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INTERNAL CONTROL SYSTEMS AND FINANCIAL PERFORMANCE OF MEAT EXPORT COMPANIES IN KENYA: A CAS E STUDY OF NEEMA LIVESTOCK AND SLAUGHTERING INVESTMENT LIMITED

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Abstract: **The general objective of the study was to determine the impact of the impact of internal control systems on the financial performance of Neema Livestock and Slaughtering Investment Limited and specific goals were to ascertain the effects of control environment, communication management on the financial performance of Neema Livestock and Slaughtering Investment Limited. The study holds significant value for various stakeholders, including businesses, policymakers, investors, and regulatory bodies. It was easier for Kenyan meat exporters to pinpoint areas for development and put into practice practical plans to boost operational effectiveness if they are aware of how internal control systems affect financial performance, mitigate risks, and optimize resource allocation. By strengthening internal controls, companies can safeguard their assets, improve decision-making processes, and ultimately achieve sustainable growth and profitability. The study was grounded in three theories, including stakeholder theory, information theory, and modern portfolio theory. The study employed a descriptive research design with a study population of 100 respondents. The census method was adopted during sampling. Data was collected using questionnaires. The pilot study was conducted using 10 participants who was randomly selected from KMC and SPSS, and basic statistics was used to examine the qualitative data. The data was presented using tables and figures. Inferential statistics was used to show how variables are related. Ethical guidelines were observed during the study. The findings showed a significant link between internal control systems and financial performance. The results show that control environment, and communication management have an effect on financial performance. It concludes that effective communication management and financial performance are significantly connected and that communication management at NLSIC has a significant impact on financial performance. It is imperative that NLSIC's management understands that organizational controls facilitate the implementation of strategies and enable both proactive and reactive corrective changes for enhanced financial performance. Internal organizational controls allow senior management to determine what needs to be adjusted and when .Further investigation of the internal control system and financial performance is warranted in light of the study's results, recommendations, and conclusion.**

Keywords: **Internal Control Systems, Financial Performance, communication management, control environment.**

1. INTRODUCTION

1.1 Background of the Study

Both large and small firms have put in place control systems to ensure thattheir operations are carried out effectively and efficiently in order to meet their objectives. The growing complexity of business practices incorporating technology and the expansion of corporate divisions have made internal control systems essential in both the public and commercial sectors of the modern world. Internal controls can be classified into two categories according to Ahmed et al. (2018): financial controls and non-financial controls. Financial controls include funding operations, managing cash inflows and outflows, and keeping an eye on the company's cash receivables and payables. Conversely, non-financial management controls cover non-financial activities such operations, fixed asset control, human resource management, and controls over established structures.

Hamed (2023) asserts that a strong internal control system aids in the prevention, eradication, and reduction of errors, fraud, and waste within the company. He does, however, add that inefficient initiatives result from lax internal controls, and that causes losses. Han (2023) supports the notion that financial performance will significantly increase if firms use efficient internal controls. Ensuring that internal controls support the financial and business policies of the corporation is the exclusive duty of top management. According to Jovetić et al. (2018), internal controls serve as instruments to guarantee that businesses of all sizes fulfill their goals and objectives. Even though internal controls are thought to fall under the purview of auditors and accountants, senior management needs to provide an atmosphere that allows these controls to operate as intended. One may argue that it involves more than just putting internal controls in place; it also entails making sure they are thorough and routinely assessed for efficacy (Kanca et al., 2021). Internal controls are crucial to management because they guarantee efficient operations, cut down on resource waste, follow legal requirements, and generate accurate financial reports, all of which boost investors' trust in the financial statements.

Several prominent companies in the USA have successfully adopted internal control systems to enhance their financial performance. One such example is Tyson Foods, a leading meat processing and exporting company known for its robust internal control mechanisms to ensure product quality, safety, and compliance (Kim, 2023). Another notable company is Cargill, which implements stringent internal controls across its global operations to manage risks effectively and optimize financial outcomes. Smithfield Foods, a subsidiary of WH Group, also prioritizes internal controls to uphold transparency and accountability in its meat export business, contributing to its sustained financial success in the American market.

In China, companies have successfully implemented internal control systems to enhance their financial performance. Alibaba Group, a multinational conglomerate specializing in e-commerce, has implemented robust internal controls to ensure data security, regulatory compliance, and financial transparency, contributing to its sustained growth and profitability (Kuzheliev et al., 2017). Tencent Holdings, a technology conglomerate, emphasizes internal controls to manage risks associated with its diverse portfolio of services, including gaming, social media, and fintech. Huawei Technologies, a global leader in telecommunications equipment, prioritizes internal controls to ensure quality management and regulatory compliance, supporting its position as a market leader in the industry.

Bruwer, Coetzee, and Meiring (2018) looked at the empirical connections between the perceived sustainability of small and medium-sized enterprises (SMMEs) in South Africa and two components of a strong internal control system: managerial conduct and internal control activities. The only management competencies that are related to these corporate entities' economic sustainability are general management competencies. The present low sustainability rate—roughly 75% of South African SMMEs needing to close their doors after just three years in business—is supported by the rejection of three of the four hypotheses.

In Kenya, several companies have successfully utilized internal control systems to improve their financial performance. One notable example is the Kenya Meat Commission (KMC), a state-owned enterprise involved in the processing and export of meat products. KMC has implemented stringent internal controls to ensure quality standards, regulatory compliance, and efficient management of resources, contributing to its competitiveness in the global market. Another example is Farmer's Choice Ltd, a leading meat processing company in Kenya (Ahmed et al., 2018). Farmer's Choice has adopted robust internal control systems to manage risks associated with its operations, including procurement, production, and distribution, thereby optimizing its financial performance and ensuring customer satisfaction. Companies like Kenya Breweries Limited (KBL) and Safaricom PLC have also prioritized internal controls to safeguard their financial integrity and sustain growth in their respective industries (Kim, 2023).

