

**THE IMPACT OF BOARD STRUCTURE ON SHARE RETURNS OF  
LISTED COMPANIES AT THE NAIROBI SECURITIES  
EXCHANGE**

**BY**

**KURIA ESTHER WAMBUI**

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## **DECLARATION**

I declare that this research project is my original work and my own effort and that it has not been submitted to any other institution of higher learning for any academic purposes

Signature ..... Date .....

**Kuria Esther Wambui**

**D61/81609/2015**

This project has been submitted for examination with my approval as the university supervisor

Signature..... Date.....

**Dr. Mirie Mwangi**

Senior Lecturer, Department of Finance and Accounting,

School of Business

University of Nairobi

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## **DEDICATION**

I dedicate this study to my beloved family and friends for their continuous support.

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## **LIST OF ABBREVIATIONS**

<b>BOD</b>	-Board of Directors
<b>CMA</b>	-Capital Market Authority
<b>DPS</b>	-Dividend per Share
<b>DY</b>	-Dividend Yield
<b>EBIT</b>	-Earnings before Interest and Tax
<b>EPS</b>	-Earnings per Share
<b>IPO</b>	-Initial Public Offer
<b>NSE</b>	-Nairobi Securities Exchange
<b>ROA</b>	-Return on Asset
<b>ROCE</b>	-Return on Capital Employed
<b>ROE</b>	-Return on Equity
<b>SPSS</b>	-Statistical Package for Social Sciences

## **ABSTRACT**

Board structure is the composition and assignment of roles to the members of the board of an organization. It involves putting in place the right people and the right balance in the board of directors in order to work towards satisfying the various stakeholders of a firm. This study therefore sought to determine the effect of the board structure on the financial performance of companies in the Nairobi Securities Exchange. The study adopted a descriptive research design and the population was made up of all the 63 companies listed in the NSE as at 31st December 2016. Secondary data was collected from published annual reports and websites of the selected Companies for a period 5 years from 2012 to 2016. Descriptive statistics was used in the analysis of the data, regression and correlation analysis will be done in order to determine the relationship and the significance of the analysis. The results revealed that there was a significant and positive relationship between board size and share returns and that there was a negative and significant relationship between board composition and share returns of the listed firms at the NSE. The relationship between CEOs conflict of interest and share returns of the listed firms was found to be negative and insignificant. The findings also found that the relationship between board diversity and share returns of the listed firms was negative and significant while the relationship between dividend payout and share returns of the firms is significant and positive. Finally, the results established that the relationship between return on assets and the listed firms share returns was negative and significant. The study concluded that board size, board composition, board diversity, dividend payout, financial performance significantly affects share returns of listed firms. The study recommended that listed firms should ensure that they have an optimal board size had well balanced board with many independent directors and ensures that that there boards are well diversified.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The context in the study, which are the listed companies; these are companies that have gone public by issuing their shares to the members of public (Exchange, Nairobi Securites Exchange Listing Rules, 2006). The listed companies' shares are bought and sold in a public securities exchange or market. The listed companies in Kenya issued their shares to the public for the first time through an IPO. The shares will then be traded openly in the NSE as per rules of the market (Krom, 1967). All listed companies are public companies whose shares are traded to the public. All listed companies are by law expected to have a board structure that serves the purpose of instilling corporate governance structures in the management of the institution. These companies are kept under a closer regulation scrutiny than private ones and therefore expected to have board structures that enhance the performance of this companies. Investors purchase the shares of these companies with an aim of participating on the cash flow return in terms of capital gains and dividends declared.

Theories put forward by scholars to try and give guidance on the impact of board structure on the performance of firms which is expected to ultimately have an impact on the performance of shares (Bamberg, Spremann, & al, 1989). The agency theory, the stewardship theory, the stakeholder or shareholder theory and the enlightened shareholder value theory are all proponents of board structure and elicit that it has a positive impact on performance when adhered to. The theories also go down to give the structures and the discipline that should be applied when promoting board structure. The Enlightened

shareholder value theory illustrates that firms should be run with the goal of satisfying all the stakeholders (Act, 2006). The main theory is the agency one. This theory tries to explain the relationship between the shareholders and the managers who are part of the Board of Directors. The shareholders are the principal owners of the business who have delegated the running of the company to the directors whom are the agents. The relationship henceforth brings a question on the composition and role sharing in the Board in order to run the firm in the best interest of stakeholders.

Board structure is a term that has been used to mainly describe the constitution and the roles of the members of the Board of Directors of a company (Keasey, Thompson, & Wright, 1999). The board structure is a facet of corporate governance that helps in the implementation of corporate governance structures. Scholars and managers all study to analyze the best fit of Board structure in the management of firms in an aim to improve shareholder wealth. This is usually guided by the strategy of a company in order to ensure that the firms are run in the best possible way to maximize shareholder wealth. The Board of Directors constitution and the roles of the members make up the board structure; the directors are agents of the shareholders who manage the funds in the best interest of the shareholders (Toth, Trotta, & Bureau of National Affairs (Arlington, 2011). This research will aim at evaluating whether Board structure has an impact on the performance of share returns of listed companies. The board structure has therefore become an important tool for companies for efficient management in the global scene. The impact of the board structure on the performance of companies and the performance of the shares of the firms has been put forward and discussed in length by scholars. It has also been stated that there are many factors that affect the performance of the share returns of listed companies

and board structure may be just one of the factors (Shleifer, Vishny, & Research., 1993). Financial distress may come about due to poor managing of firms not taking into account the board structure structures available. This has been experienced in the local setting through the collapse of financial institutions due to poor management. (Hassani, 2016).

### **1.1.1 Board Structure**

Board structure is the composition and assignment of roles to the members of the board of an organization (Brittain, 1968). It involves putting in place the right people and the right balance in the board of directors in order to work towards satisfying the various stakeholders of a firm (Keasey, Thompson, & Wright, 1999). The various stakeholders of a firm include the shareholders, management, financiers, customers and suppliers not forgetting the community. Board structure touches on roles and composition management in a firm and provides the guidance upon which a firm attains its objectives based on the professional judgment of its managers while following the laid out rules. The rules include the internal control procedures, performance analysis and disclosures. The structure plays a very important role in ensuring that corporate governance is applied and adhered to in an organization. The board of directors is the agents of the owners of capital who are the shareholders of the company (Davies, Worthington, Micheler, & Gower, 2012). The corporate governance is group of procedure that defines the arrangement existing between stakeholders, management, and board of directors of a company and control the way in which the firm is managed (Farrar & Hanrahan, 2017). At the lowest level, it deals with issues that result from the separation of ownership and control. The presence of a strong board structure assures better management of resources and guides the firm to financial success. Well established rules of governance concentrate on

upholding values of fairness, transparency, accountability, and responsibility to both shareholders and stakeholders (Robert & Robert, 2012).

### **1.1.2 Share Returns**

Share returns are usually in two forms; dividends and capital gains from the price appreciation of the shares. Dividends are a share of profit distributed to shareholders of a company. Dividends are as a result of the financial performance of a company (Macmillan). Dividends issued in cash will depend upon the profit generated as shown in the income statement, the level of liquidity of the firm and the nature of the investment policy of the firm. The investment policy will determine the profit retention ratio which will directly affect the dividend distribution ratio from the profits generated (Krom, 1967). Some companies have an aggressive dividend policy while others prefer retention for further reinvestment into the company.

The capital gain which is a form of return due to appreciation in the price of shares is as a result of a myriad of factors; among them company financial performance, future prospects of the company, the dividend policy of the company as per the dividend relevance theories, macro-economic factors affecting the performance of share in the Securities Exchange. The performance of a company can be viewed at from different angles using various indicators. We can only measure past performance although we still can predict future performance with some degree of accuracy (Goodison & Canada., 1994).

Past performance can be measured by analyzing the financial reports of a company for past periods. The key financial reports used in analyzing the performance of firms are the

income statement, the statement of financial position and the cash flow statement (Schwert, 2003). The income statement measures profitability, or how the firm was able to utilize its resources to generate income. It shows performance at two levels; i.e. at operational level and a cumulative of both operational, financing and investment level. The operational level performance is measured by the Gross Profit which can also be further used to generate ratios like the Gross Margin ratio (Mattie, Shelmon, & McCarthy, 2013). This level shows performance within the day to day operational activities of a firm. The other cumulative level is measured by the net income after interest payments and taxes. We also have other indicators or measures like the profit before interest and tax which will show how much net income was generated before payment of loan interest and taxes (Miller, 1989).

### **1.1.3 Board Structure and the Share Performance**

Various scholars and researchers have put forward premises that attempt to explain the impact of Board structure of the share performance of companies. Quite a number agree that board structure has an impact on the management and hence performance of a company. Listed companies are required by law in Kenya to possess proper board structure structures. These structures have to be reported in the public domain as it is necessary information to influence the decision of an investor (Mallin, 2016).

The Capital Markets Authority also prescribes the nature and qualifications of the board of directors who form the board structure and this is viewed as a way of protecting consumers from any irregularities that may happen in a firm they have invested in. Board structure is seen as a way of ensuring that management will be held responsible for



actions taken in the running of the firm. It leads to promotion of accountability and professionalism when running the organization.

In most cases board structure as a facet of corporate governance is seen as a necessary concept to ensure the long term survival of a firm. Most researchers and scholars who have done studies on the area of the topic have come to a conclusion that it has a positive impact on many aspects in the managing of a firm. Service industries that directly handle customers with more contact than others always portray their level of board structure implementation in the way they operate while serving their customers. The feedback on the impact is known immediately or can be attributed to the policies and procedures of the firm.

#### **1.1.4 Listed Companies at the Nairobi Securities Exchange**

The Nairobi Securities exchange is the market where securities of listed companies are traded (Exchange, 2017). Listed companies are companies that have issued shares to the public as per the procedures laid out and regulated by the Capital Markets Authority. The Capital Markets Authority approves the listing of companies in the Nairobi Securities Exchange. There are certain guidelines among them Board structure that must be adhered with or seen to be adhered with before a company can go public (Exchange, Nairobi Securities Exchange, 2017). When a company is listed in the NSE members of the public can buy and sell the shares of the company in the market (Exchange, Nairobi Securities Exchange Listing Rules, 2006).

