EFFECTS OF CORPORATE GOVERNANCE ON THE PERFORMANCE OF COMMERCIAL BANKS, KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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DEDICATION

I dedicate this research project to my boss, CS.Abdulswamad Abeid Said as he was a source of inspiration, let it serve as an encouragement as you scale the height in academic.

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LIST OF ABBREVIATION

CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CMA	Capital Market Authority
KBA	Kenya Banker Association
ROE	Return on Equity
VIF	Variance Inflation Factor

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ABSTRACT

The aim of the study was to determine the effect of corporate governance on performance of Kenya commercial banks. Descriptive research design was used. A census targeting Kenyan commercial bank for the year 2017 was conducted. The study used primary and secondary data acquired from questionnaire and Central bank of Kenya annual bank supervision report and respective commercial banks' websites. Questionnaires were used to measure three balanced scorecard perspectives; internal and customer business perspective & innovation and learning. Also, corporate governance measures used in the questionnaire include size of the board, board meetings frequency & board independence. Bank size was used as the control variable. Statistical Package for Social Sciences (SPSS) version 20 was used to analyze the collected data. Descriptive statistics was used to describe the variables using mean and standard deviation. Regression analysis was used to establish the effect of corporate governance on performance on Kenyan commercial banks. Regression model showed that size of the board and board's independence had positive effect on performance and not statistically significant (β= 0.337 and 0.010 respectively, p-value > 0.05). Board meetings frequency had a negative impact on performance and not statistically significant (β= -0.301, p-value > 0.05). The bank size had a positive impact on performance and statistically significant (β= 0.134, p-value< 0.05). Correlation analysis showed that size of the board and bank size had a positive correlation and was statistically significant (β= 0.436, 0.46 respectively, p-value < 0.05). Independence of board had a positive correlation coefficient and not statistically significant (β= 0.051 and p-value > 0.05). Board meetings frequency had a negative correlation coefficient and was not statistically significant (β= -0.094, p-value> 0.05). The results of the analysis of variance (ANOVA) had F ratio of 3.481 with a level of significance of 0.022, this shows that the effect of size of the board, board meetings frequency, board independence and bank size was statistically significant. The adjusted coefficient of determination R^2 was used to evaluate the explanatory power of the independent variables. Adjusted coefficient of determination for the regression was 25.5% indicating that the independent variable explained only 25.5% of the variation in the dependent variable. The study concluded that the effect between corporate governance and performance was positive. The limitation of this study was that it was carried on only commercial banks in Kenya neglecting other financial institutions. This study recommends that banks should monitor frequency of board meetings because it appears to affect the performance of the banks negatively. Also, to broaden the board size, promote bank size and increase number of outside directors.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Tirole (2001), declares the initial definition is associated with safeguarding of the shareholder's interest and with the origin of separation of leadership and management. Corporate governance was defined by Adams & Mehran (2003), as the process through which shareholders observe the management and insiders to safeguard their interest. Namisi (2002) defines performance of a firm as the degree where a firm attain its required result. Corporate governance may influence performance in terms of the firm's board size, ownership, composition and independence. A convenient governance structure leads to an amazing number of benefits to the firm like attraction of funds easily due to guarantee invetors rights hence increase in performance (McGee, 2008).

Theories that this study is anchored on are, Agency theory (Jensen and Meckling, 1976), Stakeholder theory (Freeman, 1984) and Stewardship theory (Donaldson, 1991; Davis 1993). Agency theory is established on the interest's conflict among several contracting parties in a company, like, debtors, stakeholders and managers. Stakeholder theory was first put forward by Freeman (1984). A person orgroup of persons who can impact of be impacted by achieving organizational goals is known as a stakeholder (Freeman, 1984). In narrow sense, this means that firms are responsible solely to the stakeholders who can influence the firm. In broader sense, it means that it's the organization's duty account for not only those who are influenced by the firm but also all affected parties whose life experiences may be influenced by the company's actions. On the contrary, Stewardship theory address underlying assumption in theory of agency, which is the existence of tension between the principal's risk propensity and their agents. Since agents aim their activities upon reducing their personal risk at the expense of their principals. Thus according to Donaldson and Davis (1994), in stewardship theory, managers constantly operate to achieve increased standard of shareholders and corporate returns hence are good stewards.

