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Corporate Culture and Performance of Commercial State Corporations in Kenya

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ABSTRACT

The objective of this study was to establish the effect of corporate culture and performance of commercial state corporations in Kenya. The study was anchored on the Denison cultural model and Shareholders Theory. The target population for this study will be all thirty two (32) commercial state corporations in Kenya as of 30th June 2023 which is the latest data published state corporations advisory committee. The study adopted a census to meets its objectives. The unit of observation in this study was one hundred and ninety two (192) respondents where primary data was sourced through a questionnaire from six respondents who are top managers at the Kenya commercial state corporations. The study results demonstrate the significant and positive influence of corporate culture on the performance of commercial state corporations in Kenya, thereby rejecting the null hypothesis. The strong positive correlation ($R = 0.670$) and substantial explanatory power ($R^2 = 0.450$) of corporate culture on organizational performance highlight its critical role. The regression analysis confirms this, revealing a significant positive relationship where a one-unit increase in corporate culture leads to a 0.699-unit increase in performance ($p < 0.000$), further emphasized by the substantial standardized coefficient ($B = 0.670$). These findings have significant practical implications, urging Kenyan state corporations to prioritize building and nurturing a positive corporate culture through shared values, employee engagement, and alignment of cultural practices with organizational goal. The study recommends that commercial state corporations in Kenya recognize corporate culture as a strategic asset, with senior leadership taking a proactive role in building a positive culture through clearly defined and communicated shared values, norms, and behaviours aligned with the corporation's strategic goals. This can be achieved by integrating cultural assessments into annual strategic planning processes to identify cultural strengths and weaknesses.

Keywords: *Corporate Culture, Performance, Commercial State Corporations*

1. INTRODUCTION

According to Groysberg et al., (2018), Leadership goes hand-in-hand with strategy formation, and most leaders understand the fundamentals. Culture, however, is a more elusive lever, because much of it is anchored in unspoken behaviors, mindsets, and social patterns (Groysberg et al., 2018). For better and worse, culture and leadership are inextricably linked. Culture is the tacit social order of an organization: It shapes attitudes and behaviours in wide-ranging and durable ways. Cultural norms define what is encouraged, discouraged, accepted, or rejected within a group. When properly aligned with personal values, drives, and needs, culture can unleash tremendous amounts of energy toward a shared purpose and foster an organization's capacity to thrive (Nikpour, 2017).

State Corporations (SCs) offer critical services to industry and the general public. When things go well, they may create a stable foundation for economic and social growth, make considerable contributions to state finances, and serve as an essential instrument for implementing government programmes. When things go wrong, they may cause a massive financial and political burden. As a result, the public is often interested in how SCs perform. From the state's perspective, maximizing SCs performance is a goal of overriding importance. One of the most important factors driving SCs performance is the corporate culture. Studies on State corporations' performance show that a strong corporate culture translates into better results, while weak corporate culture is often at the root of many of the performance problems typically associated with state ownership (Mansi, 2021). Corporate culture can be viewed as the unique pattern of shared values, attitudes, rituals, beliefs, norms, expectations, socialization, and assumptions of employees in the organization (Meduoye, & Meduoye, 2019). Corporate culture is often equated with the personality of the organization, depicting employee behaviour even when they are not instructed on what suggests that corporate culture exerts a considerable influence on organizational behaviour, especially in the areas of efficiency, effectiveness, and commitment. This means that by developing an appropriate corporate culture, organizations can achieve success.

The performance of firms in Africa is influenced by the African setting in a way that differs from other contexts, notably the Western context (Michalopoulos & Papaioannou, 2013). In her study, Beatrice (2014) examined how organisational culture affects public health organisation performance at the Ocean Road Cancer Institute in Tanzania. The study found that task organisation characteristics such encouraging employee decision-making, giving clear roles and duties, and offering interesting and challenging work improved organisational performance. Kamugisha (2018) examined change management in an organisational environment at the National University of Rwanda. Specifically, this study examined how change management affects the National University of Rwanda's organisational culture. The study's themes—change management and its effects on organisational structure, culture, and leadership—were used to synthesise survey and secondary data. The study found that the institution's management faced strong pushback from staff due to the University's organisational culture. The studies also showed that cultural issues hindered organisational performance by hindering performance contracting implementation in the institution. Broadly, "culture" is perceived as socially and generationally transferred. It consists of the customary, value-related, traditional, religious and behavioural patterns of a particular set of people and is known as the essential root of behaviour and it forms the components of social order (Bulley et al., 2017). For instance, the culture in West African regions (Ghana, Cameroun, Liberia, Benin, Nigeria, etc.) is often described as less egalitarian, more religious, and more collectivist (Ferguson et al., 2008).

