



EFFECT OF FINANCIAL REPORTING ON THE ORGANIZATIONAL PERFORMANCE OF PUBLIC CORPORATIONS UNDER THE MINISTRY OF TOURISM IN KENYA

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Abstract: State corporations within the Ministry of Tourism in Kenya play an important role in the Kenyan Economy. However, lack of proper financial reporting is one of the issues that easily lead to the misappropriation of the public funds and poor performance of institutions despite improved access to financing. State corporations within the Ministry of Tourism in Kenya have been experiencing poor financial performance in terms of level of unsupported expenditure, revenue generated, value for money, and debt (pending bills). Therefore, this study assesses the effect of financial reporting on the organizational performance of public corporations under the Ministry of Tourism in Kenya. The research used descriptive research design. The unit of analysis was nine state corporations under the Ministry of Tourism in Kenya. The unit of observation comprised of 103 staff working the finance and audit departments of public corporation the Ministry of Tourism in Kenya. Semi-structured questionnaires were used to collect primary data. Pre-testing was carried out to examine reliability and validity of data collection instruments. Qualitative data was analyzed through thematic analysis and results were presented in narrative form. Inferential and descriptive statistics were used to analyze the quantitative data through the aid of statistical package called SPSS version 22. Descriptive statistics entailed the use of mean, standard deviation, frequencies and percentages. Inferential statistics focused on Pearson correlation analysis and multivariate regression analysis. The results were presented in tables and figures. The study established that financial reporting has significant effect on the organizational performance of public corporations under the Ministry of Tourism in Kenya. The study recommends that the public corporations under the Ministry of Tourism should control expenditure, regularly review their budget and have a long-term financial forecast to improve on allocation of financial resources.

Key Words: Financial Reporting, Organizational Performance, Public Corporations

Introduction

Financial management is the key determinant of success in any public corporation. Poor financial management practices and uncertainties result to serious financial problems in state corporations (Yogendrarajah, 2015). Mihaiu (2014) established that poor financial management practices are the main challenge facing public institutions. Besides that, the decisions made by the management of corporations play a key role in determining performance in terms of effectiveness and efficiency in service delivery. Consequently, the performance of public institutions may decline in case its management is incompetent or make ineffective decisions. Many organizations often fail due to poor competency skills that affect financial management (Awuor, Wanjala & Muriithi, 2016).

Performance in state corporations is measured in terms effectiveness, efficiency, reliability, achievement index or in comparing variation in financial achievement in the previous years to the

current year (Ngumi & Njogo, 2017). In theory, Sebastian (2018) noted that performance in public sector is a measure of the cost of inputs/outputs, level of efficiency and effectiveness of services offered by a particular corporation. Practically, the measurement of performance in the public sector has challenges due to the wide variability of the objectives that are sought and the necessary information (Kabayaga, 2016). Zhang and Liu (2012) define a performance measurement system as one that facilitates decision making and provides for the execution of limited fundamental actions due to its foundations on effectiveness and the efficiency of past actions (or transactions) using appropriate information infrastructure. The challenges in such systems arise due to the reliance on efficiency, effectiveness and economic indication (most financial objectives) sought by these systems.

Akhavana and Eslamifar (2018) indicate that financial reporting is one of the financial management practices that affect the performance of organizations in Vietnam. Zhang and Liu (2012) found out that financial reporting has positive effect on performance of corporations in China. Musundi (2015) noted that financial reporting and financial planning affect the performance of organizations. In the European Union, Lusha, Mziu and Brahimi (2015) indicate that financial reporting in public sector have positive significant impact on utilization of public resource or funds, profitability and sustainability of state corporations.

In the recent years, there has been public outcry on the effectiveness of public corporate bodies with respect to management of financial resources and the use of financial reporting in Sub-Saharan states in Africa and South- Eastern part of Asia. This is due to the fact that effective utilization of funds both foreign assistance and domestic sources highly depends on the public finance management practices such as financial reporting. In Nigeria, Ayapere and Buseni (2015) found that financial reporting have an impact on the utilization of public funds in Nigeria. In Ethiopia, Yohanes, Debela and Shibru (2018) indicate that financial reporting is a backbone to organizations' success and expansion. In addition, financial reporting had positive relationship with organizational performance. In Somalia, Abdullahi and Gichinga (2018) indicate that financial reporting and internal controls had a significant effect on Somalia Civil Aviation and Meteorology Authority.

