

**CORPORATE GOVERNANCE PRINCIPLES, STRATEGIC MANAGEMENT
PRACTICES, BUSINESS ENVIRONMENT AND PERFORMANCE OF LARGE
MANUFACTURING FIRMS IN KENYA**

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DECLARATION

Declaration by the Candidate

I declare that this thesis is my original work and has not previously in its entirety or in part been presented for a degree or other academic work.

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DEDICATION

This thesis is dedicated to my dear family and friends for their encouragement and inspiration me throughout my studies.

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OPERATIONAL DEFINITION OF TERMS

- Business Environment (BE):** Business environment refers to set of forces both situational factors and actors, characterized by different criteria on how business is carried out and forms basis for the creation and development of business.
- Corporate Governance:** Refers to the association management of a firm, its stakeholders and the shareholders.
- Large Manufacturing Firms in Kenya:** Refers to the sector that produces goods for use or sale with the aid of labor, machinery, equipment, chemical and biological processes, or formulation. According to the KAM directory (2015/2016) large manufacturing firms have more than 100 workers.
- Organizational Performance:** Firm's ability to reach its goals and optimize results. It also refers to a company's ability to achieve goals in a state of constant change.
- Strategic Management Practices:** Refers to the continual planning, monitoring, analysis, and assessment that firms engage in to achieve their goals and objectives

LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
BE	Business environment
CEO	Chief Executive Officer
CG	Corporate Governance
GDP	Gross Domestic Product
KAM	Kenya Association of Manufacturers
NACOSTI	National Council for Science, Technology and Innovation
NSE	Nairobi Securities Exchange
OECD	Organisation for Economic Co-operation and Development
RDT	Resource Dependence Theory
UNIDO	United Nations Industrial Development Organization

ABSTRACT

The purpose of this study is to examine the relationship between Corporate Governance Principles, Strategic Management Practices, Business Environment and Performance of Large Manufacturing firms in Kenya. The specific objectives of the study is to determine the relationship between corporate governance principles and performance of large manufacturing firms in Kenya; to establish the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya; to establish the moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya and to determine moderated-mediation effect on the corporate governance principles and performance of large manufacturing firms in Kenya. The study was anchored on the Resource Dependence Theory supported the performance of large manufacturing firms in Kenya and was complimented by the Agency theory, the stakeholder theory and the contingency theory. The study target population was the large manufacturing firms. The study adopted mixed research approach. A cross-sectional survey design was adopted. The unit of observation was the top key managers in the key departments (procurement, operations and finance) of the large manufacturing firms. The quantitative data was collected using questionnaires and was coded using the Statistical Package for Social Sciences (SPSS) program. Quantitative data was analyzed using descriptive and inferential statistics which included correlation and multiple regressions. The study results revealed that strong positive correlation ($R=0.656$) between corporate governance principles and performance of large manufacturing firms in Kenya, and that corporate governance principles accounted for 42.1% of the observed differences in the performance of large manufacturing firms in Kenya, while corporate governance principles and strategic management practices accounted for 55.3% of the observed variance in the performance of large manufacturing firms in Kenya. Further, strategic management practices partially mediate the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. Business environment moderated the relationship between corporate governance principles and performance of large manufacturing firms in Kenya with 60.9% of variation in performance is explained by the interaction between business environment, corporate governance principles project planning and performance. There was a significant moderated mediation effect of business environment and strategic management practices on the relationship between corporate

governance principles and performance of large manufacturing firms in Kenya. The study recommends that the manufacturing companies to achieve better performance they should enhance their corporate governance processes by strengthening the autonomy and proficiency of the board. Enhance transparency and disclosure by adopting comprehensive and prompt disclosure methods to provide shareholders and stakeholders with precise and pertinent information on the company's financial performance, governance structures, and risk management practices. Employ electronic platforms and other cutting-edge communication methods to improve the clarity and availability of information.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter seeks to cover the linkage between the relationships between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya. The study evaluates the performance of the large manufacturing firms in Kenya and the role of corporate governance principles on the management of the firms. The chapter also highlights the strategic management practices that is employed under various business environment in large manufacturing firms. This chapter discussed the study's conceptual issues from global, regional and local Kenyan perspective.

1.1 Background of the Study

The manufacturing industry is historically deemed as the driver of economic growth, and development (Herman, 2016). Thus, effective governance of the sector through systems of rules, practices, and processes is increasingly becoming vital to practitioners and policy makers. Manufacturing has always been seen as the engine of economic development (Herman, 2016). Corporate governance failures are primarily to blame for the demise of numerous firms in various economic sectors globally and in Africa, notably sub-Saharan Africa (SSA) (Banahene, 2018).

For instance, the United States stock market catastrophe in 1929 sparked a revolution in securities rules and the scandals involving Enron, Parmalat, Xerox, Anderson, Merrill Lynch, and WorldCom in the late 1900s, substantial attention was paid to corporate governance in many industrialized markets (Alimehmeti & Paletta, 2014). Due to a significant enforcement gap, insufficient board independence, unbalanced authority, and inadequate disclosure, the degree of corporate governance adherence is low in many SSA nations, including Nigeria, South Africa, and Ghana (Moyo, 2010). The studies by Yameen, Farhan and Tabash (2019) and Alalade et al. (2019) have demonstrated that better corporate governance practices are necessary for greater levels of business performance. However, the literature on corporate governance claims that the ownership structure is partially related to the level of performance of enterprises as a result of corporate

governance practices (Obembe & Soetan, 2015). For instance, in Ghana, it has been stated that foreign-owned businesses perform better than locally-owned businesses due to disparities in the adherence to corporate governance laws (Sarpong-Danquah, Oko-Bensa-Agyekum & Opoku, 2022). A study done in Zimbabwean manufacturing sector revealed that corporate governance proxies were responsible for performance of the manufacturing sectors (Siwadi, Miruka & Ogutu, 2015). In Kenya, the manufacturing sector contributes about 11.1% of Kenya's wage employment in the manufacturing sector (KIPPRA, 2019). After agriculture and transportation and communication, manufacturing is the third largest industrial sector (KPMG, 2014). Despite being the most industrially developed country in East Africa, Kenya's manufacturing sector contribution to GDP from about 9% in 2016 to 15% by 2022 (KNBS, 2018).

In order to improve trade relationships and increase income, the manufacturing sector, both local and regional, must ensure that quality standards are maintained at the lowest possible cost. Despite the importance of manufacturing firms in Kenya, they face a slew of challenges, including stiff competition from cheap imports, a lack of skilled labor, and insufficient infrastructure to conduct efficient production. The government and other policymakers have recognized this, and various intermediations are projected in Vision 2030 and its first MTP, resulting in a nation that is economically and financially prosperous on a global scale. The MTP's pursued goals include increasing the product share in the market from 7% to 15%, increasing the capacity of domestically manufactured products, advancing the gap of goods for new and existing markets, and increasing the exploitation of research and development results (KAM, 2018). Although corporate governance has been linked to improved organisational performance, determining how it affects performance and measuring it has not been as simple (Wessels, Wansbeek, & Dam, 2016). According to Hassan and Halbouni (2013), if the level of corporate governance has no effect on organizational performance, in the eyes of management and shareholders, the value of governance is eroded. Hence, this study examined the relationship between corporate governance, strategic management practices, business environment and Performance of Large Manufacturing Firms.

Strategic leadership and corporate performance represent two sides of the same coin. Strategic leadership is critical in ensuring that the planned goals of the organisation are effectively realised. Companies need competent leaders who are able to translate planned initiatives into actions and

then results. According to Hsieh and Yik (2015), the best conceptualised vision is worthless if it can't be translated from concept to reality, and even the best vision can fail if a corporation doesn't have a cadre of leaders with the right capabilities at the right levels of the organisation. The major reason for the failure of efforts to achieve the firm's planned profitability and growth levels is that many firms do not recognise the leadership capacity that new goals will require, let alone treat leadership as the departure point of success. While most Chief Executive Officers and Managers agree that leadership is important, few correctly assess leadership capacity systematically. The gap between the number of available leaders and those required in the organisation can have significant negative consequences in the organisation.

Globalization, changes in technology, intense competition and increase in customers' demands and expectations for quality products and services have dramatically changed the business environment. Business environment is marked by different dynamic features such as global competition, information technology, quality service revolution, and corporate social responsibility which are compelling managers to rethink and reshape their approach to their various operation responsibilities (Obasan, 2014). The business environment is very crucial to the success or failure of businesses. Businesses do not operate in isolation but within a given environment which might shape their performance, survival, and profitability. For business to grow, there is a need for them to be able to adapt as external challenges arises. The study conducted by Kuye (2018) stated that, there is a need to study the business environment as its important considering the fact that, the business firms do not operate in a vacuum but rather in business environments which are dynamic. The business environment is vital for the survival of the business and their performance and also there is a need to explore success factors that can enhance business performance during the economic recession, downturn, and crisis in order to create an appropriate economic environment for the growth of firms (Dockel & Ligthelm, 2015). The business environment is crucial for the economic growth and development of a nation. It provides opportunities for citizens to participate in various business activities, hence improving their quality of life and living standards (Ohanemu, 2016). Moreover, the word "business environment" does not just refer to the physical surroundings, but rather encompasses all the forces and elements that have an impact on the operation of a firm inside its environment (Adidu & Olanye, 2016).

Therefore, it is necessary for the company to engage with the external factors that impact their small business enterprises in order to achieve optimal performance and success.

Manufacturing plays a critical role in enhancing individuals' well-being. Tybout (2018) proposes that policymakers prioritise the manufacturing sector due to its role in facilitating modernization, employing a trained workforce, and yielding positive outcomes. The corporate landscape has seen significant transformations in recent years, particularly in emerging economies. In comparison to other countries in the region, Kenya's manufacturing sector is seeing a much slower growth rate of 7%, whereas Ethiopia is expanding at a pace of 24%, Rwanda at 35%, Tanzania at 25%, and Uganda at 22%. If this pattern continues, other East African nations will gradually assume a dominant position in the industrial sector within the region. In addition, governments in East Africa are increasingly prioritising the development of manufacturing sectors by establishing industrial parks, such as in Ethiopia, and facilitating the availability of land for labour-intensive production.

In this area, Uganda and Tanzania are actively presenting themselves as attractive investment locations for manufacturing. Kenya does not appear to be demonstrating this drive (Obaid, Malik, & Pietrobelli, 2019). Nigeria stands out as a frontrunner in Africa when it comes to the rise of manufacturing exports' value. Recent research conducted by Obaid et al., (2019) examined data from Ethiopia, Kenya, Nigeria, and Rwanda, specifically focusing on the distribution of gross value addition across different manufacturing subsectors. The primary manufacturing industry, often focused on home markets, is the food and drink sector, accounting for 40–70% of the sector. Textiles and clothes, more inclined towards exports, trail behind it (Obaid et al., 2019). The "other" category encompasses many sectors, with different percentages allocated to specific industries. For instance, cement in Nigeria accounts for 6%, machinery and transport equipment in Kenya make up 12%, and non-metallic mineral goods in Rwanda contribute 5% (Obaid et al., 2019). From a regional standpoint, the East African Community (EAC) is positioning itself as the next global hub for manufacturing, which is a positive development. Kenya's industrial sector could potentially leverage regional initiatives to spur and expedite its growth.

The manufacturing industry in the seven nations of Eastern Africa is much smaller compared to Vietnam, despite the fact that Vietnam's population is just one-third the size of the combined population of the seven countries. This indicates a considerable potential for expansion in the

manufacturing sector in Eastern Africa. The local manufacturing industry in Kenya plays a significant role in the country's economic growth. In 2019, the manufacturing industry in Kenya saw a growth rate of 3.5%, while in 2018; it expanded at a rate of 3.2%. This sector contributed 10.3% to the country's gross domestic product (GDP), according to the Kenya National Bureau of Statistics (KNBS) in 2020. On average, manufacturing has seen a slower growth rate compared to the overall economy, which saw a 5.6% expansion in 2020. This indicates that the proportion of manufacturing in the Gross Domestic Product (GDP) has been declining over time. As a result, one may argue that Kenya is experiencing premature deindustrialization in an environment where its manufacturing and industrial sectors are still relatively undeveloped. Kenya seems to have reached its highest point at a much lower level compared to several countries in Asia. The industry plays a crucial role in the Vision 2030 plan to elevate the nation to middle-income status by 2030. According to KPMG (2021), the manufacturing sector ranks third among industrial sectors, behind agriculture, transport, and communication. Despite being the most industrially advanced nation in East Africa, Kenya's manufacturing industry contributes just 10 percent of the overall industrial sector's contribution to the country's GDP (RoK, 2018).

1.1.1 Corporate Governance Principles

Corporate governance refers to the association management of a firm, its stakeholders and the shareholders (OECD, 2015). According to McCahery, Sautner, and Starks (2016) Corporate governance principles refers to the way a company is managed, monitored, and management is held accountable for their actions. Corporate governance principles are also defined as the relationship between the company's board of directors, managers, and external stakeholders (Asogwa, Ofoegbu, Nnam & Chukwunwike, 2019). The structure through which corporations are managed, governed, and held accountable is known as corporate governance (Solomon, 2020). Ideally, good corporate governance principles is meant to be attractive to both the management of organizations and the board (Velnampy, Sivathaasan, Tharanika, & Sinthuja, 2014).

According to Bekele (2012), a strong corporate governance structure promotes market integrity, boosts economic efficiency and growth, and improves investor confidence. The impact of corporate governance mechanisms on improving firm performance has been extensively researched in both developed and developing countries. Several studies have examined this topic,

including works by Klein et al. (2005), Cheng et al. (2011), Nordberg and Booth (2019), Arosa et al. (2013), Zhou et al. (2018), Lenz et al. (2018), Mihret et al. (2010), Mihret and Yismaw (2007), and Adedeji et al. (2019). In empirical research, corporate governance is often assessed by examining many factors, including the features of the board of directors, the efficacy of internal audit, the presence of CEO duality, the composition of the audit committee, and the connection between internal and external auditors. In this work, we have hypothesised the involvement of shareholders in corporate governance processes, based on these traditional indicators. The corporate governance approach in industrialised nations, characterised by robust shareholder legislation and other requirements, differs significantly from that in developing countries. In most African countries such as Ethiopia, which lack robust shareholder legislation, capital market rules, and effective company laws, the involvement of shareholders in the appointment, monitoring, and control of the board of directors is of utmost importance. This approach contradicts the traditional perspective of agency theory (Jensen and Meckling, 1976) which states that shareholders should not intervene in the decision-making process of a firm as it would jeopardise the independence of the board of directors (BDI).

Corporate governance principles are the processes, customs, policies, laws, and institutions that govern how corporations act, administer, and control their operations (Khan, Muttakin, & Siddiqui, 2013). Effective corporate governance concepts focus on the social, regulatory, and market context of development within the operational environment while offering firms a workable structure or system to fulfill their aims and goals. The effectiveness of a company's corporate governance principles has a comprehensive consequence on how well it performs (Fooladi, Shukor, Saleh & Jaffar, 2014). This study adopted the definition by Asogwa, et al., (2019) because it incorporates the aspects of board of directors, managers of the company and the external stakeholders which forms the basis of operationalisation of the study variable. Corporate governance principles was operationalised in this study using; accountability, stakeholder engagement, transparency, responsibility, CEO duality and fairness.

1.1.2 Strategic Management Practices

Strategic management refers to the process of making and executing managerial choices and activities that lead to the development and execution of a strategy aimed at accomplishing a

company's goals (Wheelen et al., 2017). Thompson and Strickland (2018) define strategic management as the process in which managers determine the long-term direction of an organisation, establish specific performance goals, develop strategies to achieve these goals considering internal and external factors, and commit to implementing the chosen action plans. Dess et al. (2017) assert that strategic management encompasses the examination, choices, and activities that an organisation engages in to establish and maintain competitive advantages. They clarified that the notion encompasses two fundamental aspects of strategic management. The strategic management of an organisation involves three continuous processes: analysis, decision-making, and implementation. Strategic management focuses on analysing the strategic goals (vision, mission, and strategic objectives) as well as the internal and external environment of the organisation. Additionally, it is essential for leaders and managers to make astute judgements of a strategic nature and then execute the requisite activities to implement those decisions. Furthermore, strategic management focuses on analysing the reasons behind the superior performance of some companies compared to others. Managers must ascertain the competitive strategy of a company in order to achieve long-term sustainable benefits.

Strategic management is a continuous process that analyses and regulates the operations of a business and the industries it operates in. It evaluates competitors, establishes objectives and strategies to outperform both current and potential rivals, and periodically reevaluates these strategies to adapt to changing circumstances, such as technological advancements, new competitors, economic shifts, or alterations in the social, financial, or political landscape (Muogbo, 2018). It combines strategy planning with quality improvement initiatives, budgeting, resource planning, programme assessment, and performance monitoring and reporting. Strategic positioning is the act of strategically placing an organisation in a way that ensures its future success.

The advantages of strategic management are of utmost importance, particularly when a company implements this method in the appropriate circumstances. As stated by Pearce and Robinson (2019) and Wheelen et al. (2017), the advantages encompass: A more defined and focused strategic direction for the company, Increased emphasis on key strategic priorities, Enhancing the awareness of managers and organisational members towards emerging possibilities and potential risks in a dynamic and evolving environment, Assisting in mitigating risks and uncertainties, therefore

enhancing organisational performance. Facilitating the growth of a dynamic and adaptable business model that provided consistent profitability for the company.

Strategic management practices refer to the ongoing acts of planning, monitoring, analysis, and assessment that organizations engage in to achieve their goals and objectives (Ansoff et al., 2019). Strategic management practices also refer to the road map towards achieving organizational objectives, vision, and strategies (Issack & Muathe, 2017). With the ever-increasing rate of innovation, emerging and improving technologies, and high customer expectations and demand, businesses are forced to think and act strategically in order to succeed (Thompson, Gamble, Peteraf, Strickland, & Soto, 2015). Prior to implementing cross-functional business decisions, the process requires management to analyze them. As a result, organizations can more effectively allocate resources and strengthen their core competencies, gaining a competitive advantage. Superior strategic management practices can help small businesses survive, grow, and maintain a sustainable competitive advantage over their competitors (Wheelen, Hunger, Hoffman & Bamford, 2018). Strategic management, according to Sharabati and Fuqaha (2014), is a critical practice that distinguishes organizations. Strategic planning, strategic alliances, expansion strategy, and customer relationship management are all examples of strategic management activities (Sharabati & Fuqaha, 2014). Issack and Muathe (2017) definition of strategic management practices was adopted in this study because it dwells in three aspects of strategic management practices that is the objectives, vision, and strategies of the organisation.

1.1.3 Business Environment

The corporate landscape has undergone significant transformation due to globalization, technological advancements, intense competition, and evolving customer expectations for high-quality goods and services. Businesses operate within a dynamic environment that shapes their operations, sustainability, and ability to achieve strategic goals. This environment comprises various dynamic elements, including global competition, technological innovations, service quality, and corporate social responsibility, which continuously force managers to modify their operational approaches to align with new realities (Obasan, 2014). In the context of this study, the focus is on the external business environment, a critical factor that influences how firms respond to rapid changes. While companies can control internal factors, external factors are beyond

management's direct control, requiring constant monitoring and strategic adaptation. As Babatunde, Bayode, and Adebola (2012) emphasize, businesses must remain updated with environmental shifts to maintain competitiveness.

The business environment plays a fundamental role in determining a firm's success or failure, influencing its performance, profitability, and sustainability. Adaptive capacity is essential for organizations to respond to external challenges effectively and seize emerging opportunities. In this context, the business environment provides the foundation for developing corporate strategies, such as mission statements, goals, policies, and tactics (Aneke, Ndubisi-Okolo, & Chuka, 2019). Businesses, functioning as open systems, continuously interact with external forces that shape their strategic direction. For these interactions to yield positive outcomes, the external environment must create opportunities that align with the company's objectives. A firm's survival and growth depend heavily on the entrepreneur's ability to make informed strategic decisions that take external constraints into account.

The business environment consists of situational factors and actors that affect business creation, development, and operations (Sardak & Movchanenko, 2018). These factors transcend sectoral boundaries, underscoring the complexity of the external environment (Nascimento-e-Silva et al., 2019). Pearce and Robinson (2011) categorize the external business environment into two dimensions: the micro (task) environment and the macro (general) environment. Similarly, Adeoye and Elegunde (2011) argue that because the external environment is uncontrollable, firms must align their operations with these external realities to thrive. Each dimension contains elements that directly or indirectly influence an organization's operations.

The micro environment refers to the immediate factors and actors that impact a firm's day-to-day activities. These include customers, suppliers, competitors, regulatory bodies, and intermediaries. Customer preferences influence product design, pricing, and marketing strategies, while suppliers affect the cost, availability, and quality of inputs. Competitors force firms to innovate and adjust their strategies to maintain market share. Regulators and government agencies impose policies that shape operational frameworks, while intermediaries, such as distributors, enhance product availability and customer access. By engaging with these actors, firms can align operations with emerging market needs, anticipate risks, and gain competitive advantages.

In contrast, the macro environment consists of broader societal forces that influence the micro environment. These include political, economic, social, technological, and environmental factors. Political decisions and government policies affect the business climate by shaping regulations, market access, and taxation. Economic conditions such as inflation, exchange rates, and economic growth influence consumer purchasing power and production costs. Social trends, including changing demographics and cultural shifts, impact labor markets and product demand. Technological advancements shape product innovation, operational efficiency, and customer engagement. Environmental considerations, such as climate change and sustainability concerns, increasingly influence business practices and corporate responsibility initiatives. Although firms have limited control over these macro-level forces, strategic foresight enables them to adapt effectively.

Large manufacturing firms in Kenya operate in a complex environment shaped by both micro and macro factors. Intense competition from local and international players, regulatory changes, fluctuating input costs, and evolving consumer expectations necessitate continuous adaptation. For example, fluctuations in exchange rates affect the cost of raw materials, while government regulations regarding taxation and environmental compliance shape operational decisions. Social awareness of sustainability has also compelled manufacturing firms to adopt environmentally friendly practices to meet consumer demands and comply with regulations. The ability to monitor external trends and align strategies with these developments is essential for achieving operational efficiency and long-term sustainability.

In summary, the business environment is a critical factor influencing the success, profitability, and sustainability of firms. Both the micro and macro environments provide a framework for understanding the external factors that shape corporate strategies. For large manufacturing firms in Kenya, aligning internal capabilities with external opportunities and threats is essential for maintaining competitiveness. This study adopts Sardak and Movchanenko's (2018) definition of the business environment, which emphasizes the importance of situational factors and actors in shaping business outcomes. By continuously adapting to external changes, firms can develop sustainable strategies that enhance performance and ensure long-term success.

1.1.4 Organizational Performance

The concept of organizational performance is grounded in the notion that a business organization functions as a voluntary association of productive resources—such as human, physical, and capital assets—working together to achieve common objectives (Carton, 2014). The essence of performance lies in value creation, which reflects the ability of a firm to generate outputs that align with stakeholder expectations. Thus, value creation, as perceived by the providers of resources, forms the core performance criterion for any organization. Organizational performance is defined as the comparison of actual output against intended or planned output (Ngui, 2015). Achieving performance excellence remains the primary goal of organizations (Karisa & Wainaina, 2020), with performance being seen as the measurable output of a firm relative to its predefined production targets (Katua, Mukulu, & Gachunga, 2014). Accurate performance measurement is critical for realizing strategic objectives and ensures that managers understand and address the factors influencing company outcomes (Haddadi & Yaghoobi, 2016). In an era of global competition, performance measurement has become a key focus for firms seeking to maintain competitiveness and survive (Al-Syaidh, Masa'deh, & Al-Zu'bi, 2015; Mahadeen, Al-Dmour, Obeidat, & Tarhini, 2016).

Organizational performance can be evaluated using two key dimensions: financial and non-financial measures. Financial measures focus on quantifiable indicators such as profit, return on assets (ROA), return on investment (ROI), and sales growth. These metrics provide a straightforward and objective reflection of business performance. However, financial measures are often limited by their historical nature and may not fully capture the current health or future potential of a firm (Bucklin & Sengupta, 2020). Furthermore, financial data may not always be publicly available, and even when published, it only offers a partial view of firm performance (Geringer & Hebert, 2018).

To complement financial measures, organizations are increasingly adopting non-financial performance metrics, which provide insights into factors affecting long-term success. Although these non-financial metrics are often subjective, they help firms assess aspects such as customer satisfaction, referral rates, delivery efficiency, employee turnover, and internal business process effectiveness (Covin & Slevin, 2017). The integration of financial and non-financial measures

offers a comprehensive perspective, allowing managers to evaluate operational efficiency, resource utilization, and competitiveness, as well as the firm's ability to respond to external challenges (Chong, 2018).

The financial dimension remains essential, as it offers a snapshot of an organization's financial health, helping to track profitability and investment performance (Cegarra-Navarro, Soto-Acosta, & Wensley, 2016). However, non-financial metrics focus on qualitative elements, such as organizational commitment, employee engagement, process efficiency, and customer satisfaction, which contribute to sustained performance (Sokolova, Zubr, Cierniak-Emerych, & Dziuba, 2019). These non-financial indicators help managers monitor progress toward strategic goals, adapt to environmental changes, and confirm that performance objectives are being met.

This study applies both financial and non-financial dimensions to measure organizational performance. The financial dimension encompasses profitability, sales growth, return on assets, and other related indicators. Meanwhile, the non-financial dimension evaluates key performance areas, such as customer satisfaction, employee engagement, process efficiency, and the organization's adaptability to environmental changes. By integrating these two dimensions, the study aims to provide a more holistic understanding of the performance of large manufacturing firms in Kenya. This balanced approach ensures that both short-term financial gains and long-term sustainability are considered in the performance evaluation framework.

1.1.5 Large Manufacturing Firms in Kenya

Large manufacturing firms in Kenya, as defined by the Kenya Association of Manufacturers (KAM), are those with more than 100 employees (KAM Directory, 2015/2016). Kenya's manufacturing sector has experienced steady growth, increasing by 3.2% in 2015 and 3.5% in 2017, contributing 10.3% to the national GDP (KNBS, 2019). The sector plays a pivotal role in attracting both domestic and international businesses, driving economic competitiveness. A 2017 Consumer Insight study identified Kenya as the second most popular destination for large industrial companies expanding in Africa, with a ranking of 23.17%, following Nigeria at 29.57%. Globally, Kenya ranked fifth after Saudi Arabia, Vietnam, and Argentina, highlighting the country's strategic importance for industrial investment (KAM, 2018).

The manufacturing sector is a significant contributor to Kenya's foreign currency earnings, generating 34% of overall export revenues (KAM, 2014). Beyond this, it plays a key role in meeting national development goals by creating employment opportunities, enhancing economic output, and supporting industrialization (Njoroge, 2014). Despite its average contribution of 10% to the GDP over the past decade, the sector remains central to Kenya's development agenda. In line with the government's Big Four Agenda, the target has been to increase the manufacturing sector's GDP contribution from 10% to 20% by 2020. This ambition underlines the importance of further examining and enhancing the manufacturing sector to support economic growth and improve national competitiveness (Aroni & Namusonge, 2014). The sector's success depends on building a vibrant financial ecosystem to support investment needs, ensuring Kenya's manufacturing industry can compete globally. Nairobi, a hub of manufacturing activity, hosts 741 regional manufacturers (KAM, 2018), demonstrating the sector's strategic concentration in the capital city.

Large manufacturing firms were selected as the target population for this study due to their significant role in driving Kenya's economic growth and their influence on industrial performance. First, these firms contribute heavily to key economic indicators, such as GDP, employment, and foreign exchange earnings, making them essential for evaluating national economic performance. Their large workforce, scale of operations, and capital investment ensure that they are better positioned to adopt and implement advanced corporate governance principles and strategic management practices, making them ideal for assessing the relationship between governance, strategy, and performance.

Secondly, the manufacturing sector is a key pillar of Kenya's development agenda, particularly under the government's efforts to increase the sector's GDP contribution. As large manufacturing firms are pivotal to the achievement of this objective, studying their performance offers valuable insights into how governance and strategy contribute to national goals. Understanding how these firms adapt to external business environments will provide practical insights into improving operational efficiency and competitiveness, which are crucial for the sector's long-term sustainability.

Thirdly, large firms operate in highly dynamic and competitive environments, requiring continuous innovation and strategic adjustment to maintain market relevance. Their ability to attract foreign investments, as well as their involvement in regional and global supply chains, makes them vital players in Kenya's economic landscape. Given the scale and complexity of their operations, these firms face unique challenges that smaller enterprises may not encounter, making them an appropriate focus for understanding the broader dynamics influencing corporate governance and strategic practices.

Additionally, large manufacturing firms were chosen for their capacity to provide comprehensive data on both financial and non-financial performance metrics. Their advanced reporting frameworks and structured management processes allow for a more in-depth analysis of how corporate governance practices impact operational performance. Since these firms are more likely to have well-defined systems for monitoring and evaluating performance, they offer reliable data that enhances the robustness of the study.

In summary, large manufacturing firms were selected as the target population because they serve as the backbone of Kenya's economy, contributing to GDP, employment, and industrialization efforts. Their strategic importance in achieving national development goals and their ability to attract foreign investments make them essential subjects for exploring how governance and strategic management practices influence performance. Moreover, their complex operating environment and capacity to provide comprehensive data make them ideal for this study, offering valuable insights that can inform policy and management practices for sustained growth and competitiveness in Kenya's manufacturing sector.

1.2 Statement of the Problem

The manufacturing sector, both globally and locally, has continued to face numerous challenges, including issues related to transparency, financial performance monitoring, and corporate transactions (OECD, 2020). In Kenya, large manufacturing enterprises have not been spared from these challenges, with many experiencing corporate crises and operational failures. Recent cases of corporate collapses and mismanagement in Kenya, such as Mumias Sugar and East African Portland Cement, have increased public scrutiny of corporate governance practices in

manufacturing firms (CBK, 2019; KNBS, 2021). Poor governance has contributed to the decline of these enterprises, undermining the sector's ability to contribute meaningfully to economic growth and job creation.

The manufacturing sector is crucial to Kenya's economic growth, contributing approximately 7.2% to the national GDP in 2022, with ambitions under the Big Four Agenda to raise this contribution to 15% (KNBS, 2023). However, the sector has underperformed relative to expectations, with its GDP contribution remaining stagnant for over a decade. According to the Kenya Association of Manufacturers (KAM), high production costs, regulatory challenges, and governance issues have hindered the sector's ability to achieve desired growth (KAM, 2022). With over 741 large manufacturers in Nairobi alone (KAM, 2018), understanding the factors that influence their performance is vital for addressing systemic issues within the sector.

Extant research has provided mixed results regarding the relationship between corporate governance and organizational performance. While some studies indicate that good governance enhances financial outcomes (Pillai & Al-Malkawi, 2018), others have reported inconsistencies in its impact (Kamau, Aosa, Machuki, & Pokhariyal, 2018). These findings suggest the need for further investigation into how corporate governance practices influence performance, particularly in different contexts. Moreover, most existing studies have focused on industries such as schools, banks, and SMEs (Barante, 2020; Manyaga, Muturi, & Oluoch, 2020; Adewole & Umoru, 2021), leaving large manufacturing firms underexplored.

Conceptually, research has investigated the link between strategic management practices and performance across various sectors but has not comprehensively explored how these practices impact the performance of large manufacturing firms in Kenya. Similarly, the moderating role of the business environment and the intervening effect of corporate governance principles have not been adequately addressed. Methodologically, previous studies employed semi-structured questionnaires (Kenga & Nzulwa, 2018), limiting the consistency of findings. This study utilized structured questionnaires to ensure data reliability.

This study fills the existing gaps in theory, context, and methodology by examining the influence of corporate governance principles, strategic management practices, and the business environment on the performance of large manufacturing firms in Kenya. It addresses the need for a deeper

understanding of how governance practices can enhance operational outcomes in a challenging business environment. The main research question that guided this study was: What is the influence of corporate governance principles, strategic management practices, and the business environment on the performance of large manufacturing firms in Kenya?

1.3 Objectives of the Study

The study purposed to establish the relationship between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya.

1.3.1 Specific Objectives

The specific objectives of the study are:

- i. To determine the relationship between corporate governance principles and performance of large manufacturing firms in Kenya
- ii. To establish the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.
- iii. To establish the moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.
- iv. To determine moderated mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

1.4 Significance of the Study

The study makes significant contributions to theory, practice, and policy. It advances the theoretical understanding of corporate governance principles and their influence on the performance of large manufacturing firms in Kenya. The findings are expected to serve as a critical

point of reference for future researchers, scholars, and academicians, enriching the body of knowledge in strategic management and governance.

This study contributes to theory development by offering insights into the application and influence of corporate governance principles within the Kenyan context. Existing governance frameworks, such as agency theory, stakeholder theory, and resource dependency theory, are extended by incorporating environmental and strategic management dimensions that are specific to large manufacturing firms. The study enhances our understanding of how corporate governance principles function as both control and performance mechanisms by revealing their role in mitigating agency problems, aligning stakeholders' interests, and promoting long-term sustainability. Additionally, the study addresses conceptual gaps by investigating the moderating role of the business environment and the intervening effects of strategic management practices on firm performance. These findings provide a nuanced view of how governance interacts with external and internal factors, contributing to the development of integrative frameworks in corporate governance research. As a result, the study enriches the literature by expanding on the relationships among corporate governance principles, strategic management practices, and firm performance within the context of emerging economies.

The findings also support the idea that governance practices need to be adapted to the specific challenges and opportunities within Kenya's manufacturing sector. This contributes to the contextualization of global theories and helps develop new models that align with the realities of African markets. Furthermore, the study opens avenues for future research by identifying areas where governance intersects with other business functions, such as risk management, stakeholder engagement, and corporate social responsibility. From a managerial perspective, the study provides managers of large manufacturing firms with tools to enhance operational efficiency and competitiveness through responsible governance mechanisms. By effectively managing risks, foreseeing regulatory changes, and accessing new markets, firms can improve shareholder value and operational outcomes. The study equips managers with insights into managing social, environmental, and governance (ESG) issues, contributing to the overall quality of management needed to thrive in a globalized and interconnected economy.

The study has implications for policy by demonstrating the importance of governance in fostering sustainable growth within the manufacturing sector. Policymakers and external stakeholders can use the findings to develop policies that promote a conducive business environment for large manufacturing firms. The study provides evidence-based recommendations for aligning governance frameworks with national economic goals, such as those outlined in Kenya's Big Four Agenda.

The study serves as a foundation for future research by identifying new areas for exploration, particularly in the relationship between governance principles and firm performance across various industries. It encourages scholars to examine corporate governance in different sectors beyond manufacturing, thus broadening the scope of governance research in Kenya and other developing economies. Moreover, the study provides valuable insights for potential and current scholars interested in strategic management practices, ESG issues, and corporate governance principles, facilitating the generation of new knowledge in these fields.

1.5 Scope of the Study

The relationship between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya was examined. The government's Big 4 Agenda, which aims to expand the GDP contribution of the industry to 15% by 2022, has rekindled interest in the manufacturing sector. The size of the workforce, the number of facilities, and the quality of the service or output are used to characterize large manufacturing firms. According to Nairobi Securities Exchange (NSE) 2020, there are 9 large manufacturing firms in Kenya. The study was conducted between March 2022 and August 2023.

1.6 Limitations of the Study

1.6 Limitations of the Study

Some of the respondents might hold on to crucial information for fear of victimization and might opt not to participate in the study. The researcher notified the participants of the strict confidentiality of the information so given by them in order to counter the challenge of low

response. Similarly, the researcher outlined the procedures that were used to ensure the information is kept confidential.

The researcher may encounter difficulties in accessing them due to the tight schedules of the respondents. To mitigate this, the researcher arranged for prior appointments with the respondents and present the consent letter, authority letter from the Management University of Africa. The researcher was also obtain the research permit from NACOSTI. Additionally, the researcher developed strong interpersonal skills with the respondents, explain the significance of the study to them, and assure them of the strict confidentiality of any information provided.

1.7 Chapter Summary

This chapter presents a background of the study that describes the relationship between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya. The chapter also presents the statement of the problem, research objectives and explains the justification, scope of the study and limitations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter reviews relevant literature for this study with a more integrative focus. The chapter presents the theoretical review and presents the dimensions of corporate governance principles, strategic management practices, business environment and their relation to performance. The chapter also highlights the empirical review of variables and discusses the theories guiding the study. The conceptual framework and operationalization of research variables is also highlighted. The summary of literature review, knowledge gaps as well as the hypotheses of the study are presented. Theoretical and empirical literature on the study variables is highlighted focusing on the research gaps.

2.1 Theoretical Literature Review

The study was anchored on the Resource Dependence Theory which supports the performance of large manufacturing firms in Kenya and was complimented by the Agency theory, the stakeholder theory and the contingency theory. Corporate governance principles was supported by the Agency theory. The stakeholder theory supported the strategic management practices, while contingency theory supported the business environment and resource dependence theory supported the performance of large manufacturing firms in Kenya. The anchor theory was complimented by the support theories. The assumptions and limitations of one theory were complemented by the other theories.

2.1.1 Resource Dependence Theory

Resource Dependence Theory (RDT) was formulated by Birger Wernerfelt in 1984 and draws from both sociology and management. The theory takes a strategic view of CG and explains how the firm's external resources influence its behavior (Hitt, Xu, & Carnes, 2016). The theory examines a firm's unique blend of resources, competencies, capabilities, and intangibles to analyze and determine its strategic advantages (Hitt, et al., 2016). Therefore, acquiring external resources

is essential for any organization's strategic management. Resource dependence theory focuses on the appointment of representatives of independent organizations as a way to acquire access to the resources necessary for firm success with respect to the external environment because every company depends on resources (Paniagua, Rivelles, & Sapena, 2018). The theory also focuses on the function of directors in getting access to firm's resources needed for development (Chen, Hsu, & Chang, 2016).