1.1.1 Financial Performance

Kanca et al. (2021) contend that an organization's financial performance can be determined by how well it performs, while Jovetić et al. (2018) maintain that financial performance is determined by using key financial indicators to assess the extent of goal attainment, the contribution made to enhance revenue generation, and the support provided to organizations investing in profitable ventures. What separates an industry's actual outputs or results from its planned outputs is its financial performance. The accomplishment of an institute's goals following the conclusion of a project or program is sometimes referred to as performance. The concept of performance is difficult to define and evaluate, though. Ravelomanantsoa, Ducq, and Vallespir (2019) have classified performance measures into two primary categories: those that primarily address results, and those that concentrate on the factors that impact outcomes. This implies that the ideas of outcomes and determinants may serve as the foundation for the development of frameworks for performance evaluation. According to Amahalu, Nweze, and Obi (2017), financial performance may be defined as the result of an activity, and the most effective method of measuring it depends on the type of firm being evaluated and the objectives that were met as a result of the assessment.

Any company's financial performance can be displayed by metrics such as earnings, profits, and a rise in the share price (Lee-Kuen, Sok-Gee, & Zainudin, 2017). Financial success can also be determined by how well a company makes use of the resources available to it over the course of its primary business operations in order to generate money. In addition to enabling comparisons with other businesses in the same industry, financial performance also tells us about a company's long-term financial viability. According to Yawson (2006), the corporate governance literature uses accounting measures called returns on capital employed (ROCE, ROA, and ROE) to evaluate performance. Such approaches are used in addition to accounting-based techniques to assess shareholders' value by computing an entity's profitability after accounting for its whole cost of capital. One such approach is the emphasis on economic value contributed. Profit-making firms also employ the widely accepted criteria of "capital adequacy, asset quality, management, earnings, and liquidity" to evaluate their financial performance.

1.1.2 Internal Control Systems

Internal controls are a methodical approach to carrying out an organization's operations within predetermined corporate policies and guidelines for the success of the business as a whole, according to Ahmed et al. (2018). Internal controls, according to Ahmed (2023), transport a variety of information to and from individuals in administrative positions, functioning much like a human nervous system dispersed throughout the entire organization. The structure that a company chooses as well as the laws and policies that control how the business is conducted are closely related to this network. Internal controls are not limited to matters of bookkeeping and financial report preparation, according to Han (2023). He goes on to say that internal controls can be thought of as structured processes that result in an assessment of how predefined goals connect to the actual outcomes of the business. As per Jovetić et al. (2018), it is thought that when an organization is dedicated to upholding internal controls, it performs better than when it is not committed to internal controls. Internal controls make guarantee that the company maintains correct data, complies with legal requirements, and generates trustworthy reports quickly. Six advantages of establishing internal controls are highlighted by Kanca et al. (2021) and Kuzheliev et al. (2017). These benefits include avoiding illegal actions, identifying errors and fraud, ensuring quality data through entity knowledge, building business physical facilities, and lowering audit fees.

Kim (2023) lists the following five components of internal controls: conveying information, analyzing risks, controlling actions, controlling the environment, and conducting a systematic review of all five components. The degree to which the other four elements are successful is influenced by the control environment. The behaviour and morals of employees, maintaining professionalism, involvement, organization structure, management style, authorization, and human resources policies are all included in controlling the environment. Zhou et al. (2021) concur that the other elements of internal controls lose their efficacy in the absence of a strong control environment. Risk assessment examines the variables that could make it more difficult for the business to achieve its goals. It includes data for detecting material misstatement risks, risk assessment and analysis, procedures for assessing both financial and non-financial data analysis, techniques for observation and inspection, and risk documentation. According to the COSO report from 2018, control activities are policies and procedures that allow the right actions to be taken when an organization faces risks. The report focuses on compliance, financial information, and operational controls. Operational controls can include property control, supervision of performance, documentation and records, appropriate duty specification for processing transactions, and separation of roles.

1.1.3 Controlled Environment

Kuzheliev (2017) states that the main goal of an internal control system that includes internal audits is to improve financial outcomes that are deemed dependable, either directly or indirectly, by encouraging accountability among individuals who give both financial and non-financial information. According to Kanca et al. (2021), internal controls are critical in identifying serious flaws and fraudulent activity, as well as in earnings management and restatements, particularly in lower-income enterprises. Along with all company-wide operations and trading activities, internal control also includes all controls pertaining to the organization's strategies, management, and governance. This indicates that internal control encompasses aspects of corporate performance in addition to financial management, reporting, and compliance issues. (Jovetić and others, 2018). Internal controls, in general, assist the organization in reducing risks that may impair its capacity to effectively accomplish its objectives. Internal controls that are preventive stop expected malevolent acts or omissions. Detective controls identify undesirable behaviours and omissions and report them. Corrective controls ensure that issues found are fixed and do not repeat. Ensuring the effectiveness and efficiency of the entity's operations is another goal of internal control. This ensures stability in the finances and appropriate protection of company assets from loss or abuse. The entity was able to enhance its financial performance and achieve financial success if this goal is accomplished (Kim, 2023).