In Kenya, Muli and Rotich (2016) found out that budgetary laws provide guidance to financial institutions to improve on their accountability and efficiency. However, poor financial management practices result to extreme financial constraints in the sector thus affecting its performance. According to Abdullahi and Gichinga (2018), financial reporting significantly affects financial performance of government institutions. Kipkirui and Wahome (2018) indicated that financial reporting significantly affect financial performance of public- corporate bodies in Kenya.

Statement of the Problem

Effective financial management practices are paramount in all state corporations due to quest for transparency and accountability in utilization of government resources. Kipkirui and Wahome (2018) noted that there has been persistent outcry on how government resources in Kenya are utilized. Government owned corporations within the Ministry of Tourism in Kenya play an important role in the Kenyan Economy. This Sub-Sector's direct contribution to the economy and was estimated to be over 10% of the Country's Gross Domestic Product (GDP) (Eco-Tourism, 2018).

Public- corporations within Ministry of Tourism have been experiencing poor financial performance in terms effectiveness, efficiency and customer satisfaction. This is shown by high level of unsupported expenditure, high debt levels (pending bills) and reduction in revenue generated (Office of the Auditor-General, 2017). The Department of Commerce and Tourism had pending bills amount to Ksh. 249

million for the financial year 2015/2016 (Office of the Auditor-General, 2017). In addition, the Office of the Auditor-General (2016) indicates that the revenue of the Bomas of Kenya reduced from Ksh. 341 million in 2014 to Ksh. 336 million in 2015. In addition, the net profit reduced from Ksh. 13 million in 2015 to Ksh. 10 million in 2016. Further, the total revenue from exchange transactions of the Toursim Fund reduced from Ksh. 5.6 million to Ksh. 2.48 million (Office of the Auditor-General, 2017).

Lack of proper financial management practices such as financial reporting is one of the issues that easily lead to the misappropriation of the public funds and collapse of institutions despite improved access to financing (Demba, 2013). Therefore, poor financial reporting leads to financial constraints in state corporations consequently leading to closure of the corporations (Origa, 2015). In the year 2018, the auditor general unearthed fraudulent claims worth Ksh. 666,460,683 million out of Ksh.1 billion pending bills at the Kenyatta International Convention Centre. The report established that contractors, suppliers and service providers were owed Ksh. 1,053,391,910, most of it in irregular deals (Office of the Auditor-General, 2017). It is therefore important to understand the effect of financial reporting on the organizational performance of public corporations under the ministry of tourism in Kenya.

Numerous studies have been conducted to assess the influence of financial reporting on performance. For instance, Ojeka, Mukoro and Kanu (2015) examined the influence of financial reporting disclosures on performance of manufacturing industry in Nigeria; and Muinde (2013) determined the effect of financial reporting on performance of SMEs in Kenya. Nonetheless, the studies focused on private business entities thus; it is no possible to generalize their findings to the current research due to variation in unit of observation and institutional frameworks. Hence, this research aimed at examining the effect of financial reporting on the organizational performance of public corporations under the ministry of tourism in Kenya.

Theoretical Review

The sub-section focuses on introducing and describing the theories that tend to provide explanation on the existence of the research problem or the essence of conducting the current research. The theoretical review highlights on specific variables that influence phenomenon under investigation and specifies the essence of examining the variables and under which contingencies. This study was anchored on agency theory.

The agency theory was developed by Jensen and Meckling (1976) in an effort to address the limitations that face relationships between principals and agents. An agency relationship could be defined as one, where one or more persons (being referred to as the principal engages another (the agent) to perform some tasks or service on their behalf which has to do with delegating some authority in terms of decision-making. In a sum, it is easy to say that an agency relationship has arisen between the parties, when the first party designated as the Agent is contracted to acts for, or at least on behalf of, or as a representative for the other, designated the principal, in a domain of decision problem (Akhavana & Eslamifar, 2018).

