and efficient use of resources, they continue to face significant performance challenges that undermine the very purpose that informed their establishment (Farooq, Noor & Ali 2022). In order to uphold the public interest, govern assets of the public, and ensure adherence to democratic principles, constitutional offices are indispensable (Puni, Anlesinya 2020). Yet, statistics indicate that majority of these entities experience challenges in carrying out their mandates thanks to flaws in governance procedures and structures (Hussain, Rigoni, and Orij 2018). In Kenya NLC has the mandate of oversight, management, and appropriate use of land resources. Regarding this constitutional duty, recent government data shows show extraordinarily low budget absorption rates signaling poor financial performance and organizational inefficiency (Makathimo 2019). For example NLC reported total budget absorption rate of 13% in the first three months of FY 2024/25, with public land information management accounting for only 12% of its budget and vital sub-programs like general administration and support services absorbing less than 1% of allocated. In addition, non-financial performance parameters indicated retarded ongoing implementation gaps. Significant targets example given processing of land disputes and inquiries into past land unfair practices fell short of projected targets. Specifically only one historic injustice determination was made out of 600 targets, and zero disputes were accepted for settlement through significant procedures out of target of 1,500. These significant performance variations raise concerns regarding the efficacy of the NLC's current governance procedures in addition to reflecting operational shortcomings. The rising importance of corporate governance has turned it into a central theme of business worldwide (Kigotho 2014). Various reasons like continuous disruption of business globally, occurrence of market failures, and financial crises that stem from issues related to corporate governance have all been combined to demand further analysis around corporate governance (Anintyarini & Utama, 2019).

Corporate governance must keep pace with market challenges as business environment evolves (Gitonga 2019). Tricker and Tricker (2015) states that there is no traditional model of corporate governance that can be relied upon to secure enhanced financial performance for an organization. Although many researchers have gone through this area and conducted studies, it is still impossible to reach a unified conclusion (Wanyama and Olweny 2019). Studies on corporate governance in government offices in Kenya has continued to show that poor organizational performance is associated with weak governance systems. For example, corporate governance policies have a large impact on institutional performance, accounting for up to 79.9% of the variability in organizational outcomes, according to study on independent constitutional commissions in Nairobi County. Therefore, additional research is required to comprehend the peculiar dynamics and challenges that public constitutional positions face. Hence, this study intended to fill the gap in knowledge by examining link between corporate governance and financial performance of public constitutional offices in Kenya.

Research Objective

The primary objective of this study was to establish influence of corporate governance practices on financial performance of Kenyan constitutional offices; a case study of National Land Commission (NLC).

Literature Reviews

Theoretical Review

The study was theoretically anchored on stakeholder theory, founded in 1980 by R. Edward Freeman. The theory was developed to convey that organizations must leverage stakeholders' needs and interests that could influence their overall successful performance (Dmytriyev *et al*., 2021). The theory makes the case that organizations are linked to stakeholders and are dependent on stakeholder management for their survival. It can be concluded that organizations should concern themselves with and be accountable to stakeholders, and not just shareholders, if they are to be sustainable in the long term and ethically accountable. In other words, De Gooyert *et al.,* (2017) emphasizes importance of considering social, environmental and ethical dimensions when making decisions, and balancing their interests to benefit the organization and society overall.

Stakeholder theory served this study by underscoring that corporate governance practices should cater to stakeholder interests beyond shareholders in constitutional offices. The study was able to leverage the idea of stakeholder salience by promoting transparency, accountability, and ethical conduct which would advance stakeholder relations with groups such as the government, employees, and the public. This could provide the study with an avenue that would identify how these practices impact financial performance, particularly through stakeholder trust, regulatory compliance, and increased legitimacy of constitutional offices with society.

Stakeholder theory was based on one assumption, that organizations exist in a network of relations, and they must think about the benefits of all stakeholders, for them to be successful over the long term.

One drawback of stakeholder theory is that it potentially lacks the avenues to factor in the financial performance drivers of constitutional offices in Kenya. The study at hand desired to analyze how transparency, accountability, and ethical conduct impact financial performance indicators, specifically in place within the context of constitutional offices; therefore, it stood to be a much more in-depth analysis that stakeholder theory could not inherently provide.