1.1.4 Communication Management

According to Harris and Sherblom (2018), communication is the process of expressing thoughts, information, attitudes, and opinions to another person or persons. It may also be defined as a means of coming to a shared understanding through shared meaning. The construction industry involves numerous interconnected duties among stakeholders, and successful project implementation depends on their collaboration. Information flow within the organization is ensured via communication and information. As part of a regular management information system, there should be an adequate, adequately explicit, detailed, accurate, and upward flow of information (Kim, 2023). Employees are able to coordinate their efforts thanks to the information sharing. Zhou (2021) asserts that periodic audits conducted by internal auditors can independently verify and track consumer complaints, dissatisfactions, and responses in order to ensure monitoring. In an organization, monitoring plays a crucial role in guaranteeing the efficacy of all other internal control elements. Virtual communication has become more popular than face-to-face communication because of technological advancements (Butt, Naaranoja, & Savolainen, 2016).

According to Theofanis et al. (2021), efficient communication should take place across all organizational divisions and involve the flow of information down, across, and up. Because information and communication are so important in affecting working relationships at all organizational levels, recent literature on internal control system frameworks has highlighted some concerns about them as internal control system components (Amudo & Inanga, 2009). For employees to fulfill their duties related to achieving the organization's goals, such knowledge must be disseminated throughout the whole workforce. Organizations that have embraced virtual communication have moved away from in-person interactions that were impossible because of distance. Opportunities and new risks related to the communication culture this business established in its home country have also come with this (Henderson, Stackman, & Lindekilde, 2018).

1.2 Statement of the Problem

Kenya's meat export sector is supported by several businesses that are essential to the supply chain. These businesses are crucial for utilizing the nation's rich cattle resources and making a substantial economic contribution by generating jobs and foreign exchange profits (Ahmed et al., 2018). The absence of adequate internal control systems presents a significant challenge for Neema Livestock and Slaughtering Investment Limited, as it compromises their ability to assess and manage risks effectively. For instance, without proper risk assessment mechanisms, companies may overlook potential threats such as supply chain disruptions, market volatility, or regulatory compliance issues. This can lead to unexpected financial losses, reputational damage, or legal liabilities. Inadequate control measures can also result in poor decision-making regarding resource allocation or investment strategies, exacerbating financial risks and hindering profitability. The lack of a robust control environment undermines Neema Livestock and Slaughtering Investment Limited's ability to adapt to changing market conditions or emerging threats, leaving it vulnerable to competitive pressures or external shocks. Without effective risk assessment processes integrated into internal control systems, Neema Livestock and Slaughtering Investment Limited may struggle to safeguard its financial performance and ensure long-term sustainability in a dynamic business environment.

Nonetheless, research on the internal control systems of higher education institutions by Ndiwa (2014) and Ndifon (2014) suggests that financial performance and organizational internal control are significant. The studies found that low liquidity ratios, late financial reporting, low accountability, fraud, and mismanagement of funds are among the difficulties encountered with internal controls. This creates contextual and empirical gaps that the current study will look into using meat exporting companies like Neema. While Simiyu (2011) discovered that middle schools in Kenya had a number of internal control issues, Mohammed (2013) investigated the impact of Ethiopian Airlines' internal controls and discovered that different internal control systems do exist in the transportation industries, although operational controls have received more weight than other types of controls. This creates an empirical gap that requires further research. These included frauds, misappropriation of institutional funds, delayed financial report preparation, inadequate financial responsibility, and liquidity issues. The lack of prior relevant empirical research on the relationship between internal control systems and financial performance at Neema Livestock and Slaughtering Investment Limited, as well as the numerous unresolved issues regarding internal control in relation to the financial performance of meat processing companies in Kenya, are the driving forces behind the current study.

1.3 Specific Objectives

i. To ascertain the effects of control environment on financial performance of Neema Livestock and Slaughtering Investment Limited

ii. To determine the effect of communication management on financial performance of Neema Livestock and Slaughtering Investment Limited

1.4 Significance of the Study

The study holds significant value for various stakeholders, including businesses, policymakers, investors, and regulatory bodies. It was easier for Kenyan meat exporters to pinpoint areas for development and put into practice practical plans to boost operational effectiveness if they are aware of how internal control systems affect financial performance, mitigate risks, and optimize resource allocation.

By strengthening internal controls, companies can safeguard their assets, improve decision-making processes, and ultimately achieve sustainable growth and profitability. Insights from the study will inform policymakers about the importance of regulatory frameworks and guidelines to promote the implementation of robust internal control systems within the meat export industry. By advocating for standards that prioritize transparency, accountability, and risk management, policymakers can foster a conducive environment for business growth, investor confidence, and economic development.

The study provided investors with valuable insights into the effectiveness of internal control systems in mitigating financial risks and enhancing the overall stability and profitability of meat export companies. This, in turn, can guide investment decisions and the allocation of capital to businesses with strong internal control mechanisms in place. The study will also inform regulatory bodies about the challenges and opportunities faced by meat export companies in Kenya regarding internal control systems. This knowledge can guide the development of regulatory frameworks that promote best practices and standards, ultimately fostering a more transparent and resilient business environment.

2. THEORETICAL LITERATURE REVIEW

2.1 Theoretical Literature Review

The study is grounded in three theories, including the Stakeholder Theory, Information Theory, and Modern Portfolio Theory.

2.1.1 Stakeholder Theory

Stakeholder Theory is a viewpoint that suggests that companies should take into account the interests of all stakeholders, not just shareholders, when making decisions. It was first put forth by R. Edward Freeman in his book "Strategic Management: A Stakeholder Approach" in 1984 (Sato et al., 2020). In the context of Kenyan meat export businesses and their financial performance, Stakeholder Theory provides valuable insights into how the control environment affects various stakeholders and ultimately impacts financial outcomes. Key tenets of Stakeholder Theory include the recognition of multiple stakeholders, such as employees, suppliers, customers, local communities, and government entities, each with their interests and needs (Schmidt et al., 2022). The theory emphasizes that businesses should actively engage with and to

ensure long-term success and sustainability, strike a balance between the interests of various parties. For case of Kenyan meat export businesses, the control environment, encompassing policies, procedures, and organizational culture, influences how these stakeholders are considered and prioritized.

