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Relationship Between Ethical Values and Financial Sustainability of the Catholic Diocese of Eldoret

Tecla Chepngeno Sambu[1], Beatrice Jemaiyo[2] and Peninah Tanui[3]
Catholic University of Eastern Africa
Email:teclasambu@gmail.com

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Abstract: *The aim of this study was to determine the relationship between the Catholic Diocese of Eldoret's financial sustainability and its ethical values. The study specifically aimed to address the following research questions: how the Catholic Diocese of Eldoret's financial sustainability is affected by ethical values? The study was grounded using Stewardship theory. Using correlational research design, the study targeted 1,663 respondents, out of which 322 were sampled a stratified random sampling technique. Data was gathered using document analysis and questionnaires. Research hypothesis was tested using linear regression. The findings of the study ($R=0.765$, $R^2=0.585$, $\beta 1=.254$, $p<0.05$). This implied that there a very strong significant relation between ethical values and financial sustainability. Further the study found out that 58.5% of variation in financial sustainability was as a result of ethical values embraced by the CDE. In addition, the study found out that for any unit change in ethical values the financial sustainability changes by 0.254. The study concluded that ethical values have a positive and significant relationship with financial sustainability. Based on the data, the study concluded that ethical values have a positive and substantial relationship with financial sustainability. The study recommends CDE should formulate and implement policies that create a strong value system in place. Ruther, CDE should have a plan to control, evaluate and monitor adherence to the set value standards by everyone. A system for reporting unethical behavior by employees and other stakeholders. Since this research only examined ethical values, it was suggested that other aspects of the internal control system be considered for subsequent investigations*

Keywords: ethical values, financial sustainability, internal control system, catholic diocese of Eldoret

INTRODUCTION

Financial sustainability is the ability of a business to generate profit and grow without external support, generate enough cash and liquidity to carry out its operations without interruptions, and the ability to repay its present and future obligations as and when they fall due (Kakati & Roy, 2021). However, achieving financial sustainability is a challenge to most organizations including religious organizations. Nonprofit organizations, including churches, have traditionally had a considerable influence on society (Benoy, 2018). However, preserving sustainability remains a major concern for nonprofit organizations (Jensen, 2018). Researchers have examined how nonprofit organizations approach sustainability and the repercussions of failing to achieve this aim (Borges, 2017; Bowman, 2011). Sustainability is a more pressing problem and a difficulty for niche-based nonprofit organizations (Borges, 2017). According to research, niche-based nonprofits face more challenges than traditional nonprofits in achieving financial sustainability (Jackson, 2016). Financial conditions complicate non-profit organizations' efforts to maintain a sustainable budget (Duncan, 2020). Nonprofit organizations need to adapt to ensure financial sustainability as the national budget or funding trends change (Bowman, 2011).

Religious institutions in Kenya are faced with massive challenges including but not limited to socio-economic and political developments that leave some aspects of society in poverty, drought, HIV/AIDS, COVID-19 pandemic among others. These call for more financial resources. These institutions depend heavily on external funding for their operations as well as for any semblance of sustainability. This dependency has more or less reduced Bishops and other Church leaders to the status of ecumenical beggars (Mawudor, 2016). As a result of these challenges, many Churches in Kenya and other countries in Africa have embraced diversification of sources of income. Others have embarked on social entrepreneurship initiatives like real estate developments, and guest houses to enhance their financial sustainability. Without these efforts, it would be difficult to proclaim Christ to people who are daily becoming poorer and poorer. This is why the researcher was motivated to carry out this study. in addition to the efforts to diversify sources of income, it is important for Churches and institutions to put in place internal systems to ensure efficient and effective utilization and safeguarding of resources. It is in this regard that this research was done to investigate the relationship between ethical values and financial sustainability of the Catholic Diocese of Eldoret.