According to Beth Williams (2021), Culture is the softer human element of business. It is how people think and feel their internalized values and beliefs. It follows that what blocks organizations from innovative success are human traits that resist experimentation and change. Indeed, at this time that has been renamed the age of changing, achieving performance excellence through traditional methods of management is not possible, and organizations are forced to use the new managerial approaches (Taslimi, 2015). Therefore, to achieve high performance of organization, it is necessary to identify the factors affecting organizational performance. In this regard, the studies have revealed that among the factors that can be effective on organizational performance are the company's Corporate Culture and employee's organizational commitment (Irefin & Mechanic, 2014). The current study will examine the relationship between organisation culture and performance in the Kenyan public sector in a commercial state corporation context.

Organization performance has been defined as the capability of firm to accomplish its goals and objectives with the help of talented administration, good governance and have a constant rededication to accomplish business objectives (Mahapatro, 2013). According to Ramanujan and Venkatraman (1986), performance is often categorised as operational, financial, and organisational effectiveness. According to Sun et al. (2007), organisational performance is defined as customer and staff satisfaction. Similarly, as Kaplan and Norton (2005) noted, organisational success is determined by a corporation's ability to utilise its assets to foresee the long future. Individual engagement in the organisation moulds all practises connected to organisational objectives, which affects organisational success (Tseng & Lee, 2014). The degree to which a certain aim is achieved is referred to as organisational performance. Achievement may result in the attainment and effectiveness of a certain aim (Abu-Jarad et al. 2014). According to Hussain et al. (2018), organisational performance is related to a company's success and innovativeness. Lusthaus et al. (2002) define organisational performance as four factors: efficiency, effectiveness, financial viability, and organisational relevance.

1.1 Statement of the Problem

In Kenya's government Vision 2030, commercial state corporations remain strategic to the socio-economic development of the country and the government intends to use state corporations to achieve the objectives of transforming Kenya into a "newly industrializing, middle income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. World Bank report (2021), posit that commercial State Corporations revenues account for an average of 14 percent of Gross Domestic Product (GDP) in Sub-Saharan Africa (SSA) against 3.5 percent in Kenya. In some small, less diversified, or resource dependent countries, such as Seychelles, Angola, or Lesotho, state corporations revenues average to 30 to 40 percent of GDP (Andreas, et al. 2021). The weakening aggregate performance of commercial state corporations, even before COVID-19, is visible in declining profitability ratios, such as the return on equity, return on assets and net profit margin. Kenya's commercial state corporations net profits fell by half in FY2018/19, indicating pre-existing financial performance challenges which were only exacerbated by COVID-19 (World Bank report 2021). In the FY2019/20 commercial SCs made losses of Ksh 9,484million, the aggregate operational performance, revenue and net profits of commercial SCs turned negative for the first time in recent years. This continued under performance has negative implication on the welfare of Kenyan Citizens on socio-economic development and may also lead to Kenya's Vision 2030 not achieved.

According to Fiebelkorn, Owuor, and Nzioki, (2021) commercial state corporations' operate in a dynamic and competitive environment with privately owned organisations on commercial principles to perform a strategic function profitably, are generally self-financing and sustaining, except in financing investment for public policy objectives; and are accountable to all stakeholders and the public through the relevant departmental and oversight committees of Parliament. Commercial state corporations have the ability to contribute more positively to the Kenyan economy than is currently the case through the practice of innovations to survive in a rapidly changing business environment and spur organisational performance.

1.2 Research Specific Objectives

(i) To establish the relationship between corporate culture and performance of commercial state corporations in Kenya.

II.LITERATURE REVIEW

2.1 The Denison Culture model

It was created by Daniel Denison in the 1980s, and since then, it has grown to become one of the cultural models that is used all over the globe the most. Denison Culture model has created a widely used and practically relevant model that demonstrates in a clear and concise manner the connection that exists between the culture of an organisation and its level of productivity. The model is based on four fundamental aspects of organisational culture, namely engagement, consistency, flexibility, and purpose (Denison, 1980). Within these four categories, there are three sub-groups for each of the fundamental aspects.

As a direct consequence of this, a model that illustrates the connection between organisational culture and productivity and that includes twelve (12) distinct aspects of organisational culture has been developed. In this model, the effectiveness of an organisation's activity is evaluated based on a number of different factors, including a rise in trade volume, a larger proportion of the market, increased profitability, the creation of new services and products, the quality of those services and goods, the level of employee satisfaction, and the overall efficiency of the organisation. As a direct consequence of this, the Denison model of organisational culture has emerged as one of the most prominent contenders for the position of most popular model for the examination of organisational culture. Denison exemplifies how the organisation's effectiveness, flexibility, consistency, engagement, and purpose are mutually influenced by the four cultural variables (Denison, Hooijberg, Lane & Lief, 2012).