The general level of board constitution and roles assigned in listed companies is to ensure accountability and the scrutiny is more than in private firms. This is because of the level

of regulation and policing done by both CMA and NSE to ensure consumer protection by enforcing a mechanism to oversee the board structure structures in these firms (Exchange, Nairobi Securities Exchange, 2017). The use of risk based approach anchored by supervision in terms of reporting and compliance instills a high level of management in the running of listed firms. However in recent times there are new developments in the industry that has shown that management of a company have flouted the prescribed rules ending up constituting boards that have led to a fall of companies. However the regulator uses these as a learning process and improves on the supervision and risk based tools (Authority, 2017).The Nairobi Securities Exchange has its own rules on how trading should be conducted in it. The rules range from when the market is open and when it is closed, it also ranges as to the maximum deviations prices of securities can vary in order to prevent manipulation of the trades in the market. The Nairobi Securities Exchange is also observed as having one of the best operational efficiencies especially that now it has embraced technology and transactions are carried out on an online platform (Nicol et al, 1996).

The NSE has also improved its informational efficiency as most of the players are able to monitor the price movements of securities in the market by either integrating with the market platform, or integrating with trading participants who have integrated with the market through and interfacing system. Listed companies are subject to much more scrutiny from the regulator and must publish their reports frequently in order to uphold compliance to the rules and regulations (Gieger et al., 1989).

## **1.2 Research Problem**

Board structure as the composition and nature of roles sharing in the board is expected to have a significant impact on the share return of the firms listed in the Nairobi Stock Exchange (Blair et al., 1996). Board structure is expected to be constituted in a way that upholds the requirements by listed companies in the NSE because there are regulations in place that ensure that the companies uphold high levels of board structure, this in turn is expected to have an impact on the performance of shares of the listed companies in the Nairobi Securities Exchange. Currently in the NSE, firms listed uphold a good constitution of the board of directors but due to other external factors that affect the economy not all the shares of all listed companies are performing well. According to literature put forward, board structure has a direct relationship with the performance of the shares of the companies listed in NSE. A well constituted board of directors is expected to increase the profitability of firms. It is also expected to positively impact on the external outlook of the company from an external point of view. This is because board structure promotes the satisfaction of the needs of all the stakeholders of the firm. It encourages an efficient and lean management of a firm therefore reducing costs and improving of financial performance. Board structure also promotes compliance to the applicable laws and works towards satisfying the other stakeholders and not only shareholders as it is based on the long term outlook and survival of the firm (Aird, 2015).

The research aims to look at the impact of board structure on the share return of firms listed in the Nairobi Securities Exchange. Firms listed in the NSE are public companies, in that their shares can be sold and be bought by the general public through trading in the NSE. Companies whose shares trade in the NSE are usually regulated by the Capital

Markets Authority (Authority, 2017). The CMA looks to regulate board structure structures on companies listed in the NSE in order to maintain professionalism in the sector. These companies issue shares to the public for the first time through an Initial Public Offer exercise. There are rules that govern the issue of shares via IPO and board structure is key among the ones in the list. The management or the Board of Directors of listed companies is public information and has to be published for the people to know. The credential of members of the BOD of listed companies is also laid out in public in order to influence the decisions of the investors when they want to purchase the shares of such companies (Khurshed, 2007).

Global empirical evidence that have been laid out by researchers has shown that board structure has a significant relationship with the share performance and also the financial performance of companies. The studies go ahead to exhibit examples of global companies like the case of Document Handling Limited (Limited, 2017). DHL is one of the world leading courier firms and has put in place board structure structures that has seen it grow exponentially. In the United Kingdom, a theory that is used to support the concept of board structure as a facet of corporate governance has been included into law by their parliament in order to strengthen the levels of professionalism that companies are being managed. The Stewardship theory has been added into law by the UK parliament and the country is a leading economy especially in terms of service delivery in the service industry. It is the fifth largest economy in the world known to have a strong corporate governance structure that promotes a strong board composition and some of the biggest global service companies were started in the UK of have parent firms in the UK.

The local empirical studies on the impact of board structure on the share performance and financial performance of firms also shows that there is a significant direct relationship between board structure the firms performance. For example Mwangi, 2012; in her research on the effect of board structure on the performance of companies listed in the NSE used a descriptive research design and concluded that board structure has a positive impact on the performance of firms listed in the NSE. A number of studies have been done in the local context on listed companies, unlisted firms and regulated schemes like pension and unit trust schemes. The researchers have also concluded that a good board structure lead to the companies being more profitable in good economic times and mitigating losses to a greater extent during tough economic times capped with unwarranted market volatility (Abwoga, 2011).

Even though many researchers have tested and observed the impact of board structure on the performance of companies, there still lies a research gap. In the modern times companies' mainly financial institutions that are regulated and portray all the necessary attributes of a functioning board structure have gone under. For example two commercial banks that are considered tier two banks in the Kenyan market have recently gone under receivership. These are institutions that are regulated in terms of management and reporting and are expected to have core principles of board structure embalmed within their strategies. This shows there still lays a gap that could be strengthened if proper research work is done in the area of the topic. The research is also intended to spur other research work to be done in the same field in order to strengthen while not hindering flexibility on the aspect or concept of board structure on the management of financial institutions.

### **1.3 Objective of the Study**

To determine the effect of the board structure on the share returns of companies at the Nairobi Securities Exchange.

### **1.4 Value of the Study**

The value the study is to spur more research and analysis into this area of study with an aim of improving the share performance of listed firms in the Nairobi Stock Exchange. The study will also look into areas of board composition and director appointment that can be included into the regulations in order to improve transparency and accountability by the BOD of listed firms. This will all be studied with an aim to maximize shareholders wealth in the company (Higson, 2003).

The study is expected to have an impact at 3 levels. The company level, the local level and globally. It is expected to stir professional management in local companies and give an example to companies. The performance of such companies as a result of the inputs of a good board structure should aggregate and boost the performance of the Kenyan economy. A good performance of the Kenyan economy will also act as an example to the global economy and this will boost the economy of the world. The study aims at instilling a plausible corporate culture on companies and also in other institutions like Government institutions in order to maximize productivity and encourage savings to increase the performance of the firms (Demand, 2011). The study will also act as guide to other researchers doing a study on the same or on similar topics with an aim of reducing a research gap in the society. The aim is to publish the research in the University

Repository in order to guide other scholars as they try to establish a solution for a gap in the area of study.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter looks into literature put forward in the form of theories and empirical evidence from research work done on the topic or on a similar line of finance. The topic will investigate on the relevance of the literature in order to guide in the research analysis.

### **2.2 Theoretical Review**

The theories selected for this study and those that have a relationship with board structure are explained below:

#### **2.2.1 Agency Theory**

This theory explains the conflicts of interests between different parties with unique interests in an asset. The relationship is usually that of Principal and Agent. A principal is the party who rightfully owns the asset but has a contractual agreement with somebody else; the agent when it comes to decision making. The agent usually acts or makes decisions on behalf of the principal, (Kulkarni, 1988).

In the outlook of a company there can be various form of agency relationships. The first one being the relationship between the shareholders of a firm and the directors of the same firm. In this scenario the shareholders are the principals and the directors are the agents who are expected to make decisions or act in the best interest of the principal (Chetty & Saez, 2007). Directors are the appointed managers of the company or the firm and board structure is associated with this theory because it seeks to explain the rules and



guidelines put forward to ensure proper management of firms (Glas, 2012). According to the Agency Theory proper principal to agent relationship stabilizes the operations of the firm and promotes its performance. Therefore in essence it implies that board structure will have a significant positive impact on the performance of a company's share return in the securities exchange, (Bamberg, Spremann, & al, 1989).

### **2.2.2 Stewardship Theory**

A steward is someone who manages or protects interests on behalf of another party. It suggests that shareholders are merely just a class of the various stakeholders of an organization (Alexander, Salmon, & Alexander, 2015). The theory suggests that if managers of a firm are left alone they are capable and faithful in the management of the resources in the best interest of its shareholders. It states that a stakeholder is anyone who has invested, is involved in, or is affected by a firm (Lex, 1991).

Shareholders, managers, employees, suppliers, customer and the environment are all stakeholder of a firm. The theory proposes that a company will only be successful if it works at satisfying all of its stakeholders (Mallin, 2016). Companies are supposed to aim at being profitable, to satisfy their shareholder and always keep growing in a positive direction. The theory therefore proposes that board structure has a positive effect on the return of the shares of a company listed in the Nairobi bourse.

### **2.2.3 Shareholder Theory**

The Shareholder theory states that businesses are in operation with the sole aim of increasing net earnings or profits. Managers are legally and morally obligated to run the company as agents of the shareholders and in their best interest. It goes on as expressing

that the only qualification on the rule to make maximum profits is conformity to the rules provided for by law and other general rules of the society (Donaldson, Davis, & Management., 1990).

Recent events in the modern world are now visualizing the shareholder theory as a traditional way of doing business and that there are drawbacks when concentrating on satisfying the needs of the shareholders of a firm solely. For example the United Kingdom has incorporated into law the Stakeholder concept with a view of strengthening the level of board structure on companies registered and operating in the United Kingdom (McErlane, Heaney, Haran, & McClements, 2016). Stakeholder theory on the other hand states that the managers of a company should run the firm with the aim of satisfying the needs of all the stakeholders and not the shareholders alone. The primary stakeholders of a company include the employees, customers, suppliers and financiers (Glas, 2012).

Corporate Social Responsibility is seen as an important aspect of stakeholder theory as it reaffirms the fact that firms have a responsibility towards satisfying its stakeholders. Recent illegal activities portrayed by corporate like tax evasion and pollution are believed to be due the fact that firms have forgotten their responsibility towards its stakeholders (Farmer & Hogue, 1985).

### **2.2.3 Enlightened Shareholder Value Theory**

The theory seeks to establish a balance between Stakeholder and Shareholder theories. It states that managers should manage companies with a view of maximizing shareholder wealth but to also seek sustainable growth and profits in the long run by striving to satisfy the needs of all the other key stakeholders of the business (Pichet, Corporate Ownership

& Control, Vol. 8, Nos. 2-3, Pp. 353-362, Winter 2011, 2008). Theory seeks to protect the company in the long run while trying to satisfy the shareholder needs that in this case may be deemed medium to long term interests.

The importance of the theory was recognized in the United Kingdom after it was adopted into the Companies Act 2006 (Act, 2006). It has been seen by the UK lawmakers as an important concept in the long-term sustenance of companies.