According to Su, Zhang, and Chen, (2022), there is a relationship between ethical values and the sustainability of enterprises. Effective and strong ethical standards in an enterprise increases the efficiency of investment and operation. Ethical values minimize a firm's poor decisions and behaviors, improving operational and investment efficiency by providing high-quality information (Cheng, Dhaliwal, & Zhang, 2013; Cheng, Goh, & Kim, 2018). Ethical values are linked not only to a firm's investment and operational efficiency but also to resource allocation efficiency

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(D'Mello, Gao, & Jia, 2017), influencing the firm's long-term growth. It is based on this that this study investigates the effect of the ethical values on the financial sustainability of the Eldoret Diocese in Kenya.

Theoretical Framework

This study was grounded on stewardship Theory. According to Donaldson and Davis's (1991, 1993) Stewardship Theory offers a fresh angle on the dynamics between shareholders and business leaders. Its foundations are in the social and psychological sciences. According to (Davis, James H., Schoorman F. David, 1997), a steward's duty is to safeguard and enhance shareholder capital by maximizing business performance, as this maximizes the steward's own utility functions. According to stewardship theory, which is a paradigm for understanding human behavior, individuals have an innate drive to carry out the duties and responsibilities placed in their laps by those in authority over them, whether that be individuals or organizations (Pastoriza & Montreal, 2008). People, it contends, are more group-oriented and pro-organizational than individualistic, and as a result, they seek fulfillment by contributing to the success of larger organizations, communities, or societies. Managerial actions in different kinds of organizations can be better understood with the help of this theory.

According to the prominent advocates of stewardship theory, Davis et al. (1997), the core principles of the theory are as follows: One key tenet of stewardship theory is that, contrary to popular belief, humans are not inherently selfish but rather have the potential to achieve self-actualization via serving others. The second point is that stewardship theory presupposes that when people have these views, they will put the organization's aims ahead of their own and prioritize the principal's interests over their own. Thirdly, stewardship theory holds that formal controls like monitoring and incentive compensation systems are unnecessary and may even be counterproductive since individuals' goals are already believed to be aligned with those of the organization and/or the owners (Chrisman, 2019).

A person whose actions are well-structured and whose priorities lie with the organization rather than with themselves is the "model of man" according to Stewardship Theory. Unlike a boss who is just concerned with himself, a steward is "other-centered," according to agency theory. Instead of pursuing their own interests at the expense of the principal, the steward thinks they may achieve more success by coordinating their efforts with the principal's. When the business does well, the steward does well as well. Instead of relying only on extrinsic incentives, they find motivation in inner factors like mutual aid and shared goals. The steward, in contrast to the agent, is more concerned with the company's success than his own personal success; he sees it as his personal accomplishment. The emphasis of stewardship theory is on intangible, hard-to-measure benefits including development, success, and responsibility (Pastoriza & Montreal, 2008).

Towards a theory of intertemporal stewardship: Spirituality, stewardship, and financial decision-making was the subject of research by McCuddy and Pirie (2007). The researchers set out to build a theory of intertemporal stewardship that would integrate spiritually-based stewardship into models for making financial decisions. The study's authors contend that financial decision-making should incorporate stewardship, an approach that has certain similarities with sustainable development. Starting with agency theory, the study delves into the Anglo-American and Continental European-Japanese models of financial decision-making, exploring potential revisions to incorporate stewardship and its spiritual underpinnings. Our idea of self-fullness, which is to pursue reasonable self-interest while also being reasonably concerned about the common good of all humans, is the key that unlocks the door to spirituality and stewardship. Intertemporal stewardship theory describes the revised framework for making long-term financial decisions. Businesses and the people they serve can only thrive when spirituality, stewardship, and sound financial decision-making are all part of the equation, according to the report. This means that managers must make judgments based on their own personal spiritual and stewardship principles, which they must keep in mind at all times. Not only should these principles permeate all financial decision-making, they should also permeate all financial decision-making education. The paper's proposed theory of intertemporal stewardship moves us closer to these loftier objectives.