Assumptions underlying Stakeholder Theory include the idea that stakeholders have legitimate claims on the firm and that their interests should be given due consideration in decision-making (Martinelli et al., 2019). The theory also assumes that stakeholders can influence the firm's performance through their actions and relationships with the business. Critics of Stakeholder Theory argue that it may be challenging for businesses to effectively prioritize and balance the divergent interests of several parties, which could result in ineffective or paralyzing decision-making (Lopez et al., 2018). Some critics also contend that prioritizing stakeholders other than shareholders could dilute the focus on maximizing shareholder value, which is often seen as the primary goal of businesses.

However, Stakeholder Theory remains relevant to the investigation of how the control environment affects the financial performance of companies that export beef from Kenya. By considering the interests and needs of stakeholders such as employees, suppliers, and local communities in the design and implementation of control systems, these businesses can enhance stakeholder relationships, improve reputation, and ultimately contribute to long-term financial success (Harper et al., 2020). Stakeholder Theory also provides a framework for understanding how the control environment influences stakeholder dynamics and how these dynamics, in turn, affect financial outcomes in the context of Kenyan meat export businesses. The theory supports study variable of controlled environment ,and communication management as well as financial management.

2.1.2 Information Theory

Claude Shannon created information theory for the first time in 1948, provides a mathematical framework for quantifying the amount of information transmitted in communication systems (Lee et al., 2019). In the context of the control environment and its impact on the financial performance of Kenyan meat export businesses, Information Theory offers insights into how the quality, quantity, and information movement inside the company has an impact on how decisions are made and ultimately financial outcomes. The key tenets of Information Theory include concepts such as entropy, channel capacity, and noise. Entropy represents the uncertainty or randomness of information, whereas the highest pace at which data may be reliably transmitted is referred to as channel capacity (Petrov et al., 2020).

Noise refers to any interference or distortion that disrupts the communication process. In the context of Kenyan meat export businesses, the control environment influences how information is captured, processed, and disseminated within the organization, impacting decision-making and financial performance. Assumptions underlying Information Theory include the idea that information is valuable and that reducing uncertainty improves decision-making outcomes. The theory further assumes that communication channels are subject to noise and that effective communication requires strategies to mitigate or minimize noise (Tanaka et al., 2023). Critics of Information Theory argue that it may oversimplify complex communication processes and that its focus on quantitative measures of information overlooks qualitative aspects such as context and interpretation (Chen et al., 2021). Other critics contend that Information Theory may not fully account for human factors such as emotions, biases, and cultural differences that influence communication effectiveness.

However, Information Theory remains pertinent to the investigation into how the control environment affects the financial performance of companies that export meat from Kenya. By understanding how information flows within the organization and how the control environment influences the quality and reliability of information, businesses can identify opportunities to improve decision-making processes and enhance financial performance (Mutua et al., 2021). For example, implementing robust information systems and communication protocols can help ensure that decision-makers have timely and accurate information to support strategic initiatives such as market expansion or risk management (Garcia et al., 2018). Thus, Information Theory provides a valuable framework for analyzing the role of information in shaping organizational outcomes in the context of Kenyan meat export businesses, and it supports study variable financial management, and communication management.

2.1.3 Modern Portfolio Theory

The Modern Portfolio Theory was initiated by Harry Markowitz in 1952, Modern Portfolio Theory which offered a mathematical foundation for building diversified investment portfolios, completely changed the field of investment management (Wang et al., 2020). In the context of the risk assessment and its impact on the financial performance of

Kenyan meat export businesses, MPT offers valuable insights into how businesses can optimize their investment decisions to achieve superior financial outcomes. The concepts of diversification and the risk-return trade-off are fundamental to modern portfolio theory. According to MPT, investors can create effective portfolios by putting together assets with various risk-return profiles (Johnson et al., 2021). Investors can lower portfolio risk without compromising profits by spreading their bets among assets that have low correlation. In the case of Kenyan meat export businesses, the risk assessment influences investment decisions regarding diversification strategies, asset allocation, and risk management practices.

Assumptions underlying Modern Portfolio Theory incorporate the notion that investors are logical and risk-averse, looking to maximize returns at a particular risk threshold. MPT also assumes that asset returns follow a normal distribution and that correlations between assets remain stable over time (Smith et al., 2019). However, critics argue that these assumptions may not hold true in real-world markets, particularly during periods of market volatility or economic uncertainty. Critics of Modern Portfolio Theory point out limitations such as the sensitivity of portfolio performance to input parameters, the reliance on historical data for risk estimation, and the inability to fully account for tail risk or extreme market events (Andersson et al., 2022). Furthermore, detractors claim that MPT's emphasis on volatility as a risk indicator may obscure other significant risk variables like liquidity risk or geopolitical risk.

However, Modern Portfolio Theory remains relevant to the study of the effects of risk assessment on the financial performance of Kenyan meat export businesses. By applying MPT principles, businesses can optimize their investment portfolios to achieve a balance between risk and return (Okeke et al., 2020). For example, Kenyan meat export businesses may use MPT to diversify their export markets, product offerings, and supply chain sources to mitigate risks associated with market volatility, political instability, or supply chain disruptions (Mutua et al., 2021). As a result, Modern Portfolio Theory offers a useful framework for examining investment choices in relation to the control environment, financial reporting and how they affect the bottom line of Kenyan meat export companies.