Empirical Reviews

Emodia (2021) examined the link between transparency and accountability and the organizational outcomes of health organizations using descriptive research design. He established that transparency is strongly and positively associated with organizational performance. The studies focused on privately owned corporations, and thus, an empirical gap exists for in-depth research on state corporations.

Herbert and Agwor (2021) utilized content analysis to extract and analyse 78 annual reports for 13 Nigerian commercial banks in test the relationship between corporate governance transparency and execution. The outcomes indicated a linkage between encouraging corporate governance with the help of an accountable and transparent governance structure and corporate performance. In addition, it was found that the banks in Nigeria with a more transparent profile regarding their disclosures were the ones recording a better financial performance compared with the lessdisclosed banks. The results will probably be crucial in showing how transparency and disclosure may improve banks' performance and foster stakeholder trust.

Romberg (2021) focused on how the effect of a formal structure, like an ethical and compliance program, in Finnish companies affects a single business. The conclusion identified that the program implementation failed to achieve any of its specified objectives as the program's effectiveness was based more on individuals. Therefore, varying components of the program, including new policies and training, did not lead to ethical corporate conduct.

Silva *et al*., (2021) investigated the code of ethics and conduct of corporate governance in private organizations from the stakeholders' viewpoint. The study was evident that ethical problems played the essential roles in the appropriate corporate governance systems. The researchers administered a descriptive survey that received 184 responses from different organizations. The findings showed that implementation of rigorous ethical practices were observed to significantly enhance the institution of a code of ethics and conduct to promote responsible behavior among stakeholders.

Ezeanyim and Ezeanolue (2021) examined the relationship between organizational performance and business ethics in South-East Nigerian industrial companies. The researchers examined how adherence to ethical principles and conduct impacts overall performance based on data from manufacturing firms with a regional sample of 936 respondents and examined several facets of corporate ethics and how they affect organizational results. The findings established a noteworthy positive effect on ethical conduct and organizational performance. The results also recommend that decision-makers set ethical conduct and prioritize improving the firm's overall performance.

Anyiko (2020) investigated five listed banks in Kenya that implemented governance strategies for corporate virtues, emphasizing how ethical leadership could make corporate sustainability. A qualitative method, interviews, and document analysis were utilized to gather data from board members and bank top management. The results showed that corporate virtues such as ethical leadership and transparency have a strong influence on sustainability in the long run. However, the research found a gap regarding the enforcement of ethical practices in various organizational levels, as it was indicated that many banks faced similar problems with inconsistent implementation. The research recommended that the gap in ethical governance practices could be filled through stronger policy frameworks and training.

Gutterman (2020) looked at internal governance instruments specifically targeting codes and policies in Finland. The authors consider corporate governance to include ethics, risk management, compliance and administration as governing organizations should design the appropriate "control environment" to have an effective corporate governance structure. He also indicates that a real effect on an organization's performance can exist once key governance-related codes, codes of conduct and the ethics of governing all stakeholders have been successfully established.

Al-Ahdal *et al*., (2020) evaluated the monetary execution of companies and corporate governance frameworks in India and the GCC. Cross-sectional survey technique was utilized where the researchers focused on 15 financial institutions and the financial performance indicators were captured through the ratio of ROI. The results also converged to the fact that there was an absence of correlation between board accountability and the ROI; this meant that accountability of the board did not determine the level of business outcomes of the commercial banks.

Mukinda, Van Belle, and Schneider (2020) carried out a qualitative investigation on frontline health managers' beliefs and practices around accountability in a South African health district. Researchers discovered a direct correlation between responsibility and the success of the organization by using a purposive sample of 58 frontline public sector health managers. However, the researchers asserted that accountability is a multidirectional concept that depends on other internal and external factors. They further revealed that accountability, as a corporate governance practice, helps foster an ethical corporate culture, which in turn strengthens overall accountability and consequent performance and long-term business success. Improved accountability of all relevant stakeholders inside an organization helps prevent mistakes and helps the board and management prioritize other operations leading to success.