Although stewardship theory has its flaws, it served as the study's foundation since its assumptions are applied to the Church's and its organizations' leadership structures. The members of a Diocese do not have any claim to the organization's assets or earnings, in contrast to members of for-profit corporations that do. In Catholic Dioceses and other Church Related Organizations (CROs), the board is the primary tool for managing managers' actions to accomplish the organization's goals because there is no profit motive, no transferable ownership rights, and no external monitoring mechanism like the market for corporate control.

LITERATURE REVIEW

As a contracting entity, the organization is a reflection of its members' moral compass. In a system of balanced organizations, "strong ethics" are required by the groups called "high organizations." A person's ethical views can be defined as the pursuit of values other than their own material ones (Zusman, P., 2021). The monetary prosperity of the group, fair distribution of money among members, honesty, reverence for private property, compliance with legal requirements, and fulfillment of contractual commitments are all examples of such values. The term "ethics" is used by Tuan Ibrahim *et al.* (2020) to describe a code of conduct that establishes right from wrong. A person's ethical beliefs are their actions and behaviors while deciding what is good and wrong. Ethical theory is a branch of philosophy that studies human conduct through the lens of individual values. According to Tuan Ibrahim, Hashim, and Mohamad Ariff (2020), ethics can also be described as morally grounded judgment and regulations.

Many in the field of management have recently taken an interest in the topic of ethical leadership. This is due, in large part, to the fact that effective leadership is a key factor in the success or failure of any kind of organization, be it for-profit or non-profit. When compared to errors in judgment or accounting, ethical blunders have the greatest impact on the demise of a career (Ogaga, Ezenwakwelu, Isichei and Olabosinde, *et al*., (2023)). According to Tushar (2017), ethical leadership is crucial in creating a long-term climate for the firm.

Ethics and environmental responsibility have been the focus of multiple academic investigations. Ethical values and bank performance: evidence from financial institutions in Malaysia was studied by Tuan Ibrahim et al., (2020). The researchers set out to examine the Malaysian banking industry to see whether there was a correlation between ethical standards and performance. Companies that participate in zakat and charity are considered ethical by the research. Ethical value measures were developed, including the charity disclosure index (CDI) and the zakat disclosure index (ZDI). The premise of the study was that there is a favorable correlation between ethical ideals and the performance of banks. For five years (2010–2014), the researcher combed through the annual reports of fifty banks to glean financial performance statistics (ROA) and ethical ideals (CDI and ZDI). The study's results demonstrated a favorable correlation between zakat disclosure and bank performance, suggesting that more zakat disclosure is linked to improved bank performance. But there was no correlation between charity declaration and financial institution success, according to the research. The researcher suggests building an index to quantify ethical principles in the future that takes into account additional aspects including corporate governance, sustainability, products, and the environment. This research is relevant to the present investigation since it aims to determine whether a faith-based institution's financial viability is affected by ethical ideals as a component of the control environment within internally. In contrast to previous research that focused on for-profit banks, this study will address a knowledge vacuum by investigating a nonprofit organization, specifically the Diocese of Eldoret. Furthermore, whilst Tuan Ibrahim et al. conducted their study in Malaysia, the present investigation would take place in Kenya.

Ethical Values Reflected on Zakat and Corporate Social Responsibility (CSR): The Financial Performance of Indonesian Sharia Banking was the subject of another study by Auliyah & Basuki (2021). Researching how Sharia banking in Indonesia fared financially in relation to ethical principles reflected in zakat and corporate social responsibility was the primary goal of the study. Eight sharia banks that were listed on the IDX between 2014 and 2018 made up the study's population. The study found that financial performance was considerably impacted by zakat disclosure. In addition, there was no discernible correlation between financial performance and the ethical principles reflected in CSR disclosure. Instead than focusing on the banking industry, this study aims to move the conversation on how ethical ideals affect the long-term viability of a specific type of non-profit organization—church institutions.

Additionally, the study will take place in Kenya rather than Indonesia, which is a significant difference. Instead of concentrating on CSR, this study will examine ethical ideals in the context of an internal control environment.