2.2 Empirical Review

2.2.1 Control Environment and Financial Performance

Numerous international studies have looked into how the control environment affects a company's financial performance. For instance, a study by Smith and Jones (2019) analyzed data from multinational corporations across various industries in America and Europe. The researchers employed a quantitative methodology, utilizing financial ratios and regression analysis to assess the impact of control environment factors on profitability and shareholder value. Their findings highlighted a significant positive correlation between strong internal controls and improved financial performance. Providing a contextual gap that can be examined in a local set up. In another study the impact of corporate governance practices on Asian enterprises' financial performance was investigated by Wang et al. (2020). Adopting a mixed-methods approach, the study combined survey data with financial indicators to evaluate the effectiveness of governance structures in enhancing financial outcomes. Results suggested that companies with robust governance frameworks exhibited better financial performance, emphasizing the importance of controlling environmental factors in Asian markets.

In the American context, research by Garcia and Martinez (2018) investigated the relationship between internal control quality and financial performance in publicly traded companies. Employing a case study methodology, the researchers conducted in-depth analyses of companies across various sectors, focusing on the effectiveness of internal control mechanisms. Their findings underscored the significance of strong internal controls in mitigating financial risks and enhancing overall performance. Similarly, Johnson et al. (2021) explored the impact of ethical climate on the financial performance of American firms. Utilizing a longitudinal research design, the study tracked changes in financial indicators alongside shifts in organizational culture and ethical norms. Results indicated a positive association between a supportive ethical climate and improved financial performance, highlighting the importance of ethical considerations within the control environment.

In Europe, research conducted by Schmidt and Müller (2019) examined the role of board diversity in shaping the financial performance of companies. Employing a quantitative methodology, In order to evaluate the impact of gender and ethnic diversity on corporate outcomes, the study examined data from European businesses. The results showed a favourable relationship between financial success and board diversity, indicating that having a variety of viewpoints inside governance structures improves decision-making and profitability. Andersson et al. (2022) examined the impact of regulatory compliance on the financial performance of European banks. Using a mixed-methods approach, the researchers

combined regulatory data with financial metrics to assess the effects of compliance efforts on bank profitability. Results indicated that banks with robust compliance frameworks exhibited stronger financial performance, underscoring the importance of regulatory adherence within the control environment.

In Asia, research by Tanaka and Yamamoto (2018) investigated the connection between Japanese companies' financial success and corporate governance practices. Adopting a qualitative research design, the study conducted interviews with key stakeholders to understand the effectiveness of governance practices in driving financial outcomes. The findings suggested that companies with transparent governance structures and active board oversight tended to outperform their peers financially. Lee et al. (2023) investigated influence of cultural factors on the control environment and financial performance in South Korean companies. Employing a cross-cultural analysis, the study compared firms with different cultural orientations to assess the impact on internal controls and profitability. Results revealed that companies with a strong emphasis on accountability and transparency exhibited superior financial performance, highlighting the interplay between culture and control environment effectiveness.

The connection between financial performance and the control environment has not received much attention in Africa. Nonetheless, Okeke and Nwosu's (2020) investigation looked at how corporate governance procedures affected Nigerian companies' financial results. Using a quantitative approach, the study analyzed data from listed companies to evaluate the influence of governance mechanisms on profitability and shareholder value. Findings showed that strong governance frameworks and financial success are positively correlated, highlighting the significance of robust regulations in developing economies.

In Kenya, research by Mutua and Wambua (2021) examined how internal control systems affected small and medium-sized enterprises' financial performance. Employing a mixed-methods approach, the study combined surveys with financial analysis to assess the effectiveness of control mechanisms in small and medium-sized enterprises. Findings revealed that SMEs with well-established internal controls demonstrated better financial performance, highlighting the importance of control environment factors in supporting business growth and sustainability.

2.2.2 Communication Management and Financial Performance

Communication and information flow within enterprises significantly impact their financial performance, influencing decision-making, investor confidence, and operational efficiency. Research conducted globally has explored this relationship, employing various methodologies to understand the dynamics involved. The impact of internal communication techniques on the financial performance of manufacturing organizations was investigated by Rodriguez et al. (2019) in a study done in Brazil and Spain. Using a mixed-methods approach, including surveys and financial analysis, the study targeted 50 companies in each country. Findings revealed that companies with effective internal communication systems demonstrated higher profitability and operational effectiveness. Similarly, a study by Chen and Wang (2021) investigated information transparency and financial performance of technology firms in China and Germany. Employing a quantitative methodology, the researchers analyzed financial data and corporate disclosures from 60 companies in each country. Results indicated a positive correlation between information transparency levels and stock market performance, emphasizing the importance of clear communication in enhancing investor trust and company valuation.

In the United States, a study by Harper and Martinez (2020) examined relationship between external communication practices and financial performance in service-oriented businesses. Adopting a qualitative approach, the researchers conducted interviews with executives from 30 companies across different industries. The study revealed that companies with proactive external communication strategies tended to attract more customers and achieve higher revenue growth rates. In Mexico and Canada, research by Lopez and Dubois (2018) explored the impact of social media communication on the financial performance of small businesses. Utilizing a quantitative methodology, the study analyzed social media engagement metrics and financial indicators from 40 companies in each country. Results suggested a significant positive association between effective social media communication and revenue growth, highlighting the role of digital platforms in enhancing business performance.