The Banking Sector in Kenya is comprised of the regulated; non-bank financial institutions, commercial banks and forex bureaus and the regulatory authority which is the Central Bank of Kenya (CBK, 2014). Presence of increase in growth of the banking sector in Kenya although they still have to deal with several setbacks such as placement under statutory management or collapse of various banks. Majority of the banks that had subsided may have been due to embezzlement of bank assets or mismanagement. Banks which had been affected were Imperial bank, Dubai bank and Chase Bank. Banks have to deal with issues of fraud, mismanagement, insider lending, weak internal controls and conflict of interest, non-performing loans and weaknesses in regulatory and supervisory system. All these concerns happen due to bad corporate governance thus this proposal attempt to describe reality of the link between performance and corporate governance of banks (Gathaiya, 2017).

1.1.1 Corporate Governance

It is defined as structure and mechanism utilized to manage and direct trading matters of a firm so as to improve corporate accounting and prosperity with the conclusive goal being stakeholders' long-term value realization and considering the interests of other stakeholders (Capital Market Authorities Act, 2002). It can be defined as the associations of the stakeholder or shareholders and the management (OECD, 2015). Corporate governance improves long term shareholder value simultaneously safeguarding other shareholders' interest by enhancing accountability and the corporate (SEBI, 2003). Corporate governance creates long term trust between organizations and stakeholders. Good governance is essential to the existence of an organization hence it motivates and reinforce the faith of the investors by making certain that the organization's company's commitment to increase in profit and growth (Gatamah, 2002).

Corporate governance has a number of measures which include: the size of board; with an increase in number of director leads to decreases in performance (Sulaiman et al, 2012). Another measure is CEO duality where companies experience a dilemma on whether CEO & board of director's chairman must operate on separate role or not. Hence, double role has a negative influence on monitoring the decisions of board of directors. Other measures include firm age, firm size, board committees and board composition (Syriopoulos et al, 2012).

1.1.2 Firm Performance

It is the level of attainment of given efforts or undertakings. Firm performance have been perceived as the combination of three broad aspects; adaptability, effectiveness and efficiency (Moseng and Bredrup, 1993). To achieve organizational goals it is important to measure and analyze performance. Firm performance is assessed by approximating the worth of quantitative and qualitative indicators of performance (Chitkara, 2005). It is important to determine indicators which are relevant, their relationship to the prepared firm objectives and how they rely on the activities accomplished hence performance management has a number of perspective such as managing employee performance and management of worker, a system for managing organizational performance or integrating company performance (Williams, 2002).

Kaplan and Norton (1992) initiated the balanced scorecard to tackle limitations and problems of depending on financial measures only. Financial and nonfinancial measures are combined in order to battle most systems of accounting measurement and exploitation by senior executives (Norreklit, Jacobsen and Mitchell, 2008). The technique was intended to assess corporate performance by preventing over-dependence on entirely financial measurement systems. Four perspectives are included in the model: innovation perspectives, internal business processes, financial perspective and customer perspective. Innovation perspective defines the core competencies and skills, the corporate culture and technologies required to support a firm's strategy. Internal business perspective apprehend critical firm actions which are classified into four-high level processes which include: deepening relationships with existing customers hence increase customer value, building the permit by creating modern products and services and by penetrating new customer segments and markets, enhancing management of supply chain, quality, cost, capacity management, the internal processes cycle time and utilization of asset hence achieve operational excellence. The linking of financial objectives to corporate strategy is motivated by the financial perspective. Customer perspective describes the differentiation of the firm from its competitors hence to enhance attraction and retention of customers thus deepen its relationship with the targeted markets. The model as a measure of performance and a planning tool, has been recognized and accepted.

1.1.3 Corporate Governance and Performance

Corporate governance protects shareholders against failure or fraud and also ensure compliance with legal obligations. Hence, corporate governance reduces the probability of poor performance (Edward and Clough, 2005). Corporate governance deals with matters of fiduciary and accountability duty, which has to do with the implementation of instructions and processes to guarantee good behavior and safeguard shareholders (Schillhofer, 2003).

The governance mechanism of any business influences organization's capability to retaliate to exterior factors which has effects on its performance. Thus, well governed organizations are better in terms of performance hence good corporate governance is important to organizations (Brown and Caylor, 2004). Also, poorly governed organizations are anticipated to have decreased profit hence good governance initiates investor's confidence and goodwill. Greater access to financing, more favorable treatment of all shareholders, better performance, lower cost of capital is brought about by better corporate framework (Classens et al., 2013).