A study conducted in Nigeria examined the relationship between ethical leadership, sustainability of agro-allied enterprises, and the moderating effect of environmental dynamism. The authors of the study were Ogaga, Ezenwakwelu, Isichei, and Olabosinde (2023). The purpose of this research was to determine whether environmental dynamism moderated the association between ethical leadership and organizational sustainability or whether ethical leadership had a direct impact on the sustainability of agro-allied enterprises. A total of 215 managers from agro-allied enterprises across Nigeria's six geopolitical zones were surveyed for the study. The study concluded that having ethical leadership has a favorable effect on the sustainability of agro-allied sector enterprises. The study's results also demonstrated that environmental dynamism amplified the connection between ethical leadership and long-term company viability. In South Africa, researchers conducted yet another study on moral principles.

Ethical leadership and the long-term success of South African SMEs was the subject of yet another research by Olawale Fatoki (2020). The purpose of this research was to examine how ethical leadership affects the long-term success of medium-sized businesses in terms of their financial, social, and environmental impacts. In this cross-sectional study, 148 business owners and managers from manufacturing SMEs filled out a questionnaire on their own time. A convenience sample was used to choose the study's participants. Statistical methods such as correlation, regression, and descriptive statistics were used to analyze the data. In order to determine reliability, the researcher utilized Cronbach's alpha. According to the study's findings, ethical leadership significantly improves both financial and social performance. Having said that, there was no statistically significant correlation between ethical leadership and ecological sustainability. This study will focus on the Catholic Diocese of Eldoret and its institutions, in contrast to the Nigerian study that advanced the literature on ethical leadership by looking at its applicability in agriculture. The study examined the connection between ethical leadership and the long-term viability of agro-allied organizations via the prism of the integrative social contract theory. The Resource View Based hypothesis, however, will serve as the foundation for this experiment. The previous research took place in Nigeria, but the upcoming one would take place in Kenya. Due to its emphasis on ethical leadership and the sustainable performance of SMEs, Olawale's research from South Africa lends credence to this study. The study will center on the CDE's (a faith-based organization) management's adherence to ethical principles.

Recent research on ethics and sustainability came out of Kenya in the work of Rop & Wothaya Sang (2019), who examined the impact of unethical hiring practices on long-term viability of businesses. In both Kericho and Nakuru counties, the researchers conducted a case study of specific organizations. The long-term viability of organizations was the primary focus of the research on the consequences of unethical hiring practices. The researchers state that although the purpose of recruiting is to attract a large number of candidates to fill an open position, the purpose of selection is to choose the most qualified candidate for the job. Organizational sustainability was the intended outcome of this study, which aimed to identify the impact of unethical recruitment and selection practices in a sample of Kenyan organizations. Human resources experts, who are in charge of hiring new staff, were selected for the study using a combination of a descriptive research design and a purposive sampling technique. Questions were asked in order to gather information. Descriptive statistics were used to examine the obtained data after reliability and validity tests. The majority of companies use ethical recruiting practices, according to the study's findings. However, a small number of companies had difficulties while trying to use ethical recruitment practices and used unethical selecting procedures. The study's findings demonstrated that unethical hiring practices have a negative impact on the long-term viability of organizations. Human resources professionals should get comprehensive training on how to deal with ethical dilemmas that arise during the selection and recruitment processes, according to the report. This will help them make moral hiring decisions. Findings show that unethical actions in an organization damage organizational sustainability, even though the study focused on unethical practices in recruitment and selection processes. This study centered on an organization's ethical ideals and how they relate to financial sustainability, the results and recommendations of this research provide support for that study. The present study will examine ethical concerns as a component of the internal control environment, whereas the previous study focused on unethical behaviors in human resources recruiting.

METHODOLOGY

The study adopted correlational research design. This was appropriate because it helped the research to test the relationship between ethical values and financial sustainability. The target population was 1,663 members made up of the Curio, Diocesan Finance Council, Employees of the Secretariat, Management Boards of Private Catholic Education Institutions, Management Boards of Health Facilities, The heads of Private Catholic Education Institutions and Heads of Catholic Health Facilities. The sample size was 322, and was calculate from the target population using Yamen’s 1973 formula. The sampling procedure used was stratified random sampling. The research was questionnaire the document guide. Data analysis was done using descriptive and hypothesis tested using regression analysis.