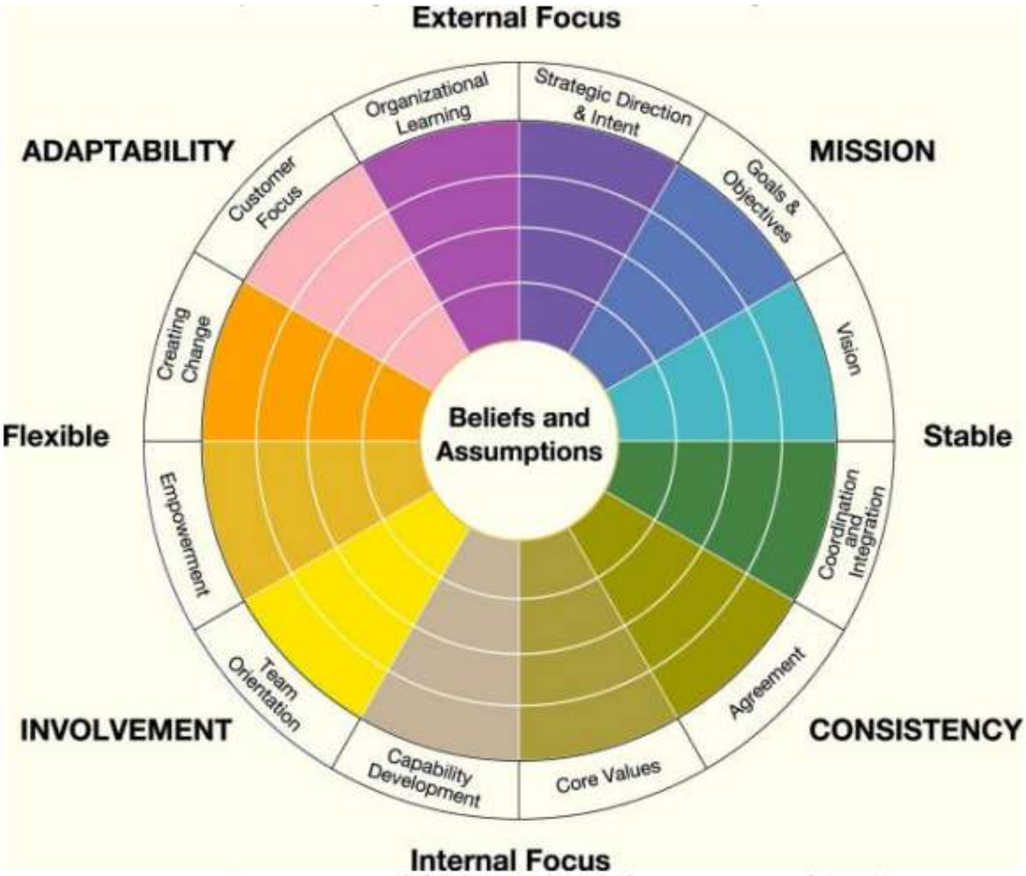

Figure 1. Denison Culture model (Denison, Hooijberg, Lane, Lief, 2012)

2.2 Shareholders theory

Shareholder Theory, also known as the Friedman Doctrine, was formally conceptualized in 1970 by economist Milton Friedman in his seminal essay "The Social Responsibility of Business is to Increase its Profits," published in The New York Times Magazine (Friedman, 1970), and the theory's roots can be traced to classical economic theories, particularly those of Adam Smith, who emphasized the role of self-interest in economic activities (Friedman, 2009). Shareholder Theory posits that the primary responsibility of a corporation is to maximize profits for its shareholders, emphasizing that corporate executives, as agents of shareholders, must focus solely on increasing shareholder value while operating within legal and ethical boundaries (Friedman, 1970), and this perspective views the corporation as a nexus of contracts among various stakeholders, with shareholders being the most critical due to their role as residual claimants—the last to receive any financial returns after all other obligations have been met (Meckling & Jensen, 1976). Friedman (1970) argued that the social responsibility of business is to increase its profits, asserting that any diversion of corporate resources towards social causes, without shareholder consent, effectively amounts to spending someone else's money, and this view aligns with the agency theory, which posits that managers are obligated to act in the best interests of shareholders, thereby prioritizing profit maximization as the primary goal of corporate governance (Jensen & Meckling, 1976). The implications of Shareholder Theory have been profound, influencing corporate practices and governance structures, particularly in the context of executive compensation and performance metrics, which are often tied to shareholder returns (Bower & Paine, 2017).