The theory is concerned with resolving problems that can exist in agency relationships due to unaligned goals or different aversion level to risk. The principals have the objective of maximizing their wealth; the agents should undertake and run the activities of the corporations in the best interest(s) of this shareholder wealth maximization objective (Gaffikin, 2006). The theory is however knowing of the possibility that the agents may involuntarily or willfully purpose to pursue other interests that might be outside and nonaligned with those of the principals. This shall have a negative

impact on the association between the two said parties. The theory also postulates that managers (agents) should to safeguard and maximize their firms' returns (Levie & Lerner, 2017).

In this study, the agency theory is used to explain the effect of financial reporting on the organizational performance of public corporations. In this case, the government is considered as the principal and the management of State Corporations in the Ministry of Tourism are considered agents. These institutions are funded by the government and hence are given the responsibility of managing the funds using their financial management practices. Misappropriation of these funds and misuse lead to principal-agency conflict and inability of achieve the set objectives. Financial managers are agents who take all the important decisions regarding all the short-term assets and liabilities of an organization. Financial reporting done internally or done externally by the auditor general informs the government on the financial position of these agencies. However, factors such as financial statements, frequency of reporting and quality of financial reporting affect reporting itself and performance of these institutions.

Conceptual framework

Conceptual framework refers to a diagrammatic representation of ideas or concepts that depict the existing association between two or more variables (Creswell (2014). Moreover, it refers to visual representation on the inter-linkage in various concepts or phenomenon under investigation. The independent variable in this study was financial reporting. The dependent variable was performance of public corporations under the Ministry of Tourism in Kenya.

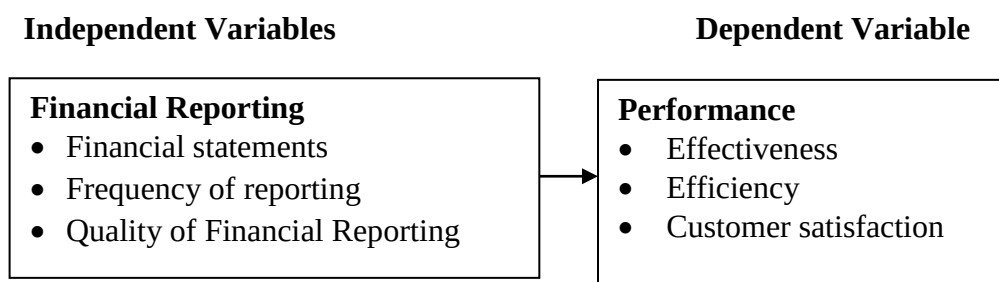


Figure 1: Conceptual Framework

Financial Reporting

Financial Reporting entails disclosing financial records, statements or information regarding financial position and performance of a firm with a given period (Levie & Lerner, 2017). Some of the stakeholders who receive financial reports are government agencies, debt providers, public members and creditors (Kabayaga, 2016). Financial reporting enable stakeholders to access to information regarding financial performance, variation in financial position and financial position of a particular enterprise thus aid in making of critical economic decisions. Moreover, financial reporting enable organizational management to access to prudent information that is used in decision-making, benchmarking, monitoring, planning, evaluation and setting of anticipated targets (Maendo & Ngugi, 2018). Financial report should always provide reliable information to assist users in decision-making. It is also entails disclosing reliable, understandable and comparable information. A reliable financial report ought to provide information that error-free, unambiguous and clearly represents its intended purpose.

