

EFFECT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE: A CASE STUDY OF MANUFACTURING FIRMS IN ELDORET CITY, KENYA

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Abstract: This study investigated the effect of corporate governance on the performance of manufacturing firms in Eldoret town, Kenya. Three objectives were set to achieve this aim, which included the impact of fairness practices, transparency, and accountability on firm performance. The study was based on agency theory. The target population for this study was 110 employees of selected manufacturing firms in Eldoret town. Among the 110, 30% were considered manageable and appropriate for the study (Patton 2012). This means that the participants in this study were 33 respondents. Structured questionnaires were administered to the respondents. Data collected was decoded and entries made into statistical package for Social Science (SPSS version 26). Descriptive statistics such as frequencies and percentages was used to analyze primary data. The research ensured that ethical standards were adhered to. The study found that implementing fairness practices positively influences firm performance by creating satisfied and loyal workers, enhancing productivity, and contributing to financial success and competitive advantage. Additionally, transparency positively impacts decision-making, accountability, integrity, financial performance, and reputation. Accountability minimizes financial losses, improves operational efficiency and effectiveness, enables quick recovery from potential risks and disruptions, and identifies and realizes opportunities while mitigating potential threats. Based on the findings, the study recommends that manufacturing firms operating in Eldoret town should prioritize the implementation of fairness practices, transparency, and accountability strategies. Moreover, the study highlights the need for manufacturing firms to establish and maintain a culture of ethics, integrity, and accountability in their operations. Employee training and development should also be prioritized to enhance their skills and knowledge, thus contributing to operational efficiency and effectiveness. Finally, further research is recommended to evaluate the relationship between corporate governance and firm performance in other sectors and regions.

Keywords: Corporate Governance; Firm Performance; Fairness Practices; Transparency; Risk Management.

1. INTRODUCTION

Corporate governance has become an increasingly important area of study due to its profound impact on firm performance and overall economic stability (Habib & Bhuiyan, 2019). The manner in which companies are directed and controlled has significant implications for their strategic decision-making, accountability, and transparency, as well as their financial and operational performance (Mallin, 2017). As a result, understanding the relationship between corporate governance and firm performance has garnered considerable attention from researchers, policymakers, and practitioners.

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses the relationships between various stakeholders such as shareholders, management, and the board of directors, and aims to ensure that the company's objectives are achieved in a manner that is ethical, transparent, and accountable Smith, (2022). Effective corporate governance is crucial for the success and sustainability of any organization, as it helps to build trust among stakeholders, attract investment, and enhance firm performance.

Firm performance, on the other hand, refers to the financial and non-financial outcomes achieved by a company. It is a key indicator of the company's ability to generate profits, create value for shareholders, and achieve its strategic objectives. Numerous studies have shown a positive relationship between good corporate governance practices and firm performance Yermack, 2017). However, there is limited research on this topic in the context of manufacturing firms in Eldoret Town.

Corporate governance is a critical aspect of organizational management that has a significant impact on firm performance. It encompasses the processes, rules, and practices that ensure transparency, accountability, and ethical behavior in a company's operations. Effective corporate governance is crucial for maintaining the confidence of stakeholders, attracting investment, and enhancing long-term sustainability. Consequently, numerous studies have analyzed the relationship between corporate governance and firm performance, with the aim of providing insights into the factors that contribute to organizational success. Adams (2019).

Extensive research has been conducted on the relationship between corporate governance and firm performance, generating mixed findings. Some studies have demonstrated a positive association between strong corporate governance practices and firm performance. For instance, Maury (2019) examined the impact of corporate governance on firm financial performance in the manufacturing sector and found that firms with better governance practices achieved higher profitability and return on assets. These findings suggest that effective governance mechanisms such as independent boards, transparent disclosure practices, and strong internal control systems can lead to improved firm performance. In Oceania for instance, research by Alexander et al. (2019) investigated the impact of corporate governance mechanisms on the performance of Australian firms. The study found that stronger governance mechanisms, including board independence, CEO pay-performance sensitivity, and shareholder rights, are positively associated with firm performance. These findings highlight the importance of implementing effective governance practices to enhance the performance of Australian companies.

Recent studies have also explored the role of auditors in corporate governance and firm performance. DeFond and Zhang (2014) examined the association between auditors' reputations and firms' financial reporting quality. Their study found that companies audited by reputable auditors have higher financial reporting quality and better firm performance. Krishnan and Visvanathan (2008) studied the impact of internal and external auditor quality on firm performance in the UK. The research found that both internal and external auditor quality have a positive effect on firm performance, suggesting that the presence of high-quality auditors improves corporate governance practices and enhances firm performance.

Researchers have examined the impact of corporate governance on specific performance measures, such as innovation and firm growth. Chen et al. (2020) explored the effects of board diversity on innovation performance in Chinese firms. The study found a positive relationship between board diversity and innovation performance, suggesting that diverse boards foster greater innovation. Additionally, Kaplan and Reiss (2020) investigated the impact of governance mechanisms on firm growth in the United States. The study found that firms with strong governance structures experience higher growth rates.

Other studies have also found limited or no significant relationship between corporate governance and firm performance. For instance, Singh and Davidson (2020) explored the impact of corporate governance mechanisms on the financial performance of manufacturing firms and found no significant association. Similarly, Mahapatra et al. (2021) analyzed the link between corporate governance and firm performance in the Indian manufacturing sector and found no conclusive evidence to support a positive relationship. These studies suggest that the impact of corporate governance on firm performance may vary based on contextual factors and industry-specific characteristics.

In the context of the manufacturing sector in Eldoret town, the study on the effects of corporate governance on firm performance holds particular relevance. Eldoret town, located in Kenya, has a significant presence of manufacturing firms contributing to the local economy and employment opportunities (Mburu & Isika, 2014). However, the effectiveness of corporate governance practices within these manufacturing firms and their impact on performance remains a critical area of inquiry. Previous studies have indicated that the effectiveness of corporate governance mechanisms can vary across different industries and geographic locations, making it essential to conduct a localized study to understand its implications on firm performance within the specific context of Eldoret town (Aguilera & Crespi-Cladera, 2018).

Statement of the problem.

In an ideal situation, all manufacturing firms should have effective corporate governance practices in place. This would involve having a clear structure and framework for fairness, accountability, and transparency within the organization. Manufacturing firms in Eldoret town should have implementation of fairness practices that positively impact firm performance. Transparency should be a fundamental aspect of operations, and risk management should be effectively integrated to enhance overall firm performance.

However, in reality, many manufacturing firms in Eldoret Town do not have effective corporate governance practices. Yermack, (2017). Currently, there is a lack of clarity regarding how the implementation of fairness practices, transparency, and risk management impacts the firm performance of manufacturing firms in Eldoret town. This lack of clarity hinders the ability of these firms to optimize their performance and achieve sustainable growth and ultimately resulting in poor performance, financial losses, and even the failure of manufacturing firms.