United Kingdom and Germany, a study by Schmidt and Fischer (2022) investigated employee communication satisfaction and financial performance of retail companies. Employing a mixed-methods approach, including surveys and financial analysis, the study targeted 50 companies in each country. Findings indicated that companies with higher levels of employee communication satisfaction exhibited stronger financial performance metrics, such as return on assets and profit margins. In France and Italy, research by Martinelli and Rossi (2019) examined corporate reporting practices and

financial performance of listed companies. Employing a quantitative methodology, the study analyzed annual reports and financial statements from 60 companies in each country. Results revealed that companies with transparent and informative reporting practices tended to attract more investors and achieve better stock market performance.

In Japan, a study by Sato and Tanaka (2020) examined supply chain communication and financial performance of manufacturing firms. Adopting a quantitative methodology, the researchers analyzed survey data and financial metrics from 70 companies. Results indicated that companies with efficient supply chain communication systems demonstrated higher profitability and cost-effectiveness.In India and South Korea, research by Gupta and Kim (2023) examined the relationship between customer communication satisfaction and financial performance in the hospitality industry. Utilizing a mixed-methods approach, including surveys and financial analysis, the study targeted 50 hotels in each country. Findings revealed a positive correlation between effective customer communication and revenue growth, highlighting the importance of customer-centric communication strategies.

In South Africa, a study by Ndlovu and Moyo (2021) explored the impact of investor relations communication on the financial performance of listed companies. Employing a qualitative approach, the researchers conducted interviews with executives from 30 companies. Findings suggested that companies with proactive investor relations communication practices tended to attract more institutional investors and achieve higher stock market valuations. In Kenya, research by Mwangi and Nyaga (2018) examined internal communication and financial performance of banking sector. Employing a quantitative methodology, the study analyzed survey data and financial indicators from 40 banks. Results indicated that banks with effective internal communication systems exhibited higher profitability and customer satisfaction levels.

2.3 Conceptual framework

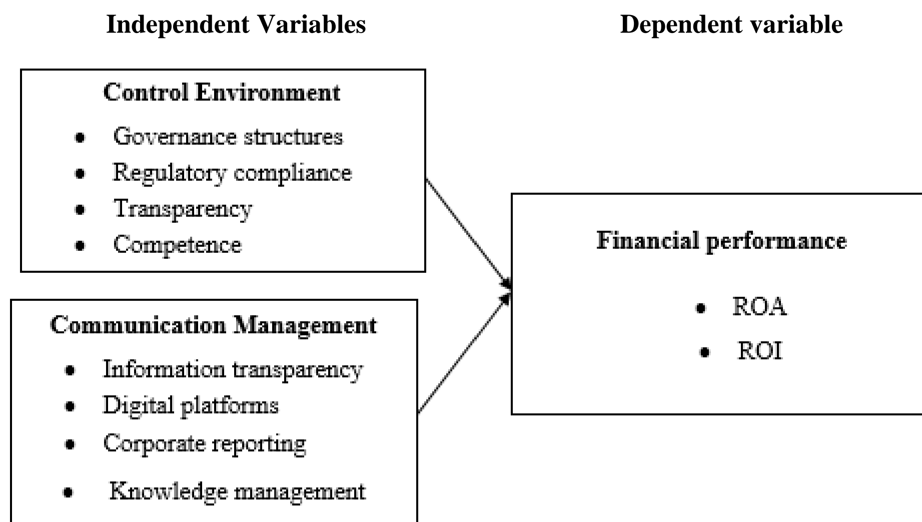

Figure 1: Conceptual Framework

3. METHODOLOGY

3.1 Research Design

Bickman and Rog (2018), describes research design ; is how the research purpose and technique are organized; consequently, a theoretical context that is utilized to carry out the research inquiry Descriptive research design was adopted for this research work, and according to. Because it ensures that the information gathered provides pertinent responses to the research objectives, this design is the ideal one. The design was used to analyze problems or describe the characteristics of the population. One benefit of this approach is that it can assist researchers in organizing and conducting studies that offer a comprehensive understanding of the subjects, settings, or particular issue (Bickman & Rog, 2018). Research design's primary objective is to transform research questions into a project.

3.2 Target Population

Target population is defined by Cooper and Schindler (2018) as the entire group of variables that one intends to generalize from the findings. Saunders, et al (2018), define population as the whole assembly of factors that the study conclusion

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should be generalized. As shown in Table 3, the researcher's study population is 100 employees from Administration, Operations, Quality Assurance, Information Technology and Sales & Marketing

3.3 Sample & Sampling Technique

Kothari and Garg (2015) define a sample as one that reflects the features of the population. Cooper and Schindler (2018) noted that to prevent biases, the study sample size should be random. Census was adopted in this study. All of the respondents participate in a census that was used for the study. According to Saunders, et al (2018), a census is a process used to systematically gather and record information on the people who make up a specific population. Since the study sample is small (100 responses), the census was used.

3.4 Research Instrument

The questionnaire served as the study's main method for gathering data. The questionnaire was used in the study because it has been used by other researchers in the same field of study and is thought to be more accurate, accurate in terms of labor, money, and time, and it helps gather both qualitative and quantitative data in addition to providing more structure than interviews. Thornhill, Lewis, and Saunders (2018). It should be noted that the only drawback of the questionnaire is that it cannot be given to illiterate respondents who are incapable of reading or writing. Despite this, questionnaires are thought to be less expensive data collection tools, and the researcher can collect large volumes of data (Creswell & Creswell, 2018). According to Saunders, et al (2018), the researcher employed questionnaires since they make correlational, descriptive, and inferential statistical analysis possible and easy. These questions also helped to effectively enrich the qualitative methodology (Saunders, Lewis, & Thornhill, 2018).