Mbithi and Wasike (2019) examined the relationship between transparency, accountability, and sustainability of Kenya's banking sector. A descriptive research design was adopted with 222 participants with both secondary and primary data were utilized for the research. The findings revealed that transparency, fairness, accountability, and responsibility had an important effect on the execution and sustainability of the banking industry in Kenya.

Wanjau *et al*., (2018) investigated financial transparency and the influence on financial outcomes using correlation research design and purposive sampling, where the study targeted 73 companies. The findings showed a significant and robust connection between financial transparency, liquidity, and the financial outcomes of the corporations.

Brown *et al*., (2019) investigated the impact of high standards for board accountability on the collective board's decision-making and board performance in the United States using data gathered before and after the Sarbanes-Oxley Act. The study included 60 board directors. The study assessed many facets of board decision-making and concluded that increased board control improved board task performance. The study also discovered non-linear correlations between the task performance of boards and the CEO's relative power and internal board conflicts.

Salin *et al*., (2019) explored the link between corporate governance and financial execution in Malaysia, with consideration of the board's ethical duty to this behavior. Corporate performance was evaluated via numerous monetary indicators, including ROE, ROA, and net profit margin (NPM). Data were collected from the top 500 companies listed on the Malaysian stock exchange from 2013 and 2014. The findings revealed that the linkage between corporate governance and business performance was substantially strengthened by the board's ethical duty. He further highlighted the need for continuous training programs addressing key corporate governance issues including risk, compliance, and ethical practices in business.

Kaura, Dharwal, Kaur, and Kaur (2019) studied the financial performance of Indian IT companies and its effect on corporate governance standard. The authors indicated that every model of IT corporation success hinged on disclosure, fairness, and transparency of business operation to safeguard all shareholders' interests. Findings indicated that transparency significantly and positively affects the Indian IT companies performance.

Worldwide, Gnawali (2018) examined compliance with aspects of corporate governance and its effect on fundamental financial indicators, including ROA and ROE in Nepali banks, using both descriptive and explanatory studies. Correlation and regression analysis were utilized to evaluate the relationship between the variables using primary data and secondary data from the banks' annual reports. Findings showed corporate governance variables: independence, transparency, accountability, social responsibility, fairness, and discipline resulted in positive and significant financial performance particularly with ROA and ROE.

Njuguna (2018) investigated how the financial performance of non-profit, faith-based hospitals in the former central province of Kenya was affected by corporate governance methods, which included accountability, stakeholder involvement, stewardship, and board engagement. Inferential and descriptive statistical research using quantitative data revealed a strong positive correlation between the hospital's financial success and accountability, stewardship, stakeholder involvement, and board engagement.

Chemakai (2018) examined board accountability effect on SACCO performance in Kakamega County. In using an explanatory survey and both primary and secondary data, the researchers focused on five local markets in Kakamega county, with a sample size of 890 out of approximately fifty-thousand members. The outcomes showed a strong and significant association between board responsibility and SACCO performance, at a .99% level of confidence.

Ullah (2016) researched 200 respondents from manufacturing firms in KSE, using correlation and regression methods. The outcomes established a positive association between accountability and transparency in firm performance. Ullah (2016) noted that transparency and accountability culminate additional positive effects on firms' financial performance.

Ebitu, Tom and Beredugo (2015) studied how the code of ethics influences performance in the service industry along with the level of compliance to implement high ethical conformance. The survey gathered data from 176 participants from different banks and GSM groups in Calabar Cross River State. The survey revealed a close relationship between performance in the service industry and compliance with a set code of ethical conduct, noting high compliance associated with high performance. Furthermore, ethical behavior required developed policy guidelines on how to deal with unethical behavior; the authors asserted a need to increase penalties for behavior that violated ethical standards.

Chelangat (2013) investigated the roles of accountability for understanding the financial dimensions of public governance and NGOs. This research was descriptive in nature, and data was collected through the questionnaire method. Non-governmental organizations (NGOs) working in public governance activities in Nairobi County formed the target population of 550. An organized sampling method was applied to select every 6th organization from the total population, thus comprising 15% of the population as a sample. Quantitative data was analyzed applying multiple regression analysis and SPSS following the study's objectives. The results showed that accountability in public governance led to the financial sustainability of the NGO.