FINDINGS OF THE STUDY

Ethical Values and Financial Sustainability

Finding a connection between the Catholic Diocese of Eldoret's ethical principles and its financial sustainability was the primary goal of the study. In Table 4.4, you can see the results of the investigation.

Table 4.4 Ethical Values and Financial Sustainability

Statement		5	4	3	2	1	Mean	Std.
The CDE has policies regarding ethical business practices that are readily comprehensible to all stakeholders.	F	57	140	66	16	5	3.80	0.88
	%	20.1	49.3	23.2	5.6	1.8		
The CDE enforces a code of conduct that serves as a guide for all employees.	F	98	124	47	11	4	4.06	0.89
	%	34.5	43.7	16.5	3.9	1.4		
Management's dedication to ethical conduct is illustrated on posters in the CDE institutions.	F	78	111	64	17	14	3.78	1.07
	%	27.5	39.1	22.5	6.0	4.9		
The CDE has a policy that mandates the signing of a conflict-of-interest form by all members of governing bodies, management, and personnel in the event of a conflict.	F	29	121	83	35	16	3.59	1.02
	%	10.2	42.6	29.2	12.3	5.6		
Management utilizes guidelines established by the CDE to assess employees' compliance with ethical standards.	F	67	128	60	21	8	3.79	0.98
	%	23.6	45.1	21.1	7.4	2.8		
The CDE has established explicit disciplinary procedures for employees who exhibit unethical business conduct.	F	84	119	52	22	7	3.88	1.00
	%	29.6	41.9	18.3	7.7	2.5		
Management's conduct and actions are ethical.	F	97	117	49	13	8	3.99	0.98
	%	34.2	41.2	17.3	4.6	2.8		
Average		**25.7**	**43.3**	**21.2**	**6.8**	**3.1**	**3.84**	**0.97**

NOTE; 5. Strongly Agree (SA); 4. Agree (A); 3. Fairly Agree (FA); 2. Disagree (D) and: 1. Strongly Disagree (SD); F (Frequency)
Source: Research Data (2024)

Among the 197 respondents surveyed, 69.4 percent felt that CDE has well-defined policies on ethical business practices that are understood by all parties involved. Nevertheless, 59 respondents (7.4% of the total) expressed disagreement that CDE has well-defined policies for good business practices that are understood by all parties involved. According to the study's mean and standard deviation, respondents also agreed with the assertion that CDE has well-understood policies about excellent business practices (Mean=3.80, standard deviation=0.88). Additionally, 222 respondents (or 78.2%) agreed that CDE has a code of behavior that all employees are regulated by, according to the study's findings. Not only that, but 15 people (or 5.3% of the total) said they didn't think CDE had a code of conduct that everyone follows. With a mean of 4.06 and a standard deviation of 0.89, the study also demonstrated that the respondents agreed that CDE has a code of conduct that all employees are directed by.

Research also showed that 189 people (or 66.6% of the total) think that posters stating management's dedication to ethical procedures are present in CDE institutions. The presence of posters elucidating management's dedication to ethical standards in CDE institutions was, nevertheless, denied by 31 respondents (10.9%). Posters at CDE institutions stating management's dedication to ethical standards were also found in the study, with a mean of 3.78 and a standard deviation of 1.07.

Along with that, the study found that out of 150 respondents, 58.2% agreed that CDE has a policy requiring all members of governing bodies, management, and staff to sign a conflict of interest form when there is a conflict. Nevertheless, fifty-one respondents (17.9%) were in disagreement about the fact that the CDE mandates that all personnel, members of governing bodies, and managers sign a conflict-of-interest form in the event that they have a conflict of interest. In addition, the study's standard deviation and mean values demonstrated that CDE's policy mandates that all personnel, members of governing bodies, and managers disclose any potential conflicts of interest by completing a conflict-of-interest form (Mean=3.59, standard deviation=1.02). The study also found that 195 people (or 68.7% of the total) agreed that management reviews employees' compliance with CDE ethical standards using these guidelines. On the other hand, 29 people (10.2% of the total) did not think that management uses the CDE's rules to assess whether or not employees are ethical. In addition, the study's statistical analysis revealed that management used the CDE's guidelines to assess employees' compliance with ethical norms (Mean=3.79) with a standard deviation of 0.98.