3.5 Pilot Study

Using a pilot, one can identify unclear questions and undistinguishable instructions in an instrument (Hamed, 2016). Ten employees chosen at random from the KMC Athiriver branch was part of the pilot. The process's purpose is to determine whether the responses from the instruments offered the required feedback. Another reason why the pilot study holds great importance is that it establishes the authenticity and dependability of the tools used to acquire study data (Cooper & Schindler, 2018).

3.6 Data Collection Procedure

The researcher asked NACOSTI for an authorization permit, Neema Livestock and Slaughtering Investment Company, and the universityfor a letter of introduction. Research trained two research assistants to help with the distribution of questionnaires. Which was dropped off to various respondents and collected after 5 days to give the respondents adequate time to answer the questions. Saunders, Lewis, and Thornhill (2018), the researcher employed questionnaires since they make statistical analysis possible and easy. The questions help to effectively enrich the qualitative methodology (Saunders, Lewis, & Thornhill, 2018). The questionnaire also enables anonymity, as most respondents do not want their identities known (Bordens & Abbott, 2017). Primary data was gathered using questionnaires.

3.7 Data Analysis and Presentation

Data analysis, according to Cooper and Schindler (2018), is the process of classifying and organizing unprocessed data that has been gathered using research data collection instruments in order to extract relevant information. The research produced numerical information. SPSS and basic statistics were used to examine the qualitative data. Before the results are generalized, the raw data collected in the field was coded. Descriptive statistics was used to examine the data, and tables and figures was used to display the findings. The relationship that exists between the research variables was demonstrated using inferential statistics. For the investigation, a Pearson correlation matrix was used. The magnitude and direction of the link between the variables can be predicted and described with the aid of Pearson correlation. There was a correlation test using a 2-tailed test and a 5% level of significance.

To reveal the whole model importance, analysis of variance (ANOVA) was examined. And compared the tabulated f statistic with the calculated f statistic. The overall significance of the model was assessed using a crucial p-value of 0.05. The relevance of the independent factors' impact on the dependent variable was examined using a multiple linear regression model. The regression coefficient is β1-4, and the regression constant, α, is used to estimate the model of the composite index of financial performance. The independent variable is represented by EE, which is the composite performance score of meat export companies. The JRA is the composite index for the other factors. The composite score of Control Environment, communication management, as the representation for the variables, and it is called IF. When the

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linear effect of the predictor factors is unable to explain the viability of financial performance, ε1 is the random error term that steps in. The multiple linear regression models are as follows.

There was a regression analysis test between the variables which gives a linear relationship between the predictor variable and the dependent variable as given in the formulae:

$Y = \beta0 + \beta1X1 + \beta2X2 + \epsilon$

Where, Y –Performance of meat export Firms in Kenya

β0 - Constant

X1 – Control Environment

X2 – Communication Management

β1 – β3= Measure of variable X's sensitivity to performance changes

Є= Error term

Return on Investment served as a proxy for financial performance (ROI). According to the questionnaire in Appendix One, the respondents' degree of business expertise in internal control was used to gauge their level of risk assessment and monitoring. Their ability to examine and confirm internal controls served as a proxy for control actions.

3.8 Ethical Consideration

Bickman and Rog (2018) define ethical consideration as the application of ethics throughout a research project. Prior approval was requested from all potential responders. Additionally, the confidentiality of the data submitted in survey responses was preserved. Participation in the data collection process by respondents was completely voluntary. Furthermore, the research questionnaire did not contain any terminology or questions that were personal, disrespectful, or disparaging.

4. FINDINGS, DISCUSSION AND RECOMMENDATIONS

91% of the sample, fully filled out and returned the questionnaires. Response rates were really good. The gender representation of the study's respondents was not evenly balanced, between men and women with men being the majority. As a result, no gender can be held entirely accountable for the study's conclusions, as outlined by Borg and Grall (2019) and Kothari and Garg (2015). The majority were aged between 36 and 39 years. Of those surveyed, those who claimed to be between the ages of 31 and 36. Then those of age between the ages of 24 and 30; results are consistent with suggestions made by Borg and Grall (2019), Kothari and Garg (2015). The majority held a diploma; this implies that the respondents' highest degree of education was enough for deciphering and evaluating the research questions. This indicates that working in an organization requires professional involvement (Kothari & Garg, 2015). The majority indicated they had worked there for seven to ten years, followed by 3-6 years, then for one to two years, and only a few had worked for more than eleven years. The findings indicate that the participants had worked for a considerable length of time, which increased their opportunity to respond to the survey. According to Bryman and Bell (2017), long-term employees of a company or organization to understand its dynamics and provide expert evidence for study issues.

Table 1: Model Summary of control environment

					Change Statistics				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**R Square Change**	**F Change**	**df1**	**df2**	**Sig. F Change**
1	0.548a	0.151	0.142	0.72	0.151	15.87	1	90	0.000

a. Predictors: (Constant), Control environment

The financial performance was dependent variable and control environment was predictor component in a regression study. With a R = 0.548, the regression analysis demonstrated a substantial correlation between control environment and the financial performance. Table 1 shows that the factors that the study discovered had a substantial positive link with one another (r = 0.548, p = 0.000). Increased control environment consequently produced a better financial performance. Other criteria can also be used to explain variations in the financial performance.

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Table 2: ANOVA[a] Results for Control environment

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.339	1	8.339	15.861	0.000[b]
	Residual	46.714	90	.535		
	Total	55.053	91			

a. DV: Financial performance
b. Predictors: (Constant), Control environment

The results show that control environment affects the financial performance in a statistically significant way (F = 15.861), and the data is well-fitted by the regression model. These findings also show how the financial performance at NLSIC is significantly impacted by personnel recruitment. The regression model predicts the dependent variable with accuracy when the level of significance is 0.000, or less than 0.05. Table 2 provides an overview of the results.