Since the environment's sources of resources are other businesses, these businesses rely on one another and share resources. Resources are the foundation of a firm's power since they are precious, expensive to imitate, uncommon, and non-replaceable (Hitt et al., 2016). In other words, the two are intimately related. Comparing their competitors who lack access to those resources, more powerful companies can be said to exist. The productivity of businesses is typically impacted by their reliance on other businesses (Chen et al., 2016). Resources are scarce, which causes uncertainty for organizations. Businesses are constantly looking for new methods to use resources to their advantage and ensure their long-term existence. The resource dependence hypothesis looks into the relationship between how directors interact with various aspects of organizational behavior or performance. When a business owns a scarce resource, it keeps a competitive advantage over rival businesses in the same sector until the resource is made available to the rival businesses. This was the anchor theory of the study.

Resource Dependence Theory (RDT) is highly relevant to the study's objectives as it emphasizes the critical role of external resources in shaping the behavior and performance of large manufacturing firms. By focusing on how firms acquire and manage resources from their external environment, RDT provides insights into the strategic management practices that these firms adopt to enhance their competitiveness. This theory underscores that the performance of large manufacturing firms is not solely dependent on internal capabilities but is significantly influenced by their ability to navigate relationships with other organizations to access vital resources. By applying RDT, the study aims to explore how resource acquisition impacts corporate governance practices and overall performance, thereby addressing the core objective of linking corporate governance principles to firm performance in the context of large manufacturing in Kenya.

2.1.2 Agency Theory

Alchian and Demsetz (1972) laid the groundwork for agency theory, and Jensen and Meckling (1976) expanded on it. The proponent of agency clarifies the connection between the agents, such as the company's executives and managers, and the principals, like as shareholders (Al Mamun, Yasser, & Rahman, 2013; Keraro, 2014; Mwithi, 2016). According to this theory, the company's shareholders, who serve as its owners or principals, employ the agents. According to agency theory, a connection exists when one party, the principle, assigns tasks to a different party, the agent. According to the principal agent model, self-interested managerial behavior in all principal agent relationships constitutes the fundamental issue with corporate governance rules (Mallin, 2016). Clarke and Branson (2012) claim that principals assign the management of the company to the directors or managers, who act as the shareholders' agents. Branson and Clarke (2012) claim that principals assign the management of the company to the directors or managers, who act as the shareholders' agents. Because agency theory has theoretical origins, there has been a great deal of empirical research on it (Filatotchev & Wright, 2011).

According to agency theory, a connection exists when one party, the principle, assigns labor to a different party, the agent (Mallin, 2016). Agency theory offers a framework for connecting corporate governance ideals to business performance (Mishra & Mohanty, 2014). Companies are referred to as a nexus of contracts under the agency theory framework where one party provides some service on their behalf (Subramaniam, Stewart & Shulman, 2013). The stewardship theory, which contends that management is driven to make decisions that enhances performance because it assumes that the interests of shareholders and management are aligned, is attacked for conceptualizing the agency theory. Agency theory offers a framework for connecting corporate governance ideals to business performance (Mishra et al., 2014).

Agency Theory is particularly relevant to the study as it illuminates the dynamics between shareholders and management within large manufacturing firms. The theory posits that the interests of managers (agents) may not always align with those of the shareholders (principals), potentially leading to conflicts that can hinder organizational performance. By examining how corporate governance mechanisms can mitigate these agency problems, the study aligns with its objective of understanding how corporate governance principles influence the performance of

large manufacturing firms in Kenya. The insights derived from Agency Theory will inform the analysis of governance structures and practices that promote accountability, transparency, and alignment of interests, ultimately contributing to enhanced financial performance.

2.1.3 Contingency Theory

The contingency theory was founded by Miller and Friesen in (1983) and furthered by Dess and Beard in (1984). The traditional contingency theory suggests that business environment influences the strategy employed by an organisation (Miller & Friesen, 1983; Dess & Beard, 1984). Contingency theory holds that the adaptability of the organization to an environment that is continuously unpredictable. The idea of the contingency theory is that the environmental alignment of the business plays a crucial role in its outcomes (Hanisch & Wald, 2012; Darwish, Abdo & AlShuwaiee, 2018).

Since the implementation of environmental management can be thought of as the result of the fit between the structure of organizational decision-making and a number of external factors. According to contingency theory, the ideal organizational structure depends on the environment that an organization is connected to (Cui, Walsh & Zou, 2014; Karim, Carroll, & Long, 2016). The theory has limits since there is still a lack of knowledge about the determinant elements in the setting of entrepreneurial enterprises in research that support the virtues and benefits of applying environmental management (Kunapatarawong, & Martínez-Ros, 2016). This theory explains the relationship between business environment and performance.

Contingency Theory provides a framework for understanding how external environmental factors influence organizational strategy and performance. This theory is relevant to the study as it posits that the effectiveness of strategic management practices is contingent upon the business environment in which firms operate. In the context of large manufacturing firms in Kenya, the study will explore how varying environmental conditions—such as economic, regulatory, and competitive factors—moderate the relationship between corporate governance principles and firm performance. By integrating Contingency Theory, the research aims to identify the contextual factors that shape governance practices and strategic responses, thus addressing the study's objective of understanding the moderating effect of the business environment.

2.1.4 Stakeholder Theory

Stakeholder theory, coined by Edward Freeman in 1984, posits that businesses are social entities impacting a variety of stakeholders' welfare. According to Mitchell, Van Buren, Greenwood, and Freeman (2015), an organization is a system of stakeholders operating within the broader context of the host society, which provides essential societal, governmental, and economic infrastructure for the firm's operations. The primary goal of an organization is to enhance the wealth or value of its stakeholders by transforming their stakes into commodities and services (Mitchell et al., 2015). The key to achieving this lies in empowering those firm participants who control or contribute critical, specialized inputs (organization-specific human capital) by giving them a stronger voice and ownership-like incentives, thereby aligning their interests with those of independent, passive shareholders.

Mulili and Wong (2011) contend that an organization's success hinges on its ability to generate value for all its constituents. This perspective highlights the need for firms to incorporate stakeholder concerns into their decision-making processes, employing proactive strategies and establishing the requisite governance structures (Schouten, Wade, & Wit, 2006). Stakeholder Theory emphasizes the importance of considering the interests of all stakeholders in organizational decision-making, aligning closely with the study's objective of establishing the relationship between strategic management practices and performance in large manufacturing firms.

By recognizing the diverse interests of stakeholders—including employees, suppliers, customers, and the community—the study will assess how effective stakeholder engagement contributes to improved performance outcomes. Organizations that actively integrate stakeholder perspectives into their governance structures and strategic practices are better positioned to achieve sustainable growth and performance. Thus, Stakeholder Theory will be instrumental in analyzing the interplay between governance practices, stakeholder interests, and organizational performance within the context of large manufacturing firms in Kenya.

Stakeholder Theory is crucial for the study as it emphasizes the importance of considering the interests of all stakeholders in organizational decision-making. This perspective aligns with the study's objective of establishing the relationship between strategic management practices and performance in large manufacturing firms. By acknowledging the diverse interests of stakeholders,

including employees, suppliers, customers, and the community, the study will assess how effective stakeholder engagement contributes to improved performance outcomes. This theory supports the idea that organizations that actively incorporate stakeholder perspectives into their governance structures and strategic practices are better positioned to achieve sustainable growth and performance. Therefore, Stakeholder Theory will be instrumental in analyzing the interplay between governance practices, stakeholder interests, and organizational performance in the study.

2.2 Empirical Literature Review

The literature review highlights and provides a rationale for the research study by discussing factors affecting large manufacturing firms in Kenya. The link between corporate governance principles, strategic management practices, business environment and performance is discussed.

2.2.1 Corporate Governance Principles and Performance of Large Manufacturing Firms

Globally, scandals involving the banking industry in the United States also led to the insolvency of a number of significant businesses, like Enron, where billions of dollars in shareholder value were destroyed (Markham, 2015). According to research conducted by Hwang, Kim, Park and Park (2013) on the relationship between transparency-related governance traits and liquidity in the U.S. stock market, corporate governance has a significant positive impact on organizational performance. Chaudhary and Gakhar (2018) focused on board size and board meeting attendance frequency as the main corporate governance indicators in India and discovered that there was little correlation between these metrics and business performance. In South Africa, Johnson (2020) found a link between corporate governance practices and financial performance. Hove-Sibanda, Sibanda and Pooe (2017) revealed a positive correlation between corporate governance and performance as this improves company's competitive edge. In Nigeria, Udeh, Abiahu and Tambou (2017) established that board composition as a component had an insignificant impact on financial performance.

The research conducted by Kyere and Ausloos (2021) empirically investigated the influence of effective corporate governance on the financial performance of non-financial listed companies in the United Kingdom. The conceptual paradigm is based on agency theory and stewardship theory. The study analyzed five corporate governance systems using cross-sectional regression techniques

to assess their impact on two financial performance indicators: return on assets and Tobin's Q. The empirical test conducted on 252 businesses listed on the London Stock Exchange in 2014 reveals that corporate governance procedures may have a good or negative influence on financial performance, or occasionally no impact at all. The research findings demonstrate that selecting appropriate corporate governance measures may improve a corporation's financial performance.

In their study, Puni and Anlesinya (2019) investigated the impact of corporate governance mechanisms, as suggested by the Securities and Exchange Commission (SEC) of Ghana, on the performance of listed Ghanaian companies. The researchers measured performance using accounting-based ratios such as return on assets, return on equity, and earnings per share, as well as the market-based measure known as Tobin's Q. The study covered the period from 2006 to 2018. The mechanisms include board composition, which encompasses factors such as board size, the presence of internal directors and outside directors. Additionally, board committees such as audit, compensation, and nomination play a role. The duality or separation of the chief executive officer (CEO), board meetings, and shareholder concentration are other important mechanisms. The research used panel regression analysis to examine the impact of corporate governance variables mandated by the Securities and Exchange Commission (SEC) of Ghana on business performance. The analysis was conducted using data from 38 publicly traded companies in Ghana spanning from 2006 to 2018. Information was obtained from the yearly financial statements of publicly traded corporations. The research discovered that having both individuals with internal and external affiliations on the company's board of directors enhanced the financial performance. Likewise, the dimensions of the board, the regularity of board meetings, and the concentration of shareholders all tended to have a favorable influence on financial success. Nevertheless, the existence of board committees often resulted in a detrimental effect on financial performance, while CEO duality had no discernible influence on financial success. This research enhances the comprehension of how effective corporate governance practices impact the success of companies, benefiting both scholars and specifically policymakers in Ghana. This research aims to enhance the comprehension of the impact of effective corporate governance standards on the performance of big manufacturing enterprises in Kenya, benefiting both academics and industry professionals.

Arfianty, Yadi, Imran, and Fatimah (2022) conducted a study to investigate the impact of Good Corporate Governance (GCG) on the relationship between financial performance and the value of

manufacturing companies listed on the Indonesia Stock Exchange. The objective of the study was to determine the influence of the value of manufacturing companies on the Indonesia Stock Exchange on their financial performance. The data analysis approaches used in this research include: This study employs a quantitative methodology by conducting data testing, descriptive analysis of variables, and verification analysis to assess and quantify the impact of financial performance on the value of manufacturing companies listed on the Indonesia Stock Exchange during the period of 2017-2019. Additionally, the study used Moderated Regression Analysis (MRA) to examine the moderating effect of financial performance on the link between the value of manufacturing businesses and the Indonesia Stock Exchange throughout the period of 2017-2019. The study findings indicate that the return on equity (ROE) does not have a substantial impact on Tobin's Q. Both the t value of -0.413 and the significance level of 0.681 (> 0.05) indicated the same conclusion. Despite having a negative parameter coefficient, strong corporate governance (managerial ownership) has a considerable impact on the correlation between return on equity (ROE) and Tobin's Q. The current study examined the influence of corporate governance principles and performance of large manufacturing firms in Kenya.

Iqbal, Nawaz, and Ehsan (2019) conducted a study to investigate the correlation between corporate governance and financial performance in microfinance institutions (MFIs) across Asia. The research used a panel dataset of 173 Microfinance Institutions (MFIs) across 18 Asian nations from 2007 to 2011. The corporate governance index was constructed using seven criteria related to board size and composition, CEO attributes, and ownership type. The research subsequently calculated the reciprocal association between this index and each of five distinct financial performance measures. In order to examine the potential relationship between corporate governance and financial performance, the research used a two-stage least squares estimation method using instrumental variables. The findings verified the inherent relationship between corporate governance and financial performance, establishing that microfinance institutions experience enhanced profitability and sustainability through the implementation of effective governance practices. Conversely, microfinance institutions with stronger governance systems tend to exhibit greater profitability and sustainability. The research conducted by Iqbal et al. (2019) specifically examines microfinance institutions (MFIs) throughout Asia. The results may lack

generalizability to major manufacturing enterprises in Kenya, since these firms operate in a distinct sector with distinctive risk and return characteristics.

In Kenya, Outa and Waweru (2016) looked at the compliance with corporate governance codes and guidelines and established a positive correlation between corporate governance and company's financial performance. Similarly, compliance with corporate governance guidelines had a positive relationship with listed stocks and this increased shareholder value through good returns (Ademola, Moses, & Ucheagwu, 2016). Furthermore, other studies have discovered that the decline in financial performance in companies around the world can be attributed in part to poor corporate governance practices (Ademola, et al., 2016). Corporate governance is critical in ensuring that the company complies with regulatory requirements such as health and occupational safety, environmental regulations, and meeting statutory submissions such as tax payments (Edwin & Timothy, 2016).

In a study conducted by Arslan (2019), the interplay between corporate governance, compliance, and performance was investigated using a mixed research technique. The findings revealed that all aspects of corporate governance had a notable impact on performance. Consequently, implementing corporate governance standards may enhance the performance of companies listed on the Pakistan Stock Exchange (PSX). The research examined the relationship between study variables via the use of exploratory factor analysis (EFA) and multiple hierarchical regression. Isaac (2022) investigated the relationship between corporate governance and performance. The study used a descriptive research methodology and utilized questionnaires to gather primary data, which was then analyzed using both descriptive and inferential statistics. An affirmative link has been shown between corporate governance and performance.

Greece is an intriguing location for studying corporate governance due to its weak governance structures, low audit quality, moderate tax and financial compliance, limited significance of capital markets, and low financial transparency compared to other developed countries (Bushman et al., 2004; Dimitropoulos and Asteriou, 2010). In addition, the Greek sovereign debt crisis in 2010 was caused by the 2008 global financial crisis. This crisis exposed underlying structural flaws and macroeconomic imbalances, resulting in a severe recession for the Greek economy (Repousis, 2015). The study examined the corporate governance procedures in Greece and their impact on

profits management and business performance. The study focuses on non-financial companies listed on the Athens Stock Exchange (ASE) between 2006 and 2012. The enactment and enforcement of legislation and particular standards of good governance practice have been implemented to enhance investor confidence and enhance the long-term performance and competitiveness of Greek enterprises.

The first empirical investigation analyzes the degree to which the enforcement of corporate governance Law 3693/2008, which mandates the presence of audit committees in all Greek listed companies, restricts the manipulation of financial profits by these corporations. Panel data study reveals a shift in the connection between corporate governance quality and earnings management from negative to positive after the introduction of the legislation. This indicates that companies prioritize strict compliance with legal requirements rather than focusing on the underlying principles, and that this specific system of corporate governance is not fulfilling its intended objective. The second empirical research investigates the correlation between corporate governance and business performance during a financial crisis, when the anticipated association between the two variables is not initially evident. Panel data analysis reveals a shift in the correlation between corporate governance and business performance from positive to negative throughout the Greek sovereign debt crisis era. This implies that the principles of effective governance that are applicable during stable periods may have adverse effects during times of crisis. Univariate, bivariate and multivariate analysis was used to analyze the data. Data was used descriptive and inferential statistics.

Al-Ahdal, Alsamhi, Tabash, and Farhan (2020) conducted an empirical analysis to evaluate the influence of corporate governance on the financial performance of listed enterprises in India and Gulf Corporation Council (GCC) nations. The research utilises a sample comprising of 53 non-financial listed firms from India and 53 non-financial listed companies from GCC nations over the time frame of 2009–2016. The findings indicate that both board accountability (BA) and audit committee (AC) have a negligible influence on businesses' performance, as assessed by return on equity (ROE) and Tobin's Q. Transparency and disclosure (TD) have a negligible adverse effect on businesses' performance as assessed by Tobin's Q. Furthermore, the country dummy findings indicate that Indian enterprises outperform Gulf nations' firms in terms of corporate governance procedures and financial performance. The present study serves as a catalyst for further research

and investigations, specifically focusing on Indian and GCC listed companies, with regards to the relationship between corporate governance and financial success. The current study determined the relationship between corporate governance principles and performance of large manufacturing firms in Kenya

In their study, Erena, Kalko, and Debele (2022) investigated the influence of corporate governance structures on both financial and non-financial dimensions of business performance in medium and large-scale manufacturing companies in Ethiopia. The study utilises cross-sectional survey and simple random sampling techniques to collect data. Data is gathered through a questionnaire that assesses five corporate governance indicators: board independence, board effectiveness, shareholders role, internal audit effectiveness (IAE), and disclosure and transparency. The firm's success is measured by six indicators: customer and market performance (CM), internal process performance (IP), differentiation, efficiency, competitive position performance (CP), and financial organisational performance (OP). The data analysis was conducted using covariance-based structural equation modelling (SEM) using the maximum likelihood parameter estimation approach. A strong correlation has been discovered between the autonomy of the board of directors and the success of the company, particularly in terms of distinctiveness, operational performance, capital performance, and innovation performance. Surprisingly, the efficacy of the board of directors had a considerable negative impact on distinctiveness, operating profit, cash flow, cost management, and innovation performance. The research also suggests that disclosure and openness have a considerable favourable impact on distinction, corporate performance, and operational performance. Nevertheless, the coefficient associated with the CM construct of business performance exhibits a negative and statistically significant relationship. Furthermore, a strong negative correlation has been discovered between IAE and two performance measures: differentiation and CP. An noteworthy discovery from the research is that the involvement of shareholders has a notable and favourable influence on several aspects of the board, such as its independence and effectiveness, as well as on the performance of the company, including differentiation, efficiency, and measures of profitability (CP and OP). This research has a possible weakness when compared to previous studies. It is based on a limited sample size, which restricts the capacity to apply the results to a larger population. Various researchers (Anderson and Gerbing, 1984, 1988; Iacobucci, 2010; Hair et al., 2019) have proposed that Structural Equation Modelling

(SEM) need a substantial sample size in order to evaluate the theoretical model. Therefore, future studies might enhance the examination of the relationship between corporate governance and business performance by using a bigger sample size to get more dependable findings.

In their study, Puni and Anlesinya (2019) analysed the impact of corporate governance mechanisms suggested by the Securities and Exchange Commission (SEC) of Ghana on the performance of listed Ghanaian companies. They measured performance using accounting-based ratios such as return on assets, return on equity, and earnings per share, as well as a market-based measure called Tobin's Q. The study covered the period from 2006 to 2018. The mechanisms include board composition, which encompasses factors such as board size, the presence of internal directors and outside directors. Additionally, board committees such as audit, compensation, and nomination play a role in the governance process. The separation or duality of the chief executive officer (CEO) post is another mechanism to consider. Furthermore, board meetings and shareholder concentration also contribute to the overall governance structure. The research used panel regression analysis to examine the impact of corporate governance variables, as mandated by the Securities and Exchange Commission (SEC) of Ghana, on business performance. The analysis was conducted using data from 38 publicly listed companies in Ghana spanning the period from 2006 to 2018. The data were obtained from the annual reports of publicly traded corporations. The research revealed that having a combination of both internal and external members on the company's board of directors positively impacted its financial success. Likewise, the dimensions of the board, the regularity of board meetings, and the concentration of shareholders or ownership structure often had a favourable influence on financial performance. Nevertheless, the existence of board committees often resulted in a detrimental effect on financial performance, while CEO duality had no discernible influence on financial success. This research enhances the comprehension of the impact of effective corporate governance practices on the performance of firms, benefiting both scholars and specifically policymakers in Ghana. The article by Puni & Anlesinya (2019) focuses specifically on corporate governance and its impact on firm performance in Ghana. While relevant, it doesn't directly address the broader topic of "corporate governance principles, and performance of large manufacturing firms in Kenya

Kariuki, Ombaka, and Mburu (2021) investigated the impact of corporate governance on the performance of Kenyan public universities and discovered that corporate governance had a

statistically significant impact on performance. The research was based on the principles and concepts of social network theory. The study aimed to accomplish its purpose by using a pragmatic attitude and utilizing a mixed research approach. The target population consisted of 234 senior managers from various universities. Data was gathered via the use of a Likert scale questionnaire consisting of 5 points and an interview guide. The data was examined using both descriptive and inferential statistics. The findings indicate that corporate governance has a statistically significant impact on the performance of public universities in Kenya. This research determined that adhering to effective corporate governance procedures is a crucial strategy that Public Universities may use to enhance their performance. University senior administrators should strictly adhere to excellent corporate governance principles, particularly by following management rules, promoting public engagement, and maintaining transparency in their operations. Moreover, the findings have significant ramifications for senior administrators at universities, as well as for other business organizations, policymakers, and stakeholders in the global higher education system, including Kenya. The research was conducted using a mixed research design. Questionnaires and interview guides were used to collect data then analyzed using descriptive and inferential statistics.

Kenga and Nzulwa (2018) investigated the impact of corporate governance practices on medium-sized enterprise performance in Kilifi County, Kenya. The structural inefficiencies and substantial unmanageable debts of Kenyan manufacturing enterprises, along with poor performance, present a significant danger to the Kenyan economy. The industry is funded by a combination of debt and equity in order to prevent severe negative consequences, such as the collapse of the business due to a lack of liquidity. Kenyan manufacturing enterprises are hindered by inadequate corporate governance and substantial unsustainable debts, resulting in stakeholders losing their investments and suppliers facing unresolved claims due to bad financial management choices. The growth of the industrial sector in Kenya is showing a concerning downward trend. The government's efforts to establish policies for the development of the industry have not been successful. The fundamental reason has been recognized as the financial leverage and the qualities of the board of directors. The issue is exacerbated by many legal proceedings against previous directors of industrial firms for their mismanagement and theft of cash. This independent study paper provides an overview and theoretical analysis of financial leverage and the characteristics of board of directors. This study offers a comprehensive analysis of the correlation between financial leverage choices and

the characteristics of the Board of Directors in the manufacturing sector. It includes a literature review and theoretical framework. The study finds that the qualities of a company's board of directors have an impact on its choices about financial leverage. Additionally, the size of the company determines the amount of external borrowing it can get. This study highlights the need for empirical research to determine the exact link between the features of the board of directors, the size of the business, and the financial leverage of manufacturing enterprises.

2.2.2 Corporate governance principles, Strategic Management Practices on Performance of Large Manufacturing Firms

Halim, Mustika, Sari, Anugerah, and Mohd-Sanusi (2017) conducted a study to investigate the impact of the Risk Management Committee on company performance. They also evaluated how the Risk Management Committee influences the link between Corporate Governance, company Size, Financial Reporting Risk, and Firm Performance. A sample of 299 enterprises was obtained using the purposive sampling approach. This research used secondary data acquired from the annual reports of the firms, which was then analyzed using SPSS, version 20.0. The findings of this investigation suggest that the research hypothesis is fully supported. This research discovered that the Risk Management Committee has an impact on business performance. Additionally, it was observed that the Risk Management Committee serves as the intervening variable in the connection between corporate governance, firm size, and financial reporting risk on firm performance. Establishing a Risk Management Committee would enhance the company's ability to effectively manage and mitigate risks associated with financial reporting. Although the research examines the mediating influence of the Risk Management Committee, it does not specifically discuss strategic management methods in their entirety. Strategic management involves a wider array of activities, such as developing strategies, putting them into action, and assessing their effectiveness. The current study assessed the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

Shahwan and Fathalla (2020) conducted a study to examine how intellectual capital (IC) acts as a mediator between corporate governance (CG) practices and business performance. This research also investigates the reciprocal relationships between these factors. The degree of corporate governance procedures and the performance of intellectual capital were assessed using the defined

corporate governance index and the value-added intellectual coefficient approach. Firm performance was assessed using Tobin's Q (TQ) and the operational efficiency ratio. The cumulative corporate governance (CG) score has a substantial and favorable influence on the intellectual capital (IC) and the two indicators of firm success. Nevertheless, the intellectual capital (IC) only partially mediates the connection between the overall corporate governance score and a company's operational efficiency ratio. The intellectual capital (IC) plays a role in both partially and fully mediating the link between the sub-dimensions of corporate governance and the performance of Egyptian corporations. Furthermore, there is a reciprocal link between corporate governance (CG) and Tobin's Q (TQ). Although Tobin's Q and operational efficiency are useful indicators, they may not fully capture the performance of major Kenyan firms. Integrating industry-specific metrics such as customer satisfaction and competitiveness would enhance the existing research. The current study examined the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

In their study, Nur'ainy, Nurcahyo, Sri Kurniasih, and Sugiharti (2019) investigated the impact of implementing good corporate governance (GCG) on corporate performance, with a focus on the mediating role of firm size as assessed by Economic Value Added (EVA). Prior research has shown a correlation between business success and the effective application of corporate governance. However, the use of EVA for assessing corporate performance is still seldom in study. Approach: This study utilizes manufacturing businesses that are listed on the Indonesia Stock Exchange throughout the period of 2006-2010 as the sample population. Purposive Sampling was employed to establish the sample criteria: publicly traded manufacturing companies operating between 2006 and 2010 that consistently disclose annual and financial reports on either the Indonesia Stock Exchange (IDX) website or their own website; specifically, the 40 companies with the largest market capitalization were selected. Path Analysis was performed to demonstrate the direct and indirect impacts of each pathway. Findings: This study demonstrates that the application of GCG has a direct impact on corporate performance, as evaluated by EVA. Additionally, it indirectly influences performance via its influence on company size. Put simply, the size of a company plays a role in mediating the effect of implementing effective corporate governance on its performance. Practical Implication: This study aims to provide an overview of how GCG is

implemented in Indonesia. The findings can be used by investors and potential investors to make informed investment decisions. Additionally, the study supports previous research on the connection between GCG implementation and corporate performance. Originality/value: This study aims to examine the direct impact of implementing good corporate governance (GCG) on corporate performance, as measured by Economic Value Added (EVA), as well as its indirect influence via the size of the company. Given the existing debates in prior research on this topic, this study seeks to provide more investigation and clarification. This research examines the role of business size as a mediating variable, rather than focusing on strategic management approaches. Although business size may have a role, strategic management techniques include a wider array of activities that directly impact the operations of a corporation. The research only uses Economic Value Added (EVA) as the singular metric for evaluating performance. It is important to take into account a wider viewpoint that encompasses both financial and non-financial measures that are pertinent to major Kenyan manufacturers.

The research conducted by Tapang, Uklala, Mbu-Ogar, Obo, Efiang, Usoro, Lebo, and Anyingang (2022) examined how corporate social responsibility acts as a mediator between corporate governance and financial performance. The data collected from secondary sources were evaluated using the partial least square methodology, adopting an ex-post facto research strategy. The study used the structural equation modeling technique and found that corporate social responsibility had a little impact on corporate governance. Additionally, it was shown that corporate social responsibility has a substantial impact on financial performance. Moreover, the findings indicated that corporate governance has a substantial impact on financial success. In addition, the study discovered that corporate social responsibility does not play a role in mediating the connection between corporate governance and financial success. In summary, the research indicates that corporate social responsibility does not act as a mediator in the relationship between corporate governance and financial success. The research proposes the establishment of a centralized corporate organization in Nigeria. This organization would be responsible for gathering and organizing data relating to corporate governance. Additionally, it would generate indices that can be used to investigate corporate governance practices. Corporate social responsibility projects should be acknowledged via appropriate means. Banks must strategically plan to satisfy their corporate responsibility requirements, ensuring that their lending and investment strategies do not

promote environmentally hazardous business practices or contribute to pollution. The improvement of banks' financial performance cannot be attributed simply to the implementation of corporate governance and corporate social responsibility. There are still several additional things to monitor closely. In order to improve their financial performance, banks must apply approaches such as sustainability modernization and continuous upgrading. The study used Corporate Social Responsibility (CSR) as the mediating variable. The primary objective of the present research is to investigate strategic management practices, a more comprehensive notion that has a more immediate influence on performance in comparison to Corporate Social Responsibility. The research primarily examines banks in Nigeria, which operate in a distinct setting when compared to huge industrial enterprises in Kenya.

In their study, Ziyae and Sadeghi (2021) investigated how strategic entrepreneurship acts as a mediator in the relationship between corporate entrepreneurship and company performance. They used the resource-based approach as a conceptual framework for their analysis. We used a quantitative research technique and employed structural equation modeling methods to develop structural models for the purpose of experimentally examining the study hypotheses. To accomplish this goal, a survey was conducted among 103 financial technology enterprises in Iran, using a questionnaire. The results support the proposed ideas. The findings indicate a positive association between corporate entrepreneurship, strategic entrepreneurship, and company performance. Furthermore, they illustrate how strategic entrepreneurship serves as an intermediary in the relationship between corporate entrepreneurship and firm performance. Financial technology businesses in Iran are increasingly using corporate entrepreneurship and strategic entrepreneurship to achieve optimum company performance in the changing business environment. This study contributes to the current corpus of research on strategic entrepreneurship by using a resource-based approach to examine the relationship between a company's capabilities (particularly strategic entrepreneurship) and its performance. Applying a resource-based approach improves understanding of strategic entrepreneurship. This study focuses on analyzing the unique characteristics that determine how Iranian financial technology companies use strategic entrepreneurship in order to get a competitive advantage. The study focuses on financial technology enterprises in Iran, which operate in a distinct industry and have a distinctive range of challenges and opportunities that differ from those faced by large-scale industrial organizations in

Kenya. Strategic entrepreneurship is defined in the study as the integration of actions that include the identification and pursuit of opportunities, together with the acquisition of competitive advantages. The objective of this study is to examine certain strategic management methods in the manufacturing industry.

Sakpaide, Odiri, and Sakpaide (2023) investigated the correlation between strategic management and the operational effectiveness of manufacturing companies in Delta State, Nigeria. Throughout the study, four research questions and four null hypotheses were developed and then evaluated. The research population consisted of 136 individuals picked from specific industrial enterprises in Delta State. From this population, a sample of 101 people was obtained using the Taro-Yamani Formula. The questionnaire was used as the tool for data gathering. The validity of the study instrument was established by the combined use of face and content validity. We used appropriate statistical methods to analyse the data and evaluated the stated hypotheses using regression analysis. The study's results revealed a substantial correlation between the strategic management process and the performance of industrial enterprises in Delta State, Nigeria. This research thus suggests that manufacturing organisations should consistently use appropriate and precise tactics in order to get superior and remarkable performance. Key terms: Strategic Management, Manufacturing Companies, Business Model, Nigeria, Strategy Formulation. The study by Sakpaide, Odiri, and Sakpaide (2023) focuses on Nigeria, while the current study interest is Kenyan manufacturing firms, The article doesn't explore corporate governance principles or delve into specific strategic management practices and the specific business environment of Delta State, Nigeria, is different from that of Kenya. Factors like infrastructure, access to resources, and government regulations may vary.

In 2017, Oluoch did a research on the Strategic Management Practices and Performance of the Embakasi North Constituency Development Fund (CDF). There is a widespread prevalence of corruption, marginalization, lack of transparency, and theft in the usage of these funds. This hinders the fund's ability to fulfill its intended objective. The research used the management theory as a guiding framework. The research aims to analyze the function of Constituency CDF committees in the management of this fund, with a specific focus on the case study of Embakasi North constituency. The study employed a descriptive survey design as its research methodology, and utilized purposive sampling as its sampling technique. The target population of the study

included CDF committee members, residents of Embakasi north, opinion leaders in Embakasi north, civil society organizations operating in Embakasi north, and the area members of the county assembly. The research included both primary and secondary sources for data collecting. The research used content analysis as its data analysis approach. Ultimately, the study strictly adhered to all the ethical issues inherent in research. The research determined that the Embakasi North Constituency CDF office has implemented strategic management methods, including situational analysis, environmental scanning, implementation procedures, and assessment and control activities. The positive mean value of all five strategic management practices indicates this. The practice of strategy creation in strategic management had a notable value of 0.0071 and a corresponding correlation coefficient of 0.6710. Oluoch's study investigates the Constituency Development Fund (CDF) in Embakasi North, a specific local government program with a different structure and objectives compared to large, private manufacturing firms. The study doesn't delve into the performance of the CDF program in detail. The current study focus on performance metrics relevant to large manufacturing firms, such as financial performance, market share, or production efficiency.

Consequently, the use of strategic management practices, including the design of plans, has a favorable influence on the performance of the Embakasi North CDF. The correlation coefficient between strategy implementation and organizational performance was 0.4610, with a significance level of less than 0.005. This indicates that strategy implementation, as a practice in strategic management, is statistically significant at a 95% confidence level. A correlation value of 0.4610 suggests a beneficial impact on the performance of the Embakasi North CDF. Ultimately, this suggests that the Embakasi North CDF office may enhance its overall performance by adopting and implementing strategic management practices. The evaluation and control process revealed a correlation value of 0.5610. The data suggest a favorable correlation between assessment and control and performance. The use of assessment and control as a strategic management technique leads to a good or increased degree of performance for the Embakasi North CDF.

Strategic management ensures corporate survival and achievement of corporate goals (Ncurai, 2013). Contemporary businesses often engage with competitive and volatile markets, which expose them to new risks and possibilities. Organizations are urged to use strategic management techniques to ensure their survival and the successful achievement of business objectives in these

markets. This research aimed to determine the level of adoption of strategic management methods by beach management units (BMUs) in Bondo Sub County. In order to accomplish this goal, the research used a descriptive cross-sectional survey approach, which included all 42 BMUs. Out of the 42 BMUs, 28 questionnaires were received and deemed suitable for study. The survey found that over 30% of the firms examined implemented the majority of strategic management principles. These companies had an implicit vision, mission statements, and fundamental principles. The process included doing a comprehensive analysis of the problem, establishing financial goals, developing and executing plans, and continuously monitoring and assessing progress. The results strongly support the theoretical foundations and previous empirical research in the field of strategic management. The research promotes the use of strategic management approaches by small firms in order to maintain high levels of efficiency and effectiveness. A future study should focus on investigating the elements that influence and the problems associated with the implementation of strategies in community-owned organizations such as BMUs.

Sharabati and Fuqaha (2014) argues that the adoption of the strategic management practices gives an organisation capability that distinguishes an organisation from other enabling their survival in a competitive environment. The business environment presents the greatest challenge to managers. Thatia (2019) looked into how strategic management techniques affected Kenyan Savings and Credit Co-Operative Societies' performance in the area of public transportation. The study used positivist research philosophy and adopted descriptive survey design. The sample was obtained using proportionate simple random sampling. Primary data was collected structured closed ended questionnaires. The findings revealed that environmental scanning has a moderating effect on the relationship between strategic management practice and Sacco performance in public road transportation.

Waithira and Mbugua (2018) conducted a research to assess the impact of strategic management methods on the performance of coffee factories in Kiambu County. The research focused on two particular goals that are considered crucial strategic management practices: communication and resource mobilisation. The research was based on contingency theory, resource-based perspective theory, upper echelons theory, and agency theory. The researcher used descriptive statistics, which is also known as diagnostic study strategy. The research focused on a specific demographic of interest, which consisted of 10 coffee manufacturers located in Kiambu County. A random sample

of 30 responders was picked from the management team. The data collection for this research mostly relied on a single set of self-administered questionnaires, which were sent to coffee plant managers. A pilot test was done to ascertain the presence of any defects or limits. Cronbach's alpha is used to assess the trustworthiness of the measurements obtained from the device. The research used descriptive and inferential statistical techniques for data analysis. The linear regression model was used to provide more insights into the data collected using the Statistical Package for Social Sciences (SPSS). In order to validate the linear regression models, the analysis of variance (ANOVA) was used to assess the statistical significance of the entire model at a 95% confidence level. The research's results indicated that the study variable had a crucial role in determining the performance of Coffee factories in Kiambu County. Performance was most influenced by resource mobilisation, with communication being the next most influential factor. The research indicated that the low expansion of coffee factories in Kiambu County was a consequence of inadequate resource mobilisation and a lack of effective communication channels. The research suggests that providing sufficient support to the Coffee industry is necessary to promote development in both production and marketing. The research suggests that establishing effective communication channels and organisational structure in coffee factories may increase awareness and facilitate the execution of measures aimed at improving performance. The study by Waithira and Mbugua (2018) focuses on coffee enterprises, a specific agricultural sector, while the current study is on large manufacturing firms in Kenya, the study doesn't explore corporate governance principles and The specific business environment of Kenyan manufacturing, including factors like infrastructure, access to resources (beyond coffee-specific resources), and industry regulations, is not directly addressed.

An assesment of the association between strategic responses and the performance of Nairobi County Savings and Credit Co-Operative Societies was carried out by Kimalel, Kihara, and Muriithi (2017). They used a descriptive study approach to conduct their investigation. According to the findings of their research, there is a correlation between performance and cost reduction strategies. To collect data, the researchers used questionnaires and employed both descriptive and inferential statistical methodology for analysis. An additional finding of the research was that there is a strong positive correlation between the expansion of the market and the success of SACCOs. The study by Kimalel, Kihara, and Muriithi (2017) focused on SACCOs, a financial services

sector, while the current study is on large manufacturing firms. The Kimalel et al., (2017) study doesn't explore corporate governance principles or a wider range of strategic management practices used in manufacturing. The specific business environment of Kenyan manufacturing, including factors like infrastructure, access to resources, and industry regulations, were not addressed too.