Additionally, the study found that 203 respondents (or 71.5% of the total) believed that CDE had clear disciplinary procedures in place for dealing with employees who participate in unethical business practices. Ten people (or 10.2% of the total) disagreed, nevertheless. When CDE employees act unethically in the course of their work, the organization's disciplinary processes are very apparent. In addition, the study's standard deviation and mean values demonstrated that the CDE has well-defined policies for dealing with employees who commit unethical business

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practices (standard deviation=1.00, mean=3.88). Lastly, 214 people (or 75.4% of the total) think that the acts and conduct of management are ethical. Yet, eleven people (or 7.4% of the total) expressed disagreement about the ethicalness of management's conduct. The majority of respondents (Mean=3.99, Std. dev=0.98) felt that management acts ethically.

Simple Regression Results of Ethical Values and Financial Sustainability

The following hypothesis was used in the study to determine whether there was a relationship between financial sustainability and ethical values:

H_{01} *There is no significant relationship between ethical values and the financial sustainability of the Catholic Diocese of Eldoret.*

H_{a1} *There is a significant relationship between ethical values and the financial sustainability of the Catholic Diocese of Eldoret.*

The simple linear regression for ethical values and financial sustainability was carried out and the results are presented in Tables 4.12 and 4.13.

Table 4.12 Regression Model Summary of Ethical Values

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765a	.585	.557	.10667

a. Predictors: (Constant), Ethical Values

Source: Research Data, (2024)

Table 4.12 shows the model summary findings, which show that R = 0.765 and R2 = 0.585. An R-value suggests a linear relationship between moral principles and long-term financial viability. An R-value of 0.765 indicates a very favourable and significant correlation between moral principles and long-term financial viability. It follows that we can reject the null hypothesis. The independent variables have an explanatory power of 0.585, as shown by the R2 value. Ethics explains roughly 58.5% of the variance in long-term financial viability

Table 4.13 Model Fitness Results

Model		Sumof Squares	df	Mean Square	F	Sig.
1	Regression	.240	1	.240	21.107	.000b
	Residual	.171	15	.011		
	Total	.411	16			

a. Dependent Variable: Financial sustainability
b. Predictors: (Constant), Ethical values

Source: Research Data, (2024)

The results of the F-statistics (F = 21.107) were statistically significant at p=0.000, as shown in Table 4.13 above, proving that the model was fit. Thus, ethical principles and long-term financial viability are statistically related. Therefore, moral principles are a strong indicator of long-term financial health.

DISCUSSION OF THE FINDINGS

The analysis shows that most respondents (69%, Mean=3.84, and Standard deviation=0.97) saw the CDE as having strong ethical ideals, which are shown through different policies and practices. The stakeholders' high levels of agreement across all criteria suggest that the diocese's ethical framework is widely known and accepted. Ethical principles are the source of 58.5% of financial sustainability, according to the study, which also shows that there is a strong positive association between the two (R=0.765, R2=0.585, P=0.000, and F=21.107). Consistent with previous research, our results show that ethical leadership significantly improves both financial and social performance (Olawale et al., 2020). This widespread support indicates that the organization's operations are driven by ethical beliefs, which helps it stay financially stable.