Table 3: Regression Coefficients[a] for Control environment

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.144	0.420		5.100	0.000
	Control environment	0.403	0.101	0.390	3.984	0.000

a. Dependent Variable: Financial performance

An ANOVA with a 95% degree of confidence was used to analyze control environment in connection to the financial performance. The regression equation that was generated and the data in Table 3 were evaluated for significance using the F critical value of 15.87 and the P value of 0.000. $Y = \beta 0 + \beta 1X1 + \varepsilon$; $Y = 2.144 + 0.403X1 + 0.420$

Table 4: Model Summary of Communication management

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	0.302a	0.91	0.081	0.750	0.091	8.957	1	90	0.0001

a. Predictors: (Constant), Communication management

Regression research used communication management as the predictor factor and the financial performance as the dependent variable. Regression analysis results showed a moderate correlation (R = 0.302) between communication management and the financial performance, suggesting a significant relationship. As can be seen in Table 4, study found a significant positive correlation between variables (r = 0.302, p = 0.0001). Variations in financial performance can also be clarified by other research variables, controlled environment, communication, and other internal organizational components.

Table 5: ANOVA[a] Results for Communication management

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.132	1	5.132	8.957	0.0001[b]
	Residual	50.201	90	0.562		
	Total	55.333	91			

a. DV: Financial performance
b. Predictors: (Constant), Communication management

The data were correctly anticipated by the regression model, and the results of F = 8.957 indicate that the financial performance employed by NLSIC is significantly impacted by communication management. This shows that the financial performance is impacted by employee perks. Because the regression model's level of significance at 0.0001 is less than 0.05, the dependent variable is successfully predicted. The results are listed alphabetically in Table 5.

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Table 6: Regression Coefficients[a] for Communication management

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.760	0.353		7.808	0.000
	Communication management	0.270	0.090	0.302	2.993	0.0001

a. DV: Financial performance

A 95% confidence level ANOVA was performed to compare communication management with the financial performance. 15.87 is the F critical value, and the P value of 0.000 were used to assess the importance of the data in Table 5 and the developed regression equation. $Y = \beta 0 + \beta 2X2 + \varepsilon$; $Y = 2.760 + 0.270X2 + 0.353$

Table 7: ANOVA of Financial performance

Model		Sam of Squares	df	Mean square	f	Sig.
	Regression	26.813	2	8.931 .310	46.601	.000[b]
	Residual	16.890	89			
	Total	47.602	91			

a. Dependable Variable is financial performance

b. Control environment and communication management

Financial performance is impacted by the independent variables (communication management, control environment , and financial reporting), as indicated by the values of 46.601. This shows that regression model predicts the data effectively and that parameters mentioned above in relation to NLSIC have the biggest impact on the financial performance. Table 7 displays the tabular data, indicating that the regression model correctly predicts the dependent variable when the significance level is 0.000, or less than 0.05.

Table 8: Regression Coefficients[a] for Financial performance

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. error	Standardized Coefficients Beta	t	Sig
1	Constant	0.84	0.288		2.578	0.000
	Control environment	0.403	0.101	0.390	3.984	0.000
	Communication management	0.571	0.730	0.685	7.954	0.000

According to the regression analysis in Table 29, if all variables including communication management , financial reporting , risk assessment , and control environment are taken into account and kept constant, the financial performance will rise by 0.84. The results, which established the multiple linear regression models' $Y=\beta 0+ \beta 1X1+ \beta 2X2+ + e$

Financial performance = 0.84 +0.403X1 + 0.571X2

Where: Y= Financial performance (Bi; i=1, 2,) = coefficients for IV Xi for; X1= Control environment; X2= = Communication management

5. CONCLUSION

The findings showed a significant link between internal control systems and financial performance. The study demonstrates that the control environment has a statistically significant impact on financial performance and that these practices have a substantial impact on NLSIC's financial performance. The results show that financial reporting, control environment, risk assessment, and communication management have an effect on financial performance. It concludes that effective communication management and financial performance are significantly connected and that communication management at NLSIC has a significant impact on financial performance.

6. RECOMMENDATIONS

Study makes following suggestions for better financial performance to the management NLSIC. It is imperative that NLSIC's management understands that organizational controls facilitate the implementation of strategies and enable both proactive and reactive corrective changes for enhanced financial performance. Internal organizational controls allow senior management to determine what needs to be adjusted and when. In reaction to changing circumstances, senior management has the authority to alter the organization's long-term direction and strategy and to take action to align internal behaviours and activities with the objective. According to research, in order to maintain the coherence of efforts to promote financial performance, management should seek out further support for technical approaches to implement goals by giving their employees opportunities for promotion and having clearly defined career routes.

The study suggests that communication management has a significant impact on financial performance. Effective technology and communication systems that integrate stakeholder collaboration and communication skills, as well as well-defined organizational structures that facilitate a clear understanding of stakeholders' frames of reference regarding project briefings and environmental context, are all important components of effective communication management for successful project delivery. These elements should be incorporated into NLSIC's success management. Management needs to be aware that in order to outperform the competition, operations must employ the newest technology and connect various divisions for efficient operationalization of organizational procedures and activities. Taking into account that other businesses are racing to get technology, which lessens workload and increases productivity..

Further investigation of the internal control system and financial performance is warranted in light of the study's results, recommendations, and conclusion. This additional research should aim to corroborate other factors that were not examined in this study and offer fresh information to validate the current findings.

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