### **2.3 Determinants of Share Returns of Listed Firms**

Share return is a factor of capital gains and dividends declared. When the market value of a share or its share price rises, the appreciation is a form of return known as capital gains. Dividends income is that share of profit allocated to the shareholders of the company. The combination of capital gain and dividends generate the share return. When investors invest in the share of a company, in reality they invest in the cash flows in the form of dividends and capital gains. Factors that affect the share return performance are the dividend policy, the firm's financial performance, and the country's political environment just to mention but a few (Goodison & Canada., 1994).

#### **2.3.1 Dividend Policy**

According to the dividend relevant theories, the dividend policy of a company will have an effect on the price of the shares on the Securities Exchange. The signaling theory or hypothesis presents a case that a company pays dividends it is an indication of positive information that may be only with the insiders of the firm, (Baskin & Miranti, 1997).

It is like a conveyance of private information by the managers to external parties on the positive aspects of a company. This will in turn have an effect of attracting more buyers

to demand for the shares of the company in the securities exchange and this forces of demand and supply will lead to an increase in the value of the firm. An increase in the value of the firm will then lead to a capital gain income on investors who sell the shares at higher prices that at which the bought at.

### **2.3.2 Financial Performance of a Firm**

The general level of financial performance of a company in terms of profitability, liquidity and asset size will have a signaling effect on the market and this will attract investors to buy the securities of a company with a good financial performance (Andrei & Robert, The Journal Of Finance Volume 52, Issue 2, 1997). Stable companies with good liquidity and high profitability levels are able to pay stable dividend to its shareholders for longer periods of time. Such companies are usually classified as blue chip companies in the market. They have the ability to perform above average even in challenging economic times. Such firms are able to maintain high share prices and sustain good performance than others. Investors in such companies are able to reap share returns in the form of dividends and capital gains as the company is on a continuous profit making trend and increase in the value of its shares in the securities exchange due to a high demand for the securities (Brittain, 1968).

### **2.3.3 Political Environment**

An unstable and volatile political environment leads to the exit of many investors as they avoid the political risk in an investment environment. Such exits lead to a drop in the performance of shares while on the other hand a stable political environment leads to an increase in the general value of securities in the Nairobi Securities Exchange (Bekaert,

Harvey, Lundblad, & Siegel, 2014). A volatile political environment is usually captured by corruption incidences, violence and other uncertainties which disrupt the performance of companies while carrying out their businesses in the market. This leads to low performances by the firms and it gives a negative signal to the market hence the price of such companies go down (Enrico & Pietervan, 2001).

### **2.3.4 Prevailing Economic Environment**

The prevailing economic environment in a nation will influence the general movement of prices of securities in the market. A stable and favorable economic climate characterized by stable interest rate regimes will lead to a general increase in the price of securities in the market. High interest rates are usually coupled by high inflation and a devaluation of the local currency against international currencies (Arezki, Gylfason, München., & Wirtschaftsforschung, 2011). This usually affects the import and export business in the country.

Devaluation makes imports expensive and exports cheaper thereby reducing the gains generated on average by the import export business. High interest rates usually lead to a shift of investors from the Securities Exchange to interest earning investments in order to ride with the interest wave. This leads to a reduction in the demand of shares in the exchange and an increase in the demand of interest bearing assets (Andrei & Robert, *The Journal Of Finance* Volume 52, Issue 2, 1997). This decrease in demand for shares leads to a drop in their prices influenced automatically by the forces of demand and supply.

## 2.4 Empirical Review

John and Senbet (1998) study on board structure and board effectiveness indicated that nomination, monitoring and audit committees' presence positively relates to factors associated with the benefits of the monitoring function. If however, there are insiders in these committees it increases the likelihood of decisions being made in favor of the interest of CEO, Newman H. A., (1999).

Research based on developed indices showed that organizations with high board structure did perform better and their Tobin's q or market value was high, Guenster, (2011). More so a portfolio of company's organizations with good board structure reported a 2.1 percentage higher in their return in comparison organizations with poor board structure.

Fiehn et al (2009) observed that the ascertainment of the event date could be difficult due to the fact that in the past companies announced results on a continuous basis regardless of the accurate end date of a financial period. This could have been the SEC (U S security exchange commission) stamp date, management sittings, the filing of the proxy statement or during an annual general meeting. Most of the announcements were made at the SEC stamp date.

A direct linkage between practice of good board structure and share price was found in a research carried out by, (Jones, 2012). The conclusion was that there is a significant relationship between the application of board structure and the share price performance, the only outstanding issue was the extent or level of relationship. Through the board structure scorecard that was later adopted by Euro money in the year 2003 in which he purported the proof his hypothesis.

Abwoga (2011), noted a jump in the prices of securities in relation to dividend announcement and or a restructuring exercise. The changes were attributed to the level of dividends issued and the capitalization levels and stemmed from changes expected in cash flows emanating from their future earnings, hence signaling changes in firm's value as result of changes in capital structure. The study found that the governance of family firms seems to be consistent with the guidelines suggested by the stewardship theory and that their boards are characterized by a relative presence of family members. The study also found out that the application of board structure in developed countries is quite different from the application in developing nations due to the political, economic, technological and cultural differences. According to the findings, the researcher recommends that the Kenyan board structure overseeing authorities need to assist in developing policies that anchor the importance of board structure; further development of specific guidelines for appointments of boards of directors should be implemented and finally, there should adequate disclosure to protect shareholders rights, minority interest and independent directors.

Opanga (2011), carried out a study on the effect of board structure on the financials of an organization: a research on insurance firms in Kenya. He found a strong positive correlation between financial performance and board structure and an increase in financial performance when board structure is applied consistently. Research conclusions also exhibit that the value of the firm when estimated using stock price and sales growth is not directly related. The study found that price and share capital are inversely correlated. It can be inferred from the analysis that none of the variables are perfectly correlated or inversely correlated. The variables have a form of relationship with each

other. In the event of an increase in sales revenue in a company it signals a positive outcome of the future earnings and gives a positive signal to the investors who increase the demand of the securities leading to an increase in the price of the securities. The analysis showed otherwise as it established an inverse relationship between increase in sales revenue and the performance of the share prices. This may be due to the fact that such firms retain more profit for future investments in such times and declare little or no dividends as per investor expectations.

Kyundu (2014), researched on the relationship between board structure and the performance of state corporations in Kenya. He used regression analysis to establish a positive relationship between the two. He suggested that the government through its mechanisms should put in place structures that ensure the application of board structure in all the governmental departments. Structures of internal control should be put in place in all the ministries and up to the country level in order to ensure positive performance as a result of the application of the board structure structures.

Otiti (2010), in the heritage insurance company limited he researched on board structure and performance using scorecard methodology concluded that there is a link between the overall corporate performance and the board structure. The Government of Kenya prescribed performance matrix of the various indicators of performance and board structure were used to establish the link. According to the results the organization had a strong system of board structure in place and this resulted in steady growth in performance especially in harsh economic times of a town turn in the and undercutting in premiums. The organization also implemented an accounting guideline that was not popular during the harsh times that resulted in a decline in profits and the impact of the



good board structure was seen. To conclude there he showed a direct link between the company performance and board structure.

Mutisya (2015), researched on the practices of board structure in Kenyan state corporations and the role that the law plays in promoting their efficiency and effectiveness in his conclusion he indicated that practices of board structure in these institutions are neither effective nor efficient. In terms of the legal framework the gaps brought fourth challenges in the appointment and selection process of the directors to the boards. In the study the researcher sought to demonstrate that the law failed to provide a process that is structured and one that is based on skills has resulted in the appointment unqualified directors who lack skills and the required expertise and who also have relations with the appointers. These directors are thus unable to discharge their duties. The law also omits the inclusion of the corporation secretary in the board. The secretary is important because he/she provides induction and process evaluation; this in turn has affected the efficiency and effectiveness of the state corporation boards. The recommendation is a review in the law.

Gitari (2008), researched on the relationship between the financial performance in state corporations and board structure using new KCC as a case study. He concluded that there was a positive relationship between the two variables and that the parastatal had adopted good practices of board structure and this had resulted in an improvement in the performance financially. The study established that the Board of New Kenya Cooperative Creameries adopted practices of good board structure which were reviewed and improved over time and had yielded improved financial performance. Some of the board structure principles that were identified include the appointment and leadership of the Board,

structure of the organization, purpose and values, balance of power in the Board, corporate communication, assessment of performance of the Board, responsibility to stakeholders and social and environment responsibility. Though some practices of good board structure were found and have yielded improved financial performance, there is need for more structured mechanisms of handling various issues that arise. The relationship between the Board and the management needs to be continuously monitored to ensure that the corporation remains cordial to realize the mission and objectives set out.

## **2.5 Conceptual Framework**

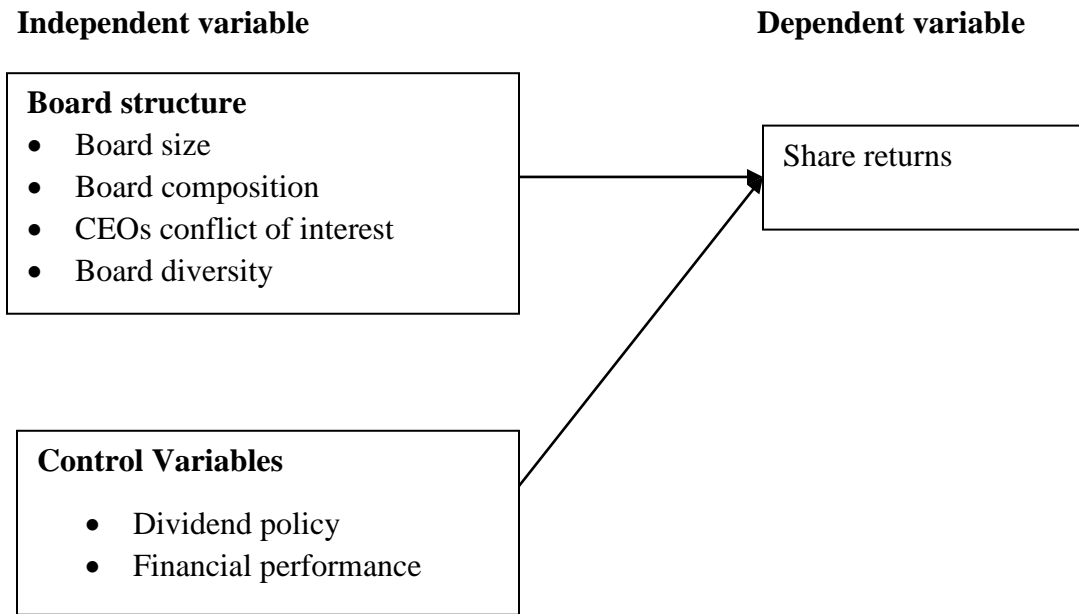
The impact of board structure on share return of firms listed in the securities exchange. It is expected that proper governance structures will enable a company to perform well and deliver in the long run. Board structure entails attributes such as organization, order, lean operations and tactical strategies to maximize on opportunities legally presented to the firm. This attributes are expected to automatically improve the financial performance of a firm and the satisfaction of all the other stake holders including the shareholders of the organization. Good financial performance and stakeholder satisfaction is expected to boost the outlook of an organization to the general public (Olonde, 2010).