In their study, Gure and Karugu (2018) examined how strategic management techniques impact the performance of small and medium-sized enterprises (SMEs) in Nairobi City County, Kenya. The research was based on three theories: Porter's generic strategies model, resource-based perspective theory, and resource dependency theory. The empirical literature examined academic research on Porter's generic competitive strategies, including the cost leadership strategy, differentiation strategy, focus strategy, and combination strategies, and their impact on the financial performance of small and medium-sized enterprises (SMEs). The study used a descriptive research approach. The research focused on the population of youth-owned SMEs that are currently active in the 17 sub-counties of Nairobi City County. The sample size included 100 respondents who were the owners of the businesses. A representative sample of 30 respondents, comprising 30% of the total target population, was selected. The sample was uniformly distributed among the sub-counties. The main data was gathered via the use of a self-administered semi-structured questionnaire. The data analysis included the use of descriptive statistics, including frequencies, percentages, mean scores, and standard deviation. This analysis was conducted using SPSS software and the results were displayed via tables, charts, graphs, frequencies, and percentages. The study found that Michael Porter's generic strategies of competitive advantage, including low cost leadership strategy, differentiation strategy, focus strategy, and combination strategy, had a significant impact on the organisational performance of small and medium-sized enterprises (SMEs) in Nairobi City County, Kenya. The factors accounted for 85.11% of the variations in the organisational performance of the SMEs. The adoption of a low-cost leadership strategy by SMEs resulted in a 0.655 increase in their organisational performance. Similarly, the adoption of a differentiation strategy led to a 0.876 increase in performance. The application of a focus strategy resulted in a 0.945 increase in performance, while the implementation of a combination strategy led to a 0.860 increment in overall performance for SMEs. The main focus of this study is to examine the impact of strategic management techniques on the performance of

small and micro firms in Nairobi City County, Kenya. Gure and Karugu (2018) study focuses on SMEs, while the current study is on large manufacturing firms, which have different strategic complexities. Corporate Governance: The study didn't explore corporate governance principles. The specific business environment of Kenyan manufacturing, including factors like infrastructure, access to resources, and industry regulations, was not directly addressed by Gure and Karugu (2018). The focus is on financial performance of SMEs, differ from a broader view of performance in manufacturing (financial, social, environmental).

Kanano and Wanjira (2021) conducted an investigation of the effectiveness of supermarkets established in Nakuru County with regard to the implementation of strategic management strategies. The researchers used a descriptive research methodology in this study. There was a significant relationship between the three different strategic management techniques and performance, as shown by the statistics. Both studies focus on small and micro firms or supermarkets, which have different strategic priorities and challenges compared to large manufacturing firms. Neither study considers the moderating effect of the business environment on the relationship between strategic management and performance.

2.2.3 Corporate governance principle, Business Environment on Performance of Large Manufacturing Firms

In their study, Ngatno, Apriatni, and Youlianto (2021) investigated how corporate governance influences the connection between capital structure and business performance. This research utilizes secondary data in the form of financial reports from micro-financial institutions (specifically rural banks) at the end of the year 2019. The dataset consists of a total of 506 units. The data were examined using the method of Moderated Regression Analysis. The findings suggest that the choices regarding capital structure financing have a favorable impact on the financial performance. Nevertheless, this condition is only relevant to debt with a limited duration. Alternatively, long-term debt has a detrimental and inconsequential impact on both return on assets and return on equity. The data presented here provide empirical support for the pecking order hypothesis, indicating a clear inverse relationship between business earnings and capital structure. The moderation analysis results indicate that only the board of commissioners' size has the potential to enhance the association between capital structure and company performance.

However, neither board size nor ownership concentration can moderate the relationship between capital structure and company performance. The primary emphasis of this research is on micro-financial institutions, namely rural banks, which possess distinct financial structures and risk profiles in contrast to major industrial enterprises. The research examines how corporate governance procedures influence the connection between a company's capital structure (debt and equity) and its performance. The present research specifically examined how the wider company environment influences the connection between corporate governance principles and performance.

Otwani, Marion N. (2018) conducted a study to examine how the membership of a company's board of directors influences the factors that determine its financial success. The study focused on firms listed on the Nairobi Securities Exchange in Kenya. The research approach used in this study included both qualitative and quantitative methodologies, constituting a mixed research design. A total of 59 businesses were selected for the sample using a combination of stratified random selection and purposive sampling. The research focused on the 69 firms that were listed on the Nairobi Securities' Exchange in Kenya. The analysis only focused on publicly traded companies. Prior to the main test, a preliminary examination was conducted on a separate sample, which yielded a Cronbach's alpha value over 0.7 for all the variables. The data analysis included the use of descriptive statistics and inferential statistics. Standard statistical procedures, such as the Pearson correlation coefficient and regression analysis, were used in the study. The study was conducted using the statistical software program for social sciences, SPSS Version 24. The statistical method of analysis of variance (ANOVA) was used to determine if there is a significant difference between the observed and predicted values. The Pearson Chi square test was used to assess the level of significance of the relationships, so establishing the hypotheses. Multiple regression analysis models were used in multivariate analysis to ascertain the nature of the connection between independent and dependent variables. The hypotheses were examined by conducting regression analyses, where independent factors were regressed against the dependent variable of financial success. The results demonstrated that all the independent factors had a substantial and favorable impact on the financial performance of the firm. When examining all independent factors together, it was found that corporate income tax and capital sufficiency had the most substantial beneficial impact on financial performance. This might be ascribed to the fact that corporate income tax diminishes investment by elevating the cost of capital. Capital adequacy

is supported by the fact that it generates liquidity for the bank by safeguarding against the vulnerability of deposits to bank runs, hence improving performance. Hence, it may be inferred that there exists a significant correlation between corporate income tax, capital sufficiency, business ownership, market capitalization, financial leverage, and financial performance. Otwani (2018) examines board composition as the moderating factor. The present research seeks to investigate the wider corporate landscape, which includes, Key factors for consideration include political stability, infrastructure development, access to skilled personnel, technological improvements, and the competitive environment.

Oketch, Kilika, and Kinyua (2020), conducted a research to determine how the legislative environment influences the connection between the characteristics of senior management teams and the functioning of independent regulatory bodies in Kenya. The research focused on the whole population of twenty-three state regulatory agencies presently operational in Kenya. In order to gather the necessary information, the study conducted a census survey of all the top management team members in all twenty-three state regulatory agencies. This was done because each independent regulatory agency is unique and each top management team member plays a distinct role in their organization. The collection of primary data was conducted via the use of a standardized questionnaire, which was delivered utilizing the drop and pick later approach. Descriptive statistics were used to condense the survey data into percentages, frequencies, means, and standard deviations. The Whisman and McClelland model was used to examine the presence of moderation. The study's results indicate that the legal environment plays a crucial role in influencing the link between the characteristics of senior management teams and the functioning of independent regulatory bodies in Kenya. The report suggests that independent regulatory agencies should establish a reliable financing structure to ensure their financial independence in carrying out their responsibilities, without having to depend on assistance from parent ministries or the exchequer. Finally, the research suggests that the court system should acknowledge and endorse the efforts of independent regulatory authorities in enforcing laws and regulations specific to their respective sectors or sub-sectors. Oketch et al. (2020) specifically examine the legal environment's role as a moderating variable. The current study aims to explore the broader business environment, which encompasses legal aspects, Political stability, Infrastructure development, Access to skilled labor, Technological advancements and Competitive landscape.

The business environment in which firms operate is dynamic and turbulent, with constant and rapid changes that frequently render previous strategies obsolete (Ofunya, 2013). Furthermore, strategic management is critical to the firm's performance (Johnson et al., 2008). To remain relevant, they need to develop and implement strategies for sustainable competitive advantage (Sharabati & Fuqaha, 2014; Mbithi, 2017). Most studies have focused on public firms and the various conditions that must be met in order for the benefits of strategic management to be realized, but the main challenge is faced by private firms, which lack the necessary machinery and capacity to implement strategic management practices. Corporate governance has been shown to have an impact on organizational performance in all industries and in all parts of the world (Abid & Ahmed, 2014; Mori, Golesorkhi, Randoy, & Hermes, 2015).

In their study, Mukhtaruddin, Ubaidillah, Dewi, Hakiki, and Nopriyanto (2019) examined the impact of excellent corporate governance and corporate social responsibility on business value, with financial performance serving as a moderating factor. The population for this study consists of banking businesses that are listed on the Indonesia Stock Exchange (IDX) from 2011 to 2015. The sample included 23 firms that were chosen using purposive random selection. The data was analyzed using the Partial Least Squares (PLS) technique. The findings of this research suggest that effective corporate governance has a negligible but beneficial influence on the value of a company. Conversely, corporate social responsibility has a notable and detrimental impact on the value of a company. The correlation between effective corporate governance and corporate social responsibility on company value has been greatly enhanced by improved financial performance. The research focuses on the Indonesian banking sector, which is very different from the Kenyan manufacturing industry. The disparity between industry and national context gives rise to a significant void. To solve this issue, the current study focused on analyzing Kenyan manufacturing enterprises and their distinct business environment. The current study assessed the moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

Gaur, Vasudevan, and Gaur, (2018), examined the Market orientation and manufacturing performance of Indian SMEs: Moderating role of firm resources and environmental factors. The study collected the data for this research through intensive surveys of the CEOs or top managers of small and medium-sized enterprises in India. The study utilized scales, well established in

literature, and revalidated them for the Indian context. It also utilized confirmatory factor analysis for scale validation, and hierarchical regression analysis for testing the hypotheses. This study found a positive link between two sub-dimensions of market orientation – customer orientation and inter-functional coordination – and manufacturing performance. Competitor orientation, however, did not have a positive impact on manufacturing performance. Further, the paper found that firm resources and competitive intensity moderate the relationship between some of the sub-dimensions of market orientation and firm performance. The study by Gaur, Vasudevan, and Gaur, (2018) focuses on SMEs, while the current study interest is large manufacturing firms in Kenya, which have different complexities, and the business environment factors in India may differ from those in Kenya. The current study, delve into specific aspects of the Kenyan business environment that might influence the relationship between corporate governance and performance such as infrastructure, access to resources, government regulations, and industry competition.

Abdullah, and Mansor, (2018) examined the moderating role of business environment on the relationship between entrepreneurial skills (ES) and business performance of small business (SB) in Iraq, Baghdad. The research aimed to address the discrepancies observed in the current literature about the correlation between entrepreneurial qualities and company success. A questionnaire using a 5-point Likert scale was used, based on the work of a prior researcher, to determine the replies of the participants. A survey study approach was used, using self-administered questionnaires to gather data from small business owners in 9 districts of Baghdad, the capital of Iraq. The study was performed with SPSS version 23. The study used direct connection and hierarchical regression analysis to examine the hypothesis, considering the moderating impact of the Business Environment on the connection between Entrepreneurial Skills and Small Business Performance. The research findings indicate that the business environment has a moderating effect on the link between entrepreneurial talents and the success of small businesses. The study by Abdullah and Mansor (2018) focuses on entrepreneurial skills and small businesses, while the current study interest is corporate governance principles and large manufacturing firms, the study doesn't explore corporate governance principles. The focus is on business performance of small businesses, which may differ from the broader financial, social, and environmental performance metrics used for large manufacturing firms.

Ezenekwe (2020) studied the effect of environmental factors on firm productivity in manufacturing firms. The study analyzed the impact of environmental factors on the productivity of manufacturing enterprises in Anambra State, Nigeria. The research specifically aims to evaluate how the economic, technical, and political environment affects firm productivity. The study conducted a comprehensive review of the relevant theoretical and empirical literature. The theoretical framework used in this study was system theory. The research included a population of 1,929 individuals. The data produced was analyzed using descriptive statistics and multiple regression analysis. The research discovered that the economic and technological environments have a significant and beneficial impact on a firm's production. The political climate has a substantial detrimental impact on a firm's production. The study's findings indicate that environmental influences had a substantial and beneficial impact on the productivity of the organization. The research suggests that management should do a thorough evaluation of economic aspects in firms. An accurate evaluation of economic elements is crucial in determining the impact of environmental issues on the productivity of enterprises. The federal ministry of environment and other regulatory authorities in Nigeria should establish legal obligations for firms to adhere to.

In their 2023 research, Ruba, Chiloane-Tsoka, and Van der Westhuizen aimed to investigate how the dynamic nature of the business environment affects the link between innovativeness and success in manufacturing organisations. To accomplish this, a survey was sent to 344 proprietors and administrators of industrial enterprises operating in the north-eastern region of the Democratic Republic of Congo. A total of 178 questionnaires were received and used to evaluate the hypotheses of the investigation. The research used an ordinary least squares (OLS) regression within the framework of hierarchical regression analysis. The findings validate the favourable and substantial impact of innovativeness on the success of the organisation. However, the findings suggest that the level of change and uncertainty in the business environment has a direct and meaningful impact on the performance of companies. The dynamic nature of the business environment has a detrimental impact on the correlation between innovativeness and corporate success. The study by Ruba, et al., (2023) focuses on the DRC, while the current study is on Kenyan manufacturing firms, the study current study explored corporate governance principles as the mediator and the business environment dynamism in the DRC may differ significantly from that of Kenya.

Okeyo (2014) investigated the impact of business environmental dynamism, complexity, and munificence on the performance of small and medium enterprises in Kenya. The primary objective of this study was to analyze the impact of the business climate on small and medium firms. A stratified selection method was used to choose a sample of 150 firms, with the first stratification being based on the business sector. The study used a cross-sectional survey methodology, in which data was gathered using a structured questionnaire over a one-month period. random sampling technique was adopted where a total of 95 organizations participated in the survey, resulting in a response rate of 64%. The research determined that the corporate environment has a comprehensive influence on organizational performance. More precisely, the firms in the research were directly influenced by dynamism, intricacy, and munificence. Moreover, it was discovered that the combined impact on performance was higher than that of dynamism and complexity but lower than munificence. The research also found that the business environment has a greater influence on the financial performance of these firms compared to its impact on non-financial performance. The findings suggest that small and medium firms in the research are more likely to achieve higher performance in business settings characterized by dynamism, complexity, and plenty of resources.

Asser, Waiganjo, and Njeru (2018) who conducted a study whose main goal was to determine the correlation between the adoption of technology, the dynamic environmental analysis, the participation of stakeholders, and the implementation of adaptive organizational structures, and the performance of commercial state businesses in Kenya. The final aim was to examine the moderating impact of Board composition on the link between strategic change initiatives and the performance of commercial state firms in Kenya. The study used a cross-sectional survey research approach. The study focused on a sample of fifty-five (55) commercial state entities in Kenya. The research used a sample of forty-eight (48) commercial state companies. These were acquired using a method called stratified random sampling. The participants in this research were comprised of Chief Executive Officers (CEOs), Finance Managers, and Human Resources Managers from each of the selected commercial state firms. The research included a total of one hundred and forty four (144) correspondents. Data collection was carried out via questionnaires and interviews. The questionnaires were personally handed to the respondents at their respective universities with the assistance of research assistants. The study assistants personally distributed and collected the

questionnaires from the 144 participants who were selected from commercial state companies. The data was analyzed with SPSS version 24 and Microsoft Excel. Regression models were used and hypothesis testing was conducted using conventional F and t tests. The research revealed that implementing technology adoption initiatives had a substantial and beneficial impact on the performance of commercial state firms in Kenya.

Moreover, it has been shown that implementing dynamic environmental scan treatments has a noteworthy and beneficial impact on performance. Consequently, State firms that effectively adapt to dynamic and challenging environments gains a competitive advantage and achieve superior performance. Participatory stakeholder participation initiatives were determined to have a beneficial and substantial impact on the performance of commercial state enterprises in Kenya. When stakeholders actively participate in activities, they are more motivated to support all the initiatives of the organizations. Furthermore, it was shown that implementing adaptive organization structure reforms had a favorable and substantial impact on the performance of commercial state enterprises in Kenya. The study concluded that the makeup of the board did not have a substantial moderating effect on the correlation between strategic change initiatives and performance. In general, it was seen that strategic change initiatives had a notable and beneficial impact on the performance of commercial state businesses in Kenya. The research suggests that in order to improve the performance of commercial state businesses, it is recommended to use strategic change interventions. Hence, based on the results, the research finds that a higher implementation of strategic change interventions in firms leads to a proportionally stronger impact on their performance. The report suggests using strategic change interventions to boost the performance of commercial state enterprises in Kenya.

Okwemba and Njuguna (2021) examined the effect of environmental scanning on the performance of Chemelil Sugar Company. The research was based on the principles of open system theory. The study used a descriptive research approach. The sample size consisted of 60 individuals. The research specifically targeted the heads of departments as the primary participants. The study included questionnaires as research tools. The researchers performed a census due to the tiny population size and the need for precision. The research used a purposive sampling approach. The study revealed a strong and statistically significant correlation between ambient scanning and performance. The regression analysis findings indicate a strong and statistically significant

positive relationship between environmental scanning and performance ($\beta = .840$, $p = .035$). Therefore, while all other parameters remain constant, increasing environmental scanning methods by one unit results in a performance improvement of 0.840 units. The research suggested that the organization should do internal, industrial, and external analyses in order to sustain a better level of performance. The organization may routinely assess its industrial environment to identify potential opportunities and risks by using Porter's Five Forces analysis technique. Furthermore, it is advisable for the organization to conduct frequent assessments of its internal environmental elements in order to ascertain its strengths and weaknesses, using SWOT as an analytical instrument. Performing an environmental assessment is essential, and the organization must develop strategies to adapt to constantly changing conditions.

2.2.4 Corporate Governance Principles, Business Environment and Strategic Management Practices on Performance of Large Manufacturing Firms in Kenya

E-Vahdati, Zulkifli, and Zakaria (2018), examined the moderated mediation model that links board diversity with company performance in ASEAN nations. This article examines the relationship between board diversity (specifically gender and foreign representation) and corporate performance. It specifically investigates how corporate social responsibility reporting (CSRR) mediates this relationship, and how this mediation is influenced by South East Asian (ASEAN) countries, using the framework of new institutional theory which encompasses legitimacy and institutional theories. Based on a study of 264 corporations across various sectors, using the GRI G3 guideline from 2011 to 2013, we discovered that international and gender diversity have a role in partially and fully mediating impacts in ASEAN nations. The primary finding of the present study suggests that board diversity has a direct impact on corporate performance and an indirect impact on CSRR via moderated path analysis. The conclusions have significant value for academics, managers, and policy makers who want to ascertain the influence of intervening factors on the link between board diversity and business success in ASEAN nations. E-Vahdati et al. (2018) concentrate on enterprises in all sectors operating in ASEAN nations. The present research mainly focuses on major industrial enterprises in Kenya. Their intervening factor is Corporate Social Responsibility Reporting (CSRR), which may not have a direct correlation with strategic management methods. The research used institutional theory to moderate the regional backdrop of ASEAN, whereas the present study tries to moderate the unique economic climate of Kenya.

In their 2019 study, Khan, Hussain, Maqbool, Ali, and Numan examined the impact of board size (BSZ), board independence (BID), board diversity (BDV), board meetings (BM), and the number of board committees (NBCM) on organisational performance in Pakistan's textile companies. They also investigated the role of innovation as a mediating variable and innovative culture as a moderating variable in the relationship between innovation and organisational performance. Information was gathered from the highest level of management and 550 surveys were given to participants. Out of the total number of questionnaires sent, only 407 were returned. However, only 384 of these questions were included for the final analysis. The remaining 23 questionnaires were omitted from the study owing to missing data. PLS-SEM is used for the purpose of analysis, with data acquired via the utilisation of a simple random sample approach. The findings indicate that both BSZ and BDV have a beneficial impact on organisational performance. However, BID, NBCM, and BM do not have any impact on organisational performance. BSZ, BID, BDV, BM, and NBCM have a substantial and favourable impact on innovation. Innovation has a crucial role in mediating the relationship between independent factors and organisational success. Innovation has a beneficial impact on the functioning of an organisation. In addition, an inventive culture has a crucial role in moderating the relationship between innovation and organisational success. The concept of innovation and a culture that fosters innovation are crucial factors in determining the effectiveness of an organisation. Textile organisations may benefit from using these two dimensions to measure organisational performance via corporate governance. The study by Khan et al. (2019) explores the influence of corporate governance elements on performance in Pakistani textile companies, with innovation acting as a mediator and innovative culture as a moderator. The article directly examines aspects of corporate governance (board size, independence, diversity, meetings, committees) and their impact on performance. The study focuses on Pakistani textile companies, while the current study is on large Kenyan manufacturing firms across various industries. The study by Khan et al. (2019) doesn't explore strategic management practices, which are crucial for achieving performance goals. The current study examined the moderated mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

Tetteh, Kwarteng, Gyamera, Lamptey, Sunu, and Muda (2023) conducted a study to investigate the impact of small enterprises funding decisions on business performance in Ghana. They

specifically examined how the corporate governance framework moderates the mediation effect. The article was based on the financial growth cycle theory and stewardship theory, and a survey technique was used to gather data. The statistical analysis was performed using partial least squares structural equation modeling. The findings suggest that the combination of corporate governance and choices about finance choice enhances the association with performance. In addition, corporate governance serves as a mediator for the beneficial correlation between decisions about funding choices and performance. Therefore, indicating that corporate governance may influence the impact of finance choices on company performance. Research results indicate that small enterprises who adhere to robust corporate governance standards may anticipate improved company success. Financing choices alone cannot guarantee favorable company success unless they are connected to a wider view of effective corporate governance processes. This research specifically examines small enterprises in Ghana, which exhibit significant dissimilarities compared to large-scale manufacturing companies in Kenya. The present research aims to substitute the mediating variable "corporate governance structure" with manufacturing-specific strategic management methods. The present research introduces a moderated mediation model, in which the corporate environment acts as a moderator in the connection.

Barante (2020) undertook a study to establish the relationship between Corporate Governance practices, strategic leadership and commercial banks performance in Kenya. The specific objective of this study was to examine the extent to which strategic leadership moderates the relationship between Corporate Governance practices and commercial banks performance in Kenya. This research is based on the principles and concepts of Agency theory, Stakeholder theory, Stewardship theory, and Resource Dependence theories. This research adopts a positivist paradigm with an epistemological aspect. The study used a correlational research design. The study focused on a target population of 273 directors from all the boards of operating commercial banks in Kenya. The sample size of 78 was determined using purposive sampling, which involved selecting all 39 Chief Executive Officers (CEOs) and 39 non-executive directors, one from each bank. The data collected was analyzed using SPSS software and R technique through ordinal logistic regression analysis. This analysis aimed to estimate and provide empirical evidence regarding the relationship between bank performance and corporate governance practices, and to determine if this relationship is moderated by strategic leadership. The study found a strong correlation between

risk management and the performance of commercial banks in Kenya. Additionally, it was observed that providing strategic leadership by the board improves performance by influencing the relationship between all the variables studied and the performance of commercial banks, with the exception of board committees. The research suggests that Banks should choose individuals with a strategic mindset, particularly in top-level management positions, and allocate resources towards enhancing their ability to lead strategically.

In their 2023 study, Wang, Ur Rehman, Xu, Amjad, and Ur Rehman examined the relationship between corporate governance and sustainability performance. They investigated how corporate governance acts as a mediator and top management environmental concern acts as a moderator. The study considered the perspectives of agency theory and stakeholder theory. A questionnaire survey was conducted to gather data from 314 workers employed in small and medium-sized enterprises (SMEs) in China. The acquired data was analyzed using Smart PLS 4 and SPSS. The findings suggest that the implementation of environmentally-friendly corporate governance and green financing has a notable influence on corporate social responsibility, which subsequently leads to a favorable effect on sustainable performance. Corporate social responsibility plays a crucial role in connecting green corporate governance and sustainable performance. Furthermore, corporate social responsibility serves as a mediator in the connection between green money and sustainable performance. Furthermore, the level of environmental concern shown by top management plays a crucial role in influencing the connection between corporate governance and sustainable performance. This factor enhances the influence of corporate social responsibility on sustainable performance. The research examines the relationship between green corporate governance and sustainability performance in small and medium-sized enterprises (SMEs) in China. This research focuses on major industrial companies in Kenya and a wider set of corporate governance concepts. Their intermediary factor is "corporate social responsibility," which may not exactly correspond to the strategic management approaches you have in mind for manufacturing organizations. The present research specifically examines the larger business environment in Kenya, with a particular emphasis on top management's concern for the environment as a moderator.

Sharabati and Fuqaha (2014) examined the impact of strategic management, namely via the use of Balanced Scorecard (BSC) components, on the business performance of Jordanian Pharmaceutical

Manufacturing (JPM) firms. In order to achieve the objective of the research, empirical data were gathered from 13 out of 16 firms via a questionnaire. Out of a total of 250 managers, about 140 received the questionnaire. However, the questionnaire was completed by only 95 managers, and out of those, only 90 were deemed appropriate for further study. Various statistical approaches, including descriptive statistics, t-tests, ANOVA tests, correlation, and simple and multiple regressions, were used. In order to verify the appropriateness of the data collection instrument, statistical tests such as the Kolmogorov-Smirnov (K-S) test, Cronbach's alpha, and factor analysis were used. The study's findings indicate a notable adoption of balanced scorecard factors within JPM organizations. The learning and development viewpoint had the highest average rating, followed by the internal processes perspective, and then the financial perspective and customer perspective, respectively. The findings also demonstrate a significant correlation between the factors of the balanced scorecard and the business success of JPM organizations, indicating a strong link. The findings from the simple regression and multiple regression analyses indicate that strategic management, namely the parts of the balanced scorecard, directly influence the business performance of Jordanian pharmaceutical manufacturing organizations. Ultimately, the findings indicate that the customer viewpoint has the greatest impact on the business performance of JPM firms, with the internal processes perspective coming next, followed by the learning and development perspective, and finally the financial perspective. According to the study findings, strategic management (balanced scorecard elements) has a direct impact on the business performance of organizations.

Manyaga, Muturi and Oluoch (2020) investigated the impact of board composition on the financial performance of commercial banks operating in Kenya. Investigating the impact of board gender diversity on the financial performance of commercial banks in Kenya. The study focused on a specific group of entities, namely 43 commercial banks that were actively operating in Kenya as of December 31, 2017. The research obtained secondary data on the level of gender diversity among board members as the independent variable, and the return on equity as the dependent variable, from 34 commercial banks during the period of 2008 to 2017. The panel data was obtained via online sources and by examining the yearly financial statements of each individual commercial bank. The study used a causal research design. The data was examined using both

descriptive and inferential statistics. The descriptive statistics used for both the independent variable and dependent variable included the mean, standard deviation, and coefficient of variation. The fixed effect regression model was used for inferential statistics. The analysis conducted using STATA Version 13 found that there was a statistically significant negative relationship between board gender diversity and return on equity, both within peer groups and across different institutions. Regarding the aspect of time, it is worth noting that the presence of gender diversity on corporate boards had a negligible impact on return on equity over time. Regarding specific years, the presence of diverse genders on a board had a consistently beneficial and large impact on return on equity, regardless of the time period, peer group, or bank. This suggests that gender diversity on corporate boards consistently has a detrimental impact on return on equity across time, among peers, and within banks. Regarding particular years, it was observed that the diversity of gender among peers and bank board members had a consistently beneficial and substantial impact on return on equity, regardless of the specific time period, peer group, or bank. The investigation found that board gender diversity has a considerable negative impact on the return on equity of commercial banks in Kenya. The research suggests that commercial banks should adopt board gender diversity, as its increasing presence may have a good impact on financial performance, particularly in small banks that have not yet adopted this diversity. The CBK Act mandates that commercial banks must ensure diversity on their boards. According to the study, a diverse board composition has a positive impact on financial performance.

Adewole and Umoru (2021) investigated the perceived influence of the business environment on the success of small and medium-sized enterprises in Osun State, Nigeria. The primary objective of the research is to ascertain the impact of the business environment on the efficacy of small and medium-scale firms (SMEs). The study used a descriptive survey research approach. The study was led by two research questions and two hypotheses. The research population consisted of all officially registered small and medium business firms in Osun State. A total of 255 owners and managers of small and medium-scale firms were selected as participants for the research using proportional, stratified, and systematic random selection methods. The data collection tool used was the "Perceived Influence of Business Environment on the Success of SMEs" Questionnaire (PIBESSMEQ). A reliability coefficient of 0.70 was achieved by the use of Cronbach's alpha. The study issues were addressed using mean and standard deviation, while hypotheses were examined

using analysis of variance (ANOVA) with a significance threshold of 0.05. The study's findings indicated that the business climate had a significant impact on the success of small and medium-sized enterprises (SMEs). Furthermore, the research found that there was no notable disparity in the impact of the business climate on the performance of small and medium-sized enterprises (SMEs) based on their geographical location. The results indicate that SMEs' success may be enhanced by possessing enough knowledge about the business environment. The research, among other findings, suggested that owners and managers of SMEs should consistently strive to enhance their knowledge and abilities to the highest possible level in order to overcome problems associated with the business environment.

In their study from 2021, Liman, Burah, and Jibir examined how the external business environment affected the performance of small and medium-sized businesses. This research investigated the macroeconomic factors that influence the performance of small and medium-sized enterprises (SMEs) in Nigeria, specifically focusing on the time frame from 1986 to 2021. The research analyzed many crucial macroeconomic indicators that are essential to consider when seeking to comprehend the performance of small and medium-sized enterprises (SMEs) in the economy, particularly in developing economies. The factors include the exchange rate, inflation, interest rates, and general private spending. This analysis separated small and medium-sized enterprises (SMEs) into their respective contributions to gross domestic product (GDP) in the wholesale and retail sectors. The estimate of the research was conducted using the autoregressive distributed lag (ARDL) model. The ARDL model was selected because of its ability to include both the lagged effects of macroeconomic factors on SME performance and the flexibility of data stationarity. The study's findings indicate that the interest rate has no substantial impact on the contributions of wholesale and retail trade to Nigeria's GDP. On the other hand, the exchange rate has a more pronounced negative influence on the performance of small and medium-sized enterprises (SMEs) compared to its positive influence. The exchange rate has a greater negative impact on the performance of small and medium-sized enterprises (SMEs) than a favorable one. In Nigeria, private consumption has a greater positive impact on SME success compared to its negative impact. Similarly, inflation has a stronger negative effect on SME performance than its positive one. The research suggests that the Central Bank of Nigeria (CBN) should carefully analyze the monetary policy rate (MPR) decision since it has led to high interest rates in the loan market. The

present predicament in Nigeria is a direct consequence of any exchange rate strategy that neglects indigenous output. To find a guaranteed solution, one should start by focusing on the basics, namely by promoting manufacturing inside one's own country.

Akpan and Onyechere (2019) examined business environmental imperatives and the sustainable survival of food and beverage firms in developing economies with particular reference to Nigeria. The limitations linked to the Food and Beverage subsector of the economy have led to its decline, depriving this distinct sector of its crucial contributions to sustainable economic expansion. The business environment is marked by dynamic factors that have an influence on this specific sector of the economy. The impact gets exacerbated on its performance, which is assessed in terms of profitability. This article serves as an investigative report on the effects of complicated corporate environmental imperatives on the expansion of food and beverage enterprises, considering the limits at hand. The approach used in this study is the Ordinary Least Square Technique, which demonstrates a favorable correlation between environmental factors and the profitability of food and beverage enterprises. Study results revealed a positive relationship between environmental variables and the profitability of food and beverage firms.

In examining the performance of large manufacturing firms in Kenya, it is critical to understand the interplay between corporate governance principles, the business environment, and strategic management practices through the lens of a moderated mediation model. The mediator-moderator effect suggests that while certain factors (mediators) may explain the relationship between independent and dependent variables, other factors (moderators) may influence the strength or direction of that relationship (Hayes, 2018).

In the studies reviewed, it is evident that corporate governance structures, such as board diversity and composition, serve as mediators in the relationship between corporate governance principles and organizational performance. For example, E-Vahdati et al. (2018) indicate that corporate social responsibility reporting (CSRR) mediates the link between board diversity and corporate performance, which emphasizes the indirect influence of governance structures on performance outcomes. However, this relationship can be further moderated by contextual factors, such as the unique economic climate in Kenya, as highlighted in the present study. By integrating strategic

management practices as a moderating variable, the current research investigates how these practices may strengthen or weaken the mediation effect of corporate governance on performance.

Furthermore, the work of Khan et al. (2019) illustrates how innovation acts as a mediator between corporate governance elements and organizational performance. The presence of an innovative culture can enhance this mediation effect, serving as a moderator that influences the degree to which governance factors impact performance. Similarly, in examining the findings from Wang et al. (2023), the role of corporate social responsibility in bridging the gap between green governance practices and sustainability performance underscores the importance of mediation in these relationships. The current study aims to provide empirical evidence for the mediated moderation effect by focusing on the interconnectedness of corporate governance principles, strategic management practices, and the broader business environment in shaping the performance of large manufacturing firms in Kenya.

2.3 Summary of Research Gaps

The current study has reviewed the empirical on the performance of manufacturing firms in Kenya in different setting. Extant literatures have shown the role of corporate governance principles, the contribution of strategic management practices and how business environment controls the success and performance of an organization. Whereas significant research has been undertaken elsewhere, little research has been undertaken in Kenya on performance of large manufacturing firms in Kenya.

Previous empirical studies already undertaken have yielded inconclusive and mixed results on the interactions between corporate governance principles, strategic management practices, business environment and Performance of Large Manufacturing Firms. In addition, majority of the studies already undertaken have focused on public sectors. There are limited studies on corporate governance principles and Performance of Large Manufacturing Firms and hence the study. The contextual gaps relate corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya. The gaps identified during literature review are as summarized in Table 1.

Table 1: Summary of Literature and Knowledge Gaps

Researcher	Focus area of study	Methodology	Key Findings	Knowledge Gap(s)	Contribution of current study
Arslan (2019)	Corporate governance, compliance and performance nexus	Mixed research and methodology	The study findings indicated a positive significant relationship between corporate governance and performance	Contextual gap- The study was conducted in Pakistan and therefore the findings may not be inferred in manufacturing firms in Kenya. The study also did not consider the moderating and mediating variables	The study was conducted on the manufacturing firms in Kenya
Isaac (2022)	Contribution of Corporate governance on Performance of Listed Companies in Kenya	Descriptive research on design	The study results revealed a positive and significant relationship between corporate governance and performance	The study considered did not consider the intervening and moderating variables	This study examined the mediating effect of strategic management practices and the moderating effect of business environment on the relationship between corporate governance principles and performance

Researcher	Focus area of study	Methodology	Key Findings	Knowledge Gap(s)	Contribution of current study
					of manufacturing firms in Kenya.
Constantatos (2018)	Corporate governance mechanisms in Greece and their effect on earnings management and firm performance	Panel data	The results indicated a statistically significant and a positive relationship between corporate governance and firm performance.	The study was conducted in Greece. The study did not consider the moderating and mediating variables	This study was conducted on performance of manufacturing firms in Kenya. Moderating and mediating variables were introduced. Both primary and secondary were used.
Thatia, (2019)	Influence of Strategic Management Practice on Performance of Savings and Credit	Descriptive Research Design	The findings showed a statistically significant and a positive statistical relationship between strategic leadership,	Conceptual gap- The study considered the strategic management practices as an independent variable.	This study considered both the intervening and moderating variable to test the relationship between corporate governance principles and performance

Researcher	Focus area of study	Methodology	Key Findings	Knowledge Gap(s)	Contribution of current study
	Co-Operative Societies in Public Road Transport, Kenya		strategic human resource development and information communication technology adoption on performance	The study focused only on the moderating variable and not mediating variable	of manufacturing firms in Kenya.
Okwemba, and Njuguna (2021)	Effect of Environmental Scanning Performance of Chemelil Sugar Company in Kisumu County, Kenya	Descriptive research on design	A positive correlation between environmental scanning and performance.	The environmental factor was used an independent variable. The study was carried among sugar companies.	The study was carried out among manufacturing firms in Kenya.

2.4 Hypotheses of the Study

Research hypotheses can be divided into two categories; the null hypothesis which is noted as H_0 and the alternative hypothesis which is noted as H_1 . Null hypotheses was tested at 95% confidence level ($\alpha = 0.05$), where; when P - value ≥ 0.5 the observed difference is “not significant” and When P - value ≤ 0.5 the observed difference is “significant”.