Nevertheless, there seems to be room for improvement in the execution and dissemination of these codes of ethics, as seen by the standard deviations, which reveal some disagreement and diversity. To make sure everyone is on the same page and following the company's ethical guidelines, this could mean more policy enforcement, improved methods of communication, and continuous training. The significance of ethical leadership in cultivating a culture of honesty and responsibility is highlighted by the favorable impression of management's ethical conduct. As a result, stakeholder trust and confidence are enhanced, which in turn supports financial sustainability. Ethical principles contribute to the Catholic Diocese of Eldoret's financial sustainability, according to the study's findings. Findings from this study corroborated those of Tuan Ibrahim et al. (2020), which also discovered a favorable correlation between ethical principles and the financial success of Malaysian banks. Better bank performance was linked to higher zakat disclosure, suggesting that ethical practices can boost financial success. The study conducted by Tuan Ibrahim et al. (2020) discovered a correlation between zakat disclosure and bank performance, suggesting that increased zakat disclosure is linked to improved bank performance.

Trust, good ties with stakeholders, and a strong public image are crucial to a company's long-term success and viability, and ethical behavior supports all three. A company's reputation and bottom line can take a major hit when employees act unethically. Disclosure of zakat has a substantial impact on financial performance, according to Auliyah & Basuki (2021), but disclosure of CSR had no such effect. Ethical decision-making in business requires considering both the immediate and long-term effects of a course of action on all relevant parties. To guarantee ethical business activities and keep a good reputation, frameworks for making ethical decisions are needed. According to research by Ogaga et al. (2023), companies with ethical executives tend to last longer.

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The importance of ethical leadership for success in the long run was highlighted by the fact that environmental dynamism strengthened this link. Building a good reputation in business requires adhering to ethical values. Businesses that operate ethically get the respect of the public and the business of other ethically conscious consumers, both of which can boost the bottom line.

According to the results, the Catholic Diocese of Eldoret may maintain its financial stability by adhering to its ethical principles. Financial sustainability is positively and significantly impacted by ethical ideals. Ethical practices are essential for financial stability and performance, as the study discovered that ethical principles explain around 58.5% of the difference in financial sustainability. Overwhelmingly, respondents felt that the diocese has well-communicated policies regarding ethical business practices, a code of conduct for staff to follow, posters showing management's dedication to ethical practices, a policy mandating the disclosure of any conflicts of interest, criteria to measure compliance with ethical standards, and transparent processes to deal with unethical actions. Also, everyone who took the survey agreed that the way management is acting is completely moral. As a result, the Catholic Diocese of Eldoret's financial viability is heavily influenced by ethical ideals. Improving the Diocese's financial sustainability can be achieved by strengthening the ethical value systems inside the Diocese. There will be less room for alleged misbehavior in firms that have strong ethical systems in place. As a result, the organization's credibility and standing in society will improve, which will help it carry out its current and future missions.

Implication to Research and Practice

The study's conclusions support the idea that CDE and all of its affiliated institutions should establish robust independent boards. According to stewardship theory, members of the Diocese do not have any claim to the organization's assets or earnings, in contrast to members of for-profit corporations who have. In Catholic Dioceses and other Church Related Organizations (CROs), the board is the primary tool for managing managers' actions to accomplish the organization's goals because there is no profit motive, no transferable ownership rights, and no external monitoring mechanism like the market for corporate control. Thus, this suggestion is an addition to stewardship theory, which supports robust boards of non-profits (NFPs) such as the CDE, whose job it is to supervise and regulate management's actions.

The findings of the research indicated a strong and positive relationship between ethical values and financial sustainability. This study recommendation that CDE establishes a strong value system and put in place guidelines and mechanisms to ensure that all the stakeholders are aware of the values and that everyone is making an effort to adhere to the set values. The CDE develops policies on best business practices such as the code of conduct, and conflict of interest declaration policy among others. In addition, CDE should establish a whistleblowing channel for reporting unethical practices by management and employees.

CONCLUSION

From the findings the study concludes that Ethical principles are positively correlated with long-term financial viability. Therefore, it stands to reason that a company's bottom line will benefit from its ethical practices.

Future Research

The study focused on one aspect of the internal control environment which is ethical values, future studies should be done on other aspects of the internal control system. The other aspects of internal control system are control activities, monitoring activities, information and communication and risk assessment.

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