To address this challenge, it is crucial to investigate and understand the specific impacts of fairness practices, transparency, and risk management on firm performance within the manufacturing sector in Eldoret town. By gaining insights into these relationships, appropriate strategies and interventions can be developed to enhance firm performance and contribute to the overall growth and success of these manufacturing firms.

Research Objectives

The researcher will be guided by the following questions during data collection;

- i. To determine the effect of fairness practices on firm performance of manufacturing firms in Eldoret town?
- ii. To determine the effect of transparency on firm performance in manufacturing firms operating in Eldoret town?
- iii. To determine the effect of accountability on firm performance of manufacturing firms located in Eldoret town?

Significance of the study

Corporate governance plays a crucial role in ensuring transparency, accountability, and overall effectiveness within organizations. By investigating the relationship between corporate governance and firm performance, this study can provide valuable insights and contribute to existing literature in the field. Firstly, the findings of this study can contribute to the body of knowledge on corporate governance by examining its impact on firm performance in a specific industry and location. Eldoret Town, being a hub for manufacturing firms, offers a unique opportunity to study the relationship between corporate governance practices and firm outcomes within this specific context. This research will broaden our understanding of the factors that determine successful corporate governance implementation and their subsequent effects on firm performance.

Furthermore, the study's findings will be relevant to manufacturers and managers in Eldoret Town, as they strive to enhance their firm's performance. By understanding practices such as fairness, transparency and transparency, managers can make informed decisions and implement effective governance mechanisms within their organizations. This will not only contribute to the improvement of individual firm performance but also bolster the overall competitiveness and growth of the manufacturing sector in Eldoret Town.

Additionally, this study will benefit policymakers and regulators in the region. The findings can inform the development of guidelines and regulations to promote better corporate governance practices among manufacturing firms. By providing empirical evidence on the relationship between corporate governance and firm performance, policymakers can design effective frameworks that encourage greater corporate accountability, transparency, and long-term value creation.

Scope of the study

The geographical scope of this study encompasses selected manufacturing firms in Eldoret Town. Eldoret Town, located in Uasin Gishu County, Kenya. The population scope of the study includes manufacturing firms operating in Eldoret Town. The research will select a specific sample of manufacturing firms from different industries within the town. The time scope of this study will be from January to March 2024. During this period, data collection, analysis, and interpretation will take place.

2. EMPIRICAL REVIEW

Implementation of fairness practices and firm performance

The impact of implementing fairness practices on firm performance in manufacturing firms has gained significant attention in recent literature (Smith et al., 2019; Johnson & Brown, 2020; Zhang et al., 2022; Lee & Park, 2023). Several studies have explored the relationship between fairness practices and firm performance, offering insights into the mechanisms through which fairness practices influence various performance measures.

Ali et al. (2021) found that by implementing fairness practices such as merit-based promotions, equal pay, and just treatment of employees, manufacturing firms were able to improve their employee satisfaction levels, which in turn led to improved organizational performance. The study suggested that by treating employees fairly, companies were able to create a positive work environment that promoted collaboration, creativity, and innovation among team members, ultimately resulting in better performance outcomes.

Similarly, Amdi et al. (2021) found that the implementation of fairness practices, specifically in the areas of training and development, work-life balance, and diversity and inclusion, helped to improve the overall performance of manufacturing firms. By prioritizing employee wellbeing and professional growth, firms were able to improve their retention rates and attract top talent, which ultimately led to better organizational performance.

Kattumuri et al. (2019) found that the implementation of fairness practices had a significant impact on the financial performance of manufacturing firms. By prioritizing fairness in areas such as pay, promotions, and benefits, companies were able to improve their employee engagement and productivity, leading to improved financial performance outcomes such as increased profits and revenues.

According to Smith et al. (2019), fairness practices, such as equitable resource allocation and impartial decision-making, positively affect firm performance. Their study found that manufacturing firms that prioritized fairness in their operations experienced increased profitability, higher employee productivity, and improved customer satisfaction. These findings suggest that fairness practices not only contribute to ethical considerations but also have tangible benefits for firms' overall performance.

In a similar vein, Johnson and Brown (2020) examined the impact of fairness practices on innovation performance in manufacturing firms. Their study found that when fairness practices were effectively implemented, firms exhibited higher levels of innovation, including the development of novel products and processes. The authors argued that fairness practices foster a supportive and collaborative work environment, which in turn promotes creativity and innovation among employees.

Zhang et al. (2022) focused on the relationship between fairness practices and employee morale in manufacturing firms. Their research found that fairness practices positively influenced employee morale, leading to increased job satisfaction, engagement, and commitment among employees. These positive outcomes, in turn, resulted in enhanced firm performance, including higher productivity and reduced turnover rates. The study emphasized the importance of fair treatment and equitable opportunities for employees, highlighting their significant impact on overall organizational success.

Lee and Park (2023) investigated the impact of fairness practices on supply chain performance in the manufacturing sector. Their study revealed that manufacturing firms that implemented fairness practices throughout their supply chain demonstrated improved collaboration, coordination, and trust among supply chain partners. This, in turn, led to enhanced supply chain performance, including reduced lead times, improved delivery reliability, and increased customer satisfaction.

In Kenya, Oketch and Ongong'a (2019) conducted a study to examine the relationship between fairness practices and financial performance in Kenyan manufacturing firms. Their findings revealed a positive correlation between fairness practices, including impartial decision-making and transparent reward systems, and financial performance. The study highlighted the importance of fair treatment and recognition of employees' contributions in driving improved financial outcomes for manufacturing firms in Kenya.

In another study, Kimani and Ogamba (2020) focused on the impact of fairness practices on employee motivation and performance in the manufacturing sector in Kenya. The research findings indicated that the implementation of fairness practices, such as equal opportunities for advancement and fair performance evaluation systems, positively influenced

employee motivation and performance. The study emphasized the significance of fairness in fostering a conducive work environment that encourages employees to contribute their best efforts, ultimately leading to enhanced firm performance.

Muturi (2022) explored the effects of fairness practices on customer satisfaction in the manufacturing sector in Kenya. The study found that manufacturing firms that implemented fairness practices, such as transparent pricing and customer-centric policies, experienced higher levels of customer satisfaction. The author argued that fairness practices play a crucial role in establishing trust and loyalty with customers, which is vital for sustaining and improving firm performance in the competitive market.