Jain and Surendra (2015) noted that annual financial reports is prone to errors due to uncertainty in economic conditions and this force financial reporters to estimate figures and assume other factors when preparing these reports. Although the financial reports are subjects may be bias, it is paramount to adhere to certain accuracy level so that information obtained from the reports can aid in making critical decisions. Precision of financial information depends on the level of involving competency personnel such as accountants, financial auditors in monitoring and evaluating financial records or reports (Selvanayakia, Sivakumara & Rohinia, 2016). Furthermore, the precision of financial reporting depends on other personal skills such as social skills and supervision skills of financial reporters. Determinants of financial reporting such as frequency of reporting, quality of financial reporting and financial statement tend to have significant effect on performance of public corporations. When measuring effectiveness and efficiency of financial reporting it is prudent to focus on the following characteristics: reliability, timeliness, completeness, relevancy and objectivity (Korutaro, Nkundabanyanga & Nalukenge, 2017). Public corporations should improve on their accounting processes by ensuring that financial reports are reliability, generated on time, complete and relevant through precise recording of financial transactions and conforming to the Generally Accepted Accounting Principles (GAAP) (Nakitare, 2015).

Organizational Performance

Performance refers to the process of determining organizational effectiveness, efficiency and customers' satisfaction level. It is also the process of evaluating or assessing organizational capabilities in terms of effectiveness, customer satisfaction and efficiency (Bourne, Franco-Santos & Pavlov, 2018). Organizational performance focuses on analyzing whether a firm meets anticipated outcomes or objectives. It is a measure of organizational actual results against intended outputs (or goals and objectives) (Martin-Sardesai & Chaplin, 2019). According to Homburg, Artz and Wieseke (2012), an organization performs various functions to accomplish its anticipated goals or objectives. Organizational repeatable activities ought to be measured to assess whether its management make informed decisions that improve on performance.

The measures of organizational performance include service quality, quality of output or productivity, job burnout, the level of staff's absenteeism, development and research. Performance of state-owned cooperation can be measured in terms of relevancy, availability of financial inputs, service efficiency and effectiveness. Kamau (2018) noted that measuring of organization's financial performance has significant effect on overall organizational performance. Currently, most organizations use balanced scorecard technique to measure their overall organizational performance. Other firms focus on internal business functions, learning and overall growth when measuring organizational performance (Kaplan & Norton, 2004).

The balance-scorecard technique enables organizational management to monitor and evaluate its efficiency and effectiveness in satisfying customers, improving internal operations or activities and setting futuristic strategies that can be to improve on the organizational performance. Muriithi (2014) noted that performance of public institutions such as state-owned corporation is measured in terms of customers' satisfaction level, internal business functions or processes and financial perspectives. With respect to financial perspective, it is a measure of development ratio, organizational spending and the ratio of working capital. Internal business process is based on organizational efficiency in terms of time of service delivery while customer perspective involves the satisfaction of the public with services delivered.

Empirical review

Adeleke, Akinselure and Oluwafemi (2017) assessed the effect of financial reporting on performance firms in Nigeria. The researchers used quasi-experimental technique when collecting data. The population of study for this research work was one hundred and seventy-six (171) quoted companies listed on the Nigeria Stock exchange. Inferential and descriptive statistics were used during the study. The study found that financial reporting has significant effect on performance of Nigerian firms. The results also revealed that transparency during financial reporting has significant effect on firms' return on equity.

Ojeka, Mukoro and Kanu (2015) examined the influence of financial reporting disclosures on performance of manufacturing industry in Nigeria. The target population comprised of all manufacturing firms in Nigeria that were listed in Nigeria Security Exchange, from 2005 to 2009. The indicators of financial reporting comprised of board size, timeline, values and auditors' competency skills. Performance was measured in terms of return on equity. Panel- least square regression was used in analyzing secondary data. The study found out that financial reporting has significant effect on performance of manufacturing industry. Further, the results revealed that there was significant relationship between financial reporting and organizational effectiveness and efficiency.

Muinde (2013) determined the effect of financial reporting on performance of SMEs in Kenya. The study employed both cross-sectional and descriptive research design. The unit of observation comprised of one hindered SMEs that were functional by 2012. The sample size of the study was fifty participants. The study used descriptive statistics that entailed calculation of percentage, standard deviation and mean. The study established that financial reporting has significant effect on performance of SMEs. The study also found that financial recording, financial statement and quality of financial reporting have significant effect on performance of SMEs.

