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MEDIATING EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON THE RELATIONSHIP BETWEEN CORPORATE GOVERNANCE PRINCIPLES AND PERFORMANCE OF LARGE MANUFACTURING FIRMS IN KENYA

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ABSTRACT
The contribution of Kenya's manufacturing sector to GDP has been constant at 10% on average for more than ten years, according to the KNBS Report of 2015. Manufacturing sectors have continued to face myriad of challenges ranging from disclosure and transparency, corporate transactions and financial performance monitoring. The objective of the study was to establish the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.. The study was anchored on the Resource Dependence Theory, Agency Theory and the stakeholder 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 correlation analysis results established there existed a strong positive significant correlation of r=0.752 and p-value<0.001 between corporate governance principles and strategic management practices and performance of large manufacturing firms in Kenya. The coefficients of corporate governance principles on performance of large manufacturing firms in Kenya when the mediator strategic management practices is controlled to be ß =0.541 and its significant p-value = 0.000 < 0.001. 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. The study recommends enhancement of 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.

KEYWORDS: *Corporate Governance Principles; Strategic Management Practices; Performance; Large Manufacturing Firms; Kenya*

1.1 INTRODUCTION

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).

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

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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 will examine the relationship between corporate governance, strategic management practices, business environment and Performance of Large Manufacturing Firms.

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 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).

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 will adopt 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 will be 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

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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.

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 will provide consistent profitability for the company. Issack and Muathe (2017) definition of strategic management practices will be 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 Organizational Performance

The concept of organizational performance of a business firm is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Carton, 2014). It is said that the essence of performance is the creation of value. Therefore, value creation, as defined by the resource provider, is the essential overall performance criteria for any organization. Organizational performance is defined as actual output against intended output (Ngui, 2015). Performance excellence in an organization is the ultimate goal of all organizations (Karisa & Wainaina, 2020). Organizational performance can be defined as the yield or output of the company measured against the planned production (Katua, Mukulu, & Gachunga, 2014). Performance measurement is an essential element in realizing organization objectives and goals. It is necessary for managers operating to familiarize themselves with factors that influence a company's performance (Haddadi & Yaghoobi, 2016). In order for firms to survive the strain of world-class competition, measuring organizational performance has become an increasingly crucial issue (Al-Syaidh, Masa'deh, & Al-Zu'bi, 2015; Mahadeen, Al-Dmour, Obeidat, & Tarhini, 2016).

A business organization could measure its performance using the financial and non-financial measures. The financial measures include profits, return on assets, return on investment and sales, while the non-financial measures focus on issues pertaining to customer`s satisfaction and customer`s referral rates, delivery time, waiting time and employee`s turnover. Bucklin and Sengupta, (2020) claim that financial measures of performance, such as sales and profit, may not clearly reflect the quality of the firms' performance. Financial measures are objective, simple and easy to understand and compute, but in most cases, they suffer from being historical and are sometimes not readily available in the public domain. Geringer and Hebert (2018) suggest that financial data are often not published, and when that type of data is made public, it will be merely incorporated in calculations of financial performance. In fact, a financial measure is unlikely to capture the relative performance of the firms.

1.2 Statement of the Problem

Manufacturing sectors have continued to face myriad of challenges ranging from disclosure and transparency, corporate transactions and financial performance monitoring (OECD, 2020). Large manufacturing enterprises in Kenya have also been affected by the current rise in corporate crisis and failure instances, which has sparked greater media and public interest in corporate governance than ever before. In the face of fierce competition and divergent stakeholder interests, corporate governance directs a company in areas of responsibility, integrity, and quality of product and service offerings. In order for shareholders to receive a return on their investment, corporate governance is concerned with safeguarding them against the directors' self-interest. Every success story of organizations in different industries, large manufacturing being no exception has been linked to adherence to corporate governance. Companies with effective corporate governance practices run their businesses more effectively, which boosts company performance. Any laxity in corporate governance has been demonstrated to have negative consequences on

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performance and eventually lead to the demise of even very large enterprises. Lack of internal controls, flaws in superior and restrictive systems, bad corporate governance procedures, and conflicts of interest are some of the causes of past poor governance systems that have led to subpar performance.

1.3 Research Objective

To establish the mediating effect of strategic management practices on the relationship between corporate governance principles and performance of large manufacturing firms in Kenya.

1.4 Research Hypothesis

Ho_1: 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.

2.0 LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1 Resource Dependence Theory (RDT)

Resource Dependence Theory (RDT) was incepted 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).

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).