Shareholder Theory is particularly relevant to the study of commercial state corporations in Kenya for several reasons, as it provides a framework for understanding the complex dynamics between profit maximization and public service obligations, with organizational structure impact being one of the key areas where Shareholder Theory helps analyze how state corporations balance profit maximization with their public service obligations, allowing researchers to explore how the organizational structure of these corporations influences their ability to meet both financial goals and societal needs (Riany, 2021), and understanding this balance is crucial, as it can reveal the effectiveness of governance structures in promoting both profitability and service delivery. Additionally, in terms of performance measurement, the theory offers metrics for evaluating the financial performance of state corporations, which is essential for assessing their operational efficiency, and by focusing on shareholder value, researchers can examine how capital structure affects organizational performance, providing insights into the financial health of these entities (Riany, 2021), making this performance measurement vital for identifying areas of improvement and ensuring that state corporations can sustain their operations without excessive reliance on government funding. Furthermore, regulatory framework analysis is another area where Shareholder Theory assists in understanding how regulatory environments influence corporate governance in Kenya, providing insights into how state corporations can balance shareholder interests with public service mandates, particularly in a regulatory landscape that may prioritize different stakeholder needs (Riany, 2021), which is crucial for evaluating the effectiveness of existing regulations and identifying potential reforms that could enhance corporate governance. The theory also plays a significant role in examining innovation and corporate culture, helping to assess how a profit-oriented culture influences innovation practices within state corporations, and by understanding the relationship between shareholder returns and innovation investments, researchers can determine whether a focus on profit maximization stifles or encourages innovation (Riany, 2021), which is particularly relevant in a rapidly changing economic environment where innovation is critical for competitiveness. Lastly, in the context of reform, Shareholder Theory is relevant to ongoing reforms in Kenyan state corporations, as it provides a framework for evaluating the effectiveness of current governance structures, and as the government seeks to improve the performance and efficiency of these corporations, understanding the principles of Shareholder Theory can help identify best practices and areas for reform (Riany, 2021), with this relevance being heightened by the need for state corporations to operate effectively while fulfilling their public service mandates. The significance of Shareholder Theory in this context is particularly pronounced given Kenya's current focus on enhancing the performance and efficiency of state corporations while maintaining their public service obligations, and by applying this theoretical framework, researchers can analyze how these organizations can effectively balance profit maximization with their broader societal responsibilities, making it a crucial component of the study.

2.3 Strategic Leadership, Digital Transformation and Insurance Penetration

The study by Waheed, Syed, Pervaiz and Altaf (2017), investigated the postulated relationship between Corporate Culture and business performance in the banking sector in Pakistan. The necessity of the assessment of this relationship is driven on the basis of the past literature. Using the survey method a total number of 265 questionnaires were received from middle managers in the big five banks in Pakistan. The population was drawn using stratified random sampling technique. The Smart-PLS 3.0 was used for data analysis due to its increasing popularity in presenting authentic calculations. The study results showed that Corporate Culture has significant relationship with business performance in the banking industry in Pakistan. The study Waheed et al., (2017) is significant as it showed that organisation culture has significant effect on business performance, the study was on banking sector in Pakistan. The current research will be conducted in Kenya, focusing specifically on state-owned commercial corporations. The state-owned commercial corporations possess organisational structures that vary from those of banks, which in turn may have a direct or indirect impact on their organisational culture and subsequent on organisational performance.

In a study conducted in 2022, Shakil examined the impact of organizational culture on management practices in Pakistan with the aim of expanding understanding and testing the relationship between the components of organizational culture and performance. Using regression and correlation analysis, the study found out that consistency and adaptability were some of the cultural attributes which significantly influenced management practices.

A study conducted by Mehta and Krishnan’s (2020) study found that successful companies have strong cultures that empower employees, emphasize on team orientation, and have a clear strategic direction. This unites the entire organization in pursuing a common goal. Strong cultures can however be a barrier to the strategy implementation process when the values held by organization members do not coincide with those in the strategy being adopted. They are also very difficult to change, which can make the implementation process slow and costly (Robbins, Judge & Campbell, 2014). Weak cultures lead to a lack of commitment to the strategy implementation process as they provide little or no strategy implementation assistance that management can use as levers to mobilize commitment to executing the chosen strategy (Hiriyappa, 2013).

A study by Nthiga, Cheluget, and Mwikya, (2023) examined the Effect of Transformational Leadership on Performance of Microfinance Banks in Kenya. The study primarily focus was on providing financial services to low-income clients, including micro-entrepreneurs and small business owners who typically cannot access traditional bank loans. According to central bank of Kenya, annual report and financial statements 2019 to 2020 and bank supervision annual report 2020, the microfinance banks recorded a combined loss before tax of KSh 1.0 billion in the year ended June 2020. The purpose of this study was to assess the effect of transformational leadership on performance of microfinance banks in Kenya. The study was anchored on transformational leadership theory and stakeholder theories. The study adopted positivism research philosophy and applied cross-sectional survey design. The study’s target population was the 14 microfinance banks as listed by the central bank of Kenya as of 31st December 2020. The study applied stratified proportionate random sampling and questionnaires were used to collect data from 366 respondents. Primary data was analysed using inferentially analysis. The results revealed: strong positive correlation ($R=0.684$) between transformational leadership and performance of microfinance banks in Kenya. The study recommends microfinance banks should adopt transformational leadership to achieve high organisational performance through individual consideration and intellectual stimulation through helping the employees develop themselves career wise and getting the employees to think and generate new ideas and new ways of doing things and business.