Ashenafi *et al*., (2013) explored the linkage between external governance variables (government oversight and regulations, loan loss insurance) and internal corporate governance practices (board independence, board member experience and knowledge, transparency, leadership, allowance for provisions, and capital/solvency ratio) as independent variables juxtaposed against ROA and ROE (dependent variables). The research confirmed that the factors such as the experience and expertise of the board members, board's transparency, the board structure, leadership, and the board's independence had a positive and significant effect on the performance outcome of the organization (as indicated by ROA and ROE).

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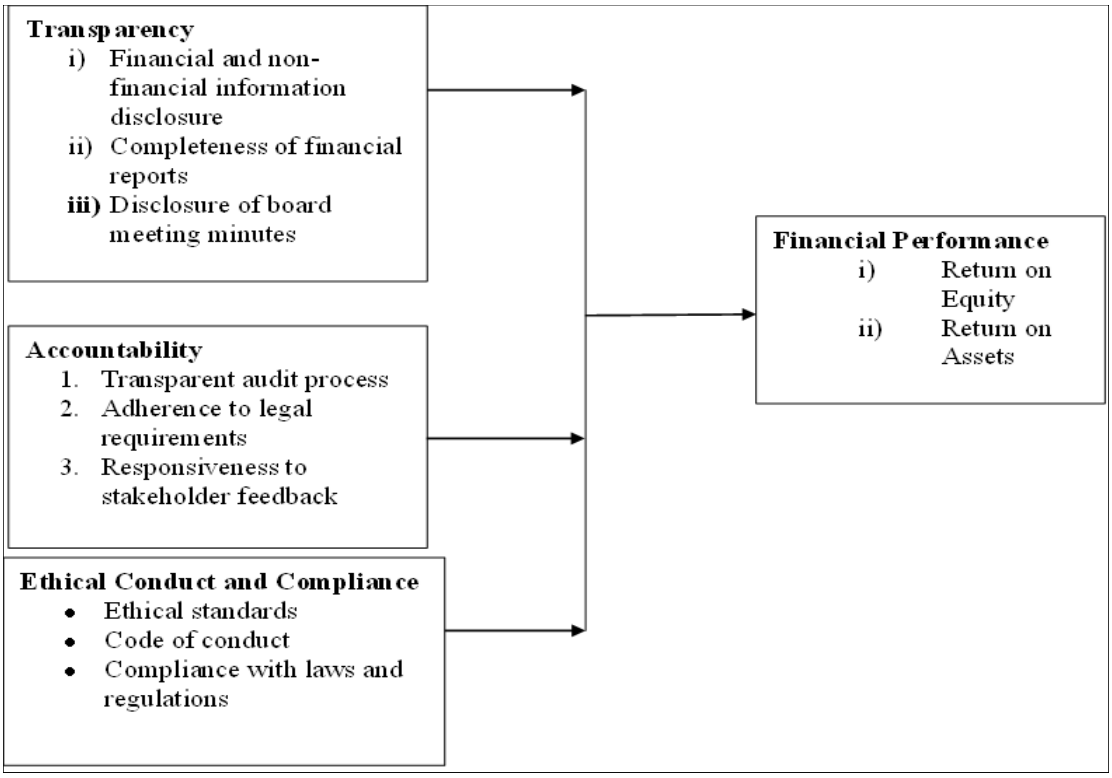
Conceptual Framework
Independent Variables
Dependent Variable



Source: Researcher (2025)

METHODOLOGY

The researcher adopted descriptive design, on a population of sixty-four respondents from National Land Commission in Kenya. Census method for data gathering from the whole population was used instead of just a sample, which involves gathering information about every member of a particular group or population and is often used in government or academic research to obtain accurate and comprehensive data (Copper and Shindler, 2014). The population constituted all the civil servants the finance, corporate planning and administration departments within the institution amounting to 64 individuals at NLC offices.