H0₁: There is no significant relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

H0₂: There is no significant mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

H0₃: There is no significant moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

H0₄: There is no significant moderated mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

2.5 Conceptual Framework

Figure 1 depicts the interactions of the independent variable, mediating variable, moderating variable and dependent variable in a conceptual framework. It is conceptualized that corporate governance principles is the independent variable and performance of large manufacturing Firms is the dependent variable. Strategic management practices are conceptualized as a mediating variable in relationship between corporate governance principles and performance of large manufacturing firms in Kenya. Business environment is a moderating variable in the relationship between the corporate governance principles and performance of manufacturing firms in Kenya. The framework also depicts the possible moderated-mediation effect on relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

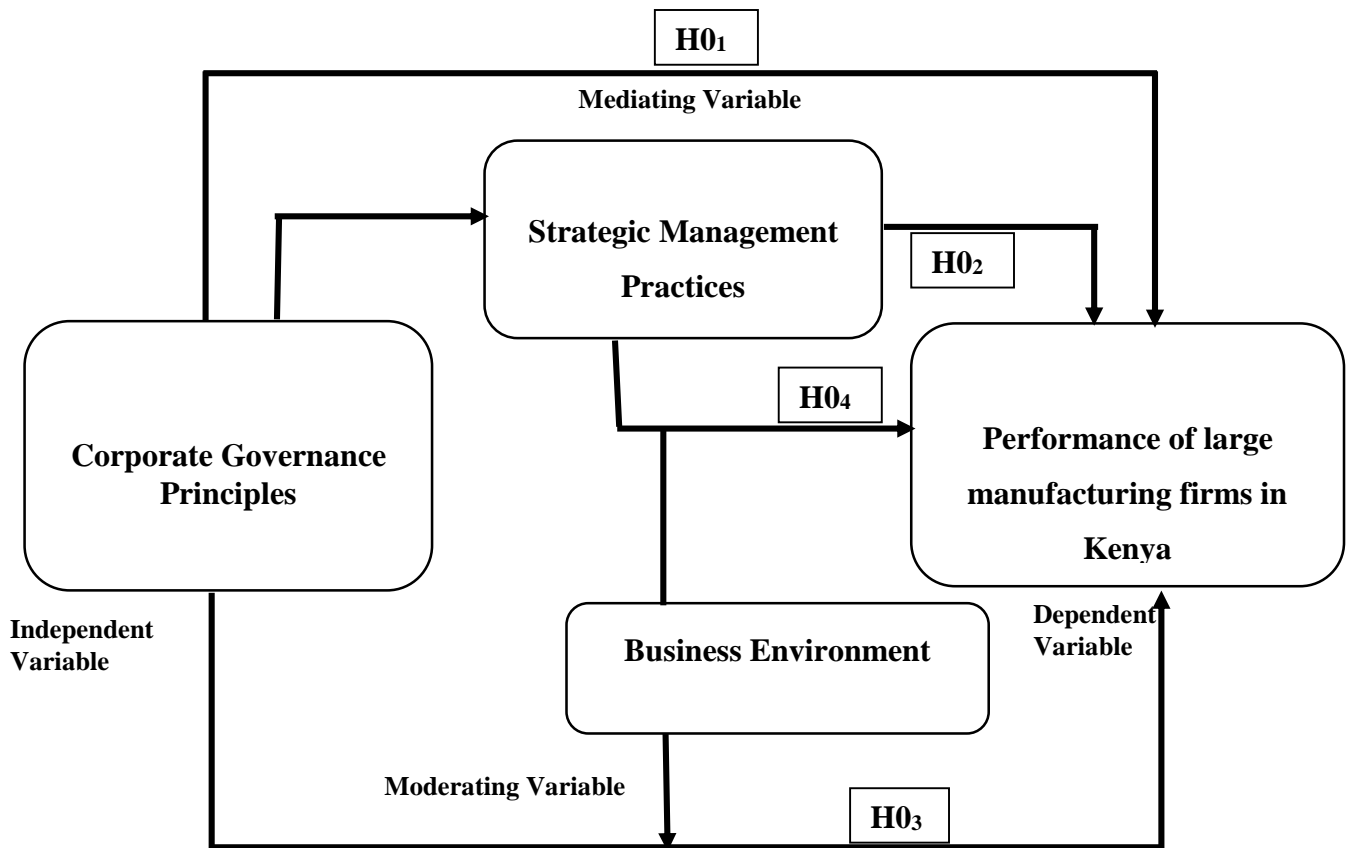


Figure 1: Conceptual Model

2.6 Operationalization of Research Variables

The study was founded on four variables, that is, corporate governance principles as the independent variable, business environment as the moderating variable, strategic management practices as the mediating variable, and performance of performance of large manufacturing firms in Kenya as the dependent variable. Table 2 presents operationalization and measurement of the study variables.

Table 2: Operationalization of Variables

Study Variables	Indicators	Measurement Scale	Question	Tools of Analysis
Independent Variable: Corporate governance Principles	- Accountability - Stakeholder Engagement - Transparency - Responsibility - CEO Duality	Interval	Section B	Multiple regression
Mediating variable: Strategic Management Practices	- Strategy Implementation - Strategy Formulation - Strategy Evaluation - Strategic Planning	Interval	Section C	Regression analysis
Moderating Variable: Business Environment	- Political - Economic - Social values - Technological - Environmental - Legal	Interval	Section D	Regression analysis
Dependent Variable: Performance of Large Manufacturing firms in Kenya.	- Profitability - Customer satisfaction - Efficiency - Competitiveness	Interval	Section E	Stepwise Regression analysis

2.7 Chapter Summary

The chapter discusses the contextual, conceptual and methodological foundations on corporate governance principles, strategic management practices, business environment and performance. An in-depth discussion of the relationship between study variables is given. A summary of research gaps is also presented. A conceptual framework is structured and research variables operationalized. The next chapter presents the research methodology and philosophical foundations that guided this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The research methodology that was used in the study is discussed in this chapter. The chapter presents the research methodology. This chapter also includes the analytical models, ethical considerations and chapter summary. The focus of the study was to determine the effect of relationship between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya.

3.1 Research Philosophy

This study adopted pragmatism research philosophy incorporates both qualitative and quantitative research questions. Because the qualitative paradigm is based on subjectivism and interpretivism, whereas the quantitative paradigm is based on objectivism and positivism, it is referred to as scientific research (Ma, 2012; Creswell, 2014). The qualitative paradigm is based on the existence of multiple realities that are constructed by the researcher (Bryman, 2012; Creswell, 2014). Hence having mixed methods address the shortcomings of both qualitative and quantitative paradigm.

3.2 Research Design

The study used a cross-sectional survey design. The research design provides a framework for data collection, measurement, and analysis. This research strategy has been adopted by several writers in Kenya (Fwaya, Odhuno, Kambona, & Odhuon, 2012; Sasaka, Namusonge & Sakwa, 2014). This architecture has the advantage over others in that data may be gathered more rapidly and affordably. This is significant because variable characteristics do not change significantly over the short period of data collection (Kothari & Garg, 2014). A cross-sectional survey design uses quantitative research methods. Researchers can use questionnaires and interviews to collect data using a cross-sectional survey design on activities, circumstances, or beliefs at a certain time. In order to obtain data that would be useful in addressing research concerns that are specific to a single moment in time, a cross sectional survey design was acceptable. Additionally, the method aims to gather data that describes existent phenomena (Cooper, & Schindler, 2014). The cross-sectional survey approach was used for this study

because it would provide pertinent information about how much strategic management practices and the business environment influence the performance of large manufacturing enterprises in Kenya.

3.3 Target Population

The population of the study was large manufacturing firms in Kenya listed on the Nairobi Securities Exchange (NSE) in 2022 (see Appendix IV). The top key managers in crucial divisions (operations, finance, and procurement) served as the unit of observation. This included procurement and production managers, who are familiar with the study area and can provide the necessary data. As argued by Kothari and Garg (2014), a census approach enhances the generalizability of research findings by eliminating sampling error and bias.

Two line managers were purposely selected from each target department (operations and finance), while one officer from the production department was randomly selected, as they are significantly affected by the business environment. Additionally, three senior managers at the policy and strategy level were included due to their responsibilities in policy and strategy formulation and implementation. This resulted in a total of nine participants from each institution, summing to 81 participants (9 x 9).

The selection of large manufacturing firms listed on the NSE as the target population for this study is justified by their significance in the Kenyan economy. These companies are key players known for their financial stability and adherence to high standards of transparency and governance. By focusing on NSE-listed firms, the research gains access to knowledgeable managers, such as procurement and production heads, who provide valuable insights into strategic management practices and performance. This census approach enhances the generalizability of findings, eliminates sampling bias, and allows for a comprehensive analysis of diverse manufacturing sectors, thereby strengthening the overall credibility and applicability of the study's conclusions.

Table 3: Target Population of the Study

Company Name	Industry Sector	Number of Respondents
Company A	Food & Beverage	9
Company B	Textile & Apparel	9
Company C	Chemicals	9
Company D	Metal & Mining	9
Company E	Consumer Goods	9
Company F	Electronics	9
Company G	Construction	9
Company H	Pharmaceuticals	9
Company I	Logistics & Transport	9
Total		81

3.4 Sample Size

The sample size for this study was determined based on the total population of large manufacturing firms listed on the Nairobi Securities Exchange (NSE) in 2022, comprising 81 participants from nine selected firms. A census approach was adopted to ensure comprehensive representation, which involved including all top key managers within crucial divisions such as operations, finance, and procurement. This approach is justified as it captures diverse perspectives from experienced managers, thereby enhancing the depth and richness of the data collected regarding corporate governance practices and their impact on performance.

Using a census method minimizes sampling error and bias, significantly increasing the generalizability and reliability of the findings. By including all relevant respondents, the study ensures that the insights drawn are reflective of the entire population of large manufacturing firms in Kenya. Additionally, the larger sample size improves the statistical power of the analysis, facilitating the detection of significant relationships between corporate governance principles and performance outcomes. Overall, the decision to focus on a well-defined group of knowledgeable managers provides a robust foundation for the study, ensuring that the conclusions drawn are valid and applicable to the broader context of corporate governance and operational efficiency in the manufacturing sector.

3.5 Data Collection Instruments

The study used mixed method approach by using both qualitative and quantitative data. Qualitative data was extracted from secondary data sources like performance reports and empirical reviews. Quantitative data was obtained through structured questionnaires which was distributed to the respondents. The respondents had the option of answering the structured questions on a 5 (five) point Likert style scale with answers ranging from strongly disagree to strongly agree. The structured questions aim at giving respondent an opportunity to choose from listed alternatives. This study used primary to establish the relationship between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya.

3.6 Pilot Study

A good measurement tool, also known as validity, should be an accurate counter or indicator of what we are interested in measuring, according to Cooper and Schindler (2014). A pilot study was conducted to make sure the questionnaires achieved the stated goals. As Koopman (2015) suggest, pilot studies are often recommended by researchers since they help address a variety of concerns ranging from item clarity and discrimination, internal inconsistencies and checking on possible response rates. It is always preferable to pre-test the data collection tools before to their actual implementation in the study (Kothari & Garg, 2014).

Pilot testing, in particular, aids in identifying design and equipment flaws and provides proxies for sample selection. A sample equivalent to 10% of the study population as suggested by Koopman (2015) was used to obtain a pilot group hence 1 large manufacturing firm was realised. Kothari and Garg (2014) direct that the pilot group should not be allowed to participate in the main study because they could bring biased outcome and replications, and therefore the 9 pilot study participants from the large manufacturing firm won't be allowed to participate in the main study.

3.6.1 Reliability

The consistency with which a measurement, technique, or tool produces the same outcome throughout time is known as reliability (Eriksson & Kovalainen, 2015). According to Cooper and Schindler (2014), reliability refers to how consistently a research instrument produces results or data after numerous trials. Tests for reliability include split-half, internal consistency,

alternate forms, inter-rater, parallel reliability, and test-retest. The test-retest, entails administering the same test twice, parallel reliability involves administering different versions of an assessment to test the same construct.

The researcher used inter-rater dependability in this study to obtain reliability. This was accomplished by distributing data collection instruments, like as questionnaires, to several senior executives of the same organizations in order to determine whether their assessments of the same constructs would yield comparable outcomes. Cronbach's alpha, a measure of reliability, was also used in this study to assess internal consistency. The Cronbach's Alpha was used to evaluate the internal consistency technique. Internal consistency, or how closely connected a group of things are to one another, is measured by Cronbach's alpha. A "high" alpha value is frequently used as proof that the items assess an underlying or latent component (Warmbrod, 2014). A preset threshold of 0.7 is required to guarantee reliability. Alpha coefficients was calculated and ranged from 1 to 0. Since the majority of studies have adopted the suggested threshold of 0.70 and higher, the provided indicators were thought to adequately represent the constructs.

3.6.2 Validity

The ability of a test to meaningfully measure the internal, external, construct, or discriminant variables that it is designed to measure is known as validity. Internal validity is the capacity of a research instrument to measure what it is intended to measure, whereas external validity is the capacity of data to be generalized (Zohrabi, 2013). The degree to which results on one scale coincide with those on other scales intended to measure the same construct is known as convergent validity. The assumption of discriminant validity is that the scale's results do not correlate with those from scales meant to measure other constructs (Lameck, 2013). Factor analysis was used to assess content validity. The representativeness of the sample population is important for content validity. In this study, validity entailed testing how the results obtained can be generalized to all large manufacturing companies in Kenya and also become applicable to other institutions. To achieve this, the researcher ensured that the selected management level units are well represented. In addition, the researcher ensured that the study measurements are as defined in the study and not generated by the research process, and that research design provides credible conclusions and interpretation (Zohrabi, 2013).

3.7 Data Collection Procedure

The study used primary data which was collected by use of structured questionnaires. The study used questionnaires since they are seen to be appropriate for a descriptive study because they are simple to conduct, guarantee quick delivery, and allow respondents to respond at their convenience. After receiving the introduction letter from the University, the researcher requested a permission or authorization letter from the firms' authority to collect data. The study took research ethics into account in order to increase response rates. The researcher reminded the participants of the study's significance and explain it to them (informed permission). The responders were guaranteed the privacy and anonymity of their identities by the researcher.

The researcher asked the respondents for a consent form and also advise them on the questions. Given that the questionnaires are being used for academic purposes, the researcher used trained research assistants to drop-and-pick them. The researcher requested the respondents to complete the questionnaires and return them on time. One set of the questionnaire per respondent was administered. The questionnaire was administered through mail to top executives in the organization. Follow up was done through telephone calls, emails and visits to the financial institutions were done to enhance a high response rate.

3.8 Data Analysis and Presentation

The research design and the problems posed were used to organize and categorize the collected data. To make it easier to present and explain the results, the data was classified, totalled, and tabulated as follows: To categorize the respondents and display their actual responses to a given question or item in the surveys, percentage and frequency distributions were used. With the help of the Statistical Package for Social Sciences, quantitative data was examined (SPSS version 22). Before beginning the real data analysis, the researcher performed diagnostic tests to verify the normality, linearity, and multicollinearity of the data. Shapiro-Wilk's test was applied to determine normality. By calculating the Variance Inflation Factors (VIF) and its inverse, the tolerance, multicollinearity was examined. When the predictor variables in a multiple regression analysis are highly correlated among themselves, it is challenging to ascertain the precise amount that each predictor contributed to the variance of the dependent variable. The maximum VIF threshold value for the multicollinearity assumption is 10 (Ng'ang'a, 2017). Because the tolerance in the current study ranged from 0.40 to 0.70, its reciprocal, the VIF, was below the threshold between one and two. When the data is homogeneous, all of the variances should be the same. This study utilized Levene's test of

homogeneity of variances to assess homoscedasticity. Levene's test verifies the assumption that all group variances are equal (i.e. the difference between the variances is zero). The data groupings lack equal variances if the Levene statistic is significant at $\alpha = 0.05$ (Okiro, 2014). The Levene test determines whether or not there is equal variation between the dependent and independent variables. Consequently, it checks to see if the variance-or range of scores-in the variables is roughly identical (Okiro, 2014). The assumption of homogeneity of variances has been broken if Levene's test is significant at $p < .05$. This indicates that the null hypothesis is wrong and that the variances are considerably different. At $\alpha = 0.05$, the test is not significant, indicating homogeneity.

According to Field (2013), presence of multicollinearity is deduced by Variance Inflation Factor (VIF) of greater than 10 indicating the presence of multicollinearity. As collinearity increases, so does the standard error of the coefficients, which lowers the dependability of multiple regression models. The linearity of the relationships between the independent and dependent variable data was examined using the ANOVA test of linearity.

Further, the researcher used several analytical models to interpret the data. These included multiple regression for establishing the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. Multiple regression analysis assessed the moderating effect of business environment on the relationship between corporate governance principles and performance. Step wise regression, both simple and multiple examined the mediating effect of strategic management practices on the relationship between corporate governance principles and performance. To further analyze the moderating and mediating effect of business environment and strategic management practices respectively on corporate governance principles and performance, multiple and stepwise regression were used respectively. A summary of specific analysis to be carried out is summarized in Table 3.

The regression model were of the form;

Model logic: $y = f(x)$ Y is a function of X

Mathematical model: $Y = b_0 + b_1X_1 + b_2X_2$ b_nX_n

Where Y represent the dependent variable, X_1, X_2, \dots, X_n represents independent variables

3.9 Hypotheses Testing

Since the hypotheses are based on a single response variable that varies linearly on a number of predictor variables, they were tested using a multiple regression model.

3.9.1 Model for the Study

The significance of the independent variable (corporate governance principles) on the dependent variable (Performance of Manufacturing Firms) were tested using the following empirical model.

According to Talukder, Hipel, and van Loon (2017), a common composite indicator can be created using the following weighted linear aggregation rule as follows:

$$I = \sum_{i=1}^n w_i x_i$$

where:

x_i = normalized variable

w_i = weight attached to x_i

$\sum_{i=1}^n w_i = 1$ and $0 \leq w_i \leq 1, i = 1, 2, \dots, n$.

Thus, the composite variable for corporate governance principles was established using the following equation:

$$CG = \sum(w_1P_A + w_2P_{SE} + w_3P_T + w_3P_R + w_3P_{CD}) \dots \dots \dots (X_1)$$

Where;

CG = Composite variable for corporate governance principles

w_1, w_2, w_3, w_4 = relative weight of each aspect of the corporate governance principles variable

$w_1P_A, w_2P_{SE}, w_3P_T, w_3P_R, w_3P_{CD}$ = components of the corporate governance principles (Accountability, P_A ; Stakeholder Engagement, P_{SE} ; Transparency, P_T ; Responsibility, P_R ; CEO Duality, P_{CD}).

The model for the study:

$$P = \alpha_0 + \beta_0 CG + \varepsilon \dots \dots \dots (1)$$

Where:

P = Performance of Manufacturing Firms

CG= Corporate governance principles

α_0 = Constant

β_1 = Beta coefficients

ε = Error term

$$P = \alpha_0 + w_1 P_A + w_2 P_{SE} + w_3 P_T + w_3 P_R + w_3 P_{CD} + \varepsilon \dots \dots \dots (2)$$

3.9.2 Moderation Model

To determine the moderating effect of the business environment on the link between corporate governance principles and performance of large manufacturing enterprises in Kenya, regression analysis (process analysis approach) as proposed by Baron and Kenny (1986) was employed. The dependent variable, "P," is predicted by the model to differ across levels of a third variable, "BE." The test entails determining the statistical significance of the interaction term since the moderating variable influences the strength and direction between the independent and dependent variables (Whisman & McClelland, 2005; Talukder et al., 2017).

$$P = \alpha + (\beta_1 CG) + \varepsilon \dots \dots \dots (3)$$

$$P = \alpha + (\beta_1 CG) + (\beta_2 BE) + \varepsilon \dots \dots \dots (4)$$

$$P = \alpha + \beta_1 CG + \beta_2 BE + (\beta_3 CG * BE) + \varepsilon \dots \dots \dots (5)$$

Where:

P= Performance; CG= Corporate governance principles; BE = Business Environment; α = constant (intercept); β =Coefficient parameters to be determined, composite* =interaction term, ε = Error/disturbance)

ε = Constant error

3.9.3 Mediating Model

Four Step Mediation Methodology (Baron & Kenny, 1986) was used to establish the mediating effect of Strategic Management Practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

Step 1: a regression analysis of CG Predicting P

$$P = \alpha + \beta_1 CG + \varepsilon \dots \dots \dots (3)$$

Step 2: a regression analysis of CG Predicting SMP

$$SMP = \alpha + \beta_1 CG + \varepsilon \dots \dots \dots (6)$$

Step 3: a regression analysis of SMP Predicting P:

$$P = \alpha + \beta_2 SMP + \varepsilon \dots \dots \dots (7)$$

If the relationship is significant then proceed to:

Step 4: a regression analysis of CG and SMP Predicting P.

$$P = \alpha + (\beta_1 CG) + \beta_3 SMP + \varepsilon \dots \dots \dots (8)$$

P= Performance of Manufacturing firms in Kenya;

CG = Corporate governance principles,

SMP = Strategic Management Practices

β = Coefficient parameters to be determined

ε = Constant error

To prove that the variables have a zero-order relationship, steps 1-3 were utilised. Situations in which one or more of the relationships are insignificant show that there is little chance for mediation (Baron & Kenny, 1986). If Steps 1 through 3 reveal substantial relationships, the process moves on to Step 4, where the mediation is supported if the impact of SMP is still discernible even after CG has been taken into account. Partial mediation occurs when both CG

and SMP significantly predict P, while full mediation occurs when CG is not significant when SMP is controlled.

3.9.4 Moderated-Mediation Model

A conditional process analysis as suggested by Hayes and Rockwood (2020) was used to establish the moderated-mediation effect of business environment and strategic management practices on the corporate governance principles and performance of manufacturing firms in Kenya (Moderated-Mediation).

$$CG = \alpha_0 + \beta_1 BE + \varepsilon \dots\dots\dots (10)$$

$$P = \alpha_0 + \beta_1 CG + \beta_2 SMP + \beta_3 CG * SMP + \varepsilon \dots\dots\dots (11)$$

Where:

P= Performance of Manufacturing firms in Kenya; CG = Corporate governance principles; BE = Business Environment; SMP = Strategic Management Practices; α_0 = constant (intercept); β =Coefficient parameters to be determined, composite* =interaction term, ε = Error/disturbance)

3.10 Analytical Models

Table 4: Objectives, Hypothesis Testing, Analysis and Model Estimation

Objectives	Hypotheses	Analytical Model	Analyses	Interpretation of Results
To determine the relationship between corporate governance principles and performance of manufacturing firms in Kenya	There is no significant relationship between corporate governance principles and performance of large	Regression analysis $P = \beta_0 + \beta_1 CG + \varepsilon$ Where: P = Performance CG = Corporate governance Principles	Simple linear regression	R^2 for goodness-of fit F-test for overall significance t-test for individual significance

Objectives	Hypotheses	Analytical Model	Analyses	Interpretation of Results
	manufacturing firms in Kenya.			Marginal changes
To establish the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.	There is no significant mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.	Four step mediation methodology (Baron, & Kenny, 1986) Step I: $P = \alpha + \beta_1 SI + e$ Step 2: $SMP = \alpha_0 + \beta_1 CG + e$ Step 3: $P = \alpha + \beta_2 SMP + e$ Step 4: $P = \alpha_0 + \beta_1 CG + \beta_2 SMP + e$ Where: P = Performance CG = Corporate governance Principles SMP = Strategic Management Practices e = Error term	Multiple linear regression and Baron and Kenny's test	R^2 for goodness-of fit Test i, ii & iii, If significant, move to iv. Control CG in model iv, if M becomes insignificant then there is full mediation if both are significant then there is partial mediation
To establish the moderating effect of business environment on	There is no significant moderating effect of business environment on	Regression analysis (Baron & Kenny (1986) $P = \alpha + \beta_1 CG + e$	Multiple linear regression	R^2 for goodness-of fit F-test for overall significance

Objectives	Hypotheses	Analytical Model	Analyses	Interpretation of Results
the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.	the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.	$P = \alpha + \beta_1 CG + \beta_2 BE + e$ $P = \alpha + \beta_1 CG + \beta_2 BE + \beta_3 CG * BE + e$ $P = \text{Performance}$ $CG = \text{Corporate governance principle}$ $BE = \text{Business Environment}$ $e = \text{Error term}$		t-test for individual significance Marginal changes Check on R ² change if positive it means enhancing moderation
To determine moderated mediation effect of business environment and strategic management practices on the corporate governance principles and performance of large manufacturing firms in Kenya (Moderated-Mediation).	There is no significant moderated mediation effect of business environment and strategic management practices on the corporate governance principles and performance of large manufacturing firms in Kenya (Moderated-Mediation).	Stepwise Regression Analysis: $CG = \alpha_0 + \beta_1 SMP + \varepsilon$ $P = \alpha_0 + \beta_1 CG + \beta_2 BE + \beta_3 CG * BE + \varepsilon$ Where; $P = \text{Performance}$ $CG = \text{Corporate governance principle}$ $SMP = \text{Strategic Management Practices}$ $BE = \text{Business Environment}$	Multiple linear regression	R ² for goodness-of fit F-test for overall significance t-test for individual significance Marginal changes

3.11 Ethical Considerations

The researcher followed various outlines and procedure so as to ensure that the research ethics are not violated. In this study ethical considerations were based on Informed consent, Voluntary participation, Confidentiality, Privacy and Anonymity

Informed consent refers to the systematic procedure of elucidating the details of a research study to prospective participants, so assuring their comprehensive comprehension of the study's nature and requirements. This encompasses the objectives, methodologies, potential hazards, advantages, and measures used to ensure secrecy. It is crucial because it upholds the liberty of individuals to freely make decisions, safeguards them from potential damage by revealing risks, and fosters trust by being transparent. Obtaining informed permission is essential for conducting ethical research and leads to the collection of superior data by ensuring voluntary involvement. The researcher gained the informed from all the respondents. Additionally, a letter of authority for the researcher was obtained from the Management University of Africa, stating the topic of research and purpose of the same.

Voluntary participation is a fundamental aspect of ethical research, ensuring that subjects make a conscious decision to be part of a study without any kind of pressure or manipulation. Researchers must explicitly communicate that participation is optional and may be terminated at any time. This right grants individuals the authority to make well-informed choices for their own welfare and shields them from experiencing any sort of coercion. Additionally, it guarantees the data gathered is more dependable, since participants are more inclined to provide precise information when they perceive they are voluntarily participating to the study. Participation in this study was voluntary and was verbally consented to by the participants. Additionally, the respondents were alerted that they are free to withdraw from participation in the exercise should they feel the need to do so. On every research tool, a statement of introduction was attached.

Confidentiality in research pertains to the researcher's dedication to safeguarding the privacy of participants by guaranteeing the confidentiality of their personal information and data. This is the process of removing identifying information from data wherever feasible and restricting access to only authorized individuals. Confidentiality is essential since it fosters confidence among participants, hence promoting their willingness to openly provide sensitive material. When individuals are aware that their privacy is being honored, they become more inclined to engage, resulting in more comprehensive and dependable study outcomes. By promising

participants that their information wouldn't be shared with outside parties and would only be used for data analysis, the study was keen on matters of confidentiality.

Privacy in research pertains to the participant's entitlement to govern the scope, timing, and method of sharing their personal information. Researchers should make every effort to reduce data gathering and anonymize it wherever feasible. Respecting privacy gives individuals the authority to choose whatever information they are at ease with revealing. This enhances their inclination to engage in sensitive research, particularly when their anonymity shields them from any social ostracism or prejudice. In the end, implementing robust privacy measures protects participants and enhances the reliability of study outcomes. In this study, by preventing unauthorized parties from accessing information that might jeopardize respondent's identification and by carefully controlling data files, the researcher ensured the privacy and security of the information collected from the respondents.

Anonymity in research guarantees that the identity of participants are not associated with the data they provide. This may be accomplished by gathering data in a manner that does not include any personal identifiers, or by using coding systems to substitute names. Anonymity is crucial since it enables individuals to freely and honestly disclose sensitive or controversial material without the fear of being judged or facing negative consequences. This may result in data that is more precise and impartial, particularly in research on stigmatized subjects. Anonymity enhances research integrity and promotes more significant discoveries by safeguarding privacy and encouraging open participation. Pseudonyms were used in respect of the respondents from the institutions. Respondents assured the participants that any information they provide would not harm them or be used for selfish, commercial or personal gains but would be meant only for academic purposes. The participants were assured that information they so provide were not linked directly to them.

3.12 Chapter Summary

The broad approach that was employed in this study to address the research questions and meet the predetermined study goals is covered in this chapter. There was discussion of the research methodology, research design, study's target audience, respondents, data collection and instrumentation, and data gathering process. Additionally covered in this chapter are ethical issues, hypothesis testing, and piloting. The outcomes of data analysis and study were given in the following chapter.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter focuses on the presentation of the gathered data, the analysis of the data, and the interpretation of the conclusions of the research. Additionally, it includes a discourse about the research goals. The study sought to assess the relationship between corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya. More so, the study sought to assess relationship between corporate governance principles and performance of large manufacturing firms in Kenya, to establish the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya, to establish the moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya and to determine moderated-mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The first portion of this chapter provides an account of the response rate obtained from the administered questionnaire. The subsequent portions of this study include an examination of the reliability and validity tests used, as well as an overview of the background material pertaining to prominent manufacturing enterprises operating within the Kenyan context. The chapter also presents the diagnostic test findings of the data. The following part provides a comprehensive analysis of the descriptive findings pertaining to the dependent variable, independent factors, as well as the mediating and moderating variables. The fifth component of the study presents the findings of the inferential statistics, correlation analysis, bivariate and multivariate regression analysis. Additionally, it includes an examination of the mediating and moderating effects, as well as an analysis of the moderated mediation impact. The findings are shown in graphical representations and tabular formats.

4.2 Response Rate

A total of 81 questionnaires were administered to the respondents. The Drop and Pick Up (DoPU) technique was applied for this study. According to Nulty (2011), a response rate of 75% is deemed enough for conducting analysis that may effectively support the formulation of

findings and the drawing of inferences on a given population. In addition, Fincham (2010) suggests that a response rate of 60% or above is deemed appropriate for the purpose of analysis. Additionally, Kothari (2012) said that a response rate of 50% can be regarded ordinary, while a response rate of 60% to 70% should be rated appropriate. Response rates beyond 70% can be considered good. In this study a total of 69 questionnaires were properly filled and returned from the respondents, this represented 85.2 percent return rate. In this study, the response rate of 85.2% was considered adequate for the purpose of analysis, making conclusions, and reporting.

Table 4: Response Rate

Response Rate	Frequency	Percentage
Returned	69	85.2
Unreturned	12	14.8
Total	81	100

Source: Primary Data, (2023)

4.3 Pilot Study Results

Pilot testing, in particular, aids in identifying design and equipment flaws and provides proxies for sample selection. A sample equivalent to 10% of the study population as suggested by Koopman (2015) was used to obtain a pilot group hence 1 large manufacturing firm was realised. Kothari and Garg (2014) direct that the pilot group should not be allowed to participate in the main study because they could bring biased outcome and replications, and therefore the 9 pilot study participants from the large manufacturing firm were not allowed to participate in the main study.

4.3.1 Reliability Test Results

The primary aim of maintaining dependability in research is to limit the incidence of errors and biases (Yin, 2014). In order to improve the reliability of the study instrument, the researcher administered a pilot survey to evaluate and enhance the consistency and clarity of the questionnaire prior to commencing data collection. The questionnaire was structured in such a way that it collected demographic characteristics, education level and length of service of the respondent. The study four main variables were made up of constructs, and constructs made up of several items that measured the same concept or phenomenon.

The four main study variables are: Corporate governance principles as independent variable is made up of six constructs namely; corporate governance Principle, Accountability, Stakeholder Engagement, Transparency, Responsibility and CEO Duality. Strategic management practices as mediating variable is made up of four constructs namely; Strategic Management Practices, Strategy Implementation, Strategy Formulation, Strategy Evaluation and Strategic Planning. Business Environment as the moderating variable has six constructs namely; Political, Economic, Social values, Technological, Environmental and Legal. Performance of Large Manufacturing firms in Kenya as dependent variable had four constructs namely; Profitability, Customer satisfaction, Efficiency and Competitiveness. Thus this study tested for reliability based on the Cronbach's alpha values for each variable formed as shown in table 5.

Table 5: Reliability results

Variable	Number of Items	Cronbach Alpha
Corporate governance principles	41	0.919
Strategic management practices	23	0.882
Business Environment	26	0.908
Performance	19	0.900

Source: Primary Data, (2023)

The result shows that the Cronbach's alpha for Corporate governance principles variable is 0.919 with a total of 41 items. This implies that the constructs items included in measuring Corporate governance principles variable are indicative of the same underlying disposition. The Cronbach's alpha for Strategic management practices, Business Environment and Performance variables were 0.882, 0.908 and 0.900 respectively implying that the items in the respective variable constructs are indicative of the same underlying disposition. The observed results indicate that the items within each variable construct were indicative of a shared underlying disposition. The results indicate that all constructions exhibited high levels of dependability, as shown by their coefficient values. This implies that each variable has a reliable index measure, hence affirming the instrument's dependability in data collection.

4.3.2 Validity Test Results

The researcher examined the degree of variation among the observed variables that were related to one another using factor analysis and principal component analysis in order to assess the validity of the study. The detection and removal of any duplicate or outlier items was made possible by this approach. A statistical technique called factor analysis is used to identify a

small number of essential dimensions, or factors that may adequately represent the relationships between related variables. The technique is often used to compress large datasets, measure variables that are difficult to test directly, and develop and assess hypotheses. This study used factor analysis to assess the validity of the research instrument. The determination of sample size adequacy was conducted by using the Kaiser-Meyer Olkin (KMO) measure of sampling adequacy. According to Yin (2014), the Kaiser-Meyer-Olkin (KMO) measure is used as a statistical instrument for evaluating and confirming the appropriateness of applying factor analysis. The KMO measure is used to assess the adequacy and suitability of the collected data for performing inferential statistical tests, including factor analysis, regression analysis, and other similar statistical studies. The Kaiser-Meyer-Olkin (KMO) statistic exhibits a range of values from 0 to 1. Therefore, when the value of 0 is seen, it suggests that the total of partial correlations is much more than the sum of correlations. This indicates a spread in the correlation pattern, which suggests that factor analysis may not be suitable in this context. Table 6 shows the Kaiser- Meyer- Olkin (KMO) and Barlett’s Test of Sphericity results.

Table 6: KMO and Sphericity results.

Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Bartlett's Test of Sphericity		
		Approx. Square	Chi- df	Sig.
Corporate Governance Strategic Management Practices Business Environment Performance	0.757	737.318	276	.000
	0.760	541.802	190	.000
	0.791	705.626	253	.000
	0.804	578.497	153	.000

The findings shown in Table 6 demonstrate that factor analysis was feasible, as evidenced by the Kaiser-Meyer-Olkin (KMO) index above the threshold of 0.5. The results of the analysis indicate that the variables of corporate governance, strategic management practices, business environment, and performance were assessed using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The KMO values for corporate governance, strategic management practices, business environment, and performance were 0.757, 0.760, 0.791, and 0.804,

respectively. Additionally, the chi-square (χ) values for corporate governance, strategic management practices, business environment, and performance were 737.318, 541.802, 705.626, and 578.497, respectively. The degrees of freedom (df) for corporate governance, strategic management practices, business environment, and performance were 276, 190, 253, and 153, respectively. Furthermore, the significance level for all variables was found to be 0.000. The p-value derived from the Bartlett's test of Sphericity was judged to be 0.000, signifying that it fell below the predefined threshold for evaluating the statistical significance and reliability of the data. The results obtained indicate a statistically significant correlation between the variables. Based on the statistical analysis provided, it is evident that the Kaiser-Meyer-Olkin (KMO) scores exhibited statistical significance, exceeding the established threshold of 0.70. This suggests that all the variables examined in the study were considered appropriate for further statistical analyses, such as factor analysis, regression analysis, and other pertinent statistical tests.

4.4 Factor Analysis

Factor analysis was conducted in this study to identify the underlying structures within the constructs of corporate governance, strategic management practices, business environment, and performance variables. This statistical technique is crucial for data reduction, allowing researchers to condense a large number of variables into a smaller set of factors that capture the essential patterns within the data. By revealing the latent constructs that influence these variables, factor analysis enhances the interpretability of the findings and ensures that subsequent analyses are based on coherent and meaningful dimensions. This process helps in establishing a more reliable framework for understanding the relationships between the constructs under investigation.

To perform the factor analysis, the statistical program SPSS was utilized, employing Principal Axis Factoring (PAF) and Varimax rotation techniques. PAF was chosen for its effectiveness in uncovering the underlying structure of the data while accounting for the interrelationships among observed variables (Hershberger, 2005). The analysis followed Kaiser's criterion, which involves retaining factors with eigenvalues greater than 1, in conjunction with Cattell's Scree test to determine the optimal number of components to retain. This dual approach mitigates the risk of dependency on a single criterion, enhancing the robustness of the results (Field, 2005, 2009). Aiming for a total variance explained of at least 45%, factor loadings were considered

significant if they met or exceeded the threshold of 0.30, in line with Costello and Osborne's (2005) recommendations. Variables with loadings below this threshold were excluded from further analysis, ensuring the focus remained on the most impactful indicators for the constructs under study.

4.4.1 Factor Analysis for Corporate Governance

A factor analysis was conducted on the statements related to corporate governance. The concept of corporate governance has been categorized into six discrete constructs, namely corporate governance Principle, Accountability, Stakeholder Engagement, Transparency, Responsibility and CEO Duality. Factor analysis was used in the study to investigate the existence of correlated variables and assess the potential elimination of superfluous data. The process of analysis enables the exploration of the structure of interrelationships by identifying and defining different components. Factor analysis was used to decrease the dimensions of the assertions inside the Statistical Package for the Social Sciences (SPSS) program. The researchers used principal axis factoring and varimax rotation methods in order to achieve this objective. The objective of the study was to minimize the volume of data and identify the latent variable items that best capture the essence of corporate governance.