Ofoegbu and Odoemelam (2018) researched on the effect of financial reporting on performance of firms in Nigeria. Descriptive research design was used to collect data from three hundred and eight four firms that were active during the investigation period. Stratified random sampling was used to 64 companies that were listed in Nigerian Stock Exchange. Content and regression analysis enabled the researchers to determine the relationship between financial reporting and firm's performance; measured in terms on of return on equity and investment. The study found that financial reporting has insignificant effect on performance of firms.

Research Methodology

This study adopted a descriptive research design. This design was the most appropriate in this study as it sought to establish the effect of the independent variables (financial management practices) on the dependent variable (financial performance). The unit of analysis was all the nine public corporations under the Ministry of Tourism in Kenya. The target population comprised of 103 staff working the finance and audit departments of public corporation the Ministry of Tourism in Kenya.

This study used use Slovin's Formula in the calculation of the sample size.

$$n = \frac{N}{1 + NE^{-2}}$$

Where by: n depicts number of samples; N depicts targeted audience; E depicts an error margin of (0.05)

$$n = \frac{103}{1 + (103 * 0.05^2)}$$

$$n = 81$$

The researcher used simple-random sampling when selecting the study's sample size that comprised of eighty-one employees. Simple random sampling was used in the current research as it enhanced fair selection or representation of elements under investigation as all the elements have equal chances of being selected.

Table 1: Sample Size

Category	Target Population	Sample Size
Bomas of Kenya	8	6
Brand Kenya	12	9
Kenya Safari Lodges and Hotels	10	8
Kenya Tourism Board	11	9
Kenya Tourist Development Corporation	13	10
Kenya Utalii College	16	13
Kenyatta International Conference Centre	12	9
Tourism Fund	10	8
Tourism Regulatory Authority	11	9
Total	103	81

Research data comprised of primary data. A semi-structured questionnaire was used in the collection of primary data. This means that the some questions in the data collection instruments were close ended and other were open-ended. Open-ended questions enabled the respondents to share their opinions without feeling withheld while close-ended questions saved on time, minimize information bias and facilitate easy data analysis. A pilot study was conducted in the Market and business development directorate of Kenya Tourism Board. Face validity of this study was improved through conducting a pilot test. With respect to improving content validity, the researcher consulted university supervisors and employees in various corporations in Kenya. The measure of reliability through internal consistency entailed the use of Cronbach alpha. The researcher ensured that the Cronbach's alpha (α) of all variables was above 0.7.

Questionnaire was used for generation of quantitative and qualitative data. Qualitative data was analyzed through thematic analysis and results were presented in continuous form. Otherwise, close-ended questions were used to collect quantitative data. Inferential and descriptive statistics were used to analyze the quantitative data through the aid of statistical package called SPSS version 22. Descriptive statistics included mean, standard deviation and percentages. Inferential statistics included Pearson correlation analysis and regression analysis. The regression model was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where; Y = Performance; β_0 = the regression constant; β_1 is the coefficients of independent variable; X_1 = Financial Reporting; ε = Error term

Research Findings And Discussions

The sample size of the study comprised of 87 in the nine public corporations under the Ministry of Tourism in Kenya. The researcher distributed 87 questionnaires among the respondents. Out of the total, 66 respondents duly filled their questionnaires and returned them to the researcher on time. Henceforth, the response rate of 75.86% Kothari (2012) indicated that a response rate of 70% and above is considered as excellent. Therefore, the response rate of the study was within acceptable limit for inference making.