A study by Owino and Kibera (2019) sought to establish the influence of Corporate Culture on the performance of microfinance institutions in Kenya. A descriptive cross-sectional survey design was adopted. Secondary data were collected from annual reports by the Association of Microfinance Institutions in Kenya and the Microfinance Rating Africa. Primary data were collected using structured questionnaire targeting the chief executive officer, human resource manager, and marketing manager. Data were analyzed using factor analysis and hierarchical regression. Our analysis identifies clan and hierarchy as the dominant cultural typologies in the microfinance industry. The results obtained demonstrated that Corporate Culture has a significant influence on non-market performance. In addition, market culture is inversely associated with debt/equity ratio. Owino and Francis (2019) concluded that Corporate Culture is a major source of sustainable competitive advantage in the microfinance industry and that market culture promotes financial independence and sustainability in the long term. The current study will investigate the effect of corporate culture on performance of commercial state corporations in Kenya.

III. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

A research design is the program that guides the investigation of the research in collection, analysis and interpretation of observations made (Cresswell, 2008). It is a logical model of proof that allows inferences to be drawn concerning causal effect relations between the variables under investigation. It also defines the domain of generalization to a larger population or to different situation, (Mitchell &Jolley, 2012). Research design can also be thought of as the structure of research. It is the glue that holds all of the elements in a research project. This research adopted cross-sectional survey design since it can be used to identify correlations between variables, which can lead to further research to investigate the effect and causal relationships (Cooper & Schindler, 2006). In a cross sectional study, all the measurements for a sample member are obtained at a single point in time, Cross sectional survey has been used in similar previous studies by Ongeti (2014), Njoroge (2015) and Mkalama (2018). The cross-sectional survey design is adopted for this study because it helped provide answers to the research question of how and to what extent corporate culture influences performance of commercial state corporations in Kenya, and how this is mediated by innovation practice and moderated by the regulatory framework.

3.2 Target Population

Zhao, Cai, Claggett and Wei (2013) defined target population as a collection of individual elements which may be finite or infinite. Kombo and Tromp (2009) define the target population as a grouping of persons, entities or articles from which samples are taken for measurement. The target population for this study consisted of all thirty two (32) commercial state corporations in Kenya as of 30th June 2023. This study adopted a census since the population was drawn from all the 32 commercial state corporations.

3.3 Sample Frame and Sampling Technique

A sample is a subset drawn from a population using a defined procedure (Saunders, Lewis, Thornhill & Bristow, 2015). This study adopted a census to meets its objectives by focusing on all the thirty two (32) commercial state corporations in Kenya. The unit of observation in this study represented the respondents was one hundred and ninety two (192=32*6) where primary data will be source from six (6) respondents who comprised of Chief Executive Officers, Head of Finance/Accounts, Head of Human Resource Management and Development, Head of Information and Communications, Head of Operations and Head of Marketing. The respondents from each commercial state corporation category was selected using purposive sampling technique (Afifah, & Daud, 2018).) to enable get key and rich information on corporate culture, innovation practice, regulatory framework and performance of commercial state corporations in Kenya.

3.4 Data Collection Instruments and procedures

According to Cooper and Schindler (2006) the use of structured questions on the questionnaire allows for uniformity of responses to questions. The structured question was in form of a five point Likert type scale, whereby respondents were required to indicate their views on a scale of 1 to 5. Only Six (6) key respondents were selected from each commercial and respective regulatory state corporation to ensure reliability, objectivity and consistency of data. The six (6) are the, Chief Executive Officers, Head of Finance/Accounts, Head of Human Resource Management and Development, Head of Information and Communications, Head of Operations and Head of Marketing. These six are likely to articulate all issues as per the objectives of the study.

3.5 Pilot Testing

This study utilized 6% of the target population for the pilot study. Specifically, three licensed A pilot test is an investigation which is carried out on a small group of respondents to make sure the questions being asked in the questionnaire are reliable (Marczyk, DeMatteo & Festinger, 2005). The objective of a pilot test is largely to test run the questionnaire and make use of the responses given to refine it for the main research (Muus & Baker-Demaray, 2007). Furthermore, it detects and addresses weaknesses in the research design and instrumentation as well as difficulties that may be encountered before administering the questionnaire to the targeted respondents. The questionnaire of this study was therefore pretested to ensure clarity and information validity prior to being administered.