In confirmatory factor analysis, coefficients with an absolute value lower than 0.3 were excluded, leading to the retention of only those components that demonstrate significant importance and impact in the formation of variables. In accordance with the findings of Nthiga (2023), it is advisable to exclude coefficients with an absolute value lower than 0.3 while doing component analysis. This methodology guarantees the inclusion of just those things that possess significant importance and impact in the process of variable development. The procedure for extracting the components adheres to the Kaiser Criterion, which posits that an eigenvalue equal to or greater than 1 indicates the presence of a separate factor. In the context of corporate governance, the variable had forty one (41) statements, it was discovered that seventeen (17) statements had factor analysis coefficients the below an absolute value of 0.3. As a result, the seventeen (17) statements were excluded in the descriptive statistics of the corporate governance variable statement and in the development of the composite variable that represents corporate governance. The findings from the Total Variance analysis indicate that the twenty four (24) statements related to corporate governance successfully consolidated into a single component, as seen in Table 7. According to Hair et al. (2013), the Kaiser Criterion

posits that eigenvalues serve as a reliable criterion for factor determination. If the magnitude of the eigenvalues is larger than one, it is advisable to consider it as a contributing factor. Conversely, if the magnitude of the eigenvalues is less than one, it is not recommended to consider it as a contributing factor. Based on the variance extraction criteria, the value should exceed 0.7. If the variance is below 0.7, it is not deemed significant and should not be included as a contributing factor. The present study used a threshold of variance extraction of 0.7 and above as recommended by Kaiser Criterion. The factor loading values for the components related to corporate governance may be found in Appendix V. Table 7 displays the constituent elements (items) and their respective proportions of the overall variance extracted.

Table 7: Corporate Governance Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	%	of Cumulative %	Total	%	of Cumulative %
1	7.681	32.003	32.003	7.681	32.003	32.003
2	1.981	8.253	40.256			
3	1.860	7.750	48.005			
4	1.405	5.855	53.860			
5	1.248	5.199	59.059			
6	1.140	4.749	63.808			
7	1.062	4.423	68.232			
8	.935	3.898	72.129			
9	.871	3.630	75.760			
10	.848	3.532	79.291			
11	.699	2.912	82.203			
12	.629	2.622	84.826			
13	.511	2.128	86.954			
14	.479	1.997	88.951			
15	.467	1.945	90.896			
16	.374	1.558	92.454			
17	.341	1.423	93.877			
18	.322	1.343	95.219			
19	.291	1.213	96.433			
20	.221	.919	97.352			

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	%	of Cumulative	Total	%	of Cumulative
		Variance	%		Variance	%
21	.202	.843	98.195			
22	.182	.758	98.952			
23	.145	.715	99.558			
24	.106	.702	100.000			

Extraction Method: Principal Component Analysis.

4.4.2 Factor Analysis for Strategic Management Practices

A factor analysis was conducted on the statements related to Strategic Management Practices. The concept of Strategic Management Practices has been categorized into four discrete constructs, namely Strategy Implementation, Strategy Formulation, Strategy Evaluation and Strategic Planning. Factor analysis was used in the study to investigate the existence of correlated variables and assess the potential elimination of superfluous data. The process of analysis enables the exploration of the structure of interrelationships by identifying and defining different components. Factor analysis was used to decrease the dimensions of the assertions inside the Statistical Package for the Social Sciences (SPSS) program. The researchers used principal axis factoring and varimax rotation methods in order to achieve this objective. The objective of the study was to minimize the volume of data and identify the latent variable items that best capture the essence of Strategic Management Practices.

In confirmatory factor analysis, coefficients with an absolute value lower than 0.3 were excluded, leading to the retention of only those components that demonstrate significant importance and impact in the formation of variables. In accordance with the findings of Nthiga (2023), it is advisable to exclude coefficients with an absolute value lower than 0.3 while doing component analysis. This methodology guarantees the inclusion of just those things that possess significant importance and impact in the process of variable development. The procedure for extracting the components adheres to the Kaiser Criterion, which posits that an eigenvalue equal to or greater than 1 indicates the presence of a separate factor. In the context of Strategic Management Practices, the variable had twenty three (23) statements, it was discovered that three (3) statements had factor analysis coefficients the below an absolute value of 0.3. As a result, the three (3) statements were excluded in the descriptive statistics of the

Strategic Management Practices variable statement and in the development of the composite variable that represents Strategic Management Practices. The findings from the Total Variance analysis indicate that the twenty (20) statements related to Strategic Management Practices successfully consolidated into a single component, as seen in Table 8. According to Hair et al. (2013), the Kaiser Criterion posits that eigenvalues serve as a reliable criterion for factor determination. If the magnitude of the eigenvalues is larger than one, it is advisable to consider it as a contributing factor. Conversely, if the magnitude of the eigenvalues is less than one, it is not recommended to consider it as a contributing factor. Based on the variance extraction criteria, the value should exceed 0.7. If the variance is below 0.7, it is not deemed significant and should not be included as a contributing factor. The present study used a threshold of variance extraction of 0.7 and above as recommended by Kaiser Criterion. The factor loading values for the components related to Strategic Management Practices may be found in Appendix V. Table 8 displays the constituent elements (items) and their respective proportions of the overall variance extracted.

Table 8: Strategic Management Practices Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.290	31.452	31.452	6.290	31.452	31.452
2	1.785	8.925	40.377			
3	1.596	7.980	48.357			
4	1.553	7.767	56.124			
5	1.144	5.721	61.845			
6	1.063	5.317	67.163			
7	.971	4.855	72.017			
8	.814	4.071	76.089			
9	.676	3.378	79.467			
10	.611	3.054	82.520			
11	.581	2.906	85.427			
12	.508	2.540	87.967			
13	.455	2.275	90.242			
14	.390	1.952	92.194			
15	.368	1.840	94.035			

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
16	.337	1.684	95.719			
17	.301	1.507	97.226			
18	.235	1.174	98.400			
19	.176	.878	99.277			
20	.145	.723	100.000			

Extraction Method: Principal Component Analysis.

4.4.3 Factor Analysis for Business Environment

A factor analysis was conducted on the statements related to Business Environment. The concept of Business Environment has been categorized into six discrete constructs, namely Political, Economic, Social values, Technological, Environmental and Legal. Factor analysis was used in the study to investigate the existence of correlated variables and assess the potential elimination of superfluous data. The process of analysis enables the exploration of the structure of interrelationships by identifying and defining different components. Factor analysis was used to decrease the dimensions of the assertions inside the Statistical Package for the Social Sciences (SPSS) program. The researchers used principal axis factoring and varimax rotation methods in order to achieve this objective. The objective of the study was to minimize the volume of data and identify the latent variable items that best capture the essence of Business Environment.

In confirmatory factor analysis, coefficients with an absolute value lower than 0.3 were excluded, leading to the retention of only those components that demonstrate significant importance and impact in the formation of variables. In accordance with the findings of Nthiga (2023), it is advisable to exclude coefficients with an absolute value lower than 0.3 while doing component analysis. This methodology guarantees the inclusion of just those things that possess significant importance and impact in the process of variable development. The procedure for extracting the components adheres to the Kaiser Criterion, which posits that an eigenvalue equal to or greater than 1 indicates the presence of a separate factor. In the context of Business Environment, the variable had twenty six (26) statements, it was discovered that

three (3) statements had factor analysis coefficients the below an absolute value of 0.3. As a result, the three (3) statements were excluded in the descriptive statistics of the Business Environment variable statement and in the development of the composite variable that represents Business Environment. The findings from the Total Variance analysis indicate that the twenty three (23) statements related to Business Environment successfully consolidated into a single component, as seen in Table 9. According to Hair et al. (2013), the Kaiser Criterion posits that eigenvalues serve as a reliable criterion for factor determination. If the magnitude of the eigenvalues is larger than one, it is advisable to consider it as a contributing factor. Conversely, if the magnitude of the eigenvalues is less than one, it is not recommended to consider it as a contributing factor. Based on the variance extraction criteria, the value should exceed 0.7. If the variance is below 0.7, it is not deemed significant and should not be included as a contributing factor. The present study used a threshold of variance extraction of 0.7 and above as recommended by Kaiser Criterion. The factor loading values for the components related Business Environment may be found in Appendix V. Table 9 displays the constituent elements (items) and their respective proportions of the overall variance extracted.

Table 9: Business Environment Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.645	33.238	33.238	7.645	33.238	33.238
2	1.878	8.167	41.405			
3	1.722	7.485	48.890			
4	1.347	5.857	54.748			
5	1.323	5.754	60.502			
6	1.114	4.844	65.346			
7	.973	4.231	69.577			
8	.940	4.088	73.665			
9	.784	3.411	77.076			
10	.695	3.021	80.096			
11	.682	2.964	83.061			
12	.576	2.506	85.567			
13	.495	2.153	87.720			

14	.472	2.051	89.771
15	.392	1.706	91.477
16	.345	1.498	92.975
17	.328	1.427	94.402
18	.296	1.287	95.689
19	.265	1.151	96.841
20	.242	1.050	97.891
21	.219	.953	98.844
22	.157	.785	99.528
23	.108	.772	100.000

Extraction Method: Principal Component Analysis.

4.4.4 Factor Analysis for Performance of Large Manufacturing firms in Kenya

A factor analysis was conducted on the statements related to Performance of Large Manufacturing firms in Kenya. The concept of Performance of Large Manufacturing firms in Kenya has been categorized into four discrete constructs, namely Profitability, Customer satisfaction, Efficiency and Competitiveness. Factor analysis was used in the study to investigate the existence of correlated variables and assess the potential elimination of superfluous data. The process of analysis enables the exploration of the structure of interrelationships by identifying and defining different components. Factor analysis was used to decrease the dimensions of the assertions inside the Statistical Package for the Social Sciences (SPSS) program. The researchers used principal axis factoring and varimax rotation methods in order to achieve this objective. The objective of the study was to minimize the volume of data and identify the latent variable items that best capture the essence of Performance of Large Manufacturing firms in Kenya.

In confirmatory factor analysis, coefficients with an absolute value lower than 0.3 were excluded, leading to the retention of only those components that demonstrate significant importance and impact in the formation of variables. In accordance with the findings of Nthiga (2023), it is advisable to exclude coefficients with an absolute value lower than 0.3 while doing component analysis. This methodology guarantees the inclusion of just those things that possess significant importance and impact in the process of variable development. The procedure for extracting the components adheres to the Kaiser Criterion, which posits that an

eigenvalue equal to or greater than 1 indicates the presence of a separate factor. In the context of Performance of Large Manufacturing firms in Kenya, the variable had nineteen (19) statements, it was discovered that one (1) statement had factor analysis coefficients the below an absolute value of 0.3. As a result, the one (1) statement was excluded in the descriptive statistics of the Performance of Large Manufacturing firms in Kenya variable statement and in the development of the composite variable that represents Performance of Large Manufacturing firms in Kenya. The findings from the Total Variance analysis indicate that the eighttteen (18) statements related to B Performance of Large Manufacturing firms in Kenya successfully consolidated into a single component, as seen in Table 10. According to Hair et al. (2013), the Kaiser Criterion posits that eigenvalues serve as a reliable criterion for factor determination. If the magnitude of the eigenvalues is larger than one, it is advisable to consider it as a contributing factor. Conversely, if the magnitude of the eigenvalues is less than one, it is not recommended to consider it as a contributing factor. Based on the variance extraction criteria, the value should exceed 0.7. If the variance is below 0.7, it is not deemed significant and should not be included as a contributing factor. The present study used a threshold of variance extraction of 0.7 and above as recommended by Kaiser Criterion. The factor loading values for the components related Performance of Large Manufacturing firms in Kenya may be found in Appendix V. Table 10 displays the constituent elements (items) and their respective proportions of the overall variance extracted.

Table 10: Performance Total Variance Explained

Componen t	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% Variance	of Cumulative %	Total	% Variance	of Cumulative %
1	6.944	38.578	38.578	6.944	38.578	38.578
2	1.684	9.357	47.936			
3	1.269	7.050	54.986			
4	1.145	6.361	61.347			
5	1.082	6.011	67.358			
6	.856	4.758	72.116			
7	.814	4.520	76.636			
8	.711	3.948	80.584			
9	.580	3.220	83.804			

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
10	.558	3.102	86.907			
11	.473	2.626	89.533			
12	.442	2.455	91.988			
13	.371	2.063	94.051			
14	.324	1.799	95.850			
15	.268	1.487	97.337			
16	.188	1.044	98.381			
17	.162	.899	99.280			
18	.130	.720	100.000			

Extraction Method: Principal Component Analysis.

4.5 Tests of statistical assumptions

The statistical assumptions were evaluated to see if the data met the criteria of normality, linearity, homogeneity, and multicollinearity. Based on the results of these tests, a range of statistical measures including measures of central tendency, measures of dispersion, significance tests, association tests, and prediction analyses were performed.

4.5.1 Linearity

Linearity refers to the state whereby the predictor variables inside a regression model have a linear or straight association with the dependent variable. This implies that there is a proportionate relationship between the change in the outcome variable and the change in the predictor variable(s). The linearity test is used to assess the fulfillment of the linearity assumption inside the regression model. This assumption has significant importance since it serves as the fundamental basis for the model. In the event that the assumption of linearity is not satisfied, it is possible that the outcomes derived from the regression model might be erroneous or deceptive. The assessment of linearity is often conducted via the use of analysis of variance (ANOVA). ANOVA, short for analysis of variance, is a statistical procedure used to assess and compare the means of two or more distinct groups. In the realm of linearity testing, the analysis of variance (ANOVA) is used to assess the disparity in the average value

of the result variable across various levels of the predictor variable(s). If the condition of linearity is met, it may be inferred that the average value of the dependent variable remains relatively constant across different values of the independent variable(s). However, in cases when the assumption of linearity is not satisfied, it is seen that the average value of the result variable exhibits non-linear variations across distinct values of the predictor variable(s).

Table 11 demonstrates a statistically significant linear relationship between the dependent variable, Performance of Large Manufacturing firms in Kenya, and the independent variables: Corporate governance Principles, Strategic Management Practices, and Business Environment. This is shown by a significance value (Sig-value) of less than 0.05 ($p < 0.05$). The lack of significance in the departure from linearity is seen in all the associations between performance and the predictor variables, namely Corporate Governance Principles, Strategic Management Practices, and Business Environment. This is shown by the Sig. value deviation from linearity being more than 0.05 ($p > 0.05$), as presented in Table 11. Hence, there exists a direct correlation between Corporate Governance Principles, Strategic Management Practices, Business Environment and Performance.

Table 11: Linearity results

Variable				Sum of Squares	F	Sig.
Performance * Governance Principles	Corporate	Linearity		6.519	95.289	.000
		Deviation from Linearity		3.280	1.332	.209
Performance * Management Practices	Strategic	Linearity		6.594	98.903	.000
		Deviation from Linearity		2.392	1.560	.101
Performance * Environment	Business	Linearity		6.879	113.303	.000
		Deviation from Linearity		2.612	1.593	.089

4.5.2 Normality Test

According to Pallant (2020), parametric tests, including correlation, regression, t-tests, and analysis of variance, depend on the assumption that the data follows a normal distribution, also known as a Gaussian distribution (named after Johann Karl Gauss, 1777–1855). According to Pallant (2020), the populations from which the samples are derived must exhibit a normal distribution to meet this assumption. The consideration of normalcy is particularly crucial when establishing reference ranges for variables (Royston, 1991). The consideration of normality and other assumptions is of utmost importance, since the absence of these assumptions renders it impossible to derive precise and dependable conclusions on the nature of reality (Oztuna et al, 2006). Elliott and Woodward (2007) argue that when sample sizes are sufficiently large (more than 30 or 40), the departure from the normality assumption is unlikely to result in significant issues. Consequently, it is feasible to use parametric techniques even in cases where the data do not exhibit a normal distribution. In this research, the sample size exceeded 40, necessitating the conduction of normality tests. The need to consider normality is especially significant when determining reference ranges for variables (Royston, 1991). Taking into

account normalcy and other assumptions is crucial because without them, it becomes impractical to draw accurate and reliable conclusions about the nature of reality (Oztuna, 2006). We evaluated the normality of the data using various statistical procedures. The researcher looked at skewness and kurtosis statistics and looked into a normal Q-Q curve for the performance variable.

Table 12: Skewness and Kurtosis Statistics

Variable		Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Corporate Governance Principles		-.420	.289	-.468	.570
Strategic Management Practices		.228	.289	-.801	.570
Business Environment		-.253	.289	-.135	.570
Performance		-.200	.289	-.831	.570

Skewness evaluates the degree of symmetry in the distribution of a variable, while kurtosis measures the extent to which the distribution exhibits peakedness. If the measure of skewness is zero, it can be inferred that the study data exhibits perfect symmetry. However, it is important to note that such a scenario is unlikely to occur with real-world data. George and Mallery (2019) suggest a commonly accepted guideline that classifies a distribution as highly skewed if its skewness value is less than -1 or greater than 1. On the other hand, a distribution can be considered moderately skewed if its skewness value falls between -1 and -0.5 or between 0.5 and 1. A distribution is considered approximately symmetric if its skewness value falls between -0.5 and 0.5. The data presented in Table 12 indicates that the variables of Corporate Governance Principles (-0.420), Strategic Management Practices (0.228), Business Environment (-0.253), and performance (-0.200) exhibited skewness values falling within the range of -1 to 0.5. Assessing the normal distribution of research data generally deems this range acceptable. In terms of kurtosis, a commonly accepted rule suggests that a distribution is too peaked when the kurtosis statistic exceeds +2, whereas a distribution is excessively flat when the kurtosis value falls below -2. Brown (2006) suggests that kurtosis is suitable within the range of +2 to -2. Hence, the statistics pertaining to the respective variables, namely Corporate Governance Principles (-0.468), Strategic Management Practices (-0.801), Business

Environment (-0.135), and performance (-0.831), were found to be within the acceptable range overall.

The graphical method of assessing normalcy involves using the results obtained from a normal quantile-quantile (Q-Q) plot. If the distribution of the data follows a normal distribution, the data points exhibit proximity to the diagonal line. If the data points deviate from the linear trend in a clearly non-linear manner, it may be concluded that the data does not follow a normal distribution. The normal Q-Q plot was used to visually represent the normality of the distribution of study data. According to the information shown in Figure 2, the data pertaining to the Performance of Large Manufacturing firms in Kenya follows a normal distribution.

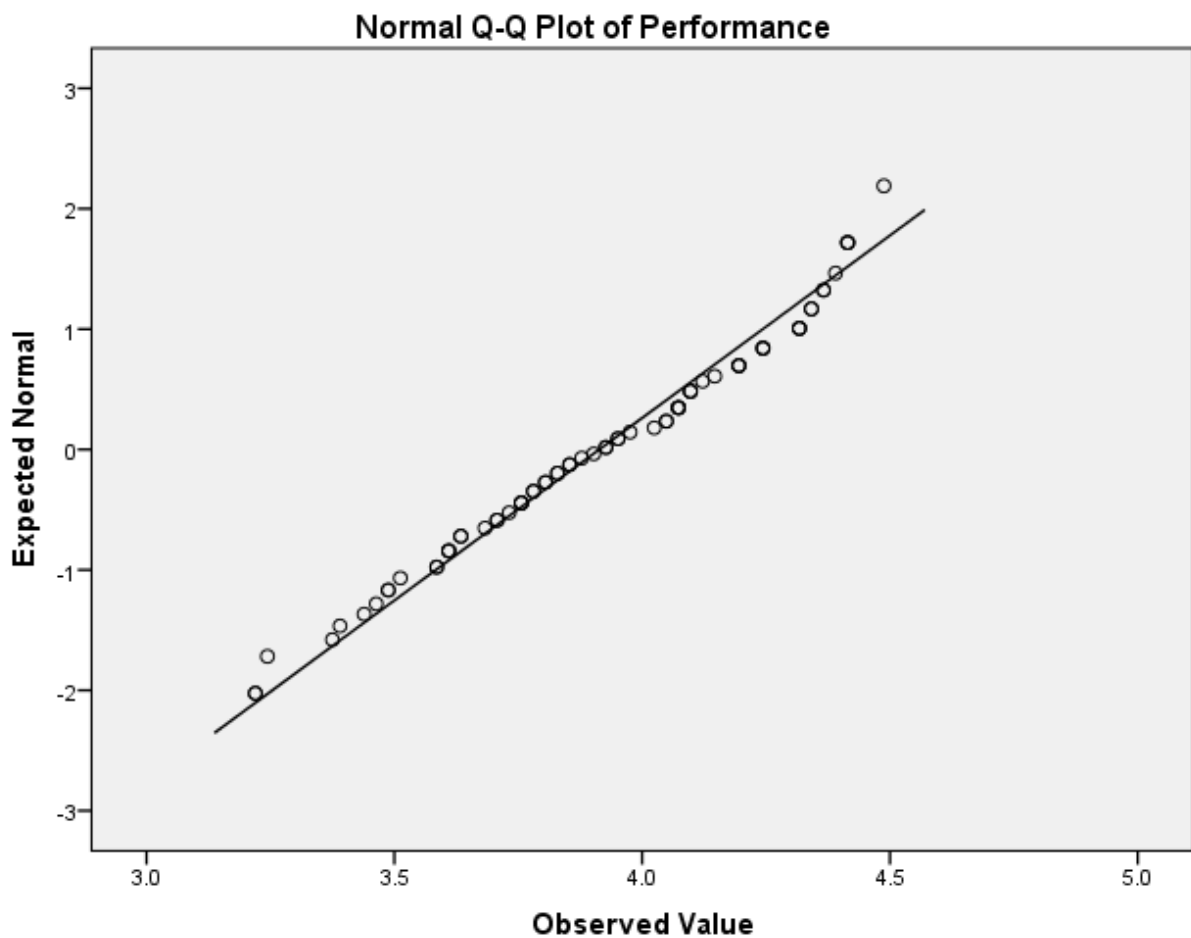


Figure 2: Normality Q-Q Plot for Performance variable

4.5.3 Multicollinearity Test

Multicollinearity may arise when many variables describe the same latent concept (Hair, Money, Page, & Samouel, 2007). Multicollinearity pertains to the existence of a robust

connection among independent variables that are meant to function as predictors of the dependent variable. The existence of multicollinearity among the variables significantly impacts the regression analysis and statistical results of the research. The detection of multicollinearity may be accomplished by the use of Collinearity tests. Cohen et al. (2003) proposed a tolerance threshold of 0.8 as the recommended cut-off point for detecting multicollinearity. Hair et al. (2006) presented a specific threshold of a Variance Inflation Factor (VIF) value below 10 in order to identify the existence of multi-collinearity. A variance inflation factor (VIF) value over 10 indicates a substantial degree of variance inflation, suggesting that the corresponding variable is redundant in relation to other variables. In this research, a tolerance value of less than 0.8 and a VIF value of less than 10 were used to indicate the absence of multicollinearity, which occurs when there is an approximate linear connection among independent variables. The research conducted an examination of the tolerance and the Variance Inflation Factor (VIF) for the study variables, as shown in Table 13, in order to assess the presence of multicollinearity.

Table 13: Multicollinearity Test (Tolerance and VIF)

Research Variables	Collinearity Statistics	
	Tolerance	VIF
Corporate governance Principles	.326	3.066
Strategic Management Practices	.268	3.726
Business Environment	.402	2.489

Table 13 displays the tolerance and VIF values pertaining to the independent variables in respect to the dependent variable. The variables' tolerance and VIF values are shown as follows: in the case of corporate governance Principles, the tolerance is 0.326 and the VIF is 3.066; for Strategic Management Practices, the tolerance is 0.268 and the VIF is 3.726; and with regard to Business Environment, the tolerance is 0.402 and the VIF is 2.489. The results of the study revealed that there was no presence of multicollinearity between the dependent and independent variables.

4.5.4 Homoscedasticity Test

According to Daniel (2015), the Levene test is used to evaluate the homogeneity or equality of variances between two samples or groups. The independent samples t-test relies on the assumption of homogeneity of variance, which means that the variances across the sample groups are basically equal. This implies that the variances of the groupings exhibit homogeneity. The Levene test is used to evaluate the equality of variances between two samples, with a special focus on analyzing the homogeneity of variance. The Levene test is conducted without a predetermined hypothesis. In the present context, the null hypothesis asserts that there exists no statistically significant disparity between the variances of the first and subsequent groups. In the context of Levene's test, it is preferable for the variances to exhibit equality. In the context of statistical analysis, when Levene's test yields a non-significant result, it indicates that the assumption of equal variances across groups is upheld, which is in line with the underlying premise of the independent sample t-test. Therefore, a result of non-significance in the Levene's test is desirable since it suggests that there is no significant difference between the variances. The SPSS program automatically does a Levene test whenever an independent sample T-test is executed. If the calculated significance level (Sig.) is determined to be greater than 0.05, it may be inferred that Levene's Test is not statistically significant, suggesting that the assumption of equal variances holds.

Table 14: Levene's Test Results

Variable	Levene's	df1	df2	Sig.	Comment
	s				
	Statistic				
Corporate governance Principles	1.101	19	40	.426	p>0.05 hence equal variance
Strategic Management Practices	1.243	15	44	.402	p>0.05 hence equal variance
Business Environment	0.844	18	43	.234	p>0.05 hence equal variance

Dependent Variable: performance

The homogeneity findings are shown in Table 14. The Levene's test yielded significant p-values of 0.426 for corporate governance principles, 0.402 for strategic management practices,

and 0.234 for Business Environment. Based on the findings shown in Table 14, it can be seen that all the P-values obtained from Levene's test for assessing the homogeneity of variances were found to be larger than the significance level of 0.05. The statistical test conducted did not provide significant results at a significance level of $\alpha \leq 0.05$, hence supporting the presence of homogeneity. The homogeneity test was conducted with the Levene's test for assessing the equality of variances, as shown in Table 16. The Levene's statistics for corporate governance principles, Strategic Management Practices, and Business Environment restrictions were calculated to be 1.101, 1.243, and 0.844, respectively. The Levene's statistics, which were determined to be smaller than 5, indicate that the study data adheres to the assumptions of homogeneity of variances. Homoscedasticity refers to a condition in which the variability of the dependent variable remains constant throughout the dataset (Ghasemi & Zahediasal, 2012). Conversely, heteroscedasticity is indicative of the presence of varying variances in the dependent variable throughout the dataset.

4.6 Demographic Analysis

Demographic data may be used to identify potential sample biases, such as the overrepresentation or underrepresentation of certain groups within the sample. The aforementioned data might be used to amend the findings of the research or to interpret them cautiously. Demographic data may be used to assess potential variations in the study's findings among diverse demographic groups, including but not limited to age, gender, race, ethnicity, income, and educational attainment. The present research organizes the demographic information into the following categories: respondent category, age, degree of formal education, and job experience.

4.6.1 Gender of the Respondents

Participants were asked to provide their gender as part of their self-identification. Figure 3 shows the gender distribution of the respondents, indicating that 55.1% identified as male and 44.9% identified as female. This points to the fact that the study had an equal number of male and female participants represented in it.

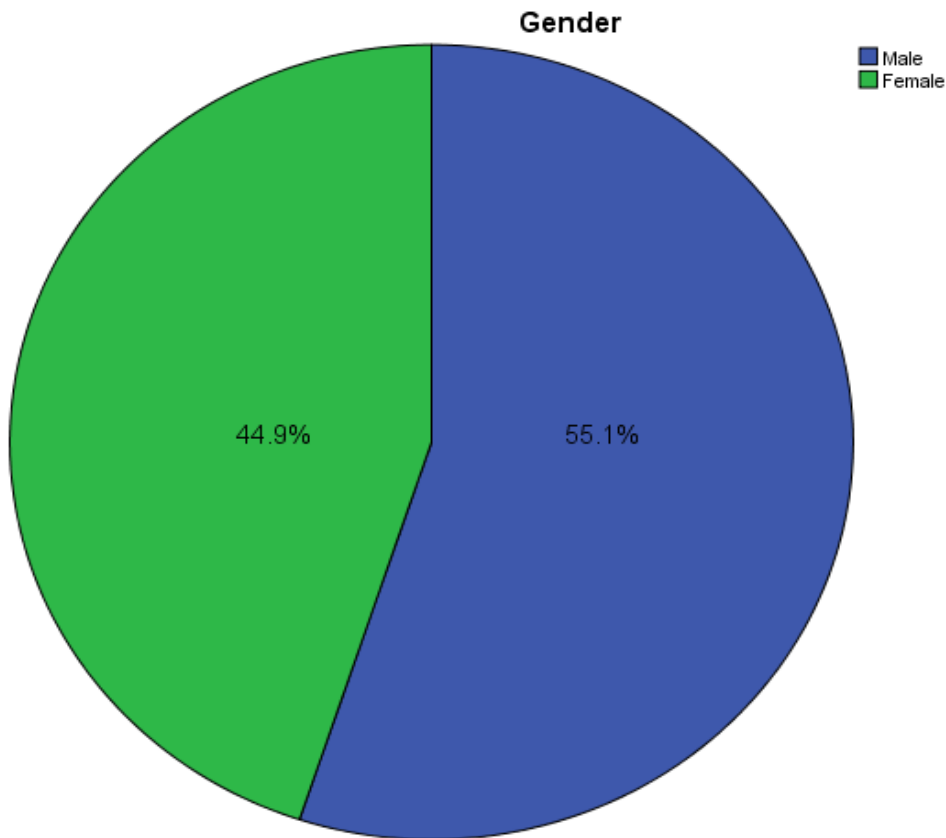


Figure 3: Gender

4.6.2 Age distribution of the respondents

In relation to the age distribution of the participants depicted in Figure 4, the research revealed that out of the total respondents, 69 individuals were above the age of 55, accounting for 63.8% of the sample. Additionally, 15 respondents fell within the age range of 31–54, constituting 21.7% of the participants. Furthermore, 10 respondents were below the age of 30, representing 14.5% of the sample. This finding suggests that a significant proportion of the participants had direct exposure to and personal experience with problems related to the governance and performance of the companies. Moreover, in accordance with Kongiri's (2012) assertion, it is crucial to consider age maturity as a factor in enhancing the perceived dependability of the outcomes obtained.

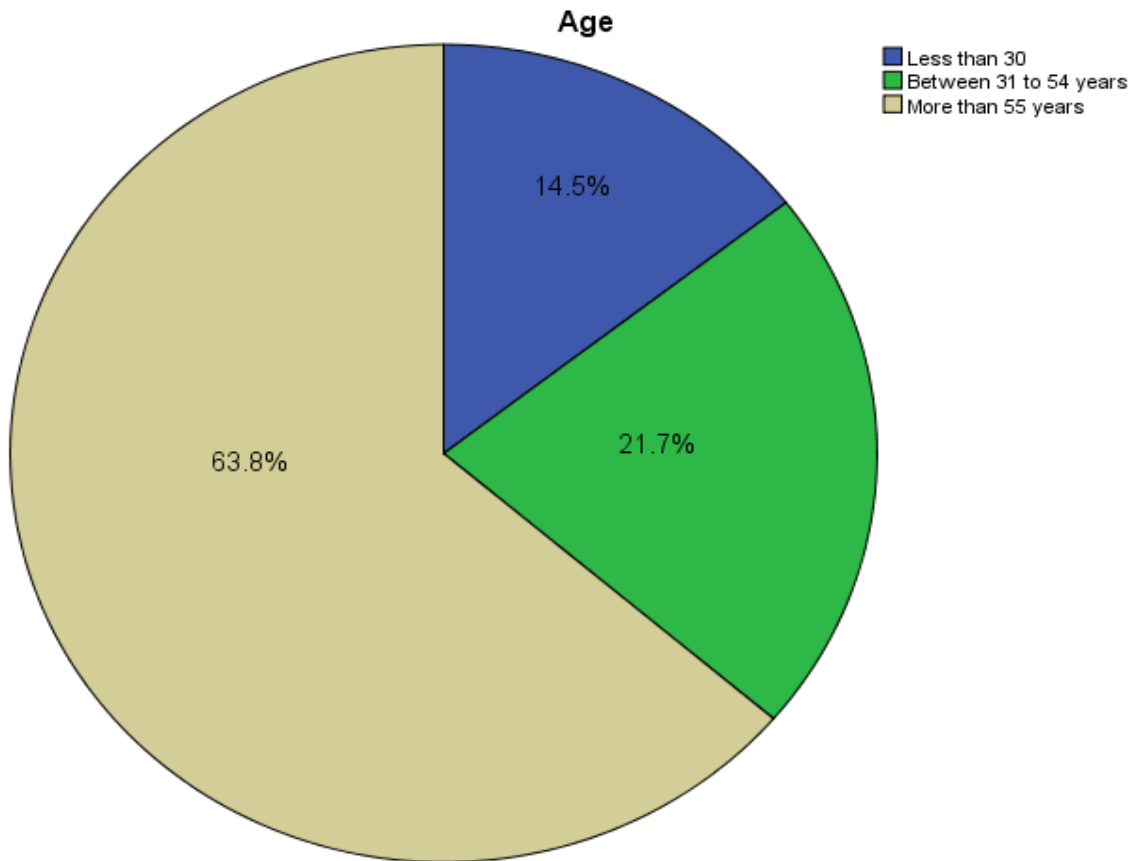


Figure 4: Age Distribution

4.6.3 Level of Education

The data shown in Figure 5 indicates that 34 respondents, accounting for 49.1% of the total participants, had a bachelor's degree. Additionally, 27 respondents, representing 39.1% of the participants, held a master's degree. Furthermore, it is worth noting that out of the total number of participants, 5 individuals, accounting for 7.2% of the sample, had doctoral degrees. Out of the respondents, 2 individuals, accounting for 2.9% of the total, had a post-secondary certificate. Additionally, 1 respondent, constituting 1.4% of the sample, reported having an education level different than those specified. This suggests that the majority of respondents (95.4%) possessed both undergraduate and postgraduate certificates, indicating that they had a sufficient level of knowledge regarding corporate governance, management practices, and the performance of manufacturing firms. Consequently, these respondents were deemed reliable in answering the questions posed in this study.

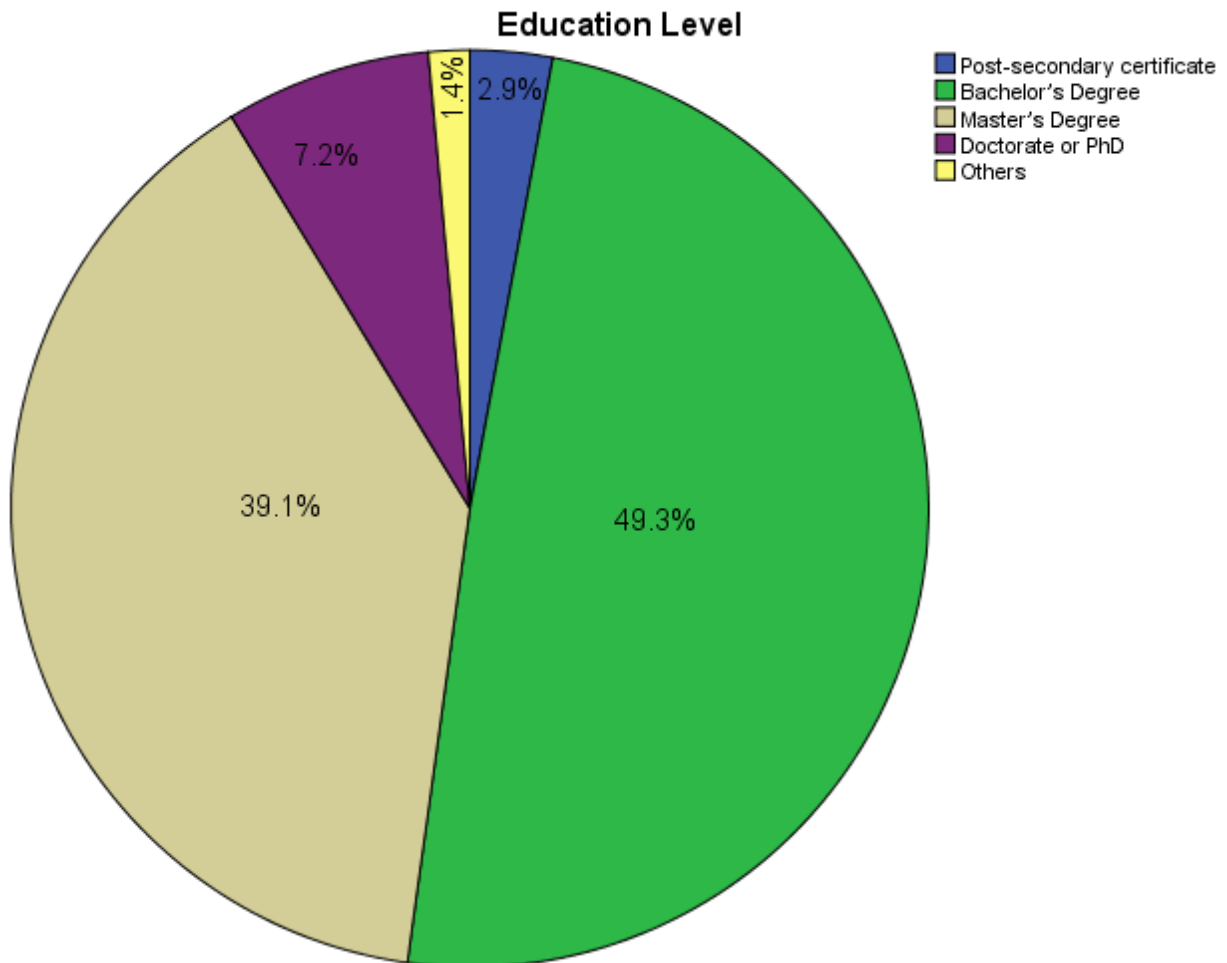


Figure 5: Education Level

4.6.4 Length of Service in the firm

The research aimed to determine the duration of employment for the participants in the business. According to the data shown in Figure 6, it can be seen that 13% of the participants reported having work experience of less than 1 year with the company, while 23.2% indicated a work tenure ranging from 2 to 5 years. 39.1% of the individuals had been employed for a duration of 6 years, while the same percentage had worked for a period of 10 years. In addition, individuals employed for over 10 years accounted for 24.6% of the total. A large proportion of the participants, who had substantial expertise, had been employed in the studied manufacturing enterprises for a considerable duration, suggesting their credibility and reliability in providing insights on the subject being investigated. Moreover, it is important to acknowledge that a longer duration of work indicates that the employees have withstood the test of time, hence enhancing the credibility and reliability of their insights pertaining to the subject being investigated...