When investors purchase the shares of a firm that is listed. In reality they do not get to own the physical assets of the have company or any other resource. At no given time will the titles of the assets be in their names. What they invest in is the cash flow in the form of dividends payments that are made to them as a share of profit in the business. Investors can also generate returns by selling the shares at a higher price than what they bought at

to yield capital gains. The cash flow invested in is usually earned by the efficiency in the operations of the organization, and this assists in delivering the support services.

A good outlook of an organization to the general public will generally signal investors to demand for more shares of the organization in the securities exchange as it is an appealing share to buy. An increase in demand on the shares being purchased and a reduction in supply because holders of the same do not want to part with a good holding at a lower price will lead to a price increase (Macmillan, 2016). A price increase in the share of the security will increase the capital gain returns for investors who have been holding the same for quite a while. Good performance and dividends being paid will therefore increase the return on investment in the shares (Exchange, Nairobi Securities Exchange Listing Rules, 2006).

The indicators of share return of companies listed in the NSE include the change in price, the change in the indices and the dividends declared. Dividends are usually affected by the financial performance of the company. Share price performance might be as a result of the forces of demand and supply of the share in the market or the positive signal sent by the financial performance of the company (Guenster, 2011). Board structure indicators include items like board composition, board gender representation (diversity), board size and the executive's conflict of interest. Figure 2.1 shows the conceptual framework of the study.



**Figure 2.1 Conceptual Framework**

## **2.6 Summary of Literature Review**

In summary the Literature Review both theoretical review and the empirical review bring out the notion that a good board structure has a positive impact on the performance of companies. This means that it will also have a positive impact on the performance of listed companies. Good performance will more likely translate to positive share returns. The theoretical studies postulated that board structure instills professionalism and intelligence in the management of firms and will automatically lead to growth and good returns.

The empirical review illustrates studies that have involved the testing of evidence by collecting data and carrying out an analysis to establish the effect of board structure on

the performance of firms. The conclusions reflect that there is a significant relationship between board structure and the performance of firms.

The research or knowledge gap in area of study is the fact that no researcher is yet to accurately determine the exact level of board structure that significantly impacts on the level of performance of shares of companies listed in the NSE.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter seeks to introduce the research methodology from the design to the population, to the sampling criteria that will be used to collect data from the population. It will also state the method of analysis that will be applied by the researcher in the research program.

### **3.2 Research Design**

Research design is a technique that is applied by the researcher to obtain an explanation about an event, Kumar (2005). It helps a researcher to conceptualize a strategy to undertake the various procedures and tasks required to complete the study and to ensure that these procedures are adequate to obtain valid, objective and accurate answers to the research questions.

Descriptive research analysis is the design of data analysis that was employed in assessing the impact of board structure on the performance of share return in the Nairobi Securities Exchange. Mugenda and Mugenda (2003) described descriptive research as a technique of empirically asserting the relationship between a dependent and an independent variable.

### **3.3 Population of the Study**

A population refers to the total number of elements that we will seek to infer a relationship from, the sample are the statistically extracted representatives of the population (Mugenda & Mugenda, 2003). The research was done in the form of a census

as the companies under review are only 63 this makes it difficult to extract a sample from a population that is not very big. According to Ngechu (2004), a population is a set of components under investigation. The population was made up of all the 63 companies listed in the NSE as at 31<sup>st</sup> December 2016.

### **3.4 Data Collection**

Secondary data was collected from published annual reports and websites of the selected Companies and from research analysts. The secondary data provided a convenient source of the information to be used by the researcher to analyze the relationship and seek for a solution (Mugenda & Mugenda, 2003). The data was collected from the quantitative aspect of financial performance of share return and the qualitative aspect of board composition and CEO conflict of interest. Data on financial performance was collected from published reports. Secondary data is easy to collect owing to the ease of availability. The period of study was from 2012 to 2016 financial year.

### **3.5 Diagnostic Tests**

The study carried out a test on multicollinearity, normality, test of independence of observations (serial correlation) and the test of homogeneity of variances. The Durbin Watson statistic was used to test for serial correlation or autocorrelation while the variance inflation factors and tolerance levels was used to test for multicollinearity. Finally, normality was tested using measures of skewness and kurtosis and the Shapiro Wilk test. In addition, a residual plot was used to test for homogeneity of variances.

### 3.6 Data Analysis

Descriptive statistics was used in the analysis of the data, regression and correlation analysis was done in order to determine the relationship and the significance of the analysis. Pearson correlation and the multiple linear regression analysis were used to analyze the data. The correlation coefficient is the measure that was used to measure the strength of the relationship between the dependent and independent variables. Regression analysis was used to test whether there was a relationship between the variables in the study.

#### 3.6.1 Analytical Model

The regression equation is as shown below

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \varepsilon$$

Where;

Y = Share returns measured using capital gains and dividends earned; where

$$Y_t = \frac{(P_t - P_{t-1}) + D_1}{P_{t-1}}$$

Where;

$P_t$  is the current share price per share or value per share.

$P_{t-1}$  is the previous share price or value per share.

$D_1$  is the current dividend per share.

$\alpha$  = constant (intercept) of the equation.



$\beta_1$  to  $\beta_6$  = regression coefficients.

$X_1$  = represents the board size in terms of size, it is the number of directors in the board.

$X_2$  = represents board composition, measured by a ratio in terms of non-executive directors to total directors.

$X_3$  = Represents the CEOs conflict of interest, if the CEO is a significant shareholder the variable is 1 if not it is zero.

$X_4$  = Represents board diversity which was ratio of female to male directors in the board.

$X_5$  = represent the dividend payout ratio, which is the ratio of total dividends to total shares.

$X_6$  = Represents financial performance measured using the return on assets ratio.

$\varepsilon$  = Error term.

### **3.6.2 Test of Significance**

The F test and the T test were used to test the significance of the regression equation and the variables used in the study respectively. The test was carried out at 5% level of significance.

## CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION

### 4.1 Introduction

This chapter contains the responses rate results, the descriptive statistics results and the diagnostic test results. Additionally, the chapter presents the findings of correlation regression analysis and finally the findings interpretation.

### 4.2 Response Rate

The study carried out a census of the 63 listed firms as at 31<sup>st</sup> December 2016 and collected data for a period of 5 years. The study however obtained complete data from 57 firms, which had been listed for the considered study period. The 57 firms made up a response rate of 90.47%, which was considered adequate for the research.

### 4.3 Descriptive Statistics

**Table 4.1 Descriptive Statistics**

	Share returns (Ratio)	Board size	Board composition (Ratio)	CEOs conflict of interest	Board diversity (Ratio)	DPR (Ratio)	ROA (Ratio)
N	285	285	285	285	285	285	285
Mean	0.1707	9.08	0.7935	0.86	0.1576	0.2540	0.0411
Std. Dev.	0.7220	2.482	0.0855	0.352	0.1185	0.2591	0.1043
Skewness	0.944	0.267	-1.108	-2.040	0.259	0.945	-1.572
Kurtosis	1.176	-0.168	1.752	2.178	-0.499	0.267	1.813
Minimum	-1.000	4	0.430	0	0.000	-0.148	-0.555
Maximum	7.653	16	0.910	1	0.500	0.994	0.385

**Source: Research Findings**

The results on table 4.1 indicate that the mean value of share returns is 0.1707 with minimum and maximum values of negative 1.00 and 7.653 respectively. This indicates that the average share return of the listed firms at the NSE is 17.17 percent. The results further indicate that the mean value of board size is 9.08 with the smallest board having for members and the largest one having 16 directors. The results indicate that the average number of directors for most of the board members of the listed firms is 9. The findings indicate that the mean value of board composition is 0.7935 with 0.430 and 0.910 being the minimum and maximum values respectively hence, an indication that 79.3 percent of the directors of the listed firms are the independent directors. Additionally, the results shows that the mean value of CEOs conflict of interest is 0.86 with 1 and 0 being the maximum and minimum values correspondingly. This indicates that 86 percent of the CEOs are shareholders of the listed firms at the NSE.

The results also show that the mean value of board diversity is 0.1576 with 0.00 and 0.5 being the minimum and maximum values hence an indication that the percentage of women among the boards of the listed firms is 15.76 percent which means female directors are very few in most boards. The results show that the mean value of dividend payout ratio is 0.2540 with a minimum of negative 0.148 and maximum of positive 0.994, which shows that some of the listed firms pay dividends even when their earnings are negative but the payout ratio of the firms is 25.40 percent. Finally, the results show that the average ROA for the firms is 0.0411 with the minimum and maximum ROA being negative 0.555 and positive 0.385 correspondingly thus an indication that the average ROA for the listed firms is 4.11 percent. The skewness and kurtosis values lie with negative 2 and positive 2 which indicate that the data is normally distributed.

## 4.4 Diagnostic Tests

The study undertook the normality test, test for multicollinearity and the test for homogeneity of variances (homoscedasticity).

### 4.4.1 Normality Test

To test for normality the Shapiro Wilk and the Kolmogorov-Smirnov were used. Table 4.2 shows the results.

**Table 4.2 Normality Test**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Board size	0.828	285	0.341	0.971	285	0.552
Board composition	0.516	285	0.105	0.918	285	0.061
CEOs conflict of interest	0.515	285	0.161	0.417	285	0.763
Board diversity	0.957	285	0.229	0.935	285	0.375
DPR	0.735	285	0.189	0.906	285	0.136
ROA	0.493	285	0.058	0.820	285	0.292

a. Lilliefors Significance Correction

### Source: Research Findings

The normality tests on table 4.2 shows that all p values under Shapiro Wilk test are greater than the significance value of 0.05 thus an indication that the data is normally distributed.