Ravitch and Riggan (2012) posited that pilot testing builds on the questionnaire to limit problems in answering the questions by the respondents. For high precision and due to time, cost and practicality of the pilot study, 1% to 10% of the sample size is preferred for pilot test (Arain, Campbell, Cooper & Lancaster, 2010). In this study 5% of the sample size were adopted for pilot test. Using Denison's validated questionnaire, a pilot testing carried out on the instrument using 10 respondents (5% of sample size) from two commercial state corporations that were randomly selected. The 12 respondents will not be included on the final study.

3.5.1 Reliability

Reliability denotes the degree to which a scale can reproduce the same measurement results in repeated trials (Bajpai & Bajpai, 2014). This study used the Cronbach alpha (α) to determine the measuring instruments' reliability. Generally, Cronbach's alpha is the widely utilized measure for checking reliability, especially when studies address multiple Likert-type of scale in research (Tavakol & Dennick, 2011). A computed alpha coefficient varies between 1 (denoting perfect internal reliability) and 0 (denoting no internal reliability). Higher alpha coefficient values therefore infer that the scales are more reliable (De Vaus, 2002; Kipkebut, 2010). While there is no consensus among researchers concerning the adequate value of reliability, as a rule of thumb, the widely acceptable Cronbach alpha coefficient should be 0.70 or above (Cooper & Schindler, 2014). The results of the reliability tests are summarized in table 1.

Table 1: Reliability results

Variable	Number of Items	Cronbach Alpha
Corporate Culture	28	0.911
Organisational performance	20	0.936

The analysis revealed that the Cronbach's alpha coefficient for Corporate Culture was 0.911, and organizational performance at 0.936. These coefficients indicate that the items within each respective variable construct are consistent and aligned with the same underlying dimension. Overall, the results demonstrate that all constructs achieved high reliability coefficient scores, suggesting that each variable possesses a reliable index measure. This indicates that the instrument used for data collection is dependable and suitable for the research purposes.

3.5.2 Validity

Validity refers to the approximate truth of an inference or knowledge claim of a relationship based on evidence that supports an inference as being true or correct (Shadish, Cook & Campbell, 2002). According to Leedy and Ormrod (2010), validity is the capability of a study tool to gauge what it is supposed to measure. The questionnaire to be used in this study, known as the Denison's questionnaire, has undergone a rigorous validation procedure to establish its face and content validity. As a result, it has been standardised for use in research. The Denison Organisational Culture Survey (DOCS) has been used in several national settings, including the United States, Russia, Europe, the Middle East, Africa, and Asia (specifically Hong Kong), as shown by research conducted in these regions. Denison and his consulting business, which is situated in the United States, have extensively used the aforementioned instrument in many organisations like Daimler Chrysler, Norsk Hydro, Clariant, Danfoss, Swiss Re, IKEA, Roche, Shell, UBS, and Credit Suisse. According to McBurney (1994), face validity refers to the superficial appearance of a test aligning with its intended purpose, while content validity pertains to the extent to which a test adequately covers the range of behaviours associated with the theoretical concept being assessed. The test for construct validity was evaluated using the Kaiser Meyer Olkin (KMO) & Bartlett Test of Sphericity (Othman et al., 2019). This test checks the null hypothesis that the original correlation matrix is an identity matrix (Thao et al., 2022). The results of these tests are presented in Table 2, demonstrating the appropriateness of the data for further analysis.

Table 2: Summary of KMO and Bartlett's Test

Variable	KMO	Bartlett's Test of Sphericity		
		Chi-Square (χ)	Df	Sig. Level
Corporate Culture	.526	2813.011	300	.000
Organisational performance	.836	3798.781	171	.000

The findings demonstrate that factor analysis was appropriate, as the Kaiser-Meyer-Olkin (KMO) index exceeded the threshold of 0.4. The specific KMO values for each variable were as follows: Corporate Culture (KMO = 0.526, Chi-square (χ) = 2813.011, df = 300, and significance level = 0.000); and Organizational Performance (KMO = 0.836, Chi-square (χ) = 3798.781, df = 171, and significance level = 0.000). The p-value from Bartlett's Test of Sphericity was 0.000, which falls within the acceptable range for assessing the significance and validity of the data. This result indicates that there is a significant relationship among the variables being studied. The statistical analysis revealed that all KMO scores were substantial, each exceeding 0.50, which signifies that the items included in the analysis were valid and suitable for further statistical procedures, including factor analysis, regression analysis, and other relevant statistical tests.

3.6 Diagnostics Tests

Diagnostic tests were carried out by the researcher before the multiple regression analysis. Testing statistical issues and ensuring adherence to the classical linear regression model (CLRM) was beneficial. Homoscedasticity, multi-collinearity, normality and linearity diagnostic tests were adopted. These techniques were used to make sure that drawn conclusions do not violate any of the multiple regression analysis's assumptions.