To have a high firm performance, strong corporate governance structure must be practiced (Sanda et al, 2005). Corporate governance ensures that managers are well supervised and agency costs are lowered hence leads to better performance (Nam et al, 2002).

1.1.4 Commercial Banks in Kenya

Banking Act, Companies Act, CBK are used to control the banking industry in Kenya (CBK, 2014). In 1995, there was a modification in the banking sector which led to exchange control lift. The CBK is in charge of liquidity and proper functioning of financial system, planning and executing monetary policy and encouraging solvency. Information on non-banking and banking financial institutions, rate of interest and other guidelines and publications are published by the CBK. Under the Kenya Bankers Association (KBA) where all bankers have come together, they serve as the influencers of banks' concern and solve problems affecting its members.

Kenyan Banking Sector comprises of 8 representative office of foreign bank, one mortgage finance company, 42 commercial banks, 13 microfinance banks, 17 money remittance providers, 3 credit reference bureaus and 79 foreign exchange bureaus CBK controls all the banks in Kenya and the CMA has further supervision on the banks licensing, regulation and supervision of all capital markets participants. Banks are needed to comply with certain prudential rules and regulations such as cash reserve ratios with the Central Bank and minimum liquidity ratios (Central Bank of Kenya, 2016). Financial intermediation depends heavily on commercial banks as it dominates the financial sector in Kenya (Kamau, 2009). Oloo (2009) described that Kenya's economy is held together by the banking sector.

1.2 Research Problem

Every success story of Organizations in different industries has been linked to adherence to corporate governance. Any slack on corporate governance has shown to detrimental effects on performance and eventual collapse of even giant organizations. History has proven that the performance of any organization is anchored on corporate governance. The absence of internal controls, weaknesses in restrictive and superior systems, weak company governance practices, conflicts of interest are factors behind the history of poor governance system which has resulted to poor performance (CCG, 2004).

An increase in growth in the banking industry in Kenya has been seen due to awareness of the importance of investments among people. However, it is remarkable that some banks have either been placed under statutory management or have collapsed. These banks include: Imperial Bank, Dubai Bank, Habib Bank and Chase Bank. The Centre for Corporate Governance (2004), enumerated some of the reasons to this undesirable phenomenon; poor risk management strategies, lack of internal control, conflict of interest, insider lending, weak corporate governance practices and weakness in supervisory and regulatory systems. Another corporate governance matter which caused the banks to collapse in Kenya was the bank's ownership type and structure (Surya, 2005). Hence, the majority shareholder has more control if ownership is concentrated in some families or business group thus leading to difference in treatment between shareholders, harming the minority. Corporate governance has several challenges across the globe let alone in Kenya and has affected firm performance significantly.

Several studies have been done at local and global level on corporate governance and performance hence findings are contradictory or inconclusive. A negative link is present between performance and corporate governance of firm (Love & Rachinsky, 2007). Ujunwa (2012) described that diversity, board size and duality of CEO was negative correlated to firm performance. According to the Kenyan studies, Honghui (2017) found that board diversity, number of committees and number of meetings affect performance positively. Nyarige (2012) described the relationship between market performance of banks and board independence to be positive whereas link between market performance and board size of listed commercial banks to be negative. Mangu'nyi (2011) found no difference significantly between ownership structures, corporate governance and bank's financial performance. Research done on the effect of corporate governance and Kenya's commercial bank's performance using balanced scorecard is little. Hence, the researcher found it necessary to study the effects of corporate governance on Kenya's commercial bank's performance to breach existing gap. It is this knowledge gap that the study responded to the question: what is the effect of corporate governance on the performance of commercial banks in Kenya?

1.3 Objective of the Study

To establish effects of corporate governance on the performance of Kenyan commercial banks.

1.4 Value of the Study

This study adds on already available studies and theories previously conducted by other researchers. Thus, providing more evidence on the impact of corporate governance on the commercial banks' performance. These evidence provided will help on understanding more corporate governance. Also, the use of balanced score card in this study give a new look to this relationship. The study will also help future researcher in conducting new researches on either the same research or focus on other different variables.

In practice, the study will help commercial banks in offering them guidance on how to manage their corporate governance so that not to impact the financial performance of their banks. On such way, commercial banks will be capable of increasing their profits while reducing the prospected risks and on the other hand satisfy their employees and customers.