Population Distribution

Department	**Population**
Finance Department	25
Corporate Planning	10
Administration	25
Commissioners	4
Total	**64**

(NLC Database, 2023)

Structured questionnaires were used for data gathering, which were fast, inexpensive when it comes to collecting quantitative data as well as ensuring that large response rates and accurate data were collected from the target respondents. The questionnaires included closed-ended questions of individual data relating to the research problem. Some questions were self-developed questionnaires and to check its reliability a pilot test was administered. Secondary data came into play, which consisted of overall financial reports and verified documents from the Land Commission and other constitutional offices. The ROE and ROA ratios were taken out to calculate the extent of financial performance. This went hand in hand with the primary data since it showed the direct impact of the governance practices that were measured in financial terms quantitatively.

The questionnaires that were completed and reviewed for errors were examined by the study and the prepared ones were rectified if necessary. The data was then organized in the same order as the responses' findings in the preparation stage. After that, a summary of the responses regarding the impact of transparency, accountability, and ethical conduct and compliance on the financial performance of constitutional offices in Kenya was provided. The author employed SPSS version 26 for analyzing the quantitative data, which was then presented in the form of percentages, means, standard deviations, and frequencies. The researcher combined descriptive and inferential techniques in the analysis. Descriptive statistics were utilized to give a summary of the dataset and highlight its main features, this included measures of central tendency, variability, and distribution. The utilization of the inferential statistics method enabled the researcher to make inferences and simplifications about the population based on the sample data. It encompassed t-tests, ANOVA, and regression analysis techniques. Findings were presented in tables and graphs.

RESULTS AND DISCUSSION

Descriptive Statistics

Information regarding research variables as discussed was obtained by use of a 5-Likert scale. Respondents were requested to give their responses based on individual judgements about the concepts presented as: 1. Constituted Strongly disagree 2. Regarded as Disagree 3. Represented Undecided 4. Constituted Agree 5. Implied Strongly Agree. Study variables under consideration were transparency, accountability, ethical conduct and compliance on financial performance of these publicly constituted offices.

Majority of respondents strongly agreed on the strategic importance of transparency, especially for building stakeholder trust and improving resource use. Overall, study results supported the notion that transparency is the one and only factor that heavily influenced financial performance. They responded that should transparent systems be implemented, it would boost integrity of past, present, and future data that would then be able to facilitate correct decision making by management. Respondents expressed a strong agreement regarding the idea that accountability not only strengthens trustworthiness of an organization but also helps in using resources more efficiently.

A good number of the participants replied without reservation that accountability was the foundation of entire organization. They unanimously strongly agreed that accountability was a major factor along with financial savvy in making right decisions about a company's future and eventually reaching the company's objectives with its strategies. The results from these studies equally shed light on accountability's twofold role: building external trust through transparent systems and improving internal processes by cultivating responsible stewardship. To boost accountability aspect, which was positively viewed, the results pointed to a need for the NLC to enhance its practices by adopting standard auditing mechanisms and associating with a larger number of stakeholders.

Majority of the survey respondents agreed that behaving ethically and following established rules benefited both risk management and workplace behavior. Perceptions also showed that ethics was paramount in aiding businesses, reducing risks and encouraging good company culture. Majority of respondents contended that strong ethics within a company encourage employees to collaborate, resulting in better financial results. In general, ethical behavior variable results supported the importance of ethical behavior from a strategic point of view in latching on to their organizational objectives, meeting the regulator's standards, and reducing the risks.

Regarding financial performance of public institutions, majority of participants believed governance practices do support financial performance, especially the case of being transparent and having an accountable system in place. They reported that good governance leads to a more efficient use of assets, that is better management of actual resources of a company.

Therefore, all the three independent variables that constituted corporate governance practices were noted to have had significant effect on financial performance of constitutional offices going by descriptive statistics results.