3.7 Model for the Study

To determine the influence of corporate culture and performance of commercial state corporations in Kenya

$Y = \beta0+ \beta1CC + e$ ……………………………………………………………………….(1)

Where: β_0 is constant; β_1 is coefficient parameter to be determined; CC is corporate culture;

e is error/disturbance; Y is performance of commercial state corporations.

IV. RESEARCH FINDINGS AND DISCUSSIONS

4.1 Demographic Characteristics

The results in table 3 shows respondents years worked in the organisation were 4.5% of the respondents indicated they had worked for the organisation below 1 year, while 12.8% indicated that they had worked between 1-5 years. Those who had worked for 6-10years were 24.6% and those who worked between 11-15 years were 31.3% and finally those with work experience for over 15 years were 26.8%. This is a clear indication that majority of the respondents were significantly experienced and worked for many years in the commercial state corporations in Kenya. The predominance of long-serving employees suggests that while there is a wealth of experience, there may also be challenges in adapting to new regulatory frameworks and innovative practices. Organizations may benefit from fostering an environment that encourages knowledge sharing and collaboration between experienced employees and newer staff to enhance innovation.

Table 3: Demographic characteristics

Demographic Profile		**Percentage**
Years worked in the organisation.	**Less than 1 year**	**4.6**
	1- 5 years	**12.8**
	6 – 10 years	**24.6**
	11 - 15 years	**31.3**
	Over 15 years	**26.8**
Level of Education	**Diploma**	**15.6**
	Bachelor’s Degree	**57.5**
	Master’s Degree	**24**
	Doctorate or PhD	**2.8**

The results provide a clear picture of the educational qualifications of staff within commercial state corporations, highlighting the distribution of academic achievements among employees. The majority, 57.5%, of the workforce holds a bachelor's degree as their highest qualification. This indicates that undergraduate education forms the backbone of the workforce, suggesting that most roles within these corporations require a foundational level of academic knowledge and skills typically associated with bachelor's degree holders. A smaller but significant proportion, 24%,of the respondents have attained a master's degree. This group likely represents employees with advanced expertise and specialized knowledge, which could contribute to strategic decision-making and innovation within the corporations. However, only 2.8% of the staff hold a PhD, indicating that highly specialized or research-oriented roles are relatively rare. This could reflect a limited focus on research-intensive activities or a need for further investment in fostering advanced academic qualifications among employees. Additionally, 15.6% of the workforce holds a diploma qualification, which suggests that a notable portion of employees are equipped with practical or technical training. These individuals likely play a critical role in operational and technical tasks, supporting the day-to-day functioning of the corporations.

4.2 Hypothesis Testing

4.2.1. corporate culture and performance of commercial state corporations

This section addresses the first research objective of this study that sought to determine the relationship between corporate culture and performance of commercial state corporations in Kenya. This was achieved by testing of the hypothesis as follows:

Ho_1: There is no significant effect of corporate culture on organisational performance of state corporations in Kenya.

The statistical significance of the hypothesis was tested using simple linear regression which generated the regression coefficients; coefficient of determination (R^2) and analysis of variance (ANOVA) and model coefficients. The test covered goodness of fit overall significant, individual significance and diagnostic test. These findings are presented in table 4, table 5 and table 6.

Table 4: Model Summary for corporate culture and organisational performance

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.670[a]	.450	.446	.47846	.450	144.546	1	177	.000

a. Predictors: (Constant), corporate culture

As shown in table 4, the model shows the correlation coefficient, R = 0.670, indicates a strong positive relationship between corporate culture and organizational performance, suggesting that improvements in corporate culture are likely to enhance the performance of commercial state corporations. This correlation highlights the significance of corporate culture as a factor influencing performance, although it does not establish a direct causal link. Furthermore, the R Square value of 0.450 reveals that corporate culture accounts for 45% of the variation in organizational performance, implying that nearly half of the performance outcomes are associated with corporate culture, while the remaining 55% may be influenced by other factors not included in the model, such as innovation practices or regulatory frameworks. The Adjusted R Square value of 0.446, which is slightly lower than the R Square value, takes into account the number of predictors in the model and helps mitigate the risk of overfitting, making it a more reliable measure of the model's fit. This small adjustment indicates that the model is robust and appropriately complex, effectively capturing the relationship between corporate culture and performance without unnecessary complications.

Table 5: ANOVA corporate culture and organisational performance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	33.091	1	33.091	144.546	.000[b]
Residual	40.520	177	.229		
Total	**73.611**	**178**			

a. Dependent Variable: organisational performance

b. Predictors: (Constant), corporate culture

To determine the statistical organisational performance of the overall regression model for the study, the analysis of variance (ANOVA) test was carried out as shown in table 5 The **F-statistic** is **144.546,** which is a ratio of the mean square of the regression to the mean square of the residuals (33.091 / 0.229). This high F-value indicates that the model significantly explains the variance in organizational performance compared to the residual variance. A higher F-statistic suggests that the predictor variable (corporate culture) has a strong effect on the dependent variable.