#### 4.4.2 Test for Multicollinearity

The tolerance and the variance inflation factors (VIF) were used to test for multicollinearity. The results were as follows

**Table 4.3 Test for Multicollinearity**

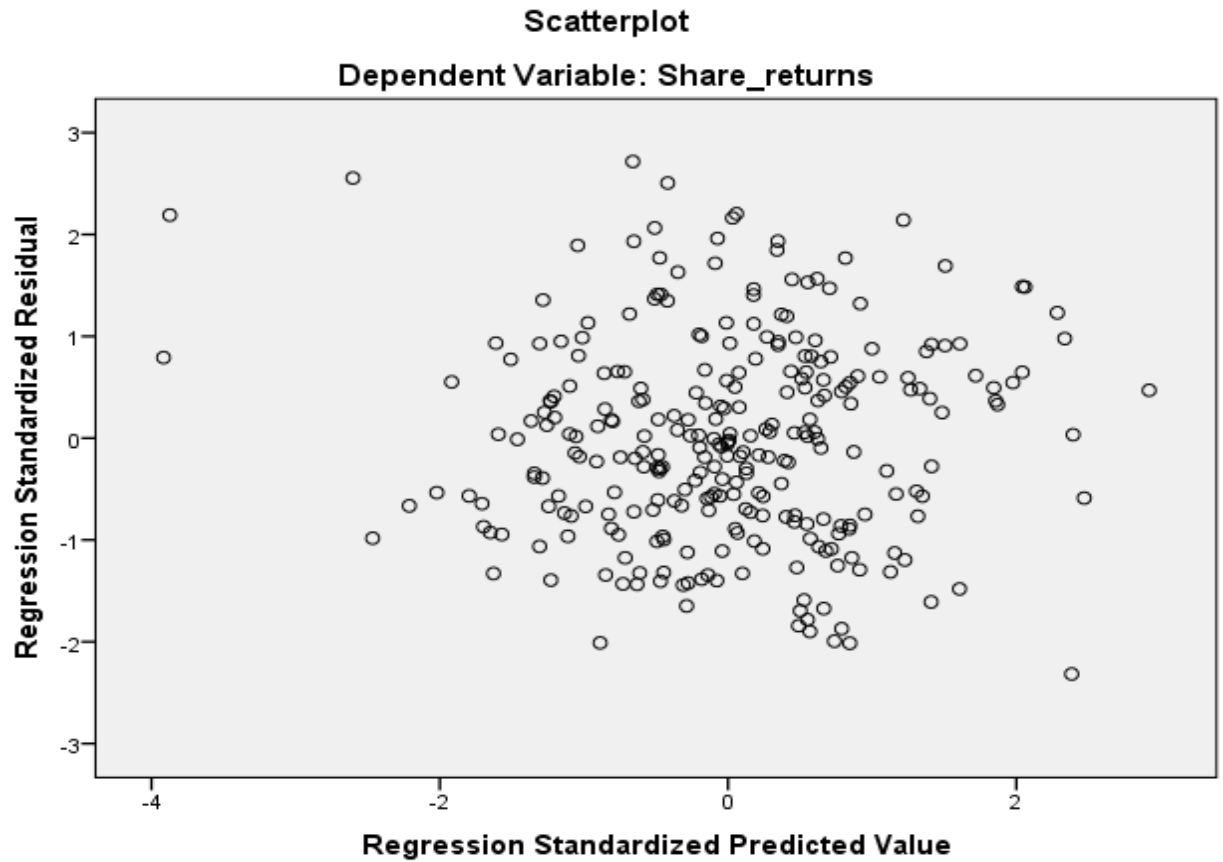
	Tolerance	VIF
Board size	0.759	1.318
Board composition	0.885	1.129
CEOs conflict of interest	0.893	1.120
Board diversity	0.771	1.297
DPR	0.698	1.432
ROA	0.797	1.254

**Source: Research findings**

The multicollinearity results on table 4.3 indicates that all the tolerance value are more than 0.2 and all the variance inflation factors lie between the recommended range of 1 and 10 respectively. This indicates that there is no multicollinearity between the dependent and independent variable.

#### 4.4.3 Homogeneity of Variances

To carry out the test for homogeneity of variances a residual plot was used. Figure 4.1 illustrates the results



**Source: Research findings**

**Figure 4.1 Residual Plot**

The residual plot indicates that the plotted data points do not follow any pattern and do not converge at a single point hence they are scattered all over the graph. This finding indicates that the assumption of homogeneity of variances is not violated.

## 4.5 Correlation Analysis

**Table 4.4 Correlations**

	Share returns	Board size	Board composition	CEOs conflict of interest	Board diversity	DPR	ROA
Share returns	1						
Board size	-0.052	1					
Board composition	-0.012	0.324**	1				
CEOs conflict of interest	-0.022	-0.208**	-0.076	1			
Board diversity	-0.128*	0.360**	0.173**	-0.309**	1		
DPR	-0.055	0.313**	0.176**	-0.121*	0.295**	1	
ROA	-0.087	0.116	0.101	-0.011	0.031	0.437**	1

\*. Correlation is significant at the 0.05 level (2-tailed).

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

### Source: Research findings

The results of correlation on table 4.4 indicates that there is a weak and negative correlations between board size, board composition, CEOs conflict of interest, board diversity, dividend payout, return on assets and share returns of the listed firms at the NSE.

## 4.6 Regression Analysis

Regression analysis entails the model summary, the analysis of variance ANOVA and the summary of regression coefficients.

## 4.6.1 Model Summary

**Table 4.5 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.526 <sup>a</sup>	0.276	0.261	1.25150	1.656

a. Predictors: (Constant), ROA, CEOs conflict of interest, Board composition, Board diversity, Board size, DPR

b. Dependent Variable: Share returns

**Source: Research findings**

The model summary results on table 4.5 indicate that the independent variables account for 27.6 percent of the variation in the dependent variable as shown by the coefficient of determination value (R square) of 0.276. The Durbin Watson statistics value of 1.656 lie between 1.25 and 2.5 thus an indication that there is no autocorrelation in the research data.

## 4.6.2 ANOVA

**Table 4.6 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	166.156	6	27.693	17.681	0.000 <sup>b</sup>
	Residual	435.415	278	1.566		
	Total	601.571	284			

a. Dependent Variable: Share returns

b. Predictors: (Constant), ROA, CEOs conflict of interest, Board composition, Board diversity, Board size, DPR

**Source: Research findings**



The Analysis of Variance (ANOVA) results shows that the adopted regression equation is fit and a good predictor of the relationship between the dependent and independent variables. This is showed by the p value of 0.000, which is less than the significance value of 0.05.

### 4.6.3 Coefficients

**Table 4.7 Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		Beta	Std. Error	Beta		
1	(Constant)	4.664	0.741		6.293	0.000
	Board size	0.081	0.034	0.138	2.382	0.019
	Board composition	-2.698	0.923	-0.158	-2.923	0.004
	CEOs conflict of interest	-0.078	0.224	-0.019	-0.348	0.728
	Board diversity	-2.865	0.713	-0.233	-4.018	0.000
	DPR	2.030	0.343	0.361	5.918	0.000
	ROA	2.980	0.797	0.214	3.739	0.000

**Source: Research findings**

From the results on table 4.7 the following regression equation was generated

$$Y = 4.664 + 0.081X_1 - 2.698X_2 - 2.865X_4 + 2.030X_5 + 2.980X_6 + \varepsilon$$

The results shows that the there is a significant and positive relationship between board size and share returns of the listed firms at the NSE. The results also show that there is a negative and significant relationship between board composition and share returns of the listed firms at the NSE. The relationship between CEOs conflict of interest and share returns of the listed firms is however negative and insignificant. The findings indicate that the relationship between board diversity and share returns of the listed firms is

negative and significant while the relationship between dividend payout ratio and share returns of the firms is significant and positive. Finally, the results show that the relationship between return on assets and the listed firms share returns is positive and significant.

#### **4.7 Interpretation of the Findings**

The findings established that there was a significant and positive relationship between board size and share returns of the listed firms at the NSE. This means that board size significantly affects stock returns of listed firms at the NSE. A study by John and Senbet (1998) found that nomination, monitoring and audit committees' presence positively relates to factors associated with the benefits of the monitoring function. In addition, Gitari (2008) concluded that there was a positive relationship between the two variables and that the parastatal had adopted good practices of board structure and this had resulted in an improvement in the performance financially.

The study established that there was a significant and negative relationship between board composition and share returns of the listed firms at the NSE. This indicates that board composition significantly affects stock returns of listed firms at the NSE. Jones (2012) found that there was a significant relationship between the application of board structure and the share price performance, the only outstanding issue was the extent or level of relationship. Kyondu (2014) found a significant relationship between board structure and the performance of state corporations.

The research findings revealed that there was an insignificant and negative relationship between CEOs conflict of interest and share returns of the listed firms at the NSE. This

means that CEOs conflict of interest has no significant effects on stock returns of listed firms at the NSE. Abwoga (2011) found out that the application of board structure in developed countries is quite different from the application in developing nations due to the political, economic, technological and cultural differences.

The findings established that there was a significant and negative relationship between board diversity and share returns of the listed firms at the NSE. This indicates that board diversity has a significant effect on stock returns of listed firms at the NSE. Opanga (2011) found a strong positive correlation between financial performance and board structure and an increase in financial performance when board structure is applied consistently. Oti (2010) concluded that there is a link between the overall corporate performance and the board structure.

Further, the results revealed that there was a significant and positive relationship between dividend payout and share returns of the listed firms at the NSE. This indicates that dividend payout significantly affects stock returns of listed firms at the NSE. According to Baskin and Miranti (1997), the signaling theory or hypothesis presents a case that a company pays dividends it is an indication of positive information that may be only with the insiders of the firm.

Finally, the results established that there was a significant and positive relationship between firm performance in financial terms and share returns of the listed firms at the NSE. This indicates that financial performance significantly affects stock returns of listed firms at the NSE. Brittain (1968) found that the general level of financial performance of a company in terms of profitability, liquidity and asset size will have a signaling effect on

the market and this will attract investors to buy the securities of a company with a good financial performance.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter provides a summary of the research, the conclusions and recommendations based on the study results. The chapter also presents the limitations and areas, which may require additional research.