2.1.3 Stakeholder Theory

Stakeholder theory was coined by Edward Freeman in 1984. According to the stakeholder theory, businesses are social entities that have an impact on a variety of stakeholders' welfare. According to Mitchell, Van Buren, Greenwood, and Freeman (2015), an organization is a system of stakeholders acting inside the wider system of the host society that offers the essential societal, governmental, and economic infrastructure for the firm's operations. The organization's goal is to increase the wealth or value of its stakeholders by transforming their stakes into commodities and services (Mitchell et al. 2015). They went on to say that the secret to achieving this was to give those firm participants who control or contribute critical, specialized inputs (organization-specific human capital) a stronger voice and ownership-like incentives, and to align their interests with those of independent, passive shareholders. Mulili and Wong (2011) contends that an organization's success is determined by its capacity to generate value for all of its constituents. According to the resource dependency theory, a firm's capacity for successful interaction with the outside world can also give it a competitive edge (Okpara, 2011). Corporations that incorporate stakeholder concerns into their decision-making processes employ a proactive strategy and build the requisite governance structures (Schouten, Wade & Wit, 2006). This theory explains the study the relationship between strategic management practices and performance.

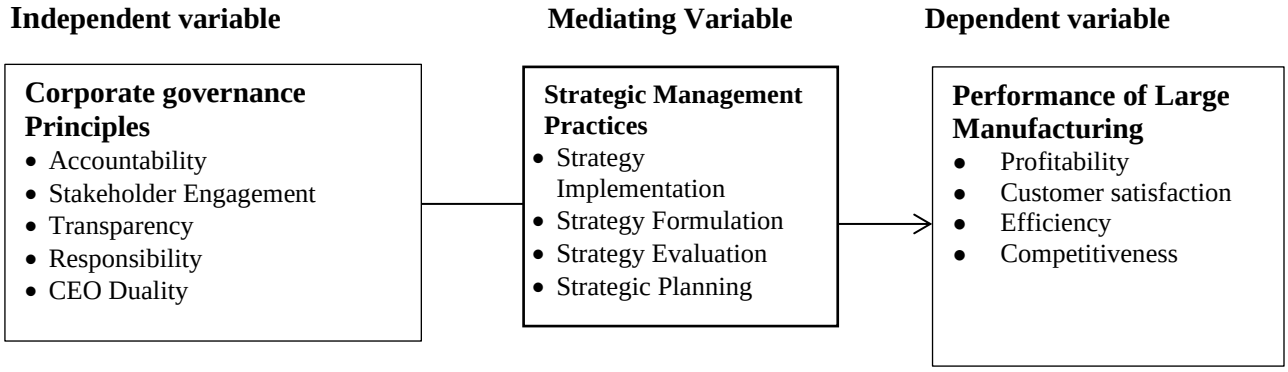
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2.2 Empirical Literature Review

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

Halim, Mustika, Sari, Anugerah, and Mohd-Sanusi (2017) conducted a study to explore the impact of the Risk Management Committee on company performance. They also examined how this committee influences the relationship between Corporate Governance, company size, Financial Reporting Risk, and Firm Performance. The study utilized a sample of 299 enterprises, selected through a purposive sampling approach. Secondary data was gathered from the annual reports of these firms and analyzed using SPSS, version 20.0. The results indicated that the research hypothesis was fully supported, demonstrating that the Risk Management Committee positively affects business performance. Furthermore, the findings revealed that the Risk Management Committee acts as an intervening variable in the relationship between corporate governance, firm size, and financial reporting risk concerning firm performance. Establishing a Risk Management Committee is suggested to enhance a company's capability to manage and mitigate risks linked to financial reporting effectively. While the study focused on the mediating role of the Risk Management Committee, it did not delve into strategic management methods comprehensively. Strategic management encompasses a broader range of activities, including strategy development, implementation, and effectiveness assessment. The current study aims to evaluate the mediating effect of strategic management practices on the relationship between corporate governance principles and the performance of large manufacturing firms in Kenya. This focus will provide insights into the broader implications of strategic management in enhancing firm performance. Waithira and Mbugua (2018) conducted a study to evaluate the impact of strategic management methods on the performance of coffee factories in Kiambu County. The research focused on two essential strategic management practices: communication and resource mobilization. It was grounded in various theoretical frameworks, including contingency theory, resource-based perspective theory, upper echelons theory, and agency theory. The study employed a descriptive statistics approach, also known as a diagnostic study strategy. The targeted demographic included 10 coffee manufacturers in Kiambu County, from which a random sample of 30 respondents from the management team was selected. Data collection relied primarily on a single set of self-administered questionnaires distributed to coffee plant managers. To ensure the validity of the questionnaire, a pilot test was conducted to identify any potential issues. The trustworthiness of the measurements was assessed using Cronbach's alpha. For data analysis, both descriptive and inferential statistical techniques were utilized. A linear regression model was applied to gain deeper insights into the data, utilizing the Statistical Package for Social Sciences (SPSS). To validate this model, analysis of variance (ANOVA) was performed to determine the statistical significance at a 95% confidence level. The findings revealed that the study variables significantly influenced the performance of coffee factories. Resource mobilization emerged as the most critical factor, followed by communication. The research highlighted that the limited growth of coffee factories in Kiambu County stemmed from inadequate resource mobilization and ineffective communication channels. The authors emphasized the need for supporting the coffee industry to enhance both production and marketing efforts. They suggested that establishing effective communication channels and a robust organizational structure within coffee factories could improve performance. While the study by Waithira and Mbugua focuses on the coffee sector, it contrasts with broader manufacturing studies in Kenya. It does not delve into corporate governance principles or the specific business environment of Kenyan manufacturing, such as infrastructure or resource access beyond coffee-related aspects.