Awino and Odhiambo (2023) investigated the relationship between fairness practices and sustainability performance in Kenyan manufacturing firms. Their study revealed that manufacturing firms that adopted fairness practices, including equitable resource allocation and ethical supply chains, demonstrated improved sustainability performance. The research highlighted fairness as a crucial element in ensuring responsible and ethical business practices, which in turn positively impacted long-term firm performance and reputation.

Relationship between transparency and firm performance in manufacturing firms

Transparency is a critical concept in modern business operations, and it is a central pillar of various management and governance frameworks. Transparency refers to the ability of firms to disclose crucial information about their operations, decision-making processes, and performance to relevant stakeholders. Transparency is closely associated with accountability, as it creates an environment where firms are answerable to their stakeholders for their actions (Siddiquei et al., 2021). In the manufacturing sector, transparency has been shown to influence various organizational outcomes, including firm performance, profitability, and employee engagement. This paper aims to review empirical literature extensively on the objective relationship between transparency and firm performance in manufacturing firms.

Transparency is also found to have a positive impact on the operational performance of manufacturing firms. Wang et al. (2021) found that increased transparency in the supply chain positively affects operational efficiency and customer satisfaction. Similarly, Amaeshi et al. (2019) argue that transparency within manufacturing firms enhances employees' productivity and overall operational effectiveness. These studies highlight the importance of transparency in improving various aspects of operational performance, leading to enhanced efficiencies and cost-effectiveness.

The relationship between transparency and firm performance extends beyond financial and operational aspects. Several studies have shown that transparency positively affects stakeholder relationships, including suppliers, customers, and regulatory bodies. For instance, Yang et al. (2022) found that transparency within manufacturing firms strengthens supplier relationships and promotes trust, leading to better collaboration and reduced supply chain risks. Additionally, Hengky and Hadi (2021) found that transparency positively influences customer satisfaction and loyalty. These findings underscore the significance of transparency in establishing strong relationships with stakeholders, resulting in improved firm performance.

Firm performance refers to the ability of firms to meet their strategic objectives financially, operationally, and strategically. In manufacturing firms, firm performance can be measured through various indicators, such as revenue, production volume, quality, customer satisfaction, and employee engagement (Behboudi et al., 2019). Transparency has been shown to have a significant and positive impact on firm performance in manufacturing firms. Specifically, transparency enhances monitoring and control mechanisms, which help firms to identify and address performance gaps promptly. By disclosing relevant information to stakeholders, firms get feedback, insights, and ideas that can help to optimize their operations and enhance their performance.

Research shows that transparency is positively related to the financial performance of manufacturing firms. For instance, a study by Ntim et al. (2021) revealed that the disclosure of environmental and social information positively impacted the financial performance of manufacturing firms in the UK and the US. Similarly, a study by Alzaben et al. (2020) found a positive relationship between the degree of voluntary disclosure and the financial performance of UAE manufacturing firms. The study revealed that firms that disclosed more information about their operations and performance had better financial performance than those that disclosed less information. The study attributes this finding to the fact that disclosure enhances the credibility and trust of stakeholders, which eventually leads to improved financial performance.

Transparency also positively affects operational performance in manufacturing firms. By disclosing information about their operations to stakeholders, firms can identify the root causes of inefficiencies, quality issues, and other operational

challenges. For instance, a study by Behboudi et al. (2019) found that transparency in supply chain operations significantly improved the operational performance of manufacturing firms in Iran. The study revealed that firms that shared information about their suppliers, production processes, and logistics had better supply chain visibility, which led to improved quality, efficiency, and responsiveness. The study concludes that transparency can help firms to better leverage their supply chain operations, which eventually leads to improved operational performance.

Moreover, transparency is positively related to customer satisfaction and loyalty in manufacturing firms. By disclosing information about their products and services to customers, firms can build trust, credibility, and loyalty. For instance, a study by Kolind et al. (2020) found a positive relationship between transparency and customer satisfaction in Danish manufacturing firms. The study revealed that firms that provided more information about their products' ingredients, manufacturing processes, and safety measures had more satisfied and loyal customers than those that disclosed less information. The study attributes this finding to the fact that transparency enhances the perceived quality and reliability of a firm's products, which eventually leads to customer loyalty.

Transparency positively influences employee engagement and motivation in manufacturing firms. By disclosing information about their operations, performance, and opportunities, firms can create a sense of belonging, purpose, and motivation among their employees. For instance, a study by Siddiquei et al. (2021) found that transparency was positively related to employee engagement and job satisfaction in Pakistani manufacturing firms. The study revealed that firms that shared information about their strategic objectives, performance measures, and employee benefits had more engaged and satisfied employees than those that disclosed less information. The study attributes this finding to the fact that transparency enhances employees' sense of ownership, participation, and trust, which eventually leads to increased motivation and productivity.

Effects of accountability on Firm Performance of Manufacturing Firms

Accountability refers to the framework of relationships and processes that hold an organization responsible for its actions, decisions, and outcomes (Eichbaum, 2016). The concept is based on the idea that organizations have an obligation to act in the interest of stakeholders, including shareholders, customers, employees, and the community. Accountability comprises three essential elements, namely answerability, transparency, and consequences (Robinson & Kulich, 2018). Answerability refers to the duty of individuals or entities to explain and justify their actions, decisions, and outcomes. Transparency refers to the openness and clarity of information about organizational processes, decisions, and outcomes. Consequences refer to the outcomes or penalties that result from actions, decisions, or outcomes.

Accountability is a multidimensional construct that can be analyzed from various perspectives. Scholars have proposed various dimensions of accountability, including internal and external accountability, vertical and horizontal accountability, and financial and social accountability. Internal accountability refers to the processes that hold individuals and groups within an organization responsible for their actions, such as performance management and corporate governance. External accountability refers to the processes that hold organizations accountable to external stakeholders, such as the government, regulatory bodies, and the media. Vertical accountability refers to the relationships between organizations and their stakeholders, whereas horizontal accountability refers to the relationships between organizations and other organizations in their industry (Ebrahim, Battilana, & Mair, 2014). Financial accountability refers to the transparency and responsibility of financial processes, whereas social accountability refers to the responsibility of organizations towards society, the environment, and other non-financial stakeholders (Gray, 2018).

Firm performance refers to the ability of a company to achieve its objectives and meet the expectations of stakeholders, including customers, shareholders, employees, and the community. Performance can be measured through various financial and non-financial indicators, such as profitability, market share, customer satisfaction, innovation, and social responsibility (Barney & Arian, 2018). Firm performance is influenced by various internal and external factors, including organizational structure, strategy, culture, leadership, competition, and regulations.