### **5.2 Summary**

This study aimed at determining the effect of the board structure on the share returns of companies in the Nairobi Securities Exchange. The agency theory, stewardship theory, shareholder theory and the enlightened shareholder value theory were adopted as the key theories for the study. The study carried out a census of the 63 listed firms as at 31st December 2016 and collected data for a period of 5 years. The study however obtained complete data from 57 firms, which had been listed for the considered study period. The 57 firms made up a response rate of 90.47 percent, which was considered adequate for the study.

The results found that the mean value of share returns was 0.1707 whereas the mean value of board size was 9.08 while the average number of directors for most of the board members of the listed firms was 9 respectively. The findings revealed that mean value of board composition was 0.7935 whereas the mean value of CEOs conflict of interest was 0.86 while the mean value of board diversity was 0.1576 respectively. The study found that the mean value of dividend payout ratio was 0.2540 while the average ROA for the firms was 0.0411 respectively.

The correlation findings found a weak and negative correlation between board size, board composition, CEOs conflict of interest, board diversity, dividend payout, return on assets and share returns of the listed firms at the NSE. The model summary results found that the independent variables accounted for 27.6 percent of the variation in the dependent variable. The ANOVA results established that the adopted regression equation was fit and a good predictor of the relationship between the dependent and independent variables.

The results revealed that there was a significant and positive relationship between board size and share returns and that there was a negative and significant relationship between board composition and share returns of the listed firms at the NSE. The relationship between CEOs conflict of interest and share returns of the listed firms was revealed as negative and insignificant. The findings also found that the relationship between board diversity and share returns of the listed firms was negative and significant while the relationship between dividend payout and share returns of the firms is significant and positive. Finally, the results established that the relationship between return on assets and the listed firms share returns was negative and significant.

### **5.3 Conclusions**

The findings revealed a significant and positive relationship between board size and share returns of the listed firms at the NSE. The study therefore concluded that board size significantly affects stock returns of listed firms at the NSE.

The study found a significant and negative relationship between board composition and share returns of the listed firms at the NSE. The study concluded that board composition significantly affects stock returns of listed firms at the NSE.

The results revealed an insignificant and negative relationship between CEOs conflict of interest and share returns of the listed firms at the NSE. The study concluded that CEOs conflict of interest has no significant effects on stock returns of listed firms at the NSE.

The findings further found a significant and negative relationship between board diversity and share returns of the listed firms at the NSE. The study concluded that board diversity has a significant effect on stock returns of listed firms at the NSE.

Additionally, the results revealed that there was a significant and positive relationship between dividend payout and share returns of the listed firms at the NSE. The study concluded that dividend payout significantly affects stock returns of listed firms at the NSE.

The results finally established a significant and positive relationship between firm performance in financial terms and share returns of the listed firms at the NSE. The study concluded that financial performance significantly affects stock returns of listed firms at the NSE.

## **5.4 Recommendations**

The research concluded that board size significantly affects stock returns of listed firms at the NSE. The study therefore recommends that the management of listed firms should ensure that their boards have adequate directors to ensure that they maximize their share returns.

The results found that board composition significantly affects stock returns of listed firms at the NSE. The study thus recommends that the listed firms should ensure that their boards have a good number of independent directors so that they can increase the value of their shares.

The study made the conclusion that CEOs conflict of interest has no significant effects on stock returns of listed firms at the NSE. The study however recommends that the CEOs of listed firms should ensure that they maximize the interest of their firms as opposed to their self-interests.

The study concluded that board diversity has a significant effect on stock returns of listed firms at the NSE. Thus, the study recommends that listed firms should ensure that their boards should be well diversified and inclusive of all genders as board diversity significantly affects share returns.

The findings concluded that dividend payout significantly affects stock returns of listed firms at the NSE. The study therefore recommends that the management of listed firms should pay dividends since dividend payment significantly affects the share returns of the listed firms.

The study concluded that financial performance significantly affects stock returns of listed firms at the NSE. The study recommends that the management of listed firms should enhance their firms' financial performance since good performance in financial terms affects share returns significantly.



## **5.5 Limitations of the Study**

This study sought to determine effect of the board structure on the share returns of companies in the Nairobi Securities Exchange. The study therefore was based on all listed firms at the NSE hence, the findings and conclusions are based on all listed firms as opposed to various segments at the NSE like agricultural, manufacturing, banking, insurance and others.

The study focused on board size, board composition, CEOs conflict of interest, board diversity, dividend payout ratio and financial return on assets and their relationship with share returns of listed firms. The findings therefore are based on the considered independent and dependent research variables.

The study used secondary data for period of five years from 2012 to 2016. The findings therefore are cover the considered research period and may not be generalized to prior or post period periods. Additionally, the firms which had not been listed over the five years were not included in the study and also firms which had been delisted within the period were also omitted since they did not have complete data.

Finally, secondary data which was used to carry out the study was calculated into accounting ratios which are historic in nature and may not represent the current situation. In addition, secondary data does not consider the qualitative aspects since it is quantitative in nature.

## **5.6 Suggestions for Further Research**

This study was based on secondary data, which was obtained from financial reports of the listed firms in Kenya. The obtained secondary data was numeric in nature and did not

seek the views of the management of the listed firms. This study therefore recommends an additional research on the relationship between board structure and stock returns using primary data, which will obtain data from the directors of the listed firms.

The study only considered six variables, which accounted for 27.6 percent of the variation in the dependent variable. This indicates that there are other factors, which affect share returns of listed firms at the NSE. The study therefore recommends an additional research on the other factors that they may affect returns of listed firms at the NSE.

The study focused on all firms listed at the NSE. The NSE however is divided into various segments based on the industry in which they operate. This study therefore recommends an additional study on the different segments and firms at the NSE as opposed to all listed firms.

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## APPENDICES

### Appendix I: Listed Companies at the Nairobi Securities Exchange

1	Eaagads
2	Kakuzi
3	Kapchorua
4	Limuru Tea
5	Sasini
6	Williamson Tea
7	Car & General
8	Barclays Bank
9	Diamond Trust
10	Equity Bank
11	Housing Finance
12	I&M Holdings
13	KCB
14	National Bank
15	NIC Bank
16	Stanbic Holdings Plc
17	Standard Chartered Bank
18	The Co-operative Bank of Kenya
19	Deacons (East Africa) Plc Ord 2.50AIMS

20	Eveready East Africa
21	Express
22	Kenya Airways
23	LongHorn Publishers
24	Nairobi Business Ventures Ltd Ord. 1.00GEMS
25	Nation Media Group
26	Sameer Africa
27	Standard Group
28	TPS Eastern Africa
29	Uchumi Supermarkets
30	WPP ScanGroup
31	Athi River Mining
32	Bamburi Cement
33	Crown Berger
34	E.A. Cables
35	E.A. Portland
36	KenGen
37	KenolKobil
38	Kenya Power & Lighting Co
39	Total
40	Umeme

41	British-American Investments
42	CIC Insurance Group
43	Jubilee Holdings
44	Kenya Reinsurance
45	Liberty Kenya Holdings Ltd
46	Sanlam
47	Centum Investments
48	Home Afrika
49	Kurwitu Ventures
50	Olympia Capital Holdings
51	Transcentury
52	Nairobi Securities Exchange
53	Manufacturing & Allied
54	BOC Kenya
55	BAT
56	Carbacid Investments
57	E.A. Breweries
58	FTG Holdings
59	Kenya Orchards
60	Mumias Sugar
61	Unga Group

62	Safaricom
63	StanlibFahari I-REIT. Ord.20.00

## Appendix II: Data collected

Firm	Year	Board Size	Independent directors	CEO share ownership	Female directors	DPR	Net income	Total assets	Share prices (closing)	DPS
ARM	2016	10	7	1	0	-	-2,800,175	51,058,802	25.50	-
	2015	10	7	1	0	-	-2,890,841	51,936,664	41.75	-
	2014	9	6	1	0	0.20	1,493,393	36,912,580	86.00	1
	2013	9	6	1	1	0.22	1,348,803	29,705,254	90.00	1
	2012	9	6	1	1	0.20	1,245,638	26,953,100	44.50	1
BAMBURI	2016	12	9	1	2	0.42	5,890,000	40,811,000	160.00	6
	2015	12	9	1	3	0.41	5,872,000	33,446,000	139.00	13
	2014	12	8	1	3	0.56	3,903,000	40,991,000	139.00	12
	2013	12	9	1	3	0.20	3,673,000	37,035,000	210.00	11
	2012	12	9	1	3	0.78	4,882,000	36,027,000	185.00	11
BARCLAYS	2016	8	6	1	4	0.15	7,399,000	259,718,000	9.10	0
	2015	8	6	1	3	0.65	8,401,000	240,877,000	13.60	1
	2014	10	8	1	5	0.65	8,387,000	225,841,000	16.60	1
	2013	7	5	1	2	0.50	7,623,000	206,739,000	17.60	1
	2012	10	6	1	2	0.62	8,741,000	184,826,000	15.70	1
BAT	2016	10	8	1	3	0.93	4,234,334	18,499,800	909.00	43
	2015	10	8	1	3	0.96	4,976,000	18,681,184	786.00	43
	2014	10	8	1	3	0.92	4,225,314	18,253,510	900.00	39
	2013	8	6	1	2	0.99	3,723,691	16,985,923	595.00	37
	2012	10	8	1	1	0.99	3,270,852	15,176,495	493.00	33
BOC	2016	10	8	1	2	0.47	126,323	2,215,302	82.00	3
	2015	9	6	1	2	0.46	148,600	2,320,956	103.00	5
	2014	9	6	1	2	0.44	229,625	2,300,320	125.00	5
	2013	9	7	1	2	0.50	202,636	2,633,093	125.00	5
	2012	9	7	1	2	0.50	197,374	1,989,541	99.50	5
BRITAM INSURANCE	2016	8	6	1	1	0.23	2,480,204	83,642,609	10.00	0
	2015	9	7	1	1	0.21	-1,009,458	77,632,352	13.00	0
	2014	9	7	1	1	0.20	2,497,878	72,450,354	15.15	0