Regression Analysis

The findings of the structural equation model have been posted in table after carrying out analysis below.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812[a]	.659	.640	.3749397

a. Predictors: (Constant), Ethical conduct and compliance, Transparency, Accountability

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.668	3	4.889	34.781	.000[b]
	Residual	7.591	54	.141		
	Total	22.260	57			

a. Dependent Variable: Financial Performance of Parastatals

b. Predictors: (Constant), Ethical conduct and compliance, Transparency, Accountability

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.053	.592		-.089	.929
	Transparency	.599	.079	.669	7.563	.000
	Accountability	.352	.131	.247	2.687	.010
	Ethical conduct and compliance	.039	.141	.024	.274	.785

a. Dependent Variable: Financial Performance of Parastatals

Source: Field Data (2025).

From the model summary displayed on the table above, 64% of variations in financial performance of publicly owned institutions could be explained for by variables under study that is transparency, accountability, and ethical behavior together with compliance. Other factors accounted for 36% of variance in their financial performance.

It was observed that F statistics desirability in the model showing extent to which corporate governance practices influenced financial performance of Kenyan publicly owned corporations at 34.78 and p=0.000, a figure that is below critical value of 0.05 indicated that there existed a scientifically significant influence of predictor variables on the predicted variable at 95% confidence interval. Therefore, as far as ANOVA test results were concerned, the general representation demonstrated that it was a good approximator on the discrepancies detected on the financial health of the said institutions.

Standard errors from coefficients table were minimal owing to the fact a whole sample was tested as opposed to selecting a few together with physical questionnaires that were delivered to respondents, a factor that reduced nonresponse rate as well as errors academic research normally are prone to.

Based on the regression analysis, the following equation was derived to explain the relationship between the independent variables and financial performance:

$$Y = -0.053 + 0.599X_1 + 0.352X_2 + 0.039X_3 + \varepsilon$$

Where:

- Y represents the Financial Performance of Parastatals.
- X_1 represents Transparency.
- X_2 represents Accountability.
- X_3 represents Ethical Conduct and Compliance.

ε represents the error term, accounting for unexplained variance

CONCLUSION

The research established that transparency significantly improved financial performance of Kenyan constitutional offices. Respondents agreed that financial transparency, including financial reporting, created trust, enhanced resource utilization and influenced outcomes. Regression analysis supported the importance of transparency on financial performance, being with the greatest coefficient compared to the governance variables. Although without implementation challenges, transparency was believed to be necessary to enhance stakeholder's confidence, and to enable effective management decision-making and ultimately better financial results in the firm.

The study concluded that accountability was the driving factor behind the financial performance of Kenya's constitutional offices. Most of the participants believed that accountability in financial matters enhanced efficiency in the daily operations and the distribution of resources. This connection was verified by the regression analysis result as well; the values of accountability had significantly positive coefficients, which indicated that it was an important factor for the improvement of financial performance.

The research concluded that although ethical behavior and compliance were indispensable for controlling risks at the firm level and nurturing a positive organizational culture, their direct impact on financial performance was less than that of transparency and accountability. On one hand, the respondents acknowledged the participation of ethical conduct in connecting financial results with strategic intent and risk management, but the regression analysis revealed a very minor and non-statistically significant impact on financial results. This means that even if ethical behavior and compliance were vital in building trust and maintaining the integrity of the organization, their impact was not as direct or powerful as other factors that had been examined, and which directly influenced financial performance.

Recommendations

As per study, it was advised that Kenyan constitution offices make financial reporting a significant factor in the transparency of the public sector. This could be done by implementing practices that would not only improve the provision of financial data to all users, but l also makes that data comprehensive, relevant, clear, and timely. In view of the results, it was also recommended that the offices in Kenya improve control and be accountable for financial decisions and actions across the entire organization. There should be processes for accountability and transparency, which would include regular audits, financial reporting and testing of business processes to confirm that the funds are being utilized for both organizational purposes and that the weight was equal on the meeting. Finally, the Kenyan constitutional offices should promote ethical behavior and compliance as part of their organizational culture. Although the direct impact on financial performance is rather weak, it is necessary to set a strong ethical foundation for sustainability in the long run. Regularly ethics training, providing clear codes of conduct and using internal controls to improve the implementation of law requirements could help to achieve this

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