Financial Reporting

The respondents were requested to indicate agreement level on various statements relating to the effect of financial reporting on performance of public corporation. With a mean of 4.437 (Std. dv = 0.753), the staff agreed that their corporations have never failed to produce an annual report. They also agreed that their corporations continuously produce its financial report annually as shown by a mean of 4.437 (Std. dv = 0.833). Moreover, they agreed that there is always disclosure of financial results or financial related information to external regulators as shown by a mean of 4.343 (Std. dv = 0.858). In addition, they agreed that each department always report to the management on its financial spending as shown by a mean of 4.281 (Std. dv = 0.844). With a mean of 4.281 (Std. dv = 0.765) they agreed that financial reports were always relevant in informing decision-making. Besides that, they agreed that the financial statements produced are always clear and concise as shown by a mean of 4.062 (Std. dv = 0.794). Further, they agreed that financial report presented precise results as shown by a mean of 3.937 (Std. dv = 0.753). They also indicated that the understandability enabled staff to comprehend the corporation's spending as shown by a mean of 3.875 (Std. dv = 0.826). The findings are in agreement with the findings of Chemeltorit and Wandera (2016) that financial report should always provide reliable information to assist users in decision-making since it entails disclosing reliable, understandable and comparable information.

Table 2: Aspect of Financial Reporting

	Mean	Std. Deviation
Each department always report to the management on its financial spending	4.281	.844
There is always disclosure of financial results or financial related information to external regulators	4.343	.858
The financial statements produced are always clear and concise	4.062	.794
Our organization continuously produce its financial report annually	4.437	.833
The corporations has never failed to produce an annual report	4.437	.753
The organization always produces financial reports bi-annually	3.906	1.268
The financial reports are always relevant in informing decision making	4.281	.765
The financial report often faithfully represent economic phenomena that information purports to represent	3.937	.753
The understandability always enables users to comprehend the corporation's spending	3.875	.826

The respondents were asked to comment on how financial reporting influences performance of public corporation under the ministry of education in Kenya. According to their views, they specified that financial reporting enhance accountability, transparency, mitigate error and built trust upon request of additional funding consequently resulting to improvement in performance of public corporations under the ministry of tourisms in Kenya. The findings are in line with the findings of Maendo and Ngugi (2018) that financial reporting enhance financial transparency, effective utilization of funds, built trust and better decision making thus improving on performance of the public corporations.

Performance of Public Corporation

The respondents were requested to point out their agreement level on various statements relating to performance of public corporation under the Ministry of Tourism in Kenya. With a mean of 4.031 (Std. dv = 0.776), the staff agreed that the public corporations ensured that their services are accessible. They also agreed that the public corporations offered reliable services as shown by a mean of 4.030 (Std. dv = 0.763). Moreover, they also agreed that customers' were satisfied with the services offered by the public corporations as shown by a mean 3.937 (Std. dv = 0.753). Moreover, they agreed that the timeline of service delivery in the public corporations was satisfactory as shown by a mean of 3.906 (Std. dv = 0.728). Besides that, they agreed that customers provide positive feedback as shown by a mean of 3.871 (Std. dv = 0.712). With a mean of 3.843 (Std. dv = 0.760), they agreed that the public corporations offered quality services. The staff also agreed that their public corporations ensured the public gets value for money as shown by a mean of 3.774 (Std. dv = 0.876). However, they moderately agreed that the public corporations offered error free services as shown by a mean of 3.468 (Std. dv = 0.872). They also moderately agreed that public corporations minimized wastage of resources as shown by a mean of 3.437 (Std. dv = 0.973). With a mean of 3.000 (Std. dv = 0.887), they agreed that the waiting time for service delivery was quite low. Further, the moderately agreed that delivery time in the public corporation was quite low as shown by a mean of 2.937 (Std. dv = 0.973). Furthermore, the agreed that cost of service delivery in the organizations was quite low as shown by a mean of 2.906 (Std. dv = 0.920). The findings agree with the findings of Bourne, Franco-Santos and Pavlov (2018) that performance of public corporation is measured in terms of customers' satisfaction level and effectiveness of internal business processes.