	2013	10	8	1	1	0.19	2,315,448	56,415,875	6.00	0
	2012	9	7	1	1	(0.15)	2,519,461	46,902,578	5.20	0
CAR & GENERAL	2016	7	5	1	0	-	217,426	9,705,198	27.00	-
	2015	7	5	1	0	0.16	127,147	8,988,047	39.50	1
	2014	7	5	1	0	(0.15)	278,363	8,152,812	6.00	1
	2013	7	5	1	0	0.17	401,189	6,901,430	5.15	1
	2012	7	5	1	0	0.30	186,454	5,705,400	4.25	1
CARBACID	2016	5	4	1	0	0.51	375,568	3,081,768	13.40	1
	2015	5	4	1	0	0.51	393,863	2,968,727	17.30	1
	2014	5	4	1	0	0.49	490,641	2,533,163	149.00	1
	2013	5	4	1	0	0.43	475,541	2,204,394	140.00	6
	2012	5	4	1	0	0.26	775,596	2,012,816	125.00	6
CENTUM	2016	9	8	1	2	0.07	9,947,630	78,054,000	37.00	1
	2015	9	8	1	2	-	7,942,432	72,231,387	46.50	-
	2014	9	8	1	2	-	3,055,000	29,597,220	36.50	-
	2013	9	8	1	1	-	1,034,098	18,961,552	19.75	-
	2012	9	8	1	1	-	1,189,405	16,674,332	13.10	-
CFC STANBIC	2016	11	8	1	2	0.32	4,418,589	214,682,729	70.50	1
	2015	11	8	1	2	0.41	4,905,734	208,451,915	82.50	5
	2014	12	9	1	3	0.36	5,686,661	180,998,985	125.00	5
	2013	12	9	1	3	0.17	5,127,156	180,511,797	89.00	2
	2012	12	9	1	3	0.74	3,009,891	143,212,155	41.50	1
CIC INSURANCE	2016	13	11	1	3	0.22	188,185	26,928,523	3.80	0
	2015	13	11	1	4	0.21	1,136,604	24,920,235	6.20	0
	2014	13	11	1	4	0.20	1,088,440	23,690,387	9.45	0
	2013	13	11	1	4	0.17	1,140,713	17,035,817	5.65	0
	2012	13	11	1	4	0.16	1,126,811	14,069,511	3.53	0
COP BANK	2016	12	10	1	1	0.31	12,676,210	351,828,577	13.20	1
	2015	12	10	1	1	0.35	11,705,559	342,499,809	18.00	1
	2014	12	10	1	2	0.31	8,014,997	285,396,067	28.06	1
	2013	12	10	1	2	0.23	9,108,186	231,215,358	17.80	1
	2012	12	10	1	2	0.27	7,329,433	199,662,956		1

									13.30	
CROWN BERGER	2016	6	3	1	0	0.32	131,796	5,059,029	42.00	1
	2015	6	3	1	1	0.22	30,748	4,539,148	93.00	1
	2014	7	3	1	1	0.21	19,715	3,852,814	111.00	2
	2013	6	3	1	1	0.19	213,843	2,945,434	75.00	2
	2012	6	3	1	1	0.22	133,543	2,258,263	42.50	1
DIAMOND TRUST	2016	11	9	1	2	0.10	7,173,939	328,044,501	118.00	3
	2015	11	9	1	2	0.10	5,912,082	271,608,597	187.00	3
	2014	11	9	1	2	0.93	5,083,519	211,539,412	235.00	2
	2013	11	9	1	2	0.97	4,756,635	166,520,351	192.00	2
	2012	11	9	1	2	0.12	3,627,766	135,461,412	115.00	2
EAAGADS	2016	5	3	1	0	-	477	644,781	27.25	-
	2015	5	3	1	0	-	21,155	732,548	26.75	-
	2014	5	3	1	0	-	-41,684	445,793	29.00	-
	2013	5	3	1	0	-	-59,215	485,320	25.50	-
	2012	5	3	1	0	-	21,805	521,370	34.00	-
EA CABLES	2016	8	6	1	1	-	-582,602	7,548,406	5.95	-
	2015	8	6	1	1	-	-741,204	8,384,143	10.60	-
	2014	8	6	1	1	0.37	341,149	7,889,496	16.20	1
	2013	8	6	1	1	0.64	398,202	6,840,055	16.75	1
	2012	8	6	1	1	0.48	527,060	6,248,642	11.70	1
EABL	2016	12	10	0	3	0.67	8,021,000	61,746,000	244.00	6
	2015	12	10	0	3	0.67	9,574,905	66,939,778	273.00	6
	2014	12	10	0	2	0.63	6,858,608	62,865,943	289.00	8
	2013	12	10	0	2	0.67	6,522,200	57,720,462	320.00	6
	2012	12	10	0	2	0.62	11,186,113	54,171,271	223.00	6
EA PORTLAND	2016	8	6	0	1	-	4,137,167	27,842,120	23.50	-
	2015	8	6	0	1	-	7,157,070	23,112,582	46.75	-
	2014	8	6	0	1	-	-386,631	15,717,257	80.00	-
	2013	8	6	0	2	-	340,931	16,133,703	57.50	-
	2012	8	6	0	2	-	-821,486	13,976,795	60.00	-
EQUITY	2016	10	7	1	3	0.46	16,545,794	473,713,133	30.00	2

	2015	10	7	1	3	0.40	17,303,438	428,062,514	40.00	2
	2014	13	10	1	3	0.39	17,151,000	344,572,000	50.00	2
	2013	14	10	1	2	0.42	13,278,000	277,728,818	30.75	2
	2012	14	11	1	2	0.38	12,080,255	243,170,458	23.75	1
EVEREADY	2016	9	7	1	3	-	-206,505	1,082,806	2.35	-
	2015	9	7	1	2	-	-201,509	1,511,665	2.70	-
	2014	9	7	1	2	-	-177,589	930,057	3.65	-
	2013	9	7	1	4	-	45,092	941,797	2.70	-
	2012	9	7	1	3	-	70,084	1,150,729	2.00	-
EXPRESS	2016	5	4	1	0	-	-96,938	379,575	3.55	-
	2015	5	4	1	0	-	60,089	441,898	4.50	-
	2014	5	4	1	0	-	-77,352	477,922	6.50	-
	2013	5	4	1	0	-	229	480,525	3.90	-
	2012	5	4	1	0	-	13,028	495,609	3.50	-
HFC	2016	9	7	1	2	0.19	905,829	71,930,140	14.00	1
	2015	10	8	1	1	0.33	1,196,969	71,659,434	22.25	1
	2014	9	7	1	1	0.24	975,336	60,961,680	45.50	2
	2013	8	7	1	1	0.41	995,196	47,389,377	31.25	2
	2012	8	7	1	0	0.44	743,334	40,956,577	15.50	1
HOME AFRICA	2016	7	5	1	1	-	144,980	3,930,010	1.20	-
	2015	7	5	1	2	-	-390,091	3,862,316	2.60	-
	2014	7	5	1	2	-	8,956	3,177,289	4.90	-
	2013	7	5	1	2	-	80,630	2,569,021	4.90	-
	2012	7	5	1	2	-	108,110	2,521,737	4.90	-
I&M	2016	9	7	0	1	0.22	6,581,281	182,157,482	90.00	50
	2015	9	7	1	0	0.23	6,032,643	164,822,609	100.00	4
	2014	9	7	1	0	0.31	5,714,033	114,972,436	123.00	45
	2013	9	7	1	0	0.16	4,974,956	141,364,216	120.00	35
	2012	9	7	1	1	0.19	4,119,558	144,725,072	120.00	26
JUBILEE	2016	10	8	1	2	0.13	3,675,947	90,567,743	490.00	8
	2015	11	9	1	1	0.15	3,121,093	82,378,010	484.00	9
	2014	11	9	1	1	0.14	3,103,653	74,505,374	450.00	9



	2013	8	7	1	0	0.17	2,502,817	61,159,185	322.97	7
	2012	9	8	1	1	0.18	2,284,501	47,257,540	172.85	7
KAKUZI	2016	8	7	1	0	0.21	562,425	3,015,067	309.00	6
	2015	8	7	1	0	0.44	459,714	4,288,966	317.00	5
	2014	8	7	1	0	0.46	160,205	3,857,454	137.00	4
	2013	8	7	1	0	0.46	165,028	3,717,543	125.00	4
	2012	8	7	1	0	0.19	408,656	3,571,700	95.00	4
KAPCHORU A	2016	7	6	1	0	0.20	106,696	2,144,587	200.00	6
	2015	8	7	1	0	(0.14)	234,322	2,329,151	141.00	5
	2014	8	7	1	0	(0.12)	-22,785	1,929,161	137.00	7
	2013	8	7	1	0	0.23	125,991	2,078,475	145.00	8
	2012	8	7	1	0	0.37	78,392	1,962,897	121.00	8
KCB	2016	11	9	1	2	0.47	19,723,000	595,240,000	28.75	1
	2015	11	9	1	2	0.37	19,623,000	558,094,000	43.75	2
	2014	11	9	1	2	0.38	15,878,978	490,338,324	57.00	2
	2013	11	9	1	2	0.48	12,426,674	390,851,579	47.25	2
	2012	11	9	1	2	0.46	12,426,674	367,379,285	29.75	2
KENGEN	2016	13	11	1	3	0.21	6,743,492	367,248,796	5.80	1
	2015	13	11	1	3	0.12	11,517,327	141,594,091	7.10	1
	2014	13	11	1	3	0.31	2,826,323	250,205,524	10.90	0
	2013	13	11	1	3	0.25	5,224,704	188,673,282	15.15	1
	2012	13	11	1	3	0.47	2,822,600	163,144,873	8.60	1
KENOL	2016	4	3	1	0	0.28	2,413,207	24,201,705	14.90	0
	2015	6	5	1	0	0.27	2,014,974	17,377,103	9.50	0
	2014	6	5	1	0	0.27	1,091,284	23,915,166	9.60	0
	2013	6	5	1	0	0.26	558,419	28,121,673	9.45	0
	2012	6	5	1	0	-	-6,284,575	32,684,166	13.50	-
KENYA ORCHRDS	2016	4	3	1	0	-	3,760	89,001	95.00	-
	2015	4	3	1	0	-	28,916	78,731	98.00	-
	2014	4	3	1	0	-	-25,262	50,202	110.00	-
	2013	4	3	1	0	-	2,415	70,597	3.00	-
	2012	4	3	1	0	-	245	70,372	2.99	-