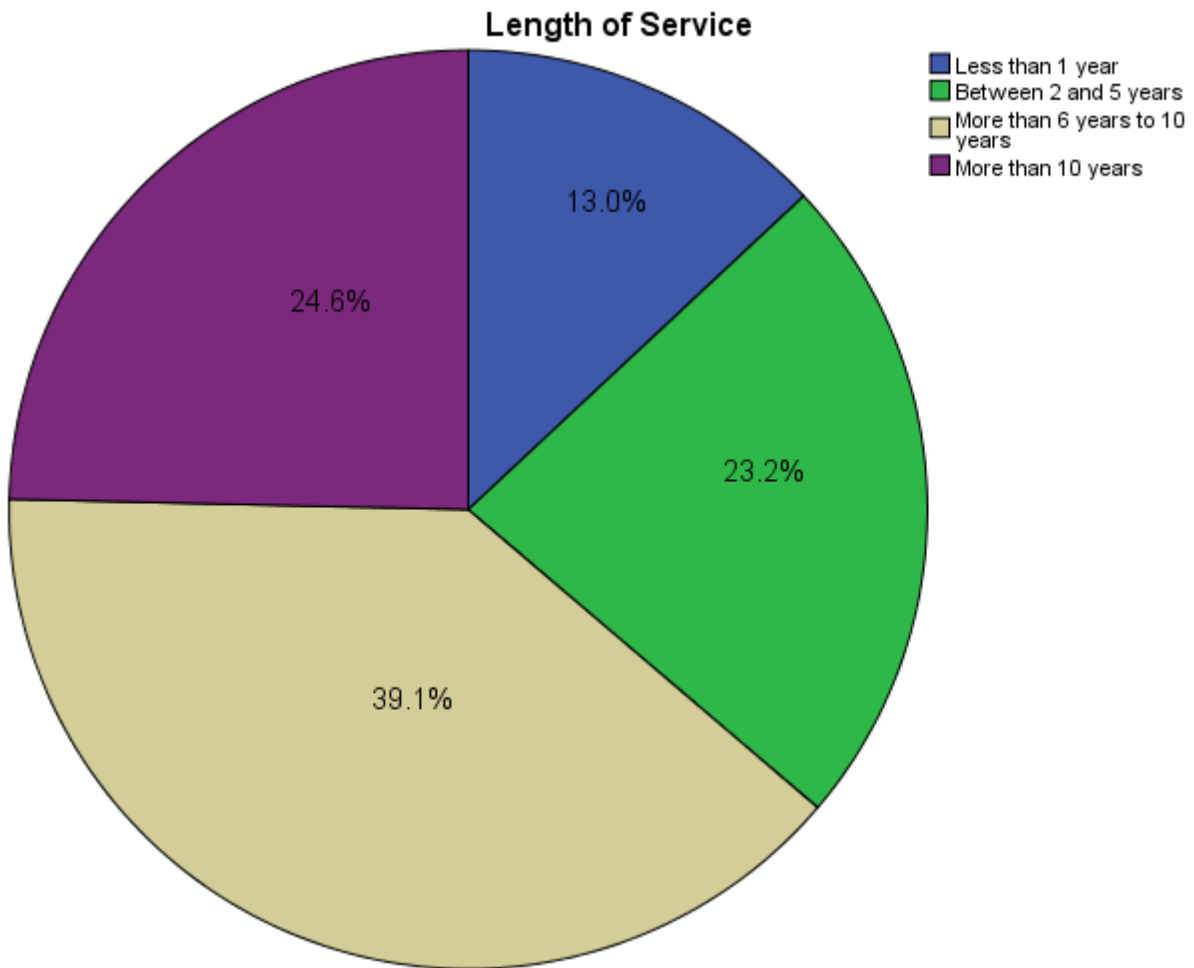


Figure 6: Length of service

4.7 Descriptive Statistics

Descriptive statistics, namely the mean and standard deviation, were used to evaluate the level of consensus about the effect of Corporate governance Principles, Strategic Management Practices, and Business Environment on the Performance of Large Manufacturing firms in Kenya. The elevated mean value indicates a substantial level of concurrence with the assertions, whilst the standard deviation offers insights into the degree of divergence from the mean.

4.7.1 Corporate Governance Principles Descriptive Statistics

The study aimed to evaluate respondent assessments of the importance of various aspects of the corporate governance principles for large manufacturing firms in Kenya. To achieve this, the study adopted a five point likert scale in which the respondents were requested to indicate the extent to which they supported some attributes in corporate governance principles. The rating was on a Liker-type scale of 1 to 5 where 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The research responses were rated using mean and standard deviation to summarize the findings of the study as shown in table 15.

Table 15: Corporate Governance Principles Descriptive Statistics

Statement	Mean	Std. Deviation
Non-employees do not participate in the company pension plansCG_StEngmt6	4.23	.598
Transparency plays a key role in performance of this organizationCG_Transp10	4.16	.656
The organization encourages voluntary disclosure of information within and outsideCG_Transp8	4.10	.622
Directors receive all or a portion of their fees in BonusesCG_Resp2	4.06	.725
Audit committee members are carefully recruited and retiredCG_StEngmt11	4.03	.641
There is transparency in financial reportingCG_Transp13	4.03	.593
The Audit Committee is composed of only nonexecutive directors who are independent of the companyCG_StEngmt8	4.00	.569
There is equal access to information for all stakeholdersCG_Transp2	4.00	.664
The organization has developed and adopted a code of corporate governance practicesCG_Resp4	3.97	.707
The organization has formed board committees to deal with specialized matters such as audit, investments, governance, staff and administration.CG_Resp5	3.96	.700
The Audit Committee meets at least 3 times in a yearCG_StEngmt2	3.94	.639
Transparency leads to effective evaluation of managementCG_Transp12	3.94	.616
There is transparency in allocation of resourcesCG_Transp9	3.94	.745

Statement	Mean	Std. Deviation
The organization has put in place mechanisms to ensure transparencyCG_Transp7	3.93	.773
The board discloses managerial ownership and compensationCG_Transp3	3.91	.800
The organization conducts AGM's for its members annuallyCG_StEngmt3	3.83	.766
Members of the Audit committee possess certain level of financial competencyCG_StEngmt9	3.80	.719
There is a procedure to assesses the performance of the audit committee chairCG_StEngmt10	3.78	.764
Dissemination of information helps to build the reputation of the organizationCG_Transp11	3.70	.602
The board discloses the corporation's independent auditorsCG_Transp1	3.70	.551
There is an established audit committee in my organizationCG_StEngmt7	3.68	.675
In the organization Incentive plans are used to improve Director's monitoring of performanceCG_Resp1	3.67	.610
The remuneration committee is composed solely of independent directorsCG_StEngmt5	3.64	.727
The audit committee has effective working relationships with senior managementCG_StEngmt1	3.57	.606
Average	3.899	0.670

Valid N (listwise)=69

The results in table 15 shows the aggregate mean score was 3.899. This is close to 4 ("agree") on the scale, suggesting respondents leaned towards agreeing that the corporate governance principles were effective. A standard deviation of 0.670 indicates a moderate level of variation in the responses. While not all respondents provided identical answers, the scores did not exhibit a uniform distribution across the entire scale. In the context of a corporate governance survey, a mean score close to 4 suggests that respondents generally believed the corporate governance principles were sound and felt the principles would lead to good decision-making and company performance. Majority of the respondents strongly agreed that Non-employees do not participate in the company pension plans with a mean value of 4.23 and standard deviation of 0.598, the respondents also strongly agreed that transparency plays a key role in performance of this organization with a mean value of 4.16 and standard deviation of 0.656,

the respondents also strongly agreed that the organization encourages voluntary disclosure of information within and outside with a mean value of 4.10 and standard deviation of 0.622. The respondents also strongly agreed that Directors receive all or a portion of their fees in Bonuses with a mean value of 4.06 and standard deviation 0.725. The participants also strongly agreed that Audit committee members are carefully recruited and retired with a mean value of 4.03 and standard deviation of 0.641. The respondents also strongly agreed that there is transparency in financial reporting with a mean value of 4.03 and standard deviation of 0.593. Additionally the participants strongly agreed that the Audit Committee is composed of only nonexecutive directors who are independent of the company with a mean value of 4.0 and standard deviation of 0.569 and they also strongly agreed that there is equal access to information for all stakeholders with a mean value of 4.0 and standard deviation of 0.664.

The respondents also agreed that the organization has developed and adopted a code of corporate governance practices with a mean value of 3.97 and standard deviation of 0.707. They also agreed that the organization has formed board committees to deal with specialized matters such as audit, investments, governance, staff and administration with a mean value of 3.96 and standard deviation of 0.700 and they also agreed that the Audit Committee meets at least 3 times in a year with a mean value of 3.94 and standard deviation of 0.639. They additionally agreed that the transparency leads to effective evaluation of management with a mean value of 3.94 and standard deviation of 0.616. The participants also agreed that there is transparency in allocation of resources with a mean value of 3.94 and standard deviation of 0.745. They also agreed that the organization has put in place mechanisms to ensure transparency with a mean value of 3.93 and standard deviation of 0.773 and that the board discloses managerial ownership and compensation with a mean value of 3.91 and standard deviation of 0.800. The participants also agreed that the organization conducts AGM's for its members annually with a mean value of 3.83 and standard deviation of 0.766.

The respondents agreed that the board discloses the corporation's independent auditors with a mean value of 3.70 and standard deviation of 0.551. The respondents agreed that there is an established audit committee in my organization with a mean value of 3.68 and standard deviation of 0.675. The participants agreed that in the organization Incentive plans are used to improve Director's monitoring of performance with a mean value of 3.67 and standard deviation of 0.610 and that the remuneration committee is composed solely of independent directors with a mean value of 3.64 and standard deviation of 0.727. Finally the participants

agree that the audit committee has effective working relationships with senior management with a mean value of 3.57 and standard deviation of 0.606.

4.7.2 Strategic Management Practices Descriptive Statistics

The study aimed to evaluate respondent assessments of the importance of various aspects of the strategic management practices for large manufacturing firms in Kenya. To achieve this, the study adopted a five point likert scale in which the respondents were requested to indicate the extent to which they supported some attributes in strategic management practices. The rating was on a Liker-type scale of 1 to 5 where 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The research responses were rated using mean and standard deviation to summarize the findings of the study as shown in table 16.

Table 16: Strategic Management Practices Descriptive Statistics

Statement	Mean	Std. Deviation
The company is able to identify its competitors and determine the reasons for success of competitors and considers this in strategy formulationSMP_StrPlan3	4.04	.695
My organization is governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy.SMP_StrImp3	3.96	.716
My organization regularly reviews and measures progress against set targets as teams when implementing strategiesSMP_StrEva3	3.96	.756
All employees of our company including those at the lower level are held accountable for achievement of the goals of the companySMP_StrForm5	3.91	.658
The strategic behavior and choices are in line with environmental developments and this is incorporated in strategy formulation SMP_StrPlan4	3.90	.645
The management encourages employees to be creative, try new methods and conduct continuous research to improve products and servicesSMP_StrImp5	3.88	.631
Our firm is keen on implementing strategies in ways that can improve performanceSMP_StrPlan5	3.87	.616
My organization structure supports our strategy and is revised regularly to match the changes in strategy requirements.SMP_StrImp1	3.86	.648

Statement	Mean	Std. Deviation
The management encourages employees to be creative, try new methods and conduct continuous research to improve products and servicesSMP_StrForm6	3.86	.692
The organization regularly develops new programs and services SMP_StrPlan2	3.86	.733
My organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals SMP_StrEva1	3.86	.670
In my organization problems affecting strategy implementation are addressed openly and resolvedSMP_StrEva5	3.83	.617
The company has a strategic planSMP_StrPlan1	3.81	.713
The company review strategic management practices decisionsSMP_StrPlan7	3.77	.689
My organization has precise rules, procedures and methods for implementing strategic objectivesSMP_StrEva2	3.77	.573
Decision-making is mainly done by top management and managers must consult in most casesSMP_StrForm3	3.77	.789
Adequate resources are allocated to strategy implementationSMP_StrPlan6	3.74	.741
The management encourage employees to conduct continuous research to improve products and services.SMP_StrForm4	3.74	.585
During strategy formulation, the firm assess all the resources.SMP_StrForm2	3.71	.644
The company has clearly defined and measurable performance targets for every strategy adoptedSMP_StrEva4	3.59	.577
Average	3.835	0.669

Valid N (listwise)=69

Results in table 16 gives aggregate mean score of 3.835 and a standard deviation of 0.669. An aggregate mean score of 3.835 is closer to 4 ("agree") on the scale. This suggests respondents generally agreed that strategic management practices are relevant and important. 0.669 is the standard deviation. This indicates a moderate level of variation in the responses. The findings suggest a generally positive perception of strategic management practices. The respondents likely believe these practices are important for the success of large manufacturing firms in Kenya and relevant to improving the performance of such firms. The respondents strongly agreed that the company is able to identify its competitors and determine the reasons for success of competitors and considers this in strategy formulation with mean score of 4.04 and a

standard deviation of 0.695. The respondents strongly agreed that the organization is governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy with mean score of 3.96 and a standard deviation of 0.716. The participants also agreed that the organization regularly reviews and measures progress against set targets as teams when implementing strategies with mean score of 3.96 and a standard deviation of 0.756. The respondents strongly agreed that all employees of our company including those at the lower level are held accountable for achievement of the goals of the company with mean score of 3.91 and a standard deviation of 0.658. It was also strongly agreed that the strategic behavior and choices are in line with environmental developments and this is incorporated in strategy formulation with mean score of 3.90 and a standard deviation of 0.645.

Additionally the respondents in the large manufacturing firms strongly agreed that the management encourages employees to be creative, try new methods and conduct continuous research to improve products and services with mean score of 3.88 and a standard deviation of 0.631. The respondents strongly agreed that our firm is keen on implementing strategies in ways that can improve performance with a mean score of 3.87 and a standard deviation of 0.616 and that the organization structure supports our strategy and is revised regularly to match the changes in strategy requirements with a mean score of 3.86 and a standard deviation of 0.648. The participants strongly agreed that the management encourages employees to be creative, try new methods and conduct continuous research to improve products and services with a mean score of 3.86 and a standard deviation of 0.692. The participants also strongly agreed that the organization regularly develops new programs and services with a mean score of 3.86 and a standard deviation of 0.733. Further organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals with a mean score of 3.83 and a standard deviation of 0.670. The participants also agreed that the organization problems affecting strategy implementation are addressed openly and resolved with a mean score of 3.81 and a standard deviation of 0.713.

Further the respondents agreed that the organization has precise rules, procedures and methods for implementing strategic objectives with a mean score of 3.77 and a standard deviation of 0.573. They are also agreed that the decision-making is mainly done by top management and managers must consult in most cases with a mean score of 3.77 and a standard deviation of 0.789 and that adequate resources are allocated to strategy implementation with a mean score of 3.74 and a standard deviation of 0.741. The respondents agreed that management encourage

employees to conduct continuous research to improve products and services with a mean score of 3.74 and a standard deviation of 0.585. The participants also agreed that during strategy formulation, the firm assess all the resources with a mean score of 3.71 and a standard deviation of 0.644. Finally the respondents agreed that the company has clearly defined and measurable performance targets for every strategy adopted with a mean score of 3.59 and a standard deviation of 0.577.

4.7.3 Business Environment Descriptive Statistics

The study aimed to evaluate respondent assessments of the importance of various aspects of the business environment for large manufacturing firms in Kenya. To achieve this, the study adopted a five point likert scale in which the respondents were requested to indicate the extent to which they supported some attributes in business environment. The rating was on a Likert-type scale of 1 to 5 where 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The research responses were rated using mean and standard deviation to summarize the findings of the study as shown in table 17.

Table 17: Business Environment Descriptive Statistics

Statement	Mean	Std. Deviation
Bargaining powers of suppliers to service providers is very competitive.BDev_Econ2	4.07	.863
The level of technology in place has greatly assisted my organization to implement strategies.BDev_Tech2	4.03	.685
Economic factors like inflation, exchange rates, economic growth has significant influence on our strategy implementation. BDev_Econ4	4.00	.748
My organization allocates funding for new technology, research and development. BDev_Tech6	4.00	.707
Resource commitment is guided by social environmental variable.BDev_Evrn4	3.99	.696
Ecological factors affect our organization when implementing our strategy.BDev_Evrn2	3.99	.630
Regulation of access to licenses has impacted implementation of our organization strategy.BDev_Leg4	3.99	.737

Statement	Mean	Std. Deviation
Laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals.BDev_Leg3	3.94	.616
Our organization is keen to ensure that technology required is available.BDev_Tech4	3.93	.693
Our organization updates and improves our technology and systems to ensure they are the latest and most efficient.BDev_Tech3	3.93	.754
Regulation of has affected achievement of our strategic goal's implementation.BDev_Polt4	3.91	.680
Harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)" is important when implementing our strategies.BDev_SocVal1	3.90	.710
Compliance requirement with various laws and regulations (e.g environmental, procurement, safety etc) has influenced implementation of our strategy. BDev_Leg2	3.90	.689
The social forces change very fast and they influence the way we implement our strategic initiatives.BDev_Evrn5	3.88	.697
My company experiences threat of substitute services from other sources.BDev_Econ3	3.86	.648
Our organization is quick to respond to the changes in technology.BDev_Tech5	3.86	.733
My organization uses the most appropriate technology in the market to produce power or provide services.BDev_Tech1	3.84	.504
Our company considers the environment when implementing strategy.BDev_Evrn1	3.83	.663
The actions of our competitors have made us change our strategy in the last five years.BDev_Econ1	3.83	.747
Resource commitment is guided by social environmental variable.BDev_SocVal3	3.78	.704
Our firm consider competitors as important market players and sources of information and opportunities for cooperation are explored.BDev_Evrn3	3.71	.644
Strict government rules and regulation could hinder the viability of my business.BDev_Leg1	3.67	.610

Statement	Mean	Std. Deviation
There is a lot of political interference which makes us adjust how we implement our strategic objectives.BDev_Polt1	3.54	.677
Average	3.886	0.688

Valid N (listwise)=69

Results in table 17 gives aggregate mean score of 3.886 and a standard deviation of 0.688. Aggregate mean score of 3.886, This is close to 4 ("agree") on the scale, suggesting respondents generally leaned toward agreeing that the business environment factors are important. 0.688 is the standard deviation. This indicates a moderate level of variation in the responses. Not everyone gave the same answer. However, the scores did not span the entire scale. The findings indicate a generally positive perception of the factors in the business environment. Respondents likely believed that these factors are relevant to the success of large manufacturing firms in Kenya and important for improving their performance. This depicted an average manifestation of Business Environment factors among of large manufacturing firms in Kenya. The respondents strongly agreed that the bargaining power of suppliers to service providers is very competitive with mean score of 4.04 and a standard deviation of 0.863. The respondents strongly agreed that the level of technology in place has greatly assisted my organization to implement strategies with mean score of 4.03 and a standard deviation of 0.685. The respondents strongly agreed that the Economic factors like inflation, exchange rates; economic growth has significant influence on our strategy implementation with mean score of 4.00 and a standard deviation of 0.748. They also strongly agreed that the organization allocates funding for new technology, research and development and Resource commitment is guided by social environmental variable with mean score of 4.00 and 3.99 and a standard deviation of 0.707 and 0.696 respectively. The respondents strongly agreed that the ecological factors affect the organization when implementing the strategy with mean score of 3.99 and a standard deviation of 0.630.

The participants strongly agreed that the laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals with mean score of 3.94 and a standard deviation of 0.616. The respondents also agreed that our organization is keen to ensure that technology required is availed with mean score of 3.93 and a standard deviation of 0.693. The participants further agreed that the organization updates and improves the

technology and systems to ensure they are the latest and most efficient with a mean score of 3.93 and a standard deviation of 0.754. It was also agreed that the regulation of has affected achievement of our strategic goal's implementation and that the harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)" is important when implementing our strategies with a mean score of 3.91 and 3.90 and standard deviation of 0.680 and 0.710 respectively. The respondents strongly agreed that the compliance requirement with various laws and regulations such as environmental, procurement, safety has influenced implementation of our strategy with a mean score of 3.90 and a standard deviation of 0.710.

Additionally the respondents agreed that the organization uses the most appropriate technology in the market to produce power or provide services with a mean score of 3.84 and a standard deviation of 0.504. The participants agreed that the company considers the environment when implementing its strategy with a mean score of 3.83 and a standard deviation of 0.663. The participants agreed that the actions of our competitors have made us change our strategy in the last five years with a mean score of 3.83 and a standard deviation 0.747. The respondents also agreed that the resource commitment is guided by social environmental variable with a mean score of 3.78 and a standard deviation of 0.704. They also agreed that the firm consider competitors as important market players and sources of information and opportunities for cooperation are explored with a mean score of 3.71 and a standard deviation of 0.644. They also agreed that the strict government rules and regulation could hinder the viability of my business with a mean score of 3.67 and a standard deviation of 0.610. Finally the participants agreed that there is a lot of political interference which makes us adjust how we implement our strategic objectives with a mean score of 3.54 and a standard deviation of 0.677.

4.7.4 Performance of Large Manufacturing firms in Kenya Descriptive Statistics

The study aimed to evaluate respondent assessments of the importance of various aspects of the performance aspects for large manufacturing firms in Kenya. To achieve this, the study adopted a five point likert scale in which the respondents were requested to indicate the extent to which they supported some attributes in performance. The rating was on a Liker-type scale of 1 to 5 where 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The research responses were rated using mean and standard deviation to summarize the findings of the study as shown in table 18.

Table 18: Performance of Large Manufacturing firms Descriptive Statistics

Statement	Mean	Std. Deviation
Our profits have continued to increase yearly.Perf_Proft1	4.01	.795
My organization has enough skilled and experienced employees to achieve high performance. Perf_Eff6	4.01	.795
Strategic objectives have been largely achieved.Perf_Proft3	4.00	.707
Employees commit maximum efforts to their work.Perf_CustSat5	3.96	.736
Employees are accountable for organizational performance.Perf_CustSat7	3.94	.725
The Employees' work is guided the organizations' overall strategic plan.Perf_CustSat2	3.94	.765
Performance appraisal is conducted to check on the performance.Perf_Eff4	3.94	.745
The level of productivity of employees in my organization is high. Perf_Eff7	3.93	.714
The reward structure at my organization has enhanced performance.Perf_Eff2	3.91	.612
Employees commit maximum efforts to their work.Perf_CustSat1	3.91	.658
My organizational ways meet the needs of customers on time.Perf_CustSat3	3.90	.789
Strategic alignment with organization goals and objectives have enhanced performance.Perf_Eff3	3.88	.607
Organization conceptualizes continuous innovativeness as a tool in strategy.Perf_Eff5	3.87	.765
Our organisation has been very competitive.Perf_Proft2	3.83	.727
Employees complete work assigned to them as per the Desired standards.Perf_CustSat6	3.77	.598
Timely delivery of services has increased the output.Perf_Proft5	3.77	.667
The level of productivity of employees in the organization is high.Perf_CustSat4	3.77	.622
Performance agreements have enhanced performance at my organization.Perf_Eff1	3.71	.571
Average	3.891	0.699

Valid N (listwise)=69

Results in table 18 gives an aggregate mean score of 3.891, This is close to 4 ("agree") on the scale, suggesting respondents generally leaned towards agreeing that the performance aspects are important. The standard deviation of 0.699 indicates a moderate level of variation in the responses. Not only did not everyone provide the same answer, but the scores also did not span the entire scale. The findings suggest a generally positive perception of the performance aspects. Respondents likely believe these aspects are important for the success of large manufacturing firms in Kenya and significant contributors to achieving their desired performance levels.

The respondents agreed with a mean value of 4.01 and standard deviation of 0.795 that the profits have continued to increase yearly and with a mean value of 4.01 and standard deviation of 0.795 that the organization has enough skilled and experienced employees to achieve high performance. They also agreed with a mean value of 4.00 and standard deviation of 0.707 that the strategic objectives have been largely achieved and with a mean value of 3.96 and standard deviation of 0.736 that the employees commit maximum efforts to their work.

They also reported that the employees are accountable for organizational performance with a mean value of 3.94 and standard deviation of 0.725 and that the Employees' work is guided the organizations' overall strategic plan with a mean value of 3.94 and standard deviation of 0.765. The respondents further agreed with a mean value of 3.94 and standard deviation of 0.745 that the performance appraisal is conducted to check on the performance and that the level of productivity of employees in my organization is high with a mean value of 3.93 and standard deviation of 0.714. Additionally the respondents agreed with a mean value of 3.91 and standard deviation of 0.612 that the reward structure at my organization has enhanced performance. They also reported with a mean value of 3.91 and standard deviation of 0.658 that the Employees commit maximum efforts to their work and that the organizational ways meet the needs of customers on time with a mean value of 3.90 and standard deviation of 0.789.

The respondents concurred with a mean value of 3.88 and standard deviation of 0.607 that the Strategic alignment with organization goals and objectives has enhanced performance. Additionally the participants agreed that the organization conceptualizes continuous innovativeness as a tool in strategy with a mean value of 3.87 and standard deviation of 0.765. The participants agreed that the organisation has been very competitive with a mean value of 3.83 and standard deviation of 0.727 and employees' complete work assigned to them as per the desired standards with a mean value of 3.77 and standard deviation of 0.598. The

respondents agreed that timely delivery of services has increased the output and with a mean value of 3.77 and standard deviation of 0.667 and that the level of productivity of employees in the organization is high with a mean value of 3.77 and standard deviation of 0.622. Finally with a mean value of 3.71 and standard deviation of 0.571 the respondents agreed that performance agreements have enhanced performance at my organization.

4.8 Inferential statistics

The researcher sought to investigate the correlation between the study variables: project planning, community engagement, government rules, and the performance of finished road projects. The main emphasis of this investigation was the discovery of the Pearson correlation. In addition, the research sought to investigate the study hypotheses, using the regression approach to accomplish this goal.

4.8.1 Correlation Analysis

The researcher conducted a correlation analysis to see whether there was a relationship between the study variables namely corporate governance principles, strategic management practices, business environment and performance of large manufacturing firms in Kenya. Pearson correlation coefficient the correlation analysis used the usage of correlation, with (r) utilized to ascertain the linear connection between the research variables. Mugenda and Mugenda, (2013) state that the correlation coefficient is a statistic that runs from -1.0 (indicating a perfect negative correlation) to 1.0 (indicating a perfect positive correlation). It quantifies the strength of the association between two variables. The magnitude of the correlation coefficient indicates a more pronounced relationship between two variables. A value of 0 for (r) indicates the absence of any correlation between two variables. The correlation coefficients were computed for each pair of the variables and the results shown in the correlation matrix in table 19.

The correlation findings showed that there is a strong positive significant relationship between Corporate Governance Principles and Performance of Large Manufacturing firms in Kenya with $r=0.656$ and $p\text{-value}<0.001$. That meant that a positive change in Corporate Governance Principles resulted in higher Performance of Large Manufacturing firms in Kenya. The correlation results also showed that there is a strong positive significant relationship between Strategic Management Practices and Performance of Large Manufacturing firms in Kenya with $r=0.726$ and $p\text{-value}<0.001$. That meant that a positive change in Strategic Management

Practices resulted in higher Performance of Large Manufacturing firms in Kenya. Also the correlation results also showed that there is a strong positive significant relationship between Business Environment and Performance of Large Manufacturing firms in Kenya with $r=0.758$ and $p\text{-value}<0.001$. These results emphasize on the critical significance of corporate governance principles, strategic management practices and business environment on performance of large manufacturing firms in Kenya. Since all variables returned a positive correlation as shown in Table 19, they were therefore subjected to further regression analysis to determine their individual contributions.

Table 19: Correlation Analysis Results

Variable		Performance	Corporate Governance Principles	Strategic Management Practices	Business Environment
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	69			
Corporate Governance Principles	Pearson Correlation	.656**	1		
	Sig. (2-tailed)	.000			
	N	69	69		
Strategic Management Practices	Pearson Correlation	.726**	.712**	1	
	Sig. (2-tailed)	.000	.000		
	N	69	69	69	
Business Environment	Pearson Correlation	.758**	.649**	.671**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	69	69	69	69

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

4.8.2 Test of Hypotheses

The researcher used multiple regression analysis to ascertain the linear statistical correlation between the independent, mediating, moderating, and dependent variables of the study. The research used linear regression models to evaluate the null hypotheses. The researcher used the F-test to evaluate the overall significance of a regression model. It statistically evaluates

whether the model, as a whole, explains a significant portion of the variance in the dependent variable compared to a model with just the intercept. The coefficient of determination (R-squared) was used to accurately measure the proportion of variance in the dependent variable explained by the independent variables in the model. It ranges from 0 to 1, with higher values indicating a better fit. The regression coefficient was used to clarify the results of the regression analysis and specify the nature and strength of the relationships between the variables being studied.

4.8.2.1 Effect of Corporate Governance Principles on Performance of Large Manufacturing firms in Kenya

This part pertains to the primary research purpose of the study, which aimed to assess the Effect of Corporate Governance Principles on Performance of Large Manufacturing firms in Kenya. The accomplishment of this objective was realised by the systematic examination of the proposed hypothesis in the following manner:

Ho₁: There is no significant effect of Corporate Governance Principles on Performance of Large Manufacturing firms in Kenya.

The use of basic linear regression, which produced the regression coefficients, coefficient of determination (R-squared), analysis of variance (ANOVA), and model coefficients, allowed for the evaluation of the hypothesis' statistical significance. The examination included assessments of goodness of fit in terms of overall significance, individual significance, and diagnostic testing. The aforementioned results are shown in Table 20, Table 21, and Table 22.

Table 20: Corporate Governance Principles Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
					F	df1	df2	
.656 ^a	.430	.421	.33447	.430	50.532	1	67	.000

a. Predictors: (Constant), Corporate Governance Principles

The findings in Table 20 shows the model summary of the analysis and the model results demonstrated a high level of accuracy in predicting the effect of the independent variable, corporate governance principles, on the performance of large manufacturing firms in Kenya. The coefficient of determination the adjusted R-square (R^2) for this relationship was calculated to be 0.421. This finding suggests that corporate governance principles accounted for 42.1% of

the observed differences in the performance of large manufacturing firms in Kenya. Additionally, it can be inferred that 57.9% of the observed variances in the performance of large manufacturing firms in Kenya may be attributed to other factors not included in the model.

Table 21: Corporate Governance Principles ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.653	1	5.653	50.532	.000 ^b
Residual	7.495	67	.112		
Total	13.148	68			

a. Dependent Variable: Performance
b. Predictors: (Constant), Corporate Governance Principles

In order to assess the statistical performance of the regression model used in this work, an analysis of variance (ANOVA) test was conducted. The results of analysis of variance (ANOVA) test are shown in Table 27. The analysis of variance (ANOVA) findings (F (1, 67) = 50.532, p-value = 0.000) suggest that the regression model exhibited statistical significance and effectively captured the associations between corporate governance principles and the performance of large manufacturing firms in Kenya.

Table 22: Corporate Governance Principles Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	.947	.416		2.276	.026	.116	1.777
Corporate Governance Principles	.753	.106	.656	7.109	.000	.542	.964

a. Dependent Variable: Performance

The effect of corporate governance principles was found to be statistically significant at the individual level ($\beta = 0.753$, $t = 7.109$, $p\text{-value} = 0.000 < 0.05$), as shown in Table 22. This

finding suggests that there is a positive relationship between corporate governance principles and the performance of large manufacturing firms in Kenya. Specifically, for each unit increase in corporate governance principles, there is a corresponding gain of 0.753 units in performance of large manufacturing firms, assuming all other parameters remain the same. The relationship between the variables may be mathematically represented by the equation $Y = 0.947 + 0.753X$. The correlation between the variables is positive. In conclusion, the findings of this study offer empirical support for the notion that corporate governance principles has a significant impact on the performance of large manufacturing firms in Kenya. As a result, the null hypothesis (Ho1), which posited that *there is no significant effect of Corporate Governance Principles on Performance of Large Manufacturing firms in Kenya*, was rejected. Consequently, the researcher concluded that there is indeed a significant effect of Corporate Governance Principles on Performance of Large Manufacturing firms in Kenya.

The model summary was;

4.8.2.2 Mediation effect of strategic management practices on relationship between corporate governance principles and performance of large manufacturing firms in Kenya

The second purpose of this study was to evaluate the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. A stepwise regression analysis was conducted in order to examine the relationship between strategic management practices and corporate governance principles while also examining the extent to which strategic management practices predicts performance of completed road projects in arid and semi-arid counties in Kenya. The following is a stepwise study that demonstrates both direct and indirect links, using the methodology outlined by Baron and Kenny (1986).

Step 1: Corporate Governance Principles Predicting performance of large manufacturing firms in Kenya

This step was intended to confirm the significance of the relationship between the corporate governance principles (X) and performance of large manufacturing firms in Kenya (Y) expressed as $X \rightarrow Y$. As shown in table 20, table 21, and table 22, when corporate governance principles as the predictor is held constant performance of large manufacturing firms in Kenya will remain at 0.947. In addition, an enhancement in corporate governance principles by a

solitary unit leads to an increase in performance of large manufacturing firms in Kenya by 0.753 units with a p-value of $0.000 < 0.05$. Findings shows that adjusted R-squared = 0.421 with F-calculated = 50.532 at a 2-tailed test at 95% confidence level and a p-value = $0.000 < 0.05$ as well as a significant positive elasticity (0.753). This implies that, corporate governance principles significantly predict constant performance of large manufacturing firms in Kenya: $Y = 0.947 + 0.753X$.

Step 2. Corporate governance principles predicting strategic management practices

This step was intended to confirm whether the relationship between corporate governance principles (X) and strategic management practices (Z) is significance of illustrated as $X \rightarrow Z$.

Table 23: Corporate governance and strategic management Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F Change	df1	df2	Sig. F Change
.712 ^a	.507	.499	.27899	.507	68.853	1	67	.000

a. Predictors: (Constant), Corporate governance principles

The findings in Table 23 shows that an adjusted R-Square of 0.499 with Sig= 0.000 where p-value<0.05. This implies that corporate governance principles explain 49.9% percent of the variation in strategic management practices.

Table 24: Corporate governance and strategic management ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.359	1	5.359	68.853	.000 ^b
Residual	5.215	67	.078		
Total	10.574	68			

a. Dependent Variable: strategic management practices

b. Predictors: (Constant), Corporate governance principles

The findings in Table 24 shows that the F-calculated =68.853 at 2-tail test and 95% confidence level. Results also show p-value = $0.000 < 0.05$. This further enhances the inference that corporate governance principles significantly influence strategic management practices.

Table 25: Corporate governance and strategic management Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	.967	.347		2.785	.007	.274	1.659
Corporate governance principles	.733	.088	.712	8.298	.000	.557	.909

a. Dependent Variable: strategic management practices

Findings as shown in table 25 show that, when corporate governance principles is held constant, strategic management practices remains at 0.967. Additionally, a one unit increase corporate governance principles leads to an increase in strategic management practices by 0.733 units with a p-value of $0.000 < 0.05$. Consequently, the researcher summarizes that, corporate governance principles significantly and positively predicts strategic management practices as summarized by the following model:

$$Z = 0.967 + 0.733X$$

Step 3: strategic management practices predicting performance of large manufacturing firms in Kenya

This step was intended to confirm whether the relationship between strategic management practices (Z) and performance of large manufacturing firms in Kenya (Y) is significance of illustrated as $Z \rightarrow Y$.

Table 26: Strategic management and performance Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F Change	df1	df2	Sig. F Change
.726 ^a	.526	.519	.30483	.526	74.497	1	67	.000

a. Predictors: (Constant), strategic management practices

The findings in Table 26 shows an adjusted R-Square of 0.519 with Sig= 0.000 where p-value<0.05. This implies that strategic management practices explains 51.9% percent of the variation performance of large manufacturing firms in Kenya.

Table 27: Strategic management and performance ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.922	1	6.922	74.497	.000 ^b
Residual	6.226	67	.093		
Total	13.148	68			

a. Dependent Variable: performance

b. Predictors: (Constant), strategic management practices

The findings in Table 27 shows that the F-calculated = 74.497 at 2-tail test and 95% confidence level. Results also show p-value = 0.000 < 0.05. This further enhances the inference that strategic management practices significantly influences performance of large manufacturing firms in Kenya.

Table 28: Strategic management and performance Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	.789	.361		2.185	.032	.068	1.510
strategic management practices	.809	.094	.726	8.631	.000	.622	.996

a. Dependent Variable: performance

Findings as shown in table 28 show that, when strategic management practices are held constant, performance of large manufacturing firms in Kenya remains at 0.789. Additionally, a one unit increase in strategic management practices leads to an increase in performance of large manufacturing firms in Kenya by 0.809 units with a p-value of 0.000 < 0.05. Consequently, the researcher summarizes that, strategic management practices significantly and positively predicts performance of large manufacturing firms in Kenya as summarized by the following model:

$$Y = 0.789 + 0.809Z$$

Step 4: Corporate governance Principles and Strategic Management Practices predicting performance of large manufacturing firms in Kenya

This step was intended to confirm whether corporate governance principles (X) and strategic management practices (Z) significantly p performance of large manufacturing firms in Kenya expressed as $Z|X \rightarrow Y$

Table 29: Corporate governance and strategic management practices Coefficient

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
					F	df1	df2	
.752 ^a	.566	.553	.29413	.566	42.992	2	66	.000

a. Predictors: (Constant), corporate governance principles, strategic management practices

The findings shown in Table 29 indicate that the adjusted R-Square value is 0.553, which is statistically significant at a significance level of 0.05. The p-value of 0.00 further supports this conclusion. This finding suggests that there is a significant relationship between corporate governance principles and strategic management practices on performance of large manufacturing firms in Kenya, accounting for 55.3% percent of the observed variance. This implies that the effect of corporate governance principles and strategic management practices on performance of large manufacturing firms in Kenya is high. Additionally, this finding suggests that a 44.7% percent of the observed differences in performance of large manufacturing firms in Kenya cannot be accounted for just by the variables of corporate governance principles, and strategic management practices included in this particular model.