Table 3: Performance of Public Corporation

	Mean	Std. Deviation
Cost of service delivery in the public corporation is always low	2.906	.920
The public corporation always offers reliable services	4.030	.763
Services in the public corporations are accessible	4.031	.776
The organization delivered consistent reliable services	3.843	.760
Public corporations minimize wastage of resources	3.437	.973
Public corporations carry out activities which are free from error	3.468	.872
Delivery time in the public corporation is quite low	2.937	.973
The waiting time for service delivery is quite low.	3.000	.887
The corporation always ensures the public gets value for money	3.774	.876
Customers are always satisfied with the services offered by the public corporation	3.937	.753
The timeline for service delivery is satisfactory	3.906	.728
Customers provide positive feedbacks	3.871	.712

Inferential Statistics

Inferential statistics focused on correlation and regression analysis. In the present study, Pearson correlation analysis was used to determine the strength of association between dependent and independent variable. Otherwise, correlation analysis was used to assess the relationship between the elements under investigation.

Correlation Analysis

The researcher used Pearson Correlation Analysis to determine the strength of relationship between dependent (performance of public corporation) and independent variable (financial reporting). The results show that there is a very strong relationship between financial reporting and performance of public corporation the Ministry of Tourism in Kenya ($r = 0.873$, $p \text{ value} = 0.000$). The association between financial reporting and performance of public corporations was considered significant since the $p \text{ value}$ 0.000 was less than 0.05 (significant level). The finding is in line with the finding of Yogendrarajah (2015) that there is very strong relationship between financial reporting and performance of corporations in India.

Table 4: Correlation Coefficients

		Performance	Financial reporting
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	66	
Financial reporting	Pearson Correlation	.873**	1
	Sig. (2-tailed)	.000	
	N	66	66

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

Regression Analysis

Multivariate regression analysis was used in the current research to determine the relationship between dependent (performance of public corporation) and independent variable (financial reporting). The R squared was used in the present research to show how variation in dependent variable (performance of public corporation in the ministry of tourism) could be explained the independent variables (financial reporting). The R square was 0.3317. This implied that 33.17% of the variation in the dependent variable (performance of public corporation in the ministry of tourism) could be explained the independent variable (financial reporting).

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.576	0.3317	0.3215	0.12872

The ANOVA was used to assess whether the model was a good fit for the data. The F calculated was 1807.60 while the F critical was 2.50. In addition, the $p \text{ value}$ 0.000 was less than 0.05 (significant level). Moreover, the F calculated was less than the F critical, hence, the model was considered as a good fit for the data and hence could be used in predicting the effect of financial reporting, control of fund and sourcing of fund on performance of public corporation in the ministry of tourism.

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.311	1	32.311	1807.60	.000b
	Residual	1.144	64	0.0178		
	Total	33.455	65			

The multivariate regression equation was:

$$Y = 0.693 + 0.414X_1 + \varepsilon$$

According to the results, there is a significant relationship between financial reporting and performance of public corporation in the Ministry of Tourism ($\beta_1 = 0.414$, p value = 0.000). The relationship was considered significant since the p value was less than 0.05 (significant level). The finding agrees with the finding of Yogendrarajah (2015) that there is a significant relationship between financial reporting and performance of public corporations.

Table 7: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.693	0.185		3.746	0.000
Financial reporting	0.414	0.151	0.368	3.421	0.000

Conclusions and Recommendations

The study also concludes financial reporting has significant effect on the organizational performance of public corporations the Ministry of Tourism in Kenya. The study also found that understandability enabled staff to comprehend the corporation's spending. Further, the study established that financial statements, frequency of reporting and quality of financial reporting have significant effect on performance of the public corporations.

The study found that the public corporations under the Ministry of Tourism continuously set aside financial resources to pay for out-sourced services and offices stationaries. Therefore, the study recommends that the public corporations should control expenditure, regularly review their budget and have a long-term financial forecast to improve on allocation of financial resources.

Areas for Further Studies

The objective of the study was establish the effect of financial reporting on the organizational performance of public corporations under the Ministry of Tourism in Kenya. Nonetheless, the study was limited to public corporations in the Ministry of Tourism. Therefore, the study recommends that further studies should be conducted to determine the effect of financial reporting on the organizational performance on other public corporations in Kenya. The study also established that 33.17% of the variation in the organizational performance of public corporations in the ministry of tourism could be explained the independent variable (financial reporting). Henceforth, the study recommends that

further studies should be carried out to determine other factors affecting performance of public corporations.

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