KENYA RE	2016	11	9	0	3	0.17	3,287,284	38,494,310	22.50	1
	2015	11	9	0	3	0.19	3,433,619	35,572,195	21.00	1
	2014	11	9	0	2	0.18	3,137,172	32,174,251	17.20	1
	2013	11	9	1	2	0.15	2,792,466	27,628,311	13.80	1
	2012	11	9	1	2	0.10	2,801,892	23,173,248	10.85	0
KPLC	2016	10	9	1	2	0.05	7,556,163	297,542,180	8.15	0
	2015	11	10	1	2	0.20	7,431,957	275,493,150	13.20	1
	2014	11	10	1	2	0.17	6,456,234	220,109,352	13.35	1
	2013	11	10	1	2	-	4,352,165	184,212,535	14.50	-
	2012	11	10	1	2	0.21	4,617,136	134,131,983	15.20	1
KQ	2016	13	10	1	3	-	26,225,000	158,415,000	5.85	-
	2015	13	10	1	3	-	25,743,000	182,063,000	4.90	-
	2014	13	10	1	1	-	-3,382,000	148,657,000	12.40	-
	2013	13	10	1	1	-	-7,864,000	122,696,000	12.50	-
	2012	13	10	1	1	0.23	1,660,000	77,432,000	13.95	1
LIBERTY HOLDINGS	2016	6	5	1	1	0.24	627,834	34,697,831	13.15	1
	2015	6	5	1	1	-	718,050	34,533,689	19.50	-
	2014	6	5	1	2	0.23	1,153,985	33,194,053	30.00	0
	2013	6	5	1	2	0.47	1,105,920	31,452,190	15.05	1
	2012	6	5	1	2	0.24	857,849	27,372,100	6.70	0
LIMURU TEA	2016	8	6	1	1	(0.13)	-19,074	282,193	530.00	1
	2015	8	6	1	1	-	2,547	342,161	1,085.00	-
	2014	8	6	1	1	0.72	-331	338,600	771.00	1
	2013	8	6	1	1	0.70	28,513	343,007	500.00	1
	2012	8	6	1	1	0.10	101,834	320,023	430.00	1
LONGHORN	2016	9	8	1	3	0.75	104,063	1,866,944	4.80	0
	2015	9	8	1	3	0.75	71,726	689,320	4.50	0
	2014	8	7	1	2	0.74	94,933	747,531	9.05	1
	2013	8	7	1	2	0.50	93,918	685,019	13.50	1
	2012	7	6	1	2	-	-22,465	661,675	10.20	-
MUMIAS	2016	8	6	0	2	-	-4,731,026	27,018,727	1.30	-

	2015	8	6	0	3	-	-4,644,801	19,181,960	1.60	-
	2014	11	9	0	3	-	-3,359,595	23,563,086	2.85	-
	2013	11	9	0	3	-	-1,660,406	27,270,417	4.20	-
	2012	11	9	0	2	0.38	2,012,679	27,338,613	6.10	1
NBK	2016	10	8	0	2	-	162,190	115,292,392	7.20	-
	2015	7	5	0	1	-	-1,153,477	125,440,316	15.75	-
	2014	7	5	0	1	-	870,702	123,091,996	24.75	-
	2013	7	5	0	1	0.08	1,112,803	92,555,717	28.75	0
	2012	13	10	0	2	0.08	736,366	67,178,607	17.25	0
NSE	2016	11	10	1	3	0.52	183,956	2,013,745	14.65	0
	2015	11	10	1	3	0.24	305,592	1,918,235	24.75	0
	2014	8	7	1	2	0.23	320,041	1,685,104	12.50	0
	2013	9	8	1	2	0.15	262,419	1,149,124	11.50	0
	2012	9	8	1	2	0.93	84,781	882,690	10.00	0
NATION MEDIA	2016	16	14	0	3	0.87	1,634,000	12,174,100	93.00	8
	2015	16	14	0	3	0.85	2,071,100	12,339,500	191.00	10
	2014	16	14	0	3	0.76	2,460,500	11,944,300	263.00	3
	2013	16	14	1	3	0.62	2,533,200	11,444,200	314.00	10
	2012	16	14	1	3	0.63	2,510,300	10,677,400	263.00	10
NIC BANK	2016	12	10	1	2	0.04	4,309,885	169,458,985	26.00	0
	2015	12	10	1	2	0.15	4,477,355	165,788,268	43.25	1
	2014	12	10	1	2	0.14	4,116,674	145,780,505	57.00	1
	2013	11	9	1	1	0.16	3,237,301	121,062,739	59.00	1
	2012	10	8	1	1	0.17	3,036,794	108,348,593	38.25	1
OLYMPIA	2016	5	3	1	1	-	14,834	1,527,522	2.85	-
	2015	6	4	1	1	-	-29,551	1,531,409	4.80	-
	2014	6	4	1	1	0.22	45,043	1,576,337	5.00	0
	2013	6	4	1	1	-	7,884	1,897,407	4.00	-
	2012	6	4	1	1	0.09	42,860	1,867,621	4.00	0
PAN AFRICAN	2016	8	7	1	2	0.50	70,623	28,442,590	27.50	1
	2015	8	7	1	2	-	27,350	27,109,278	60.00	-
	2014	8	7	1	2	0.50	871,190	24,599,410	120.00	5

	2013	8	7	1	2	0.35	1,250,423	21,157,507	90.00	5
	2012	8	7	1	2	0.48	600,240	16,473,522	40.25	3
SAFARICO M	2016	11	10	0	4	0.81	38,104,290	159,182,485	19.15	1
	2015	11	10	0	5	0.80	31,870,000	156,960,000	16.30	1
	2014	11	10	0	5	0.82	23,017,540	134,600,946	12.30	0
	2013	11	10	0	4	0.71	17,539,810	128,856,157	6.00	0
	2012	11	10	0	4	0.70	12,627,607	121,899,677	3.20	0
SAMEER	2016	7	6	1	1	-	-652,101	3,290,867	2.80	-
	2015	7	6	1	0	-	-15,652	3,751,225	3.75	-
	2014	6	5	1	0	(0.12)	-66,929	3,857,392	6.00	0
	2013	9	7	1	0	0.17	401,189	3,668,487	5.15	0
	2012	9	7	1	0	0.30	186,454	3,399,651	4.25	0
SASINI	2016	8	7	1	0	0.37	761,850	16,818,463	19.20	0
	2015	8	7	1	0	0.12	1,101,212	16,044,527	19.55	1
	2014	8	7	1	1	0.13	45,421	14,929,577	14.05	0
	2013	8	7	1	0	0.06	91,689	9,054,366	13.30	0
	2012	8	7	1	0	(0.14)	-124,113	8,922,980	10.95	1
SCAN GROUP	2016	7	5	1	0	0.31	410,727	13,486,398	18.15	1
	2015	7	5	1	0	0.31	478,672	12,468,479	30.00	1
	2014	7	5	1	0	0.16	625,476	13,284,104	45.75	1
	2013	7	5	1	0	0.18	831,327	12,744,583	48.25	0
	2012	7	5	1	0	0.27	752,009	8,353,595	68.50	1
STANCHAR T	2016	12	8	0	4	0.19	9,049,307	250,482,000	189.00	6
	2015	9	7	0	3	0.85	6,342,427	233,965,447	195.00	17
	2014	9	7	0	3	0.51	10,436,180	222,495,824	334.00	17
	2013	10	7	0	3	0.49	9,262,921	220,391,180	304.00	15
	2012	10	7	0	3	0.47	8,069,533	195,352,756	235.00	13
STANDARD MEDIA	2016	8	5	1	1	-	198,521	4,404,931	16.50	-
	2015	8	5	1	1	0.01	-289,603	4,355,614	28.00	1
	2014	8	5	1	1	0.02	220,514	4,101,749	34.75	1
	2013	8	5	1	1	-	189,493	4,136,762	26.00	-
	2012	8	5	1	1	-	183,307	3,501,548		

						-			21.80	-
TOTAL	2016	9	8	0	2	0.09	2,234,392	36,185,372	17.00	1
	2015	9	8	0	2	0.09	1,615,003	32,541,800	18.25	1
	2014	8	7	1	2	0.86	1,424,088	32,541,800	24.00	1
	2013	9	8	1	2	0.08	1,312,277	39,984,165	24.37	1
	2012	9	8	1	2	(0.02)	-202,142	32,980,604	13.80	0
TPS SERENA	2016	11	9	1	1	0.15	129,328	16,983,115	20.50	0
	2015	11	9	1	1	0.15	-280,613	15,815,800	25.00	0
	2014	12	10	1	1	0.17	108,636	15,939,177	36.00	1
	2013	12	10	1	1	0.55	451,011	16,136,097	45.50	1
	2012	12	10	1	0	0.39	493,588	13,357,694	40.00	1
TRANSCENT URY	2016	13	11	1	0	-	-541,353	18,911,552	6.80	-
	2015	10	9	1	1	-	-2,422,574	21,817,981	8.25	-
	2014	13	11	1	1	-	-2,277,929	19,463,658	19.30	-
	2013	8	7	1	1	0.17	626,432	23,840,273	28.75	0
	2012	8	7	1	1	0.15	736,105	21,845,754	23.50	0
UCHUMI	2016	9	8	0	3	-	-3,387,146	6,223,096	3.95	-
	2015	9	8	0	3	-	-3,421,360	6,161,481	10.95	-
	2014	7	6	1	2	0.21	384,288	4,634,417	12.75	0
	2013	7	6	1	3	0.22	357,010	3,848,218	17.93	0
	2012	7	6	1	3	0.29	273,977	3,347,742	18.04	0
UNGA GROUP	2016	9	8	1	3	0.15	508,816	9,199,783	34.50	1
	2015	9	8	1	3	0.15	327,189	8,671,788	33.75	1
	2014	9	8	1	2	0.15	382,767	8,026,578	39.75	1
	2013	9	8	1	3	0.21	264,773	8,108,379	34.00	1
	2012	7	6	1	1	0.16	348,195	6,399,829	69.50	1
UMEME	2016	11	9	1	2	0.27	2,281	39,575	13.50	11
	2015	11	9	1	2	0.27	3,209	42,421	22.25	35
	2014	10	9	1	1	0.27	2,385	47,354	13.00	17
	2013	8	7	1	0	0.48	2,943	49,220	13.00	25
	2012	6	5	1	0	0.43	2,170	48,760	10.00	15
WILLIAMSO N TEA	2016	7	6	1	0	0.07	738,209	9,285,306	178.00	20

	2015	8	6	1	0	0.26	-227,636	8,558,558	384.00	40
	2014	8	6	1	0	0.08	740,721	8,549,409	179.00	7
	2013	8	6	1	0	0.08	855,659	8,023,834	290.00	8
	2012	8	6	1	0	0.08	854,740	7,243,227	230.00	8