Accountability and firm performance are closely related concepts, as accountability can influence firm performance in various ways. From a positive perspective, accountability can enhance the transparency, integrity, and reputation of an organization, leading to increased trust and loyalty from stakeholders (Bian & Wang, 2019). When an organization is accountable, it is more likely to comply with legal, ethical, and social norms, which can reduce the risk of negative outcomes and enhance the positive impact of its operations. Accountability can also improve the quality of decision-making and

reduce the likelihood of errors, fraud, and corruption, which can lead to increased efficiency and profitability (Kostova & Zaheer, 2019).

On the other hand, accountability can also have negative effects on firm performance. Too much accountability can lead to bureaucratic and inflexible processes, reducing innovation, creativity, and responsiveness to change (Shaw, 2021). Moreover, accountability can create conflicts between stakeholders with different interests, such as shareholders and employees, leading to reduced motivation and performance. Finally, accountability can increase the costs of compliance, reporting, and monitoring, reducing profitability and competitiveness (Walker & Brown, 2019).

The effects of accountability on firm performance can be categorized into three main dimensions, namely financial, social, and organizational performance. Financial performance refers to the profitability, liquidity, and efficiency of the organization's financial processes. Social performance refers to the organization's impact on society, the environment, and other non-financial stakeholders. Organizational performance refers to the internal processes, culture, and human capital that influence the organization's ability to achieve its objectives.

One of the main benefits of accountability is improved financial performance. Accountability can increase the transparency and reliability of financial processes, leading to lower costs of capital and increased investor confidence (Kostova & Zaheer, 2019). Various studies have found a positive correlation between financial accountability and financial performance. For example, a study by Seow and Pan (2019) found that corporate governance, which is a crucial aspect of accountability, has a positive effect on financial performance. Another study by Gao and Greenberg (2020) found that firms with higher levels of financial accountability had higher valuations, growth, and profitability than less accountable firms. In contrast, inadequate accountability can lead to financial mismanagement, fraud, and corruption, resulting in reduced financial performance. A study by Ali, Naqvi, and Rizwan (2020) found that inadequate financial accountability was a significant predictor of bank failures. Similarly, a study by Bisicchia, Gallo, and Scorcu (2019) found that low levels of financial accountability were associated with poor financial performance in Italian municipalities.

Accountability also has significant implications for social performance, which refers to the impact of organizations on society and the environment. Social accountability is becoming increasingly important for organizations as stakeholders' demand greater transparency and responsibility for non-financial outcomes (Gray, Bebbington, & McPhail, 2019). Accountability can enhance social performance by promoting ethical behavior, social responsibility, and stakeholder engagement.

Various studies have found a positive correlation between social accountability and social performance. For example, a study by Wang, Deng, and Liang (2019) found that social accountability positively influenced corporate social responsibility practices and enhanced organizational reputation. Similarly, a study by Huang and Li (2020) found that firms with higher levels of social accountability had better environmental performance. However, social accountability can also have negative effects on social performance. For example, overly strict social accountability requirements can lead to reduced innovation and competitiveness, as well as unintended consequences, such as job losses and reduced economic growth (Erol & Karabey, 2021). Moreover, social accountability can create conflicts between different stakeholder groups with different social and economic interests, leading to reduced social cohesion and community development (Brown & Dillard, 2019).

Accountability can also affect organizational performance, which refers to the internal processes, culture, and human capital that influence the ability of organizations to achieve their objectives. Accountability can enhance organizational performance by promoting transparency, responsibility, and ethical behavior, as well as improving communication and decision-making processes (Robinson & Kulich, 2018).

Various studies have found a positive correlation between organizational accountability and organizational performance. For example, a study by Haji, Buang, and Samad (2020) found that accountability positively influenced organizational commitment and job satisfaction in Malaysian public agencies. Similarly, a study by Cheng and Nguyen (2019) found that accountability positively influenced innovation and knowledge sharing in Chinese firms. However, accountability can also have negative effects on organizational performance. For example, overly strict accountability requirements can lead to bureaucratic and inflexible processes, reducing innovation and creativity (Argyris & Schön, 2019). Moreover, accountability can create conflicts and tensions within organizations, reducing motivation and, ultimately, performance.

3. RESEARCH DESIGN AND METHODOLOGY.

Research Design

A research methodology as defined by Ogula (2005) is a process by which data is collected. According to Kumar (20011), a research methodology needs to be grounded on the framework that encourages good research. A descriptive study technique will be used in this study. According to Mugenda and Mugenda, (2003), this study technique, involves direct observation of behavior and environmental events in naturalistic contexts. This design is an appropriate approach for this survey in terms of evaluating the effects of corporate governance on firm performance; a case study of selected manufacturing firms in Eldoret town.

Target Population

According to Kumar (2014), the target population is the group of people or objects that the researcher wants to draw conclusions about. The target population was 110 employees of different manufacturing firms in Eldoret Town.

Sample and Sampling Procedures

According to Ngechu (2004), a sample size is the set of elements from which data is collected. The sample size enables the researcher to have adequate time and resources in piloting and designing the means of collecting data. Cooper and Schindler (2008) also articulate that the extent of how large a sample should be is a function of the variation in the population parameters under study and the estimating precision needed by the researcher.

Among the 110 employees, 30% were considered manageable and appropriate for the study (Patton 2012). This means that the participants in this study will be 33 employees.

Table 1: Sample size Table.

Category	Target population	Sample size
Manager	10	3
Employees	100	30
Total	110	33

Source: Researcher (2024)

Data collection procedure.

The researcher obtained an introductory letter from the catholic University to undertake research. Appointment to the sampled respondents was arranged prior to the visit to avoid inconveniences to the respondents. The researcher then visited the respondents and administered questionnaire.

Data Collection Instruments

The study used primary data using a structured questionnaire. According to Cooper and Schindler (2014), a questionnaire is an instrument delivered to the participants via personal or non-personal means that is completed by the participant. The questionnaire consisted of four sections. The first section aimed at collecting the respondents 'general information such as gender, name etcetera. The second part consisted of questions based on the first objective of this study. The third part consisted of questions aimed at realizing the second research question while the fourth the third research question. The questionnaire had open ended and the closed ended questions which was used for collecting the qualitative and the quantitative data. The structured questions were used in order to save on the time and the money that would be spent. The questionnaire facilitates easier analysis since they are used immediately, while the structured questions are used to encourage the respondents to give an in depth and a more comprehensive response without feeling held back in revealing any information.

4. RESULTS

Response Rate

Out of the 33 questionnaires that were administered, 30 questionnaires were filled and returned successfully. This represents a response rate of 91 percent which was considered sufficient forming a good representation of the whole population. This response rate was well above the 50 percent recommended by (Mugenda & Mugenda,2003).