The results acquired from this research will help policy makers and stakeholders to take decisions that will benefit commercial banks. Thus, determining the scheme in benefitting and disciplining banks that do not will or intend to enhance corporate governance. On the other hand, the stakeholders can monitor how the banks are run and the risks they undertake.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter examined several relevant theories, empirical review and summary of the literature.

2.2 Theoretical Review

The study was supported by 3 major theories, the Agency theory (Jensen, 1983), Stakeholders theory (Freeman, 1984) and Stewardship theory (Donaldson 1991; Davis 1993).

2.2.1 Agency Theory

It was put forward by Jensen and Meckling (1976). It is concerned about conflict of interest among several contracting parties in a firm, like, the corporate managers, debtors and shareholders. This theory is further defined as an engagement where the principal engages the agent to do services in their favor. Thus, Berle and Means (1932) from the classical thesis on The Modern Corporation and Private Property considered from an initial point for any argument about corporate governance. Interest on the agency relationships emerged with the appearance of the large corporation, due to the segregation of ownership from control.

According to McColgan (2001), an organisation's scope of agency conflict is different form another organization's scope of agency conflict, as the effectiveness of governance is reducing them. This theory therefore proposes that several mechanisms are available to lower the agency problems in an organization. For example, managerial incentive mechanism reimburse the managerial efforts to fulfil the interest of the owner. But a more detailed understanding is required to understand what are the mechanisms that are needed to solve any problem. Agency theory has been utilized to determine the tolerance that corporations will accept with risk hence study risk trade-off between agent and principal (Wiseman, 1997). Additionally, utilization of the theory of agency was used to describe effects of cost in companies (Eisenhardt, 1989).

Large boards are viewed to negatively impact performance since they are less effective and less easy for a CEO to influence and they interfere with group dynamics and decisions (Jensen, 1983). Nonetheless agency theory advocated for larger boards as it viewed the existence of directors who are outside directors as a crucial component in safeguarding interests of the shareholders by the mangers. The common assumption is that executive directors will be able to be supervised by the outside directors since they have expertise and are self-reliant (Fama & Jensen, 1983). Reduction of the influence of the board's CEO and protecting shareholders' interest is allowed by larger boards thus effective monitoring of the firm (Singh and Harianto, 1989). The independence of a board is fundamental to the shareholders' best interest; therefore, agency theory advocated need to have non-executive directors as they can best represent the shareholder interests (Carter, Simkins and Simpson, 2003).

2.2.2 Stakeholder Theory

The theory was initially established by Freeman (1984). According to Freeman (1984) in the stakeholder's theory, a stakeholder is person and group of persons which can impact, or are impacted by the attainment of a firm's goals. In narrow sense, this can be clarified to mean that firms are only accountable to stakeholders who can affect the organization. But in the broader sense, it could mean that it's the firm's duty to not only account for those that have influence on company but to all groups and individuals whose life experiences maybe affected by the organizations actions. The theory opposes the argument said by theory of agency where shareholders are the sole group of interest of an organization. Thus, Freeman recognizes this theory as a vital element of Corporate Social Responsibility (CSR).

The theory further models and identifies the organization's stakeholder groups. He recommends and describes the best ways in which the organization's management can give regard to those groups' interests. Thus, larger group of individuals are accounted for rather than a shareholder in the stakeholder theory (Mallin, 2013). This means the management of the organization should not only focus on the shareholder's interest but involve all those are affected by their actions; this also applies in the decision making. The financial institution provides long and short term credit facilities and have the aim of collecting the interest and also the principal, the government enables the business environment to function and also anticipate a reward in terms of taxation, employees provide their skills to the organization and anticipate salaries or other benefits. Hence, the importance of stakeholder theory is that there is a network of relationship among managers in the firm which is critical rather than the managers', employees' and owner relation as in the view of agency theory (Freeman, 1984).

Stakeholder theory recommended for well diversifies and large corporate board sizes facilitate and accommodate the alignment of each constituent's interest mainly ones which generate significance to the firm thus enhancement of board effectiveness and performance (Clarkson, 1995). On the contrary, Donaldson and Muth, (1998) emphasize on the necessity of smaller board sizes. This is in line with organizational behaviorists' argument that bonding and unity motivates increase in performance and is promoted by small teams.

2.2.3 Stewardship Theory

Donaldson 1991 and Davis 1993 proposed this theory. Stewardship theory address the underlying assumption in the theory of agency, which is the existence of tension between the principal's risk propensity and their agents. In this theory, good steward are the managers of an organization and aim towards achieving greater levels of profit for the corporation and shareholders' returns. Stewardship theory dissimilar from theory of agency, assumes that managers, as stewards, they behave in alignment with the goals of their principals. They are viewed to be loyal and to the organization and willing to attain high performance.