2.3 Conceptual framework



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3.0 RESEARCH METHODOLOGY

3.1 Research Philosophy

This study will adopt 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 will address the shortcomings of both qualitative and quantitative paradigm.

3.2 Research Design

The study will use 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.

3.3 Target Population

The population of the study will the large manufacturing firms in Kenya listed at Nairobi Securities Exchange 2022. The top key managers in any of the crucial divisions (operations, finance, and procurement) of the significant manufacturing companies listed by KAM will serve as the unit of observation. The unit of observation will be the top key managers who will include the procurement and production managers because they are familiar with the area of the study and would readily provide the data required by the study. As argued by Kothari and Garg (2014), census approach enhances the generalizability of the research findings. This is due to the fact that it eliminates both the sampling error and sampling bias. Two-line managers will be purposely selected from each target department (operations, and finance). The researcher will randomly select an officer from the production department owing to the fact that they get affected by the business environment. Three senior managers at the policy and strategy level will be included since they are responsible for policy and strategy formulation and implementation. This will sum to nine participants from each institution summing the number of participants to 81 (9*9).

3.4 Data Collection Procedures

The study used mixed method approach by using both qualitative and quantitative data. Qualitative data will be extracted from secondary data sources like performance reports and empirical reviews. Quantitative data will be obtained through structured questionnaires which will be distributed to the respondents. The respondents will have 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 will use 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 Testing

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) will be used to obtain a pilot group hence 1 large manufacturing firm will be 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.

4.0 DATA ANALYSIS AND RESEARCH RESULTS

4.1 Demographic Characteristics

Table 1 shows the Demographic Characteristics of the respondents, indicating that 55.1% identified as male and 44.9% identified as female. This point's to the fact that the study had an equal number of male and female participants represented in it. 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.

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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.

The data 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 and the performance of manufacturing firms.

Table 1: Demographic Characteristics

Demographic Profile		Percentage (%)
Gender	Male	55.1
	Female	44.9
Age	Less than 30	14.5
	Between 31to54 years	21.7
	More than 55 years	63.8
Level of Education	Post-Secondary Certificate	2.9%
	Bachelor's Degree	49.3
	Master's Degree	39.1
	Doctorate	7.2
	Others	1.4
Length of Service	Less than 1 year	13.0
	Between 2 and 5 years	23.2
	More than 6 to 10 years	39.1
	More than 10 years	24.6

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.

4.2 Hypothesis Testing

4.2.1 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 → Y. As shown in table 2, table 3, and table 4, 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 <

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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 → Z**.**

Table 2: Corporate governance and strategic management Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	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 2 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 3: 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 3 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 3: Corporate governance and strategic management Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			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 3 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→ Y.

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Table 4: Strategic management and performance Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	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 4 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 5: 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 5 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 6: Strategic management and performance Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			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 6 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 7: Corporate governance and strategic management practices Coefficient

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.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 7 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

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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 8: 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 8 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 9: Corporate governance and strategic management Coefficients

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

a. Dependent Variable: performance

The results in table 9 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 ß =0.541 and its significant p-value = 0.000 < 0.001. 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 2 between corporate governance principles and performance of large manufacturing firms in Kenya is ß = 0.753 and its significant p-value = 0.000 < 0.05. This coefficient value reduces to ß = 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) Performance of large manufacturing firms = 0.381 + 0.324(corporate governance principles) + 0.585 (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.

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Result Discussions

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.

5.0 CONCLUSIONS AND RECOMMENDATIONS

The 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 the respondents strongly agreed with the strategic management practices statement that the company should be able to identify its competitors and determine the reasons for success of competitors and considers this in strategy formulation and that the organization should be governed by a clear system of policies, rules, regulations, and procedures which guide implementation of strategy. The correlation analysis results established there existed a strong positive significant correlation of $r=0.752$ and p-value<0.001 between corporate governance principles and strategic management practices and performance of large manufacturing firms in Kenya. This study objective was pursued on the basis of the null hypothesis that there is no mediation 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 (Ho_1), and established that strategic management practices did partially mediate the relationship between corporate governance principles and performance of large manufacturing firms in Kenya. The study revealed that there was strong positive correlation between corporate governance principles, strategic management practices 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 and performance of large manufacturing firms in Kenya.

The study recommends enhancement of 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.

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