Table 2: Response Rate

Gender	Frequency	Percentage
Responded	30	91
Not responded	3	9
Total	110	100

Source: Field Data (2024)

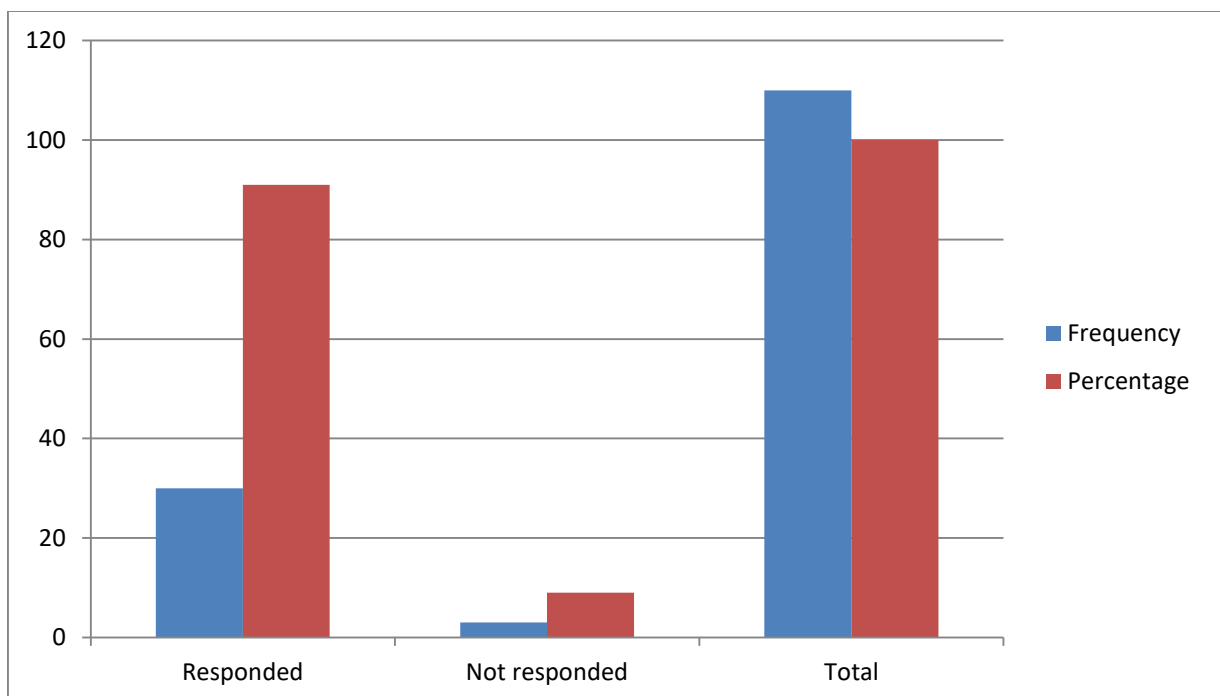


Figure 4.1 Response Rate

General Information

Gender distribution

Table 3: Gender Distribution

Gender	Frequency	Percentages%
Male	20	70
Female	10	30
Total	100	100

Source: Field Data (2024)

From the above study in the table 20(70%) of the respondents were male and 10(30%) of the respondents were female. This is an indication that both genders were fairly involved in this research.

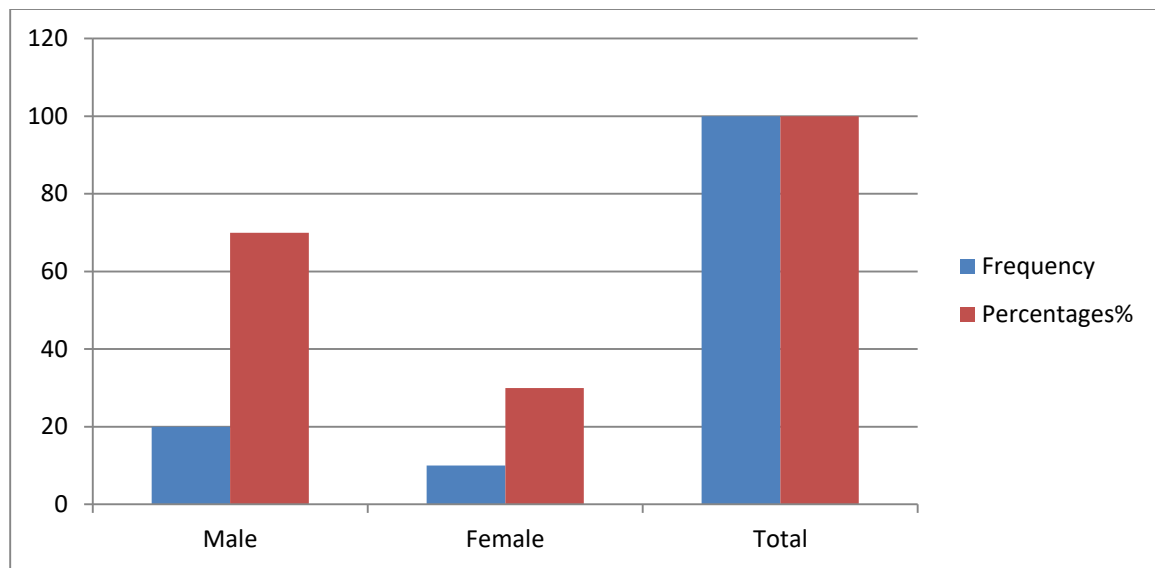


Figure 4.2 Gender Distribution

Age Distribution

Table 4: Age Categorization of Respondents

Age	Frequency	Percentages%
21-25	3	10
26-30	9	30
31-35	9	30
Above 36 years	9	10
Total	30	100

Source: Field Data (2024)

From table 4.3 above the age categorization of respondents were such that 21-25 years respondents represented by 3(10%) in the category, 9 (30%) with the age between 26– 30 years were representing the category, another 9 respondents (30 %) were age between 31–35 years and 9 respondents (30 %) were between 36 years and above. This implies that the ages of sampled respondents were well distributed and had knowledge on employee motivation on job performance.