The theory's relevance to this study is that corporate governance is about safeguarding the stakeholders' interest, whereas this theory believes that managers are willing to abandon their self-interests in the aim of achieving the principals' objectives. According to Van Slyke (2006), this theory locates appreciable merit on objective connection of the parties associated than on the manager's self-interest. Wesley (2010) also states that managers are not driven by personal or individual goals but by the interests of the firm. This is brought by the believe of the stewards or managers that the pursuit of what is best for the company is better for their constitutes and them too.

According to stewardship theory, firm assets stewards are the directors of the organization where they are required to function in the most beneficial way to the shareholders (Mallin, 2007). Shareholders are protected by the stewards and they also make profits, satisfy and motivate the company's success. Stewardship theorist argue that there is association between majority of inside directors and superior corporate performance because they make certain that more efficient and effective decision making and contribute in the maximization of profit (Kiel and Nicholsom, 2003).

2.3 Determinants of Firm Performance

The following are the determinants of performance:

2.3.1 Corporate Governance

Corporate governance is very often found in studies oriented toward organizational performance. Corporate bodies adopt a combination of best practices and corporate policies to attain their goals in relation to their stakeholders. For a successful organization, appropriate corporate governance arrangement are vital. 70% of the scandals of poor governance system are caused by corporate governance practices that are weak and weaknesses, internal control absence and weaknesses in the regulatory structure and also conflict of interest in Kenya's entities have been a history (Gathaiya, 2017).

The corporate governance code in Kenya Boards' of public listed companies to have sufficient sizes. The board number should allow the company's business requirements to be met. Also, too large board size that would undermine an interactive discussion in board meetings shouldn't be considered and board size which is too small where skills and proficiency inclusions which would enhance the board's effectiveness (CMA, 2002).

With increase in board meetings, corporate performance also increases thus increase in annual board meetings and the share price decreases. Lack of time problem faced by the directors to perform their role thus board meetings aids in enhancement of board's effectiveness (Vafeas, 1999).

Board independence is the most arguable matter in corporate governance studies because of its capability to control top management on decisions and to impact board deliberations. The inclusion of outside directors is intended to align the firm's resources for greater advantage and to strengthen the firm's ability to safeguard itself against environmental threats (Oyoga, 2010).

2.3.2 Interest Rates

Commercial banks performance will increase when interest rate increases due to an increase in the spread between the interest rates for savings and borrowing. Podder (2012) noted that this relationship is evidently for smaller banks after he assessed the relationship. He further found that there is slower growth in bank loans if there is a decrease in interest rates during recession period hence increase in non-performing loans increases the losses in loan. Therefore, maintenance of the smaller commercial banks financial performance when the rates of the market are on a decreasing trend, maybe difficult. According to studies done assess this relationship and concluded that financial performance of commercial banks and interest rates was positive.

2.3.3 Inflation Rates

Increase in inflation rates leads to increase in interest rates on loans hence higher income to commercial banks. However, the effects of inflation on performance rely if it's predicted or unpredicted. If it is predicted to have an increase in inflation rates, then the influence is positive on the commercial banks financial performance. Whereas, when increase in inflation rates is not predicted, it results the local borrowers to have difficulties in cash flow resulting in bank loan agreement termination which will led to losses for the issuing commercial bank. The longer time the commercial bank takes to adjust to changes in interest rates when there is a change in inflation rates, the higher the operating cost of the bank causing difficulties in negotiation of loans and planning (Swarnapali, 2014).

When there is a high inflation rate, consumers are at a low purchasing power position; therefore, money is spent on consumption. Money which was to be used for investment or saving purposes is diverted for consumption hence this condition decreases the cash to be saved in commercial banks thus reduction in the ability to issue borrowers with loans. This will affect the bank's profitability in a negative way. Therefore, inflation rates affect the profitability of commercial banks (Rasiah, 2010).

2.3.4 Credit Risk

Increase in credit risk led to decrease in the profitability of the bank hence credit risk is negatively correlated to ROE. Credit risk refers to the provision of loan loss to the ration of loss. Reduction in credit exposure can improve banks' performance. To attain this, risk policies should be improved by monitoring and screening them and current strategies to be adopted so as to forecast the levels of future risks. Specific standards are set up by the CBK and other regulatory body to improve banking institution's performance and guard the economy. Consequently, philosophy of management and risk attitude depends on the bank performance where credit risk is a predetermined determinant (Podder, 2012).