Table 30: Corporate governance and strategic management ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.439	2	3.719	42.992	.000 ^b
Residual	5.710	66	.087		
Total	13.148	68			

a. Dependent Variable: performance

b. Predictors: (Constant), corporate governance, strategic management

The findings in Table 30 shows a F-calculated = 42.992 at 2-tail test and 95% confidence level. Results also show p-value = 0.000 < 0.05. This further enhances the inference that corporate governance principles and strategic management practices significantly influences

performance of completed road projects thus the higher the project planning and community participation the higher the performance of large manufacturing firms in Kenya.

Table 31: Corporate governance and strategic management Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	.381	.386		.986	.328	-.390	1.153
corporate governance principles strategic management practices	.324	.133	.282	2.443	.017	.059	.589
	.585	.129	.525	4.543	.000	.328	.842

a. Dependent Variable: performance

The results in table 31 shows that the coefficients of corporate governance principles on performance of large manufacturing firms in Kenya when the mediator strategic management practices is controlled to be $\beta = 0.324$ and its significant p-value = 0.017 < 0.05. So the relationship between corporate governance principles and performance of large manufacturing firms in Kenya is still significant when the mediator strategic management practices is controlled. The study shows that strategic management practices is a partial mediator in the relationship between corporate governance principles on performance of large manufacturing firms in Kenya. This can be proven by the fact that the coefficients in table 20 between corporate governance principles and performance of large manufacturing firms in Kenya is $\beta = 0.753$ and its significant p-value = 0.000 < 0.05. This coefficient value reduces to $\beta = 0.324$ when a mediator strategic management practices is introduced in the relationship between corporate governance principles on performance of large manufacturing firms in Kenya and therefore this means that strategic management practices partially mediates the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

These findings were summarized in a model as:-

$$(ii) \text{ Performance of large manufacturing firms} = 0.381 + 0.324(\text{corporate governance principles}) + 0.585(\text{strategic management practices}).$$

The null hypothesis (Ho2), which posited that there is no significant mediation effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya, was rejected. Consequently, the researcher concluded that there is indeed a significant mediation effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

4.8.3 Moderating effect of business environment on the relationship between corporate governance principles and Performance of Large Manufacturing firms in Kenya.

The third objective of this study was to evaluate the degree to which business environment serves as a moderator in the association between corporate governance principles and performance of large manufacturing firms in Kenya. This was done through testing the hypothesis H0₃: There is no significant moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. To test this null hypothesis, a hierarchical multiple regression analysis was conducted. The test for moderation was checked and tested using the regular linear regression menu item in SPSS using the methodology outlined by Baron and Kenny (1986). This was attained by examining regression pathways of corporate governance principles, business environment and performance of large manufacturing firms in Kenya. Regression analysis was carried out in a hierarchical process with an interaction term, which is a product of corporate governance principles and business environment, introduced as an additional predictor. The hierarchical models applied are discussed below:

Table 32: Business environment Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F	df1	df2	Sig. F Change
.788 ^a	.621	.609	.27486	.621	54.022	2	66	.000
.821 ^b	.674	.659	.25696	.053	10.515	1	65	.002

a. Predictors: (Constant), Business Environment, Corporate governance Principles

b. Predictors: (Constant), Business Environment, Corporate governance Principles, Interaction Term

The findings in Table 32, presents the percent of variability in the performance of large manufacturing firms in Kenya (dependent variable) that corporate governance principles and business environment (predictors) can account for. In model two, with the introduction of the interaction term in model, the adjusted R squared (R^2) changes positively from 0.609 to 0.659 an increase of 0.053 with standard error of the estimation decreasing to 0.42024, hence there was a positive change in adjusted R-squared and thus the change was significant given p-value = 0.000 < 0.001.

Table 33: Business environment ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.162	2	4.081	54.022	.000 ^b
	Residual	4.986	66	.076		
	Total	13.148	68			
2	Regression	8.856	3	2.952	44.712	.000 ^c
	Residual	4.292	65	.066		
	Total	13.148	68			

a. Dependent Variable: Performance

b. Predictors: (Constant), Business Environment, Corporate governance Principles

c. Predictors: (Constant), Business Environment, Corporate governance Principles, Interaction Term

The analysis of variance depicted in table 33 was intended to evaluate if models 1, model and model 2 are significant. The ANOVA was also intended to determine whether the amount of variance that model 1 and model 2 accounted for (with the interaction term) is registering more than model 1 (that is characterized without the interaction term). The Findings of the analysis indicate that the model in its entirety is significant given that $F = 54.002$, $p\text{-value} = 0.000 < 0.001$ for model 1, and $F = 44.712$, $p\text{-value} = 0.000 < 0.001$ for model 2.

Table 34: Business environment Model Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error				Lower Bound	Upper Bound	
1	(Constant)	.145	.369	.394	.695	-.591	.882	
	Corporate governance Principles	.325	.114	.283	2.841	.097	.553	
	Business Environment,	.637	.111	.574	5.763	.000	.416	.858
2	(Constant)	3.087	.971	3.181	.002	1.149	5.026	
	Corporate governance Principles	-.426	.255	-.371	-1.669	.100	-.935	.084
	Business Environment,	-.341	.319	-.307	-1.069	.289	-.977	.296
	InterctionTerm1	.247	.076	1.416	3.243	.002	.095	.399

a. Dependent Variable: Performance

In study results in table 34, the researcher was interested in the coefficient (Beta) values of corporate governance principles, Business Environment and interaction term (corporate governance principles and Business Environment). From model 1 the impact of corporate governance principles to Performance of Large Manufacturing firms in Kenya is significant with a coefficient (β) = 0.325 and p-value = 0.006 < 0.05. The impact of the moderating value (business environment) on performance of completed road projects is also significant. Hence with a coefficient (β) = 0.637 and p-value = 0.000 < 0.001. In model 2, the model results show that the interaction term (corporate governance principles and business environment) is significant with a coefficient (β) = 1.416 and p-value = 0.002 < 0.05. This means that business environment affects the strength of the relationship between corporate governance principles and Performance of Large Manufacturing firms in Kenya. Therefore business environment moderate the relationship between corporate governance principles and Performance of Large Manufacturing firms in Kenya.

The moderating model can be summarized as:

(iii).....*Performance of Large Manufacturing firms in Kenya = 0.145 + 0.325 (corporate governance principles) + 0.637(business environment) + 0.247 (corporate governance principles and business environment).*

The researcher therefore, Rejects the null hypothesis three (H0₃) and consequently concludes that there is significant moderated-mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

4.8.4 The Moderated Mediation of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya

The fourth objective of the study was to determine moderated-mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. This was done through testing the hypothesis H0₄: There is no significant moderated-mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

The model was tested using the PROCESS macro (V3.3; Hayes, 2018a) for SPSS. The present study used Model 8 that specifies a first-stage moderated mediation model in which W is allowed to moderate the direct path from X to Y and the first-stage indirect path from X to M (mediator). The index of moderated mediation was tested with a 95% bias-corrected bootstrap confidence interval based on 5,000 replications. The model correlation results on table 35 shows there is a positive relationship R=0.818 between all the study variables that is; Corporate governance Principles, Strategic Management Practices, Business Environment and Performance of Large Manufacturing firms in Kenya. The further model shows R-squared of 0.669 which is strongly significant (p<0.001), which means that the model explains 66.9% of what Performance of Large Manufacturing firms in Kenya is comprised of in this dataset. This means that 66.9% of variation in performance can be explained by a unit change in corporate governance Principles, Strategic Management Practices and Business Environment. A detailed PROCESS macro of results is shown in appendix VI.

Table 35: Moderated Mediation Model Summary

R	R-squared	MSE	F	df1	df2	p
0.818	0.669	0.068	26.500	4	64.000	0.0000

The study set to test the moderated mediation also called conditional indirect effect, this occurs when the independent variable (Corporate governance Principles) has a direct effect on the dependent variable (Performance of Large Manufacturing firms in Kenya) and the independent variable (Corporate governance Principles) has indirect effect on the dependent variable (Performance of Large Manufacturing firms in Kenya) through the mediating variable (Strategic Management Practices) and both direct and indirect effect are influenced by the moderating variable (Business Environment).

Table 36: Index of moderated mediation

	Index	BootSE	BootLLCI	BootULCI
Business Environment	0.162	0.109	0.011	0.433

To test whether the moderated mediation is significant first the study tested whether the index for moderated mediation is significant. The bootstrapping results on table 36 shows that the index for moderation mediation is significant, where lower and upper confidence interval [LLCI: 0.011, ULCI: 0.433] where the zero (0) is outside the confidence interval and thus moderation mediation is significant. Further to test the presence of moderated mediation, the direct effect that is the effect of independent variable on the dependent variable as shown in Table 37 model coefficients. The model coefficients table 37 shows that the direct association between Corporate governance Principles and Performance of Large Manufacturing firms in Kenya was found to be moderated by Business Environment and interaction being significant ($t = 3.243$, $p=0.002$) and where lower and upper confidence interval [LLCI: 0.095, ULCI: 0.399] where the zero (0) is outside the confidence interval. The association between Corporate governance Principles and the mediator (Strategic Management Practices) was also conditional on levels of Business Environment and interaction being significant ($t= 2.080$, $p=0.041$) and where lower and upper confidence interval [LLCI: 0.17, ULCI: 0.817,] where the zero (0) is outside the confidence interval. Therefore the direct and indirect effects are both significant.

Table 37: Moderated Mediation Model Coefficients

Direct Path	Beta	se	t	p	LLCI	ULCI
constant	2.416	0.616	3.923	0.000	1.186	3.647
Corporate governance Principles →Performance	0.120	0.198	0.606	0.546	-0.274	0.516
Strategic Management Practices →Performance	0.388	0.161	2.411	0.019	0.067	0.709
Business Environment →Performance	0.497	0.173	2.865	0.006	0.150	0.843
Interaction	0.247	0.076	3.243	0.002	0.095	0.399
Indirect Path (Strategy Implementation)						
constant	3.792	0.037	102.028	0.000	3.718	3.866
Corporate governance Principles → Strategic Management Practices	0.539	0.129	4.172	0.000	0.281	0.797
Business Environment → Strategic Management Practices	0.363	0.157	2.315	0.024	0.050	0.676
Interaction	0.417	0.200	2.080	0.041	0.17	0.817

The study null hypothesis that states that there is no moderating effect of business environment on the mediating role of strategic management practices in the effect of corporate governance principles on performance of large manufacturing firms in Kenya is rejected. The model explaining the results enumerated in Table 37 is given by:

Performance through Direct Path:

$$(iv) \dots \dots \dots \text{Performance} = 3.792 + 0.539 (\text{Corporate governance Principles}) + 0.363 (\text{Business Environment}) + 0.417 (\text{Corporate governance Principles} * \text{Business Environment})$$

Performance through Indirect Path:

$$(v) \dots \dots \dots \text{Performance} = 2.416 + 0.120 (\text{Corporate governance Principles}) + 0.388 (\text{Strategic Management Practices}) + 0.497 (\text{Business Environment}) + 0.247 (\text{Strategic Management Practices} * \text{Business Environment})$$

4.9 Findings and Discussions

This section presents findings and discussion of results based on the study results. The section is organized into subsections addressing the research objectives.

4.9.1 Corporate governance principles and performance of large manufacturing firms in Kenya

The results of this study highlighted the effect of corporate governance principles on performance of large manufacturing firms in Kenya. The study findings revealed and established the overall aggregate mean score of 3.899 and a standard deviation of 0.670. High value of the aggregate mean shows that the respondents affirmed that Non-employees do not participate in the company pension plans and that Transparency plays a key role in performance of this organization. Majority of the respondents strongly agreed that the organization encourages voluntary disclosure of information within and outside, and that Directors receive all or a portion of their fees in Bonuses. The respondents also strongly agreed that the Audit committee members are carefully recruited and retired and that there is transparency in financial reporting. The respondents also strongly agreed that the Audit Committee is composed of only nonexecutive directors who are independent of the company and they also strongly agreed that there is equal access to information for all stakeholders.

Additionally the respondents agreed that the organization has developed and adopted a code of corporate governance practices and that the organization has formed board committees to deal with specialized matters such as audit, investments, governance, staff and administration. They also agreed that the Audit Committee meets at least 3 times in a year and that the transparency leads to effective evaluation of management. They also agreed that that there is transparency in allocation of resources and that the board discloses managerial ownership and compensation. The participants also agreed that the organization conducts AGM's for its members annually. The respondents agreed that the board discloses the corporation's independent auditors and that there is an established audit committee in my organization.

According to the findings of this study, the findings of Hwang, Kim, Park, and Park (2013) about the relationship between governance characteristics associated with transparency and liquidity in the United States stock market are compatible with the findings of this research.

Additionally, it is evident that corporate governance has a major favorable influence on the success of the firm. Chaudhary and Gakhar (2018) researched the connection between the size of the board and the number of times board meetings are attended in India. Both of these factors are significant indicators of corporate governance. Their findings revealed only a minimal association between these indicators and the company's success. Johnson (2020) discovered that there is a correlation between the policies of corporate governance and the financial performance of South African companies. The researchers Hove-Sibanda, Sibanda, and Pooe (2017) successfully established a direct connection between corporate governance and performance. This is due to the fact that the former enhances the competitive advantage of a firm. As a result of their research, Udeh, Abiahu, and Tambou (2017) came to the conclusion that the membership of the board had a little influence on the financial performance of companies in Nigeria.

Additionally the results are in agreement with Kenga and Nzulwa (2018) investigated the impact of corporate governance practices on medium-sized enterprise performance in Kilifi County, Kenya. Kenyan manufacturing enterprises are hindered by inadequate corporate governance and substantial unsustainable debts, resulting in stakeholders losing their investments and suppliers facing unresolved claims due to bad financial management choices. This study offers a comprehensive analysis of the correlation between financial leverage choices and the characteristics of the Board of Directors in the manufacturing sector. The study found that the qualities of a company's board of directors have an impact on its choices about financial leverage. Additionally, the size of the company determines the amount of external borrowing it can get. This study highlights the need for empirical research to determine the exact link between the features of the board of directors, the size of the business, and the financial leverage of manufacturing enterprises. The study findings also indicated that CEO duality with properly separation of roles increased overall control.

The findings of this specific research were based on the null hypothesis, which posits that there is no significant relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The research findings indicate a robust positive and statistically significant association between corporate governance principles and the performance of large manufacturing firms in Kenya. The findings of this study align with the research conducted by Arslan (2019) who conducted a study using both qualitative and

quantitative research methods to evaluate the relationship between corporate governance, compliance, and performance. Further investigation revealed that every facet of corporate governance significantly influenced performance. The implementation of corporate governance standards has the potential to improve the performance of firms listed on the Pakistan Stock Exchange (PSX). The research project utilized exploratory factor analysis (EFA) and multiple hierarchical regressions to investigate the link between the studied variables. In the year 2022, Isaac conducted research to study the connection between corporate governance and performance. Isaac conducted the research using a descriptive research technique and collected primary data through questionnaires. We then analyzed the data using both descriptive and inferential statistical methods. Research has shown a positive correlation between corporate governance and performance.

Accordingly, the study findings which led to the rejection of the null hypothesis established that performance of large manufacturing firms in Kenya was significantly and positively influenced by corporate governance principles. This is evident from the findings that there was strong positive correlation between corporate governance principles and performance of large manufacturing firms in Kenya and that variation in performance of large manufacturing firms in Kenya can be explained by a unit change in corporate governance principles. Effectively, this means that an enhancement in the quality of practice of corporate governance principles will increase performance of large manufacturing firms in Kenya. The study therefore established that corporate governance principles greatly and positively impacts the performance of large manufacturing firms in Kenya in several areas namely; Accountability, Stakeholder Engagement, Transparency, Responsibility and CEO Duality. This confirms a statistically significant positive effect of that variation in performance of large manufacturing firms in Kenya can be explained by a unit change corporate governance principles on performance of large manufacturing firms in Kenya hence the basis for rejection of the null hypothesis (H_{01}) that There is no significant relationship between corporate governance principles and performance of large manufacturing firms in Kenya in line with Kariuki, Ombaka, and Mburu (2021) whom investigated the impact of corporate governance on the performance of Kenyan public universities and discovered that corporate governance had a statistically significant impact on performance.

The study examined the corporate governance procedures in Greece and their impact on profits management and business performance. The study focuses on non-financial companies listed on the Athens Stock Exchange (ASE) between 2006 and 2012. The first empirical investigation analyzes the degree to which the enforcement of corporate governance Law 3693/2008, which mandates the presence of audit committees in all Greek listed companies, restricts the manipulation of financial profits by these corporations. Panel data study reveals a shift in the connection between corporate governance quality and earnings management from negative to positive after the introduction of the legislation. This indicates that companies prioritize strict compliance with legal requirements rather than focusing on the underlying principles, and that this specific system of corporate governance is not fulfilling its intended objective. The second empirical research investigates the correlation between corporate governance and business performance during a financial crisis, when the anticipated association between the two variables is not initially evident. Panel data analysis reveals a shift in the correlation between corporate governance and business performance from positive to negative throughout the Greek sovereign debt crisis era. This implies that the principles of effective governance that are applicable during stable periods may have adverse effects during times of crisis. Univariate, bivariate and multivariate analysis were used to analyse the data. Data was used descriptive and inferential statistics.

Additionally the study results concur with Kyere and Ausloos (2021) who empirically investigated the influence of effective corporate governance on the financial performance of non-financial listed companies in the United Kingdom. The conceptual paradigm is based on agency theory and stewardship theory. The study results revealed that corporate governance procedures may have a good or negative influence on financial performance, or occasionally no impact at all. The research findings demonstrate that selecting appropriate corporate governance measures may improve a corporation's financial performance.

4.9.2 Mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya

The second objective of the study was to determine the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The moderate value of the aggregate mean value of 3.835 and standard deviation of 0.669 showed that the respondents affirmed that

strategic management practices factors were relevant and important towards determining the performance of large manufacturing firms in Kenya. Majority of the respondents strongly agreed with strategic management practices statement that that the company is able to identify its competitors and determine the reasons for success of competitors and considers this in strategy formulation. The respondents strongly agreed that the organization is governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy. The participants also agreed that the organization regularly reviews and measures progress against set targets as teams when implementing strategies and that the all employees of our company including those at the lower level are held accountable for achievement of the goals of the company. It was also strongly agreed that the strategic behavior and choices are in line with environmental developments and this is incorporated in strategy formulation.

Additionally the respondents in the large manufacturing firms strongly agreed that the management encourages employees to be creative, try new methods and conduct continuous research to improve products and services and that the firm is keen on implementing strategies in ways that can improve performance. They agreed that the organization structure supports our strategy and is revised regularly to match the changes in strategy requirements and the management encourages employees to be creative, try new methods and conduct continuous research to improve products and services. It was agreed that organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals and the organization problems affecting strategy implementation are addressed openly and resolved. These study results are in agreement with Sharabati and Fuqaha (2014) who argues that the adoption of the strategic management practices gives an organisation capability that distinguishes an organisation from other enabling their survival in a competitive environment. The business environment presents the greatest challenge to managers.

Additionally the results are in agreement with Ncurai, 2013 who examined the level of adoption of strategic management methods by beach management units (BMUs) in Bondo Sub County. The survey found that over 30% of the firms examined implemented the majority of strategic management principles. These companies had an implicit vision, mission statements, and fundamental principles. The process included doing a comprehensive analysis of the problem, establishing financial goals, developing and executing plans, and continuously monitoring and assessing progress. The results strongly support the theoretical foundations and previous

empirical research in the field of strategic management. The research promotes the use of strategic management approaches by small firms in order to maintain high levels of efficiency and effectiveness.

This study objective was pursued on the basis of the null hypothesis that there is no significant mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The study findings rejected the null hypothesis and established that there is significant mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The study revealed that there was strong positive correlation between strategic management practices, corporate governance principles and performance of large manufacturing firms in Kenya and that variation in performance of large manufacturing firms in Kenya are explainable by a unit change in corporate governance principles and strategic management practices which means an increase in mean index of strategic management practices will increase the relationship between corporate governance principles and performance of large manufacturing firms in Kenya by a positive unit. The study therefore established that strategic management practices positively impacts corporate governance principles on performance of large manufacturing firms in Kenya.

These findings concurred with Waithira and Mbugua (2018) who investigated how strategic management techniques affected the performance of coffee companies in Kiambu County using a diagnostic study methodology. The study variables were found to have a key determinant of the performance of coffee factories in Kiambu County. The most powerful influence on performance was exerted by resource mobilization, followed by communication. Additionally the results are in agreement with Oluoch 2017 who did a research on the Strategic Management Practices and Performance of the Embakasi North Constituency Development Fund (CDF). The research determined that the Embakasi North Constituency CDF office has implemented strategic management methods, including situational analysis, environmental scanning, implementation procedures, and assessment and control activities. The research determined that the Embakasi North Constituency CDF office has implemented strategic management methods, including situational analysis, environmental scanning, implementation procedures, and assessment and control activities. The practice of strategy creation in strategic

management had a notable value of 0.0071 and a corresponding correlation coefficient of 0.6710. Consequently, the use of strategic management practices, including the design of plans, has a favorable influence on the performance of the Embakasi North CDF. The correlation coefficient between strategy implementation and organizational performance was 0.4610, with a significance level of less than 0.005. This indicates that strategy implementation, as a practice in strategic management, had a significant impact on the performance of the Embakasi North CDF. The evaluation and control process revealed a correlation value of 0.5610. The data suggest a favorable correlation between assessment and control and performance. The use of assessment and control as a strategic management technique leads to a good or increased degree of performance for the Embakasi North CDF.

Additionally, the current study results are in agreement with Gure and Karugu (2018) who investigated the relationship between strategic management practices and small and micro enterprise performance. The results of descriptive analysis revealed a statistically significant relationship between strategic management practices and performance. The performance of supermarkets in Nakuru County was examined by Kanano and Wanjira (2021) in relation to strategic management methods. The study used descriptive research design. The findings indicated that positive relationship between the three strategic management practices and performance.

Further the results concur with study, by Nur'ainy, Nurcahyo, Sri Kurniasih, and Sugiharti (2019) who examined the influence of establishing effective corporate governance on business performance. Specifically, they explored the mediating effect of company size, as measured by Economic Value Added (EVA). Path Analysis was conducted to illustrate the direct and indirect effects of each route. Results: This research shows that using GCG directly affects corporate performance, as assessed by EVA. Furthermore, corporate governance has an indirect impact on performance via its effect on the size of the firm. In essence, the size of a firm influences the extent to which the implementation of efficient corporate governance affects its performance.

4.9.3 Moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

The third objective of this study was to examine moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The research results have shown the significance of business environment in influencing the performance of large manufacturing firms in Kenya. The government regulations consisted of six constructs namely; Political, Economic, Social values, Technological, Environmental and Legal.

The study results revealed a high value of the aggregate mean score of 3.886 and a standard deviation of 0.688 showing that the respondents affirmed that factors were relevant and important towards determining the performance of large manufacturing firms in Kenya. This depicted an average manifestation of business environment factors among of large manufacturing firms in Kenya. Majority of the respondents strongly agreed that the bargaining power of suppliers to service providers is very competitive and that the level of technology in place has greatly assisted my organization to implement strategies. They also strongly agreed that the Economic factors like inflation, exchange rates; economic growth has significant influence on our strategy implementation and that the organization allocates funding for new technology, research and development and resource commitment is guided by social environmental. The participants also strongly agreed that the ecological factors affect the organization when implementing the strategy, that the laws on taxation has been unfavorable to the organization and impacted implementation of our strategic goals and that the organization is keen to ensure that technology required is availed.

The participants further agreed that the organization updates and improves the technology and systems to ensure they are the latest and most efficient, the regulation of has affected achievement of our strategic goal's implementation and that the harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)" is important when implementing our strategies. They also agreed that the compliance requirement with various laws and regulations such as environmental, procurement, safety has influenced implementation of our strategy and that the organization uses the most appropriate technology in the market to produce power or provide services. The participants agreed that the company considers the environment when implementing its

strategy, that the actions of the competitors have made us change our strategy in the last five years and that the resource commitment is guided by social environmental. They also agreed that the firm consider competitors as important market players and sources of information and opportunities for cooperation are explored, that the strict government rules and regulation could hinder the viability of my business and that there is a lot of political interference which makes us adjust how we implement our strategic objectives.

These findings consequently confirmed the finding by Okeyo (2014) who investigated the impact of business environmental dynamism, complexity, and munificence on the performance of small and medium enterprises in Kenya. The study used a cross-sectional survey methodology, in which data was gathered using a structured questionnaire over a one-month period. The research determined that the corporate environment has a comprehensive influence on organizational performance. More precisely, the firms in the research were directly influenced by dynamism, intricacy, and munificence. Moreover, it was discovered that the combined impact on performance was higher than that of dynamism and complexity but lower than munificence. The research also found that the business environment has a greater influence on the financial performance of these firms compared to its impact on non-financial performance. The findings suggest that small and medium firms in the research are more likely to achieve higher performance in business settings characterized by dynamism, complexity, and plenty of resources.

Additionally the study findings are in agreement with Ezenekwe (2020) who studied the effect of environmental factors on firm productivity in manufacturing firms. The study analyzed the impact of environmental factors on the productivity of manufacturing enterprises in Anambra State, Nigeria. The research specifically aims to evaluate how the economic, technical, and political environment affects firm productivity. . The data produced was analyzed using descriptive statistics and multiple regression analysis. The research discovered that the economic and technological environments have a significant and beneficial impact on a firm's production. The political climate has a substantial detrimental impact on a firm's production. The study's findings indicate that environmental influences had a substantial and beneficial impact on the productivity of the organization. The research suggests that management should do a thorough evaluation of economic aspects in firms. An accurate evaluation of economic elements is crucial in determining the impact of environmental issues on the productivity of

enterprises. The federal ministry of environment and other regulatory authorities in Nigeria should establish legal obligations for firms to adhere to.

The primary aim of this research was to investigate the potential moderating effect of business environment on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. This investigation was conducted under the assumption of the null hypothesis, which posits that no such moderation effect exists. The results of the research have refuted the null hypothesis and have shown the presence of a substantial moderating impact of business environment on the correlation between corporate governance principles and performance of large manufacturing firms in Kenya. The findings of the moderator test indicate that business environment play a moderating role in the association between corporate governance principles and performance of large manufacturing firms in Kenya. Additionally, the independent variable of corporate governance principles is found to be a predictor of the performance of large manufacturing firms in Kenya. Additionally, the results obtained from the bootstrapping analysis indicated the presence of a statistically significant interaction effect, as well as a substantial moderation index.

These results are in tandem with Asser, Waiganjo, and Njeru (2018) who conducted a study whose main goal was to determine the correlation between the adoption of technology, the dynamic environmental analysis, the participation of stakeholders, and the implementation of adaptive organizational structures, and the performance of commercial state businesses in Kenya. The study also examined the moderating impact of Board composition on the link between strategic change initiatives and the performance of commercial state firms in Kenya. The study focused on a sample of fifty-five (55) commercial state entities in Kenya. The research used a sample of forty-eight (48) commercial state companies. These were acquired using a method called stratified random sampling. The participants in this research were comprised of Chief Executive Officers (CEOs), Finance Managers, and Human Resources Managers from each of the selected commercial state firms. The research revealed that implementing technology adoption initiatives had a substantial and beneficial impact on the performance of commercial state firms in Kenya. Furthermore, it was shown that implementing adaptive organization structure reforms had a favorable and substantial impact on the performance of commercial state enterprises in Kenya. The study concluded that the makeup of the board did not have a substantial moderating effect on the correlation between strategic

change initiatives and performance. Hence, based on the results, the research finds that a higher implementation of strategic change interventions in firms leads to a proportionally stronger impact on their performance. The report suggests using strategic change interventions to boost the performance of commercial state enterprises in Kenya.

The study results showed that the impact of corporate governance principles to performance of Large Manufacturing firms in Kenya is significant with a coefficient (β) = 0.325 and p-value = $0.006 < 0.05$. The impact of the moderating value (business environment) on performance of completed road projects is also significant. Hence with a coefficient (β) = 0.637 and p-value = $0.000 < 0.001$. In model 2, the model results show that the interaction term (corporate governance principles and business environment) is significant with a coefficient (β) = 1.416 and p-value = $0.002 < 0.05$. This means that business environment affects the strength of the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. Therefore business environment moderate the relationship between corporate governance principles and performance of Large Manufacturing firms in Kenya. This suggests that the influence of corporate governance principles on the performance of large manufacturing firms in Kenya is contingent upon business environment.

The findings of the current study are consistent with Okwemba and Njuguna (2021) who examined the effect of environmental scanning on the performance of Chemelil Sugar Company. The study used a descriptive research approach. The sample size consisted of 60 individuals. The research specifically targeted the heads of departments as the primary participants. The researchers performed a census due to the tiny population size and the need for precision. The research used a purposive sampling approach. The study revealed a strong and statistically significant correlation between ambient scanning and performance. The regression analysis findings indicate a strong and statistically significant positive relationship between environmental scanning and performance ($\beta = .840$, $p = .035$). Therefore, while all other parameters remain constant, increasing environmental scanning methods by one unit results in a performance improvement of 0.840 units. The research suggested that the organization should do internal, industrial, and external analyses in order to sustain a better level of performance. The organization may routinely assess its industrial environment to identify potential opportunities and risks by using Porter's Five Forces analysis technique.

Performing an environmental assessment is essential, and the organization must develop strategies to adapt to constantly changing conditions.

Additionally the study results concur with Ngatno, Apriatni, and Youlianto (2021) who conducted a research to examine the impact of corporate governance on the relationship between capital structure and company success. The study employs secondary data in the form of financial records obtained from micro-financial organisations, notably rural banks, for the year 2019. The data were analysed via the technique of Moderated Regression Analysis. The results indicate that the decisions made regarding the financing of capital structure have a positive effect on the financial performance. The findings of the moderation study suggest that only the size of the board of commissioners has the capacity to strengthen the relationship between capital structure and firm performance. Nevertheless, both the size of the board and the concentration of ownership do not have the ability to mitigate the correlation between capital structure and firm success.

4.9.4 Moderating effect of business environment on the mediating role of strategic management practices in the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

The four objective of the study was to examine the moderating effect of business environment on the mediating role of strategic management practices in the effect of corporate governance principles on performance of large manufacturing firms in Kenya. This study objective was built on the hypothesized statement that “There is no significant moderated-mediation effect of business environment and strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.” The study findings rejected the null hypothesis since the study results showed that the moderated mediation index was significant. The bootstrapping results revealed that the index for moderation mediation is significant, where lower and upper confidence interval [LLCI: 0.011, ULCI: 0.433] where the zero (0) is outside the confidence interval and thus moderation mediation is significant. The index of moderated mediation was tested with a 95% bias-corrected bootstrap confidence interval based on 5,000 replications. The model results showed that there was strong significant positive correlation of $R=0.818$ between all the study variables namely; corporate governance principles, strategic management practices, business

environment and performance of large manufacturing firms in Kenya. The models showed R-squared of 0.669 which is strongly significant at $p=0.0000$ that is ($p<0.05$), which means 66.9% of variation in performance of large manufacturing firms in Kenya can be explained by a unit change in corporate governance principles, strategic management practices, business environment.

The study results conforms to Barante (2020) who undertook a study to examine the extent to which strategic leadership moderates the relationship between Corporate Governance practices and commercial banks performance in Kenya. The study focused on a target population of 273 directors from all the boards of operating commercial banks in Kenya. The sample size of 78 was determined using purposive sampling, which involved selecting all 39 Chief Executive Officers (CEOs) and 39 non-executive directors, one from each bank. The data collected was analyzed using SPSS software and R technique through ordinal logistic regression analysis. It was observed that providing strategic leadership by the board improves performance by influencing the relationship between all the variables studied and the performance of commercial banks, with the exception of board committees. The study results were also in agreements with Manyaga, Muturi and Oluoch (2020) investigated the impact of board composition on the financial performance of commercial banks operating in Kenya. The data was examined using both descriptive and inferential statistics. The descriptive statistics used for both the independent variable and dependent variable included the mean, standard deviation, and coefficient of variation. The fixed effect regression model was used for inferential statistics. According to the study, a diverse board composition has a positive impact on financial performance

The study tested the moderated mediation also called conditional indirect effect, which occurs when the independent variable (corporate governance principles) has a direct effect on the dependent variable (performance) and also when the independent variable (corporate governance principles) has indirect effect on the dependent variable (performance) through the mediating variable (strategic management practices) and both direct and indirect effect are influenced by the moderating variable (business environment). The model coefficients showed that the direct association between corporate governance principles and performance of large manufacturing firms in Kenya was found to be moderated by business environment and interaction is significant ($t = 3.243, p=0.002$) where the lower and upper confidence interval

[LLCI: 0.095, ULCI: 0.399] and the zero (0) is outside the confidence interval. On the indirect association that is the association between corporate governance principles and the mediator (strategic management practices) on level of business environment the interaction was found to being significant ($t = 2.080$, $p=0.041$) where the lower and upper confidence interval were [LLCI: 0.17, ULCI: 0.817] and the zero (0) is outside the confidence interval. Therefore the direct and indirect effects are both significant.

The direct and indirect effects of corporate governance principles on performance of large manufacturing firms in Kenya conditional on business environment was further analyzed which showed that at the beginning, the indirect effect of business environment on corporate governance principles on performance of large manufacturing firms in Kenya through strategic management practices is strong than the direct effect of business environment on the corporate governance principles on performance of large manufacturing firms in Kenya. The increase in business environment both indirect and direct, has positive effect of on corporate governance principles on performance of large manufacturing firms in Kenya to a point where direct effect of business environment leads to higher corporate governance principles on performance of large manufacturing firms in Kenya than the indirect effect. The results show that business environment has both direct and indirect effect on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. This means that business environment will influence directly and indirectly the performance of large manufacturing firms in Kenya.

The results are in agreement with Adewole and Umoru (2021) investigated the perceived influence of the business environment on the success of small and medium-sized enterprises in Osun State, Nigeria. The study used a descriptive survey research approach. The study was led by two research questions and two hypotheses. The data collection tool used was the "Perceived Influence of Business Environment on the Success of SMEs" Questionnaire (PIBESSMEQ). The study's findings indicated that the business climate had a significant impact on the success of small and medium-sized enterprises (SMEs). Furthermore, the research found that there was no notable disparity in the impact of the business climate on the performance of small and medium-sized enterprises (SMEs) based on their geographical location. The results indicate that SMEs' success may be enhanced by possessing enough knowledge about the business environment.

These findings agree with the study by Liman, Burah, and Jibir (2021) examined how the external business environment affected the performance of small and medium-sized businesses. The research analyzed many crucial macroeconomic indicators that are essential to consider when seeking to comprehend the performance of small and medium-sized enterprises (SMEs) in the economy, particularly in developing economies. The factors include the exchange rate, inflation, interest rates, and general private spending. The study's findings indicate that the interest rate has no substantial impact on the contributions of wholesale and retail trade to Nigeria's GDP. On the other hand, the exchange rate has a more pronounced negative influence on the performance of small and medium-sized enterprises (SMEs) compared to its positive influence. The exchange rate has a greater negative impact on the performance of small and medium-sized enterprises (SMEs) than a favorable one. Overall, the study found out that external business environment had significant impact on the performance of small and medium-sized enterprises (SMEs) in Nigeria.

Additionally the study results concur with Wang, Ur Rehman, Xu, Amjad, and Ur Rehman who conducted a research in 2023 to investigate the correlation between corporate governance and sustainability performance. The researchers examined the role of corporate governance as a mediator and top management's environmental care as a moderator. The research examined the viewpoints of agency theory and stakeholder theory. The results indicate that incorporating environmentally-conscious corporate governance and green finance significantly impacts corporate social responsibility, resulting in a positive impact on sustainable performance. Corporate social responsibility is essential for linking environmentally conscious corporate governance with long-term sustainable performance. Moreover, corporate social responsibility acts as an intermediary in the relationship between environmentally-friendly financial resources and long-term viability. Moreover, the extent of environmental care shown by senior executives plays a pivotal role in shaping the relationship between corporate governance and sustainable performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, a summary of the most important results and conclusions drawn from the research is presented. The purpose of this research was to determine the extent to which corporate governance principles, strategic management practices, and the business environment all have an impact on the performance of large manufacturing firms in Kenya. It was the descriptive and inferential statistical analysis results that were used to test the research hypotheses. These results were then used to make a summary of the most important findings and conclusions, which was in line with the study's goals.

5.2 Summary of Study

The first objective of the study examined the effect of corporate governance principles and performance of large manufacturing firms in Kenya using a simple regression model. The study respondents affirmed that corporate governance principles factors were relevant and important towards determining the performance of large manufacturing firms in Kenya. The study respondents emphasized several important aspects of corporate governance principles that should be put into consideration, including that Non-employees should not participate in the company pension plans and that organization should encourages voluntary disclosure of information within and outside, and that directors should receive all or a portion of their fees in bonuses. The participants strongly agreed that the audit committee members are carefully recruited and retired and that there is transparency in financial reporting. The respondents also strongly agreed that the audit committee should be composed of only nonexecutive directors who are independent of the company and that there should be equal access to information for all stakeholders. Additionally the respondents agreed that the organization should develop and adopt a code of corporate governance practices and that the organization should form a board committees to deal with specialized matters such as audit, investments, governance, staff and administration. They also agreed that the audit committee meets at least 3 times in a year and that the transparency leads to effective evaluation of management. They also agreed that that there should be transparency in allocation of resources and that the board discloses managerial ownership and compensation.