Table 6: Model Coefficients corporate culture and organisational performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.055	.238		4.424	.000	.584	1.525
corporate culture	.699	.058	.670	12.023	.000	.585	.814

a. Dependent Variable: organisational performance

The result in table 6 reveals that the constant (intercept) is 1.055. The regression coefficients presented in the table highlight the relationship between corporate culture and organizational performance in commercial state corporations in Kenya, offering insights into the strength, direction, and statistical significance of this relationship. The unstandardized coefficient for the constant is 1.055, with a standard error of 0.238, indicating the predicted level of organizational performance when corporate culture has no influence. The constant is statistically significant, as evidenced by a t-value of 4.424 and a p-value of 0.000, with a 95% confidence interval ranging from 0.584 to 1.525, confirming the reliability of this estimate. For corporate culture, the unstandardized coefficient is 0.699, with a standard error of 0.058, meaning that a one-unit increase in corporate culture leads to a 0.699-unit increase in organizational performance, holding other factors constant. The standardized coefficient (Beta) of 0.670 underscores the substantial impact of corporate culture on performance relative to other predictors. The relationship is statistically significant, as shown by a t-value of 12.023 and a p-value of 0.000, with a 95% confidence interval for the unstandardized coefficient ranging from 0.585 to 0.814, reflecting the precision of the estimate. The model summary can be expressed by the following equation, $Y = 1.055 + 0.699X$. The relationship is positive. In summary, the results provide evidence that corporate culture influence organisational performance of commercial state corporations in Kenya; hence the null hypothesis that, there is no significant effect of corporate culture on organisational performance of commercial state corporations in Kenya, was rejected and the researcher concluded that, there is significant effect of corporate culture on organisational performance of commercial state corporations in Kenya.

(i) Performance commercial state corporations in Kenya=1.055 + 0.699 (corporate culture)

The regression analysis demonstrates that corporate culture is a significant and positive predictor of organizational performance in commercial state corporations in Kenya. The unstandardized coefficient of 0.699 and the standardized Beta of 0.670 highlight the strong influence of corporate culture, while the statistical significance of the results confirms the reliability of the findings. These results underscore the importance of fostering a robust corporate culture to achieve improved performance outcomes.

These results are in line with Fekete and Bocskei (2011) who established that clan and adhocracy cultures were significant positive predictors of performance. Zhang and Zhu (2012) reported significant positive impact of both adhocracy and market cultures on performance while Choi et al. (2010), argued that all types of culture are important predictors of performance. Additionally Owino and Kibera (2019) sought to establish the influence of Corporate Culture on the performance of microfinance institutions in Kenya using a descriptive cross-sectional survey design. The results obtained demonstrated that Corporate Culture has a significant influence on non-market performance. Owino and Francis (2019) concluded that Corporate Culture is a major source of sustainable competitive advantage in the microfinance industry and that market culture promotes financial independence and sustainability in the long term. The current study results demonstrate that corporate culture is a significant and positive predictor of organizational performance in commercial state corporations in Kenya. These results underscore the importance of fostering a robust corporate culture to achieve improved performance outcomes.

5.0 CONCLUSIONS AND RECOMMENDATIONS

In conclusion, this study provides strong evidence that a positive corporate culture significantly and positively influences the performance of commercial state corporations in Kenya. The analysis showed a substantial correlation and considerable explanatory power of corporate culture on organizational performance, highlighting its crucial role. The regression results confirm a meaningful positive relationship, where an improvement in corporate culture leads to a significant increase in performance. These findings have important practical implications, emphasizing the need for Kenyan state corporations to actively foster and maintain a strong corporate culture through shared values, enhanced employee engagement, and alignment of cultural practices with strategic goals. While corporate culture is a key driver, the study also acknowledges that other factors contribute to performance, suggesting avenues for future research. Ultimately, the study confirms that a robust corporate culture is essential for achieving improved performance outcomes.

The study recommends that commercial state corporations in Kenya recognize corporate culture as a strategic asset, with senior leadership taking a proactive role in building a positive culture through clearly defined and communicated shared values, norms, and behaviours aligned with the corporation's strategic goals. This can be achieved by integrating cultural assessments into annual strategic planning processes to identify cultural strengths and weaknesses. Given the significant impact of culture on performance, management should invest in initiatives that enhance employee engagement and morale by fostering a sense of ownership among employees, promoting open communication channels, and recognizing and rewarding behaviours that reflect the desired corporate values. Performance management systems should extend beyond individual output to include how employees embody the corporation’s values, with regular evaluations incorporating a cultural component to assess alignment with organizational culture. This approach will reinforce desired behaviours and cultivate a unified workforce committed to the corporate mission.

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