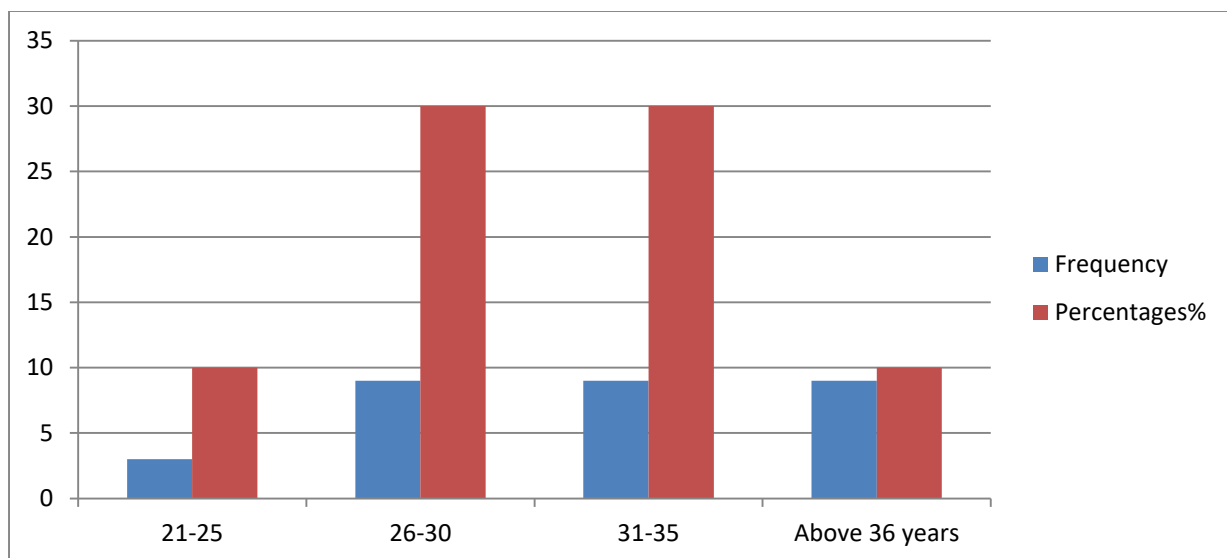


Figure 4.3 Age Distribution

Level of education of respondents

The level of education was sought to give the researcher an insight into how far the respondents had gone academically hence their professional capability. The level of competence is a crucial variable that has to be put into account. The findings were tabulated in the following.

Table 5: Level of education

Level of education	Frequency	Percentages%
Certificate	3	10
Diploma	9	30
Bachelor's degree	9	30
Master's degree	9	10
Total	30	100

Source: Field Data (2023)

From table 4.4 above the level of education categorization of respondents were such that certificate respondents represented by 3(10%) in the category, 9 (30%) with diploma were representing the category, another 9 respondents (30 %) were bachelor's degree and 9 respondents (30 %) were master's degree. This implies that all the respondents had the right qualifications and exposure to participate in this study.

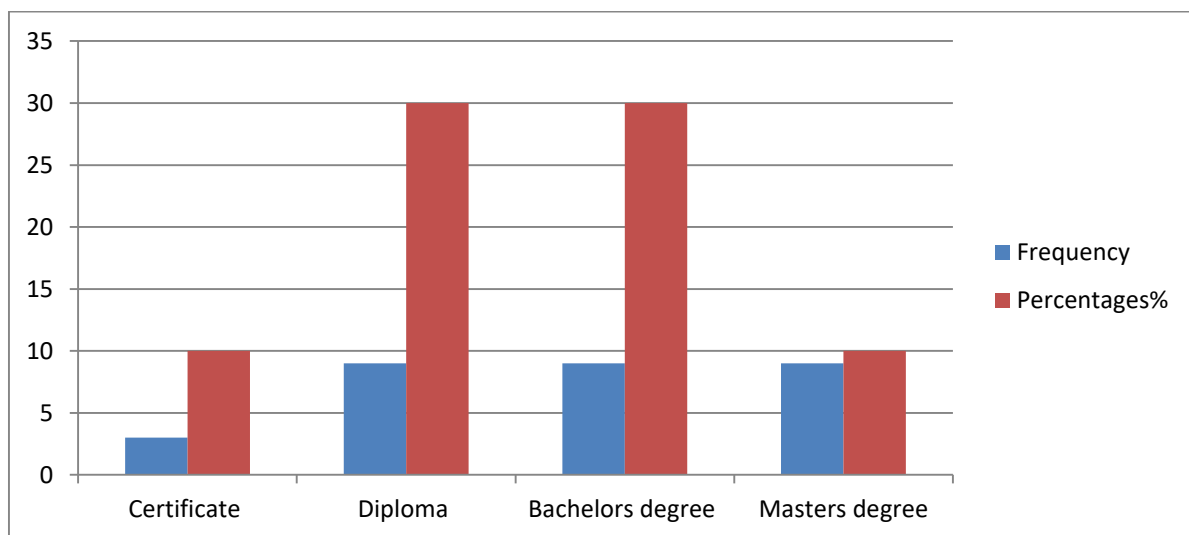


Figure 4.4 Level of education

Duration of work in Manufacturing Firm

The researcher found it worthwhile to find out how long the respondents had worked as in their various firms. This information is presented in the table below

Table 6: Duration of work

Duration	Frequency	Percentages%
Less than 2 years	10	33.3
Between 2-5 years	10	33.3
Over 6 years	10	33.3
Total	30	100

Source: Field Data (2024)

The study established that 10 respondents (33.3 %) have worked as in their companies for less than 2 years, another 10 respondents (33.3 %) between 2 and 5 years while another 10 (33.3 %) have worked for over 6 years.

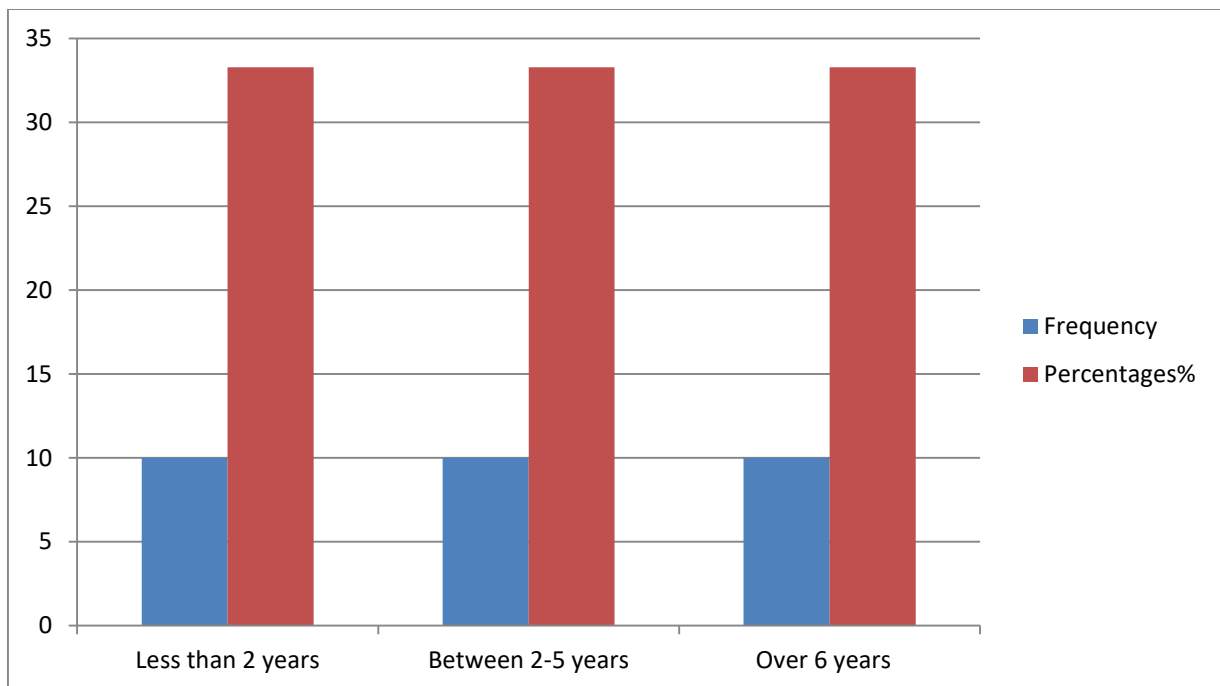


Figure 4.5 Duration of work

Presentation of Findings.