The first objective of the study examined the effect of corporate governance principles on the performance of large manufacturing firms in Kenya using a simple regression model. The correlation analysis results established a strong positive significant correlation between corporate governance principles and performance of large manufacturing firms in Kenya. The coefficient of determination, the adjusted R-square, for this relationship was calculated to indicate that corporate governance principles accounted for a significant portion of the observed differences in performance. Additionally, it can be inferred that a substantial amount of the observed variances in performance may be attributed to other factors not included in the model. As a result, the null hypothesis, which posited no significant relationship between corporate governance principles and performance, was rejected. Consequently, the researcher concluded that there is indeed a significant effect of corporate governance principles on the performance of large manufacturing firms in Kenya, implying that the performance of these firms exhibits a positive correlation with corporate governance principles.

The second objective of the study was to determine the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The majority of respondents strongly agreed that the company should be able to identify its competitors and understand the reasons for their success, considering this in strategy formulation. Respondents also agreed that the organization should be governed by a clear system of policies, rules, regulations, and procedures which guide strategy implementation. Additionally, the participants emphasized the importance of regular reviews and accountability for achieving company goals. The correlation analysis results established a strong positive significant correlation between corporate governance principles and strategic management practices and performance of large manufacturing firms in Kenya. The study rejected the null hypothesis and established that strategic management practices partially mediated the relationship between corporate governance principles and performance of large manufacturing firms. The findings indicate that variations in performance are explainable by changes in both corporate governance principles and strategic management practices, suggesting that an increase in strategic management practices will enhance the relationship between corporate governance principles and performance.

The primary aim of this research's third objective was to examine the moderating influence of the business environment on the association between corporate governance principles and the performance of large manufacturing firms in Kenya. The study results revealed a moderate aggregate mean score, indicating that respondents affirmed the need for improvements in business environment factors to enhance performance. The majority of respondents strongly agreed that competitive bargaining power among suppliers and technological advancements significantly influenced strategy implementation. The correlation analysis results established a strong positive significant correlation between the business environment, corporate governance principles, and performance of large manufacturing firms. The introduction of the interaction term in the model showed a positive change in the adjusted R-squared, indicating significant improvement in explaining performance variance due to the inclusion of the business environment factors. The research refuted the null hypothesis and demonstrated a substantial moderating impact of the business environment on the correlation between corporate governance principles and performance, indicating that the business environment is a predictor of performance in large manufacturing firms.

Lastly, the fourth objective of the study assessed the moderating effect of the business environment on the mediating role of strategic management practices in the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The study findings rejected the null hypothesis, revealing significant moderated mediation effects. The bootstrapping results indicated that the moderated mediation index was significant, as the confidence interval showed that zero was outside the range. The study tested for the moderated mediation effect, indicating that corporate governance principles directly influenced the performance of large manufacturing firms and also had an indirect effect through the mediating variable of strategic management practices, with both effects being influenced by the moderating variable of the business environment. The results demonstrated that the direct association between corporate governance principles and performance was moderated by the business environment, confirming that both the direct and indirect paths were significant. The analysis indicated that the business environment influences the relationship between corporate governance principles, strategic management practices, and performance of large manufacturing firms in Kenya.

5.3 Study conclusions

The first objective of the study examined the effect of corporate governance principles on the performance of large manufacturing firms in Kenya using a simple regression model. The study respondents affirmed that corporate governance principles were relevant and important in determining the performance of large manufacturing firms in Kenya. The correlation analysis results established a strong positive significant correlation between corporate governance principles and performance. The regression results revealed that corporate governance principles accounted for a significant portion of the observed differences in the performance of large manufacturing firms in Kenya. As a result, the null hypothesis, which posited no significant effect of corporate governance principles on performance, was rejected. Consequently, the researcher concluded that there is indeed a significant effect of corporate governance principles on the performance of large manufacturing firms in Kenya. This finding implies that the performance of large manufacturing firms in Kenya exhibits a positive correlation with corporate governance principles.

The second objective of the study was to determine the mediating (intervening) effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The majority of the respondents strongly agreed with the statement that the company should be able to identify its competitors and determine the reasons for the success of competitors, considering this in strategy formulation. Respondents also strongly agreed that the organization should be governed by a clear system of policies, rules, regulations, and procedures which guide the implementation of strategy. The correlation analysis results established a strong positive significant correlation between corporate governance principles, strategic management practices, and the performance of large manufacturing firms in Kenya. This study objective was pursued based on the null hypothesis that there is no mediation effect of strategic management practices on the relationship between corporate governance principles and performance. The study findings rejected this null hypothesis and established that strategic management practices did partially mediate the relationship between corporate governance principles and performance. The study revealed that there was a strong positive correlation between corporate governance principles, strategic management practices, and performance, indicating that variations in performance of large manufacturing firms can be explained by changes in corporate governance principles and strategic management practices. This means that an increase in the mean index of strategic

management practices will enhance the relationship between corporate governance principles and performance.

The aim of the third research objective was to examine the moderating influence of the business environment on the association between corporate governance principles and the performance of large manufacturing firms in Kenya. The study results revealed a moderate value of the aggregate mean score, indicating that respondents affirmed the need for improvements in business environment factors to enhance performance. The majority of respondents strongly agreed that the bargaining power of suppliers to service providers is very competitive and that technology should be implemented to assist the organization in executing strategies effectively. They also strongly agreed that economic factors, such as inflation, exchange rates, and economic growth, have significant influences on strategy implementation and that organizations should allocate funding for new technology, research and development, with resource commitments guided by social and environmental considerations.

The correlation analysis results established a strong positive significant correlation between the business environment, corporate governance principles, and performance of large manufacturing firms in Kenya. The research results have shown the significance of the business environment in influencing the performance of large manufacturing firms. The introduction of the interaction term in the model indicated a positive change in the adjusted R-squared, which signifies an increase in the explanation of performance variance due to the inclusion of business environment factors. The business environment encompassed political, economic, social, technological, environmental, and legal aspects. This inquiry was conducted under the assumption of the null hypothesis, which posited that no such moderation effect exists. The results of the research refuted the null hypothesis and demonstrated the presence of a substantial moderating impact of the business environment on the correlation between corporate governance principles and performance. The findings of the moderator test indicate that the business environment plays a moderating role in the association between corporate governance principles and performance, with corporate governance principles serving as a predictor of the performance of large manufacturing firms.

Lastly, the fourth objective of the study assessed the moderating effect of the business environment on the mediating role of strategic management practices in the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. This study objective was built on the hypothesized statement that there is no significant

moderated-mediation effect of the business environment and strategic management practices on the relationship between corporate governance principles and performance. The study findings rejected the null hypothesis since the study results indicated that the moderated mediation index was significant. The bootstrapping results revealed that the index for moderated mediation effect is significant, as the confidence interval showed that zero was outside the interval, confirming the significance of moderated mediation. The index of moderated mediation was tested with a 95% bias-corrected bootstrap confidence interval based on multiple replications. The model results showed a strong significant positive correlation between all the study variables, namely corporate governance principles, strategic management practices, business environment, and performance of large manufacturing firms in Kenya. The study tested the moderated mediation, also known as conditional indirect effect, which occurs when the independent variable (corporate governance principles) has a direct effect on the dependent variable (performance of large manufacturing firms in Kenya) and an indirect effect through the mediating variable (strategic management practices), with both direct and indirect effects being influenced by the moderating variable (business environment).

5.4 Study Recommendations

The suggestions of the study are in line with the objectives, findings, and overall conclusions of the research. This section looks at the implications of the study in three different spheres: theory, practice, and policy. As a consequence of this, the findings of this study have important repercussions for the fields of theory, practice, and policy.

5.4.1 Recommendations for Practice

The strong positive link between corporate governance principles, strategic management practices and Business Environment on the performance of major manufacturing enterprises in Kenya implies that organizations that implement more stringent corporate governance procedures are more likely to attain superior financial outcomes. This discovery is consistent with the increasing amount of research that demonstrates how efficient corporate governance may improve a company's ability to create long-term value. This study provides the following suggestions for Kenyan manufacturing companies to enhance their corporate governance processes and potentially improve their performance: One suggestion for Kenyan manufacturing companies to enhance their corporate governance processes and performance is to strengthen the autonomy and proficiency of the board. To guarantee the provision of

impartial monitoring and the protection of the best interests of all shareholders, it is necessary to enhance the representation of independent directors on boards. Recruit board members that possess varied experiences, knowledge, and abilities in order to include a wider array of viewpoints and improve the process of making decisions. Enhance transparency and disclosure by adopting comprehensive and prompt disclosure methods to provide shareholders and stakeholders with precise and pertinent information on the company's financial performance, governance structures, and risk management practices.

Employ electronic platforms and other cutting-edge communication methods to improve the clarity and availability of information. Enhance the effectiveness of the audit committee by providing them with the essential tools, authority, and autonomy to thoroughly examine financial reporting, internal controls, and risk management systems. Select audit committee members who possess relevant financial and accounting proficiency in order to strengthen the committee's ability to supervise effectively. Implement equitable and transparent pay systems that connect the motivations of executives and directors with the long-term generation of wealth for shareholders. Ensure that remuneration is clear, based on performance, and linked to quantifiable objectives and results. Utilize technology for the sake of governance. Utilize technology to improve corporate governance practices by implementing e-voting platforms, employing cloud-based governance tools, enhancing data accessibility and analysis, and establishing secure and dependable technology systems to safeguard sensitive information and maintain the integrity of governance processes.

5.4.2 Recommendations on Policy

The study results demonstrate a strong and direct relationship between corporate governance principles, strategic management practices, and the success of big manufacturing enterprises in Kenya. These insights are of great value for policymakers to take into account. These results emphasize the significance of cultivating a business atmosphere that encourages robust corporate governance and strategic management practices in order to improve the overall performance of the manufacturing sector. These results suggest the following suggestions for policymakers to enhance corporate governance and strategic management practices in the Kenyan manufacturing sector: Strengthening corporate governance frameworks via Develop unambiguous and all-encompassing corporate governance norms and laws that are in accordance with globally recognized best practices. Enhance the authority of regulatory

agencies to efficiently implement corporate governance norms and rapidly resolve instances of non-compliance. Enforce the need for prompt and comprehensive reporting on financial performance, governance frameworks, and risk management measures to enhance transparency and disclosure standards.

Enhance strategic management development via Offer monetary rewards and assistance to manufacturing companies to encourage their leaders and managers to participate in training and development programs focused on strategic management. Promote the cooperation of academics, industry professionals, and government organizations to create and distribute information and optimal methods in strategic management. Create platforms and activities that enable the exchange of information and promote collaborative learning among manufacturing companies in the field of strategic management. Facilitating and encouraging research and innovation via various means Allocate more resources to support research and development endeavors in the manufacturing industry, with a specific emphasis on new technologies, process optimization, and product innovation. Foster collaborations between academic institutions and industries to facilitate joint research and innovation initiatives. Promote the use of new methods and technology by manufacturing enterprises to improve their productivity, efficiency, and competitiveness in the global market.

5.4.3 Implication to Theory

Validation of Theoretical Frameworks: These results confirm the validity of established theoretical frameworks that highlight the significance of corporate governance and strategic management in influencing business performance. This confirmation enhances the fundamental principles of these theories and adds to their continuous development. The found connections indicate the need to improve and expand current hypotheses. Researchers may investigate the moderating impacts of several elements, such as industry, company size, and national context, in order to construct more intricate and situation-specific models. The results prompt inquiries into the fundamental causal processes that explain the observed connections. Longitudinal studies that monitor changes in corporate governance, strategic management practices, and the business environment over a period of time may assist in identifying these causative factors. **Knowledge Dissemination:** The widespread sharing of research results via academic publications, conferences aimed at practitioners and venues for public participation

may provide valuable information for policy-making and improve the comprehension of corporate governance and strategic management practices.

5.5 New Knowledge Added

This study contributes new knowledge to the understanding of the interplay between corporate governance principles, strategic management practices, and business environment factors in enhancing the performance of large manufacturing firms in Kenya. It highlights the significant role of corporate governance as a determinant of organizational performance, establishing a clear linkage that was previously underexplored in the context of Kenyan manufacturing. Furthermore, the findings reveal the mediating effect of strategic management practices, demonstrating that these practices not only influence performance but also amplify the positive impacts of corporate governance principles. The study also uncovers the moderating influence of the business environment, emphasizing the necessity for firms to adapt to external conditions to leverage governance and strategic management for improved performance outcomes. Collectively, this new knowledge provides a comprehensive framework that stakeholders can utilize to enhance operational efficiencies and competitive advantage in the manufacturing sector.

5.6 Suggestions for Future Research

The present study proposes two areas for further investigation; to carry out a study that will Enhance and broaden the current theoretical frameworks that elucidate the correlation between corporate governance, strategic management, and business performance. This may include the creation of more sophisticated models that take into account the moderating influences of variables such as industry, company size, and country circumstances. Investigate the cause-and-effect systems that explain the observed correlations. This may also include conducting longitudinal studies to monitor the evolution of corporate governance, strategic management practices, business environment and their influence on business performance.

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APPENDICES

Appendix I: Letter of Introduction

Dear Sir/Madam,

I am a postgraduate student at Management University of Africa pursuing a Doctor of Philosophy in Management and Leadership. I am conducting research on “**Corporate Governance Principles, Strategic Management Practices, Business Environment and Performance of Large Manufacturing firms in Kenya.**”

In view of the above, I am requesting you to answer the questions, which are provided in the questionnaires attached here-with. I also request you to provide me with the necessary documentation and information regarding corporate governance principles and performance of large manufacturing firms in Kenya. This will help me collect the necessary data which will help me to achieve the objectives of the study.

The information so collected through this questionnaire will be treated with utmost confidentiality and will be used exclusively for this research purpose only. Your response and cooperation in this matter will be highly appreciated. Thank you in advance.

Yours Faithfully,

Lucy Kiroga

DML/17/00140/1/21

Appendix II: Research Questionnaire

This research questionnaire has been drafted for the purpose of helping the researcher to study the interactions between Corporate Governance Principles, Strategic Management Practices, Business Environment and Performance of Large Manufacturing firms in Kenya. The information sought for herein will be to enrich on the existing knowledge on performance of Large Manufacturing firms in Kenya.

Instructions

DO NOT write your names on any page of this questionnaire.

Fill only one set of the questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

Tick (√) on appropriate option where choices are provided

1. What is your gender?
Male Female
2. Kindly indicate your age bracket in full years by ticking appropriate option
Less than 30
Between 31 to 54 years
More than 55 years
3. What is your highest education level? (Please tick the appropriate option)
Post-secondary certificate
Bachelor's Degree
Master's Degree
Doctorate or PhD
Others.....
4. How many years have you worked for this organisation?.....

Less than 1 year
Between 2 and 5 years
More than 6 years to 10 years
More than 10 years

SECTION B: CORPORATE GOVERNANCE

5. Using a scale of 1 to 5 tick the appropriate answer from the alternatives provided for each of the questions

(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4 = Agree, 5 = Strongly Agree)

	Statement	1	2	3	4	5
	Transparency					
1	The board discloses the corporation's independent auditors					
2	There is equal access to information for all stakeholders					
3	The board discloses managerial ownership and compensation					
4	Board guidelines on corporate governance are published in the firm proxy statement					
5	Board guidelines on the code of ethics and conduct are published in the firm's proxy statement					
6	The organization prepares audited financial statements and makes them available to members					
7	The organization has put in place mechanisms to ensure transparency.					
8	The organization encourages voluntary disclosure of information within and outside					
9	There is transparency in allocation of resources					
10	Transparency plays a key role in performance of this organization					
11	Dissemination of information helps to build the reputation of the organization					
12	Transparency leads to effective evaluation of management					
13	There is transparency in financial reporting					
	Stakeholder Engagement					
1	The audit committee has effective working relationships with senior management					
2	The Audit Committee meets at least 3 times in a year					
3	The organization conducts AGM's for its members annually					

	Statement	1	2	3	4	5
4	There is clear remuneration package for the Directors					
5	The remuneration committee is composed solely of independent directors					
6	Non-employees do not participate in the company pension plans					
7	There is an established audit committee in my organization					
8	The Audit Committee is composed of only nonexecutive directors who are independent of the company					
9	Members of the Audit committee possess certain level of financial competency					
10	There is a procedure to assesses the performance of the audit committee chair					
11	Audit committee members are carefully recruited and retired					
12	The independence of the audit committee is real as well as perceived					
	Responsibility					
1	In the organization Incentive plans are used to improve Director's monitoring of performance					
2	Directors receive all or a portion of their fees in Bonuses					
3	The Company does not provide any loans to executives for exercising options					
4	The organization has developed and adopted a code of corporate governance practices					
5	The organization has formed board committees to deal with specialized matters such as audit, investments, governance, staff and administration.					
6	The organization has appointed an organisation and/or persons to carry out internal audits					
7	The organization publicly announces the biodata and qualifications of the Trustees					

	Statement	1	2	3	4	5
	CEO Duality					
1	The organization has a set quota for meetings of Trustees					
2	The organization has the conflict management process					
3	The board has an effective remuneration committee.					
4	There is an elaborate policy on executive remuneration.					
5	Executives are subject to annual appraisals					
6	Directors are subject to annual appraisals					
7	The organization encourages both top - down and down -top flow of information					
8	Executive and Directors long term compensation is tied to shareholder returns					
9	The organization encourages both top - down and down -top flow of information					

SECTION B: STRATEGIC MANAGEMENT PRACTICES

6. Please specify to what extent you agree with the following statements regarding the company's strategic management practices. Put a tick in the appropriate box with your choices.

(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4 = Agree, 5 = Strongly Agree)

	Questions	1	2	3	4	5
	Strategy Implementation					
1.	My organization structure supports our strategy and is revised regularly to match the changes in strategy requirements					
2.	The middle managers are better in strategy implementation as compared to senior managers					
3.	My organization is governed by a clear system of policies, rules, regulations and procedures which guide implementation of strategy					
4.	My organization's structure allows quick timely decisions and feedback during implementation of strategy to ensure we achieve our goals					
5.	The management encourages employees to be creative, try new methods and conduct continuous research to improve products and services					
	Strategy Formulation					
1.	The company employs latest available technologies					
2.	During strategy formulation, the firm assess all the resources.					

3.	Decision-making is mainly done by top management and managers must consult in most cases					
4.	The management encourage employees to conduct continuous research to improve products and services					
5.	All employees of our company including those at the lower level are held accountable for achievement of the goals of the company					
6.	The management encourages employees to be creative, try new methods and conduct continuous research to improve products and services					
Strategy Evaluation						
1.	My organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals					
2.	My organization has precise rules, procedures and methods for implementing strategic objectives					
3.	My organization regularly reviews and measures progress against set targets as teams when implementing strategies					
4.	The company has clearly defined and measurable performance targets for every strategy adopted					
5.	In my organization problems affecting strategy implementation are					
Strategic Planning						
1.	The company has a strategic plan					
2.	The organization regularly develops new programs and services					
3.	The company is able to identify its competitors and determine the reasons for their success or failure					
4.	The strategic behavior and choices are in line with environmental developments and this is incorporated in strategy formulation					
5.	Our firm is keen on implementing strategies in ways that can improve performance					
6.	Adequate resources are allocated to strategy implementation					
7.	The company review strategic management practices decisions					

SECTION C: BUSINESS ENVIRONMENT

7. In a scale of 1 to 5, indicate the extent to which each environmental aspects have affected the performance of large manufacturing firms in Kenya.

(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4 = Agree, 5 = Strongly Agree)

Environmental Factors		1	2	3	4	5
Political						
1.	There is a lot of political interference which makes us adjust how we implement our strategic objectives.					
2.	Policy and Regulation (licensing, land) influences how my organization					
3.	There is adequate Political support for our organization which enables us					
4.	Regulation of has affected achievement of our strategic goal's					
Environmental						
1.	Our company considers the environment when implementing strategy					
2.	Ecological factors affect our organization when implementing our strategy.					
3.	Our firm consider competitors as important market players and sources of					
4.	Resource commitment is guided by social environmental variable					
5.	The social forces change very fast and they influence the way we					
Social values						
1.	Harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)" is important					
2.	Preserving positive public image is one of the main policies for our					
3.	Resource commitment is guided by social environmental variable.					
Technological						
1.	My organization uses the most appropriate technology in the market to					
2.	The level of technology in place has greatly assisted my organization to					
3.	Our organization updates and improves our technology and systems to					
4.	Our organization is keen to ensure that technology required is availed					
5.	Our organization is quick to respond to the changes in technology					
6.	My organization allocates funding for new technology, research and					
Economic						
1.	The actions of our competitors have made us change our strategy in the last					
2.	Bargaining powers of suppliers to service providers is very competitive					
3.	My company experiences threat of substitute services from other sources.					
4.	Economic factors like inflation, exchange rates, economic growth has					
Legal						

	Environmental Factors	1	2	3	4	5
1.	Strict government rules and regulation could hinder the viability of my					
2.	Compliance requirement with various laws and regulations (e.g environmental procurement, safety etc) has influenced implementation of					
3.	Laws on taxation has been unfavorable to our organization and impacted					
4.	Regulation of access to licenses has impacted implementation of our					

SECTION D: PERFORMANCE OF MANUFACTURING FIRMS


Please rank the following statements about the performance of your organization on a Likert Scale ranging from Strongly Disagree to Strongly Agree: Where; (1=Strongly Disagree, 2=Disagree, 3= Neutral, 4 = Agree, 5 = Strongly Agree)

	Questions	1	2	3	4	5
	Efficiency					
1.	Performance agreements have enhanced performance at my organization					
2.	The reward structure at my organization has enhanced performance					
3.	Strategic alignment with organization goals and objectives have enhanced					
4.	Performance appraisal is conducted to check on the performance					
5.	Organization conceptualizes continuous innovativeness as a tool in					
6.	My organization has enough skilled and experienced employees to achieve					
7.	The level of productivity of employees in my organization is high					
	Customer satisfaction					
1.	Employees commit maximum efforts to their work					
2.	The Employees' work is guided the organizations' overall strategic plan					
3.	My organizational ways meet the needs of customers on time					
4.	The level of productivity of employees in the organization is high					
5.	Employees commit maximum efforts to their work					
6.	Employees complete work assigned to them as per the Desired standards					
7.	Employees are accountable for organizational performance					
	Profitability					
1.	Our profits have continued to increase yearly					
2.	Our organisation has been very competitive					
3.	Strategic objectives have been largely achieved					
4.	There has been conducive working environment increasing the output					
5.	Timely delivery of services has increased the output					

Appendix III: NACOSTI



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Appendix IV: List of Large manufacturing Firms Listed by Nairobi Securities Exchange

No.	Sector
1.	B.O.C Kenya
2.	Carbacid Investments Ltd
3.	British American Tobacco Kenya Ltd
4.	East African Breweries Ltd
5.	Unga Group Ltd
6.	Mumias Sugar Co. Ltd
7.	Flame Tree Group Holdings
8.	Eveready East Africa Ltd
9.	Kenya Orchards Ltd

Source: Nairobi Securities Exchange 2020

Appendix V: Study Factor Loadings

Statement	Factor Loadings			
	Corporate Governance			
The board discloses the corporation's independent auditorsCG_Transp1	.717			
There is equal access to information for all stakeholdersCG_Transp2	.701			
The board discloses managerial ownership and compensationCG_Transp3	.795			
The organization has put in place mechanisms to ensure transparencyCG_Transp7	.798			
The organization encourages voluntary disclosure of information within and outsideCG_Transp8	.702			
There is transparency in allocation of resourcesCG_Transp9	.703			
Transparency plays a key role in performance of this organizationCG_Transp10	.721			
Dissemination of information helps to build the reputation of the organizationCG_Transp11	.707			
Transparency leads to effective evaluation of managementCG_Transp12	.745			
There is transparency in financial reportingCG_Transp13	.707			
The Audit Committee meets at least 3 times in a yearCG_StEngmt2	.753			

The organization conducts AGM's for its members annuallyCG_StEngmt3	.747			
The remuneration committee is composed solely of independent directorsCG_StEngmt5	.744			
Non-employees do not participate in the company pension plansCG_StEngmt6	.780			
There is an established audit committee in my organizationCG_StEngmt7	.797			
The Audit Committee is composed of only nonexecutive directors who are independent of the companyCG_StEngmt8	.736			
Members of the Audit committee possess certain level of financial competencyCG_StEngmt9	.719			
There is a procedure to assesses the performance of the audit committee chairCG_StEngmt10	.732			
Audit committee members are carefully recruited and retiredCG_StEngmt11	.726			
In the organization Incentive plans are used to improve Director's monitoring of performanceCG_Resp1	.717			
Directors receive all or a portion of their fees in BonusesCG_Resp2	.737			
The organization has developed and adopted a code of corporate governance practicesCG_Resp4	.763			
The organization has formed board committees to deal with specialized matters such as audit, investments, governance, staff and administration.CG_Resp5	.723			
The organization encourages both top - down and down -top flow of informationCG_CeoDlty9	.757			

		Strategic Managem ent Practices		
My organization structure supports our strategy and is revised regularly to match the changes in strategy requirements.SMP_StrImp1		.723		
The management encourages employees to be creative, try new methods and conduct continuous research to improve products and servicesSMP_StrImp5		.763		
Decision-making is mainly done by top management and managers must consult in most casesSMP_StrForm3		.734		
All employees of our company including those at the lower level are held accountable for achievement of the goals of the companySMP_StrForm5		.796		
My organization is like a family where everyone is focused on smooth implementation of strategies in order to achieve set goals SMP_StrEva1		.706		
My organization regularly reviews and measures progress against set targets as teams when implementing strategiesSMP_StrEva3		.725		
The company has clearly defined and measurable performance targets for every strategy adoptedSMP_StrEva4		.745		
In my organization problems affecting strategy implementation are addressed openly and resolvedSMP_StrEva5		.861		
The company has a strategic planSMP_StrPlan1		.898		

The organization regularly develops new programs and services SMP_StrPlan2		.760		
The company is able to identify its competitors and determine the reasons for success of competitors and considers this in strategy formulationSMP_StrPlan3		.744		
The strategic behavior and choices are in line with environmental developments and this is incorporated in strategy formulation SMP_StrPlan4		.739		
Our firm is keen on implementing strategies in ways that can improve performanceSMP_StrPlan5		.781		
Adequate resources are allocated to strategy implementationSMP_StrPlan6		.721		
The company review strategic management practices decisionsSMP_StrPlan7		.772		
			Business Environment	
There is a lot of political interference which makes us adjust how we implement our strategic objectives.BDev_Polt1			.814	
Regulation of has affected achievement of our strategic goal's implementation.BDev_Polt4			.840	
Our company considers the environment when implementing strategy.BDev_Evrn1			.815	
Ecological factors affect our organization when implementing our strategy.BDev_Evrn2			.821	
Our firm consider competitors as important market players and sources of information and opportunities for cooperation are explored.BDev_Evrn3			.720	

Resource commitment is guided by social environmental variable.BDev_Evrn4			.749	
The social forces change very fast and they influence the way we implement our strategic initiatives.BDev_Evrn5			.716	
Harmonious working relationships with the stakeholders (community, employees, suppliers, political and administrative class)” is important when implementing our strategies.BDev_SocVal1			.754	
Resource commitment is guided by social environmental variable.BDev_SocVal3			.783	
My organization uses the most appropriate technology in the market to produce power or provide services.BDev_Tech1			.792	
The level of technology in place has greatly assisted my organization to implement strategies.BDev_Tech2			.717	
Our organization updates and improves our technology and systems to ensure they are the latest and most efficient.BDev_Tech3			.706	
Our organization is keen to ensure that technology required is availed.BDev_Tech4			.769	
Our organization is quick to respond to the changes in technology.BDev_Tech5			.780	
My organization allocates funding for new technology, research and development. BDev_Tech6			.753	
The actions of our competitors have made us change our strategy in the last five years.BDev_Econ1			.701	
Bargaining powers of suppliers to service providers is very competitive.BDev_Econ2			.721	

My company experiences threat of substitute services from other sources.BDev_Econ3			.770	
Economic factors like inflation, exchange rates, economic growth has significant influence on our strategy implementation. BDev_Econ4			.731	
Strict government rules and regulation could hinder the viability of my business.BDev_Leg1			.767	
Compliance requirement with various laws and regulations (e.g environmental, procurement, safety etc) has influenced implementation of our strategy. BDev_Leg2			.792	
Laws on taxation has been unfavorable to our organization and impacted implementation of our strategic goals.BDev_Leg3			.793	
Regulation of access to licenses has impacted implementation of our organization strategy.BDev_Leg4			.761	
				Performance
Performance agreements have enhanced performance at my organization.Perf_Eff1				.872
The reward structure at my organization has enhanced performance.Perf_Eff2				.861
Strategic alignment with organization goals and objectives have enhanced performance.Perf_Eff3				.832
Performance appraisal is conducted to check on the performance.Perf_Eff4				.770
Organization conceptualizes continuous innovativeness as a tool in strategy.Perf_Eff5				.770
My organization has enough skilled and experienced employees to achieve high performance. Perf_Eff6				.860

Employees commit maximum efforts to their work.Perf_CustSat1				.812
The Employees' work is guided the organizations' overall strategic plan.Perf_CustSat2				.764
My organizational ways meet the needs of customers on time.Perf_CustSat3				.793
The level of productivity of employees in the organization is high.Perf_CustSat4				.718
Employees commit maximum efforts to their work.Perf_CustSat5				.779
Employees complete work assigned to them as per the Desired standards.Perf_CustSat6				.742
Employees are accountable for organizational performance.Perf_CustSat7				.709
Our profits have continued to increase yearly.Perf_Proft1				.741
Our organisation has been very competitive.Perf_Proft2				.777
Strategic objectives have been largely achieved.Perf_Proft3				.706
Timely delivery of services has increased the output.Perf_Proft5				.725
<i>Extraction Method: Principal Component Analysis.</i>				
<i>a. 1 components extracted.</i>				

Appendix VI: Moderated Mediation PROCESS macros Output

Run MATRIX procedure:

***** PROCESS Procedure for SPSS Version 3.3 *****

Written by Andrew F. Hayes, Ph.D. www.afhayes.com

Documentation available in Hayes (2018). www.guilford.com/p/hayes3

Model : 8

Y : Tot_PERF

X : Tot_CG_F

M : Tot_SMP_

W : Tot_DEV_

Sample

Size: 69

OUTCOME VARIABLE:

Tot_SMP_

Model Summary

R	R-sq	MSE	F(HC4)	df1	df2	p
.779	.606	.064	42.612	3.000	65.000	.000

Model

	coeff	se(HC4)	t	p	LLCI	ULCI
constant	3.792	.037	102.028	.000	3.718	3.866
Tot_CG_F	.539	.129	4.172	.000	.281	.797
Tot_DEV_	.363	.157	2.315	.024	.050	.676
Int_1	.417	.200	2.080	.041	.017	.817

Product terms key:

Int_1 : Tot_CG_F x Tot_DEV_

Test(s) of highest order unconditional interaction(s):

	R2-chng	F(HC4)	df1	df2	p
X*W	.024	4.328	1.000	65.000	.041

Focal predict: Tot_CG_F (X)

Mod var: Tot_DEV_ (W)

Conditional effects of the focal predictor at values of the moderator(s):

Tot_DEV_	Effect	se(HC4)	t	p	LLCI	ULCI
-.396	.374	.127	2.943	.004	.120	.627
.000	.539	.129	4.172	.000	.281	.797
.396	.704	.173	4.074	.000	.359	1.050

Moderator value(s) defining Johnson-Neyman significance region(s):

Value	% below	% above
-.602	5.797	94.203

Conditional effect of focal predictor at values of the moderator:

Tot_DEV_	Effect	se(HC4)	t	p	LLCI	ULCI
-1.189	.043	.230	.188	.852	-.416	.502
-1.098	.081	.215	.379	.706	-.347	.510
-1.006	.119	.200	.597	.552	-.280	.518
-.915	.157	.186	.848	.400	-.213	.528
-.824	.195	.172	1.135	.261	-.148	.539
-.733	.234	.160	1.462	.149	-.086	.553
-.641	.272	.149	1.828	.072	-.025	.568
-.602	.288	.144	1.997	.050	.000	.576
-.550	.310	.139	2.230	.029	.032	.587

-.459	.348	.131	2.654	.010	.086	.609
-.367	.386	.125	3.076	.003	.135	.636
-.276	.424	.122	3.466	.001	.180	.668
-.185	.462	.122	3.791	.000	.219	.705
-.093	.500	.124	4.027	.000	.252	.748
-.002	.538	.129	4.170	.000	.280	.796
.089	.576	.136	4.229	.000	.304	.848
.181	.614	.145	4.225	.000	.324	.905
.272	.652	.156	4.178	.000	.340	.964
.363	.690	.168	4.104	.000	.354	1.026
.454	.728	.181	4.017	.000	.366	1.091
.546	.767	.195	3.925	.000	.377	1.157
.637	.805	.210	3.833	.000	.385	1.224

Data for visualizing the conditional effect of the focal predictor:

Paste text below into a SPSS syntax window and execute to produce plot.

DATA LIST FREE/

Tot_CG_F Tot_DEV_ Tot_SMP_ .

BEGIN DATA.

-.383	-.396	3.505
.000	-.396	3.648
.383	-.396	3.791
-.383	.000	3.586
.000	.000	3.792
.383	.000	3.998
-.383	.396	3.666
.000	.396	3.936
.383	.396	4.205

END DATA.

GRAPH/SCATTERPLOT=

Tot_CG_F WITH Tot_SMP_ BY Tot_DEV_ .

OUTCOME VARIABLE:

Tot_PERF

Model Summary

R	R-sq	MSE	F(HC4)	df1	df2	p
.818	.669	.068	26.500	4.000	64.000	.000

Model

	coeff	se(HC4)	t	p	LLCI	ULCI
constant	2.416	.616	3.923	.000	1.186	3.647
Tot_CG_F	.120	.198	.606	.546	-.276	.516
Tot_SMP_	.388	.161	2.411	.019	.067	.709
Tot_DEV_	.497	.173	2.865	.006	.150	.843
Int_1	-.125	.341	-.366	.716	-.806	.556

Product terms key:

Int_1 : Tot_CG_F x Tot_DEV_

Test(s) of highest order unconditional interaction(s):

	R2-chng	F(HC4)	df1	df2	p
X*W	.002	.134	1.000	64.000	.716

Focal predict: Tot_CG_F (X)

Mod var: Tot_DEV_ (W)

Data for visualizing the conditional effect of the focal predictor:

Paste text below into a SPSS syntax window and execute to produce plot.

DATA LIST FREE/

Tot_CG_F Tot_DEV_ Tot_PERF .

BEGIN DATA.

-.383 -.396 3.640

.000	-.396	3.705
.383	-.396	3.770
-.383	.000	3.856
.000	.000	3.902
.383	.000	3.948
-.383	.396	4.072
.000	.396	4.099
.383	.396	4.126

END DATA.

GRAPH/SCATTERPLOT=

Tot_CG_F WITH Tot_PERF BY Tot_DEV_.

***** DIRECT AND INDIRECT EFFECTS OF X ON Y

Conditional direct effect(s) of X on Y:

Tot_DEV_	Effect	se(HC4)	t	p	LLCI	ULCI
-.396	.170	.155	1.094	.278	-.140	.480
.000	.120	.198	.606	.546	-.276	.516
.396	.071	.302	.235	.815	-.532	.674

Conditional indirect effects of X on Y:

INDIRECT EFFECT:

Tot_CG_F -> Tot_SMP_ -> Tot_PERF

Tot_DEV_	Effect	BootSE	BootLLCI	BootULCI
-.396	.145	.080	.024	.332
.000	.209	.102	.054	.449
.396	.273	.134	.073	.591

Index of moderated mediation:

	Index	BootSE	BootLLCI	BootULCI
Tot_DEV_	.162	.109	.011	.433

***** BOOTSTRAP RESULTS FOR REGRESSION MODEL PARAMETERS *****

OUTCOME VARIABLE:

Tot_SMP_

	Coeff	BootMean	BootSE	BootLLCI	BootULCI
constant	3.792	3.793	.037	3.720	3.868
Tot_CG_F	.539	.548	.119	.318	.783
Tot_DEV_	.363	.352	.134	.082	.607
Int_1	.417	.433	.194	.070	.833

OUTCOME VARIABLE:

Tot_PERF

	Coeff	BootMean	BootSE	BootLLCI	BootULCI
constant	2.416	2.389	.531	1.357	3.432
Tot_CG_F	.120	.098	.161	-.226	.399
Tot_SMP_	.388	.395	.138	.131	.663
Tot_DEV_	.497	.516	.140	.242	.797
Int_1	-.125	-.131	.260	-.603	.432

***** ANALYSIS NOTES AND ERRORS *****

Level of confidence for all confidence intervals in output:

95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:

5000

W values in conditional tables are the mean and +/- SD from the mean.

NOTE: A heteroscedasticity consistent standard error and covariance matrix estimator was used.

NOTE: The following variables were mean centered prior to analysis:

Tot_DEV_ Tot_CG_F

NOTE: Variables names longer than eight characters can produce incorrect output.

Shorter variable names are recommended.

----- END MATRIX -----