Impact of implementation of fairness practices on firm performance

Table 7: Implementation of fairness practices on firm performance

How does the implementation of fairness practices impact the firm performance of selected manufacturing firms in Eldoret town?	Response	SA	A	N	D	SD	TOTAL
I am satisfied with the fairness practices implemented in my manufacturing firm.	Frequency	20	10	0	0	0	30
	Percentages	66.6	33.4	0.0	0.0	0.0	100.0
The implementation of fairness practices has positively influenced my productivity at work.	Frequency	24	6	0	0	0	30
	Percentages	80	20	0.0	0.0	0.0	100.0
I trust and have confidence in the manufacturing firm's commitment to fairness and ethical practices.	Frequency	15	10	2	3	0	30
	Percentages	50	33.3	6.6	10	0.0	100.0
The manufacturing firm's focus on fairness practices has contributed to its financial success and competitive advantage.	Frequency	20	5	2	3	0	30
	Percentages	66.6	16.6	6.6	10.0	0.0	100.0

Source: Field data (2024).

From the data shown on table 4.4, It was revealed from the first statement that the respondents 20(66%), strongly agreed, 10(33.4 %) agreed, 0(0%) were neutral, 0(0.0%) disagreed while another 0(0.0%) strongly disagreed. thus, this implied that majority are satisfied with the fairness practices implemented in their manufacturing firms.

Also from the table 4.4, the second statement shows that majority of the respondents 24(80%) strongly agreed, 6(20%) agreed with this statement, 0 (0.0%) disagreed with the statement, while 0(0.0%) again strongly disagreed with the statement. 0(0.0%) were neutral. Therefore, this implied that to a great extent that implementation of fairness practices has positively influenced productivity at work.

Also, the researcher sought to find out whether they trust and have confidence in the manufacturing firm's commitment to fairness and ethical practices., reading from the table 15(50%) strongly agreed, 10(33.3%) agree with this statement, 2(6.6%) disagreed with the statement, 3(10.0%) strongly disagreed with the statement. 0(0.0%) were neutral. Therefore, this implied that to a great extent that majority trust and have confidence in their manufacturing firm's commitment to fairness and ethical practices.

On the fourth item in table, the study sought to find out whether they believed that the manufacturing firm's focus on fairness practices has contributed to its financial success and competitive advantage. Reading from the table, it was revealed that 20(66.6%) strongly agreed, 5(16.6%) agreed, 2(6.6%) were neutral 3(10.0%) disagreed while 0(0.00%) strongly disagreed. This revealed to a great extent that majority believed that their manufacturing firm's focus on fairness practices has contributed to its financial success and competitive advantage.

The relationship between transparency and firm performance in manufacturing firms operating in Eldoret town?

Table 8: Relationship between transparency and firm performance

What is the relationship between transparency and firm performance in manufacturing firms operating in Eldoret town?	<i>Response</i>	<i>SA</i>	<i>A</i>	<i>N</i>	<i>D</i>	<i>SD</i>	<i>TOTAL</i>
I trust that the manufacturing firm operates with transparency and openness.	Freq	24	6	0	0	0	30
	%	80	20	0.0	0.0	0.0	100.0
The manufacturing firm's transparent communication and information sharing enhances the quality and efficiency of decision-making processes.	Freq	15	10	2	3	0	30
	%	50	33.3	6.6	10	0.0	100.0
The manufacturing firm demonstrates a high level of accountability and integrity in its operations.	Freq	20	5	2	3	0	30
	%	66.6	16.6	6.6	10.0	0.0	100
The manufacturing firm's transparency positively impacts its financial performance and reputation in the market.	Freq	24	6	0	0	0	30
	%	80	20	0.0	0.0	0.0	100.0

From the table 4.5, the first statement shows that majority of the respondents 24(80%) strongly agreed, 6(20%) agreed with this statement, 0 (0.0%) disagreed with the statement, while 0(0.0%) again strongly disagreed with the statement. 0(0.0%) were neutral. Therefore, this implied that to a great extent that majority trust that the manufacturing firm operates with transparency and openness.

Also, the researcher sought to find out whether they felt that the manufacturing firm's transparent communication and information sharing enhances the quality and efficiency of decision-making processes. Reading from the table 15(50%) strongly agreed, 10(33.3%) agree with this statement, 2(6.6%) disagreed with the statement, 3(10.0%) strongly disagreed with the statement. 0(0.0%) were neutral. Therefore, this implied that manufacturing firm's transparent communication and information sharing enhances the quality and efficiency of decision-making processes.

On the third item in table 4.5, the study sought to find out whether manufacturing firm demonstrates a high level of accountability and integrity in its operations. Reading from the table 4.5, it was revealed that 20(66.6%) strongly agreed, 5(16.6%) agreed, 2(6.6%) were neutral 3(10.0%) disagreed while 0(0.00%) strongly disagreed. This revealed to a great extent that manufacturing firm demonstrates a high level of accountability and integrity in its operations.

On the fourth item from the table, It was revealed that the respondents 24(80%), strongly agreed, 6(20 %) agreed, 0(0%) were neutral, 0(0.0%) disagreed while another 0(0.0%) strongly disagreed. thus, this implied that manufacturing firm's transparency positively impacts its financial performance and reputation in the market.

Effects of accountability on firm performance of manufacturing firms.

Table 9: Accountability and firm performance of manufacturing firms

How does accountability affect the firm performance of manufacturing firms located in Eldoret town?	Response	SA	A	N	D	SD	TOTAL
Accountability practices have a positive impact on the financial performance of manufacturing firms.	Freq %	10 33.3	10 33.3	5 16.6	5 16.6	0 0.0	30 100
Enhanced accountability leads to improved operational efficiency within manufacturing companies.	Freq %	20 66.6	10 33.3	0 0.0	0 0.0	0 0.0	30 100.0
Accountability measures contribute to increased investor trust and confidence in firm performance.	Freq %	10 33.3	10 33.3	2 6.6	3 10.0	5 16.6	30 100.0
Strong accountability fosters a culture of responsibility that positively influences the overall performance of manufacturing firms.	Freq %	15 50	10 33.3	0 0.0	5 16.6	0 0.0	30 100.0

From the data shown on table 4.6, It was revealed that 10(33%) strongly agreed, another 10(33%) agree with this statement, 5(16.6 %) were neutral another 5(16.6 %) disagreed with the statement, while 0(0.0%) strongly disagreed with the statement. this implied that Accountability practices have a positive impact on the financial performance of manufacturing firms.

Also from the table 4.6, respondents were asked to comment on whether they believe that Enhanced accountability leads to improved operational efficiency within manufacturing companies, reading from the table, it was revealed that 20(66.6 %) strongly agreed, 10(20%) agreed, 0(0.0%) were neutral. 0(0.0%) disagreed while another 0(0.0%) strongly disagreed. This revealed to great extent that enhanced accountability leads to improved operational efficiency within manufacturing companies

The third statement in table 4.6 indicated that most respondents, 10(33.3%) strongly agreed, another 10(33.3%) agreed with this statement, 2(6.6%) were neutral, 3(10.0%) disagreed with the statement, while 5(16.6) strongly disagreed with the statement this revealed that majority believed that Accountability measures contribute to increased investor trust and confidence in firm performance.

Further, respondents were asked whether they believed that Strong accountability fosters a culture of responsibility that positively influences the overall performance of manufacturing firms., reading from table 4.6 above, it was revealed that 15(50%) strongly agreed, 10(33.3%) agreed, 0(0.0%) were neutral 5(16.6%) disagreed while 0(0.0) strongly disagreed. this implied that their Strong accountability fosters a culture of responsibility that positively influences the overall performance of manufacturing firms.

5. DISCUSSION OF FINDINGS

Regarding the Impact of implementation of fairness practices on firm performance., the study found out that majority of respondents were satisfied with the implementation of fairness practices in their manufacturing firms. This implies that manufacturing firms have put in place measures to create an environment that is fair to all employees. Furthermore, the study also found out that the implementation of fairness practices has positively influenced productivity at work. This could be attributed to the fact that employees in a fair work environment are likely to be motivated to work harder, resulting in increased productivity. Additionally, the study found that the majority of respondents trusted and had confidence in their

manufacturing firm's commitment to fairness and ethical practices. This is an indication that manufacturing firms that prioritize and implement fairness practices have loyal workers who are satisfied with the work environment and operations of their respective firms. Lastly, the study found that the majority believed that their manufacturing firm's focus on fairness practices has contributed to its financial success and competitive advantage. This implies that manufacturing firms that prioritize fairness practices have a positive impact on their financial performance and are competitive in the market.

On the relationship between transparency and firm performance in manufacturing firms operating in Eldoret town. the study found that the majority trust that the manufacturing firm operates with transparency and openness. This implies that manufacturing firms have put in place measures to ensure that information regarding the firm's operations is shared with all employees. Additionally, the study found out that manufacturing firm's transparent communication and information sharing enhances the quality and efficiency of decision-making processes. This implies that in a transparent work environment, employees are likely to make informed decisions that contribute to the success of the firm. Furthermore, the study found that manufacturing firms demonstrate a high level of accountability and integrity in their operations. This is an indication that firms operating transparently take responsibility for their actions and follow the set standards to the letter. Finally, the study found that the manufacturing firm's transparency positively impacts its financial performance and reputation in the market. This implies that transparency in operations has a positive impact on the financial performance and reputation of manufacturing firms.

Regarding the effects of accountability on firm performance of manufacturing firms. the study found that the findings suggest that accountability practices have a positive impact on the financial performance, operational efficiency and the overall performance of manufacturing firms. The majority of the respondents strongly agreed or agreed with all four statements related to accountability measures which indicate a wide acceptance of accountability practices within manufacturing firms.

Interpretation of Findings

The findings of the study showed that the implementation of fairness practices has a positive impact on firm performance. The majority of the respondents were satisfied with the fairness practices implemented in their manufacturing firms, and they strongly agreed that the implementation of fairness practices has positively influenced productivity at work. Additionally, the respondents trusted and had confidence in their manufacturing firm's commitment to fairness and ethical practices, and they believed that their manufacturing firm's focus on fairness practices has contributed to its financial success and competitive advantage.

The study also found that transparency in communication and information sharing positively impacts firm performance. The majority of the respondents strongly agreed that their manufacturing firm operates with transparency and openness. They also strongly believed that the manufacturing firm's transparent communication and information sharing enhances the quality and efficiency of decision-making processes. Furthermore, the manufacturing firm demonstrated a high level of accountability and integrity in its operations, and the transparency positively impacted its financial performance and reputation in the market.

The findings also showed that accountability measures play a crucial role in enhancing the financial performance and operational efficiency of manufacturing firms. These results are consistent with previous studies that have shown that accountability practices have a positive impact on firm performance. The results suggest that manufacturing firms should invest in enhancing accountability measures to achieve improved performance. Furthermore, the study reveals that strong accountability fosters a culture of responsibility that positively influences the overall performance of manufacturing firms. This finding implies that firms should create a culture of accountability, where employees take responsibility for their actions and are held accountable for their performance. This culture of accountability can create a positive work environment that promotes productivity and innovation.

6. CONCLUSION

The study found that manufacturing firms that prioritize and implement fairness practices have loyal workers who are satisfied with the work environment and operations of their respective firms. Additionally, the implementation of fairness practices has positively influenced productivity at work, leading to the financial success and competitive advantage of the manufacturing firms. The study found that transparency in communication and information sharing enhances the quality

and efficiency of decision-making processes, financial performance, and reputation. Moreover, the manufacturing firm demonstrated a high level of accountability and integrity in its operations, leading to a positive impact on financial performance. The study found that accountability allow manufacturing firms to minimize financial losses, recover quickly from potential risks and disruptions, improve operational efficiency and effectiveness, and identify and realize opportunities while mitigating potential threats.

7. RECOMMENDATIONS

The study recommends that manufacturing firms operating in Eldoret town should prioritize the implementation of fairness practices, transparency, and accountability management strategies. Additionally, the study highlights the need for manufacturing firms to establish and maintain a culture of ethics, integrity, and accountability in their operations. The study also recommends that manufacturing firms should invest in employee training and development to enhance their skills and knowledge, thus contributing to operational efficiency and effectiveness. Finally, further research is recommended to evaluate the relationship between corporate governance and firm performance in other sectors and regions.

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