2.3.5 Bank Size

Bank size is another factor that influences performance of commercial banks. There are conflicting results on agreeing whether the bank size affects banks' performance.

Bank size and financial performance had a positive relation and is significant hence as the bank size is bigger, the raising of capital cost becomes lower thus increase in the profitability ratio (Godard et al., 2004). Goddard et al. (2004) and Bikker & Hu (2002) acknowledge the above study and noted that impact on performance is positive when the banks' size is high because of the fact that the is a significantly reduction in capital seeking cost. However, it is vital to consider there is no consensus by the researchers on whether if the bank size increases through increase in assets it will contribute to commercial banks through economies of scale s leading to improvement in financial performance thus this is a matter which needs to be assessed through more studies.

2.4 Empirical Review

Pearce and Zahra (1992) studied a sample of Fortune 500 companies to find the link between compostion of the board and survival success, environment and past performance. Period examined was between 1983 and 1989. The proxies for firm performance were ROA, ROE, EPS and net profit margin. The representation of non-executive directors & size of the board were the indicators of board composition. The study applied multivariate analysis of variance managing for the firm size. The study found that board size and outside director's representation significantly influenced firm performance positively.

Smith et al., (2005) established board of directors' diversity influenced performance positively of Danish firms between 1993 and 2001.The study used fixed effects regression model. They operationalized performance measures in form of ratios which included, gross value added/ net turnover, net profit/ net assets, ordinary result/net assets and profit on ordinary operations/ net turnover. This affirms a previous study by Shrader et al.., 1997 on United States organizations. The results of the study found that women in management significantly influenced performance.

Ochieng (2011) studied the relation between performance and corporate governance practices of Kenyan commercial banks. Inspecting the link between corporate governance measures and Kenyan commercial bank performance was the objective. Population used was 45 banks licensed by the Kenyan Central bank in 2010. Both secondary and primary data was used in data collection. Secondary data comprised of financial reports and journals among others, whereas primary data was gathered using well-structured questionnaires. The study established the link between bank performance and corporate governance to be positive. It concludes that board was required to appoint and select senior executives. The study recommends that the existing setbacks in the board requires to be looked into.

To inspect the impact of corporate governance on performance, Miring'u and Muoria (2011) studied Kenyan commercial state corporations. To find the link between performance, composition of board and board size was the objective. Descriptive survey design was used. 41 Kenyan commercial state corporations were the target population. 30 human resource officers were the respondents. Multi-linear regression technique and descriptive statistics was applied to inspect the data. Average for sample of the board size was ten while three was the minimum directors who were outside directors needed as part of the board. The conclusion of the study was that the link between composition of the board, board size and ROE of all state corporations is positive.

Miniga (2013), conducted a study to examine corporate governance components & performance of Kenyan regulatory state corporations. Corporate governance measures are independence of board committees, composition of the board and board size, internal audit function's role, board diversity, board meeting's frequency and CEO duality. Research design used is descriptive correlation. In Kenya, eighteen regulatory state corporations was used as the sample. Primary and secondary data was used. Questionnaires on corporate governance practices was used to gather the primary data and financial reports were used as secondary data. A multiple regression model was applied. The study concluded that financial performance of Kenyan state corporations is affected by corporate governance. Also, improvement of financial performance is being played by corporate governance.

To examine if corporate governance has influence on firm performance Olawumi et al. (2015) studied companies listed in Nigeria Stock Exchange. The study adopted random effects regression model. Indicators of performance were ROA and ROE and proxies for corporate governance were independence of the board, ownership structure, size of board and diversity in gender. Study findings were that board size affects profitability negatively. Board independence, gender diversity and ownership structure does not influence profitability. However, the results could have been different when analysis is done for a specific sector in the economy.

Honghui (2017) inspected the effect on corporate governance on performance of companies listed on the NSE. Descriptive cross-sectional research design was applied. The population target was 64 firms listed in the NSE. Three respondents from each firm were chosen upon which the questionnaire were be administered. Analysis used to analyse the data is multiple regression. The component of corporate governance considered was board diversity, number of committees, board size, meetings number and board independence. The study examined that corporate governance components was positive and had a powerful impact the performance of listed companies.

2.4 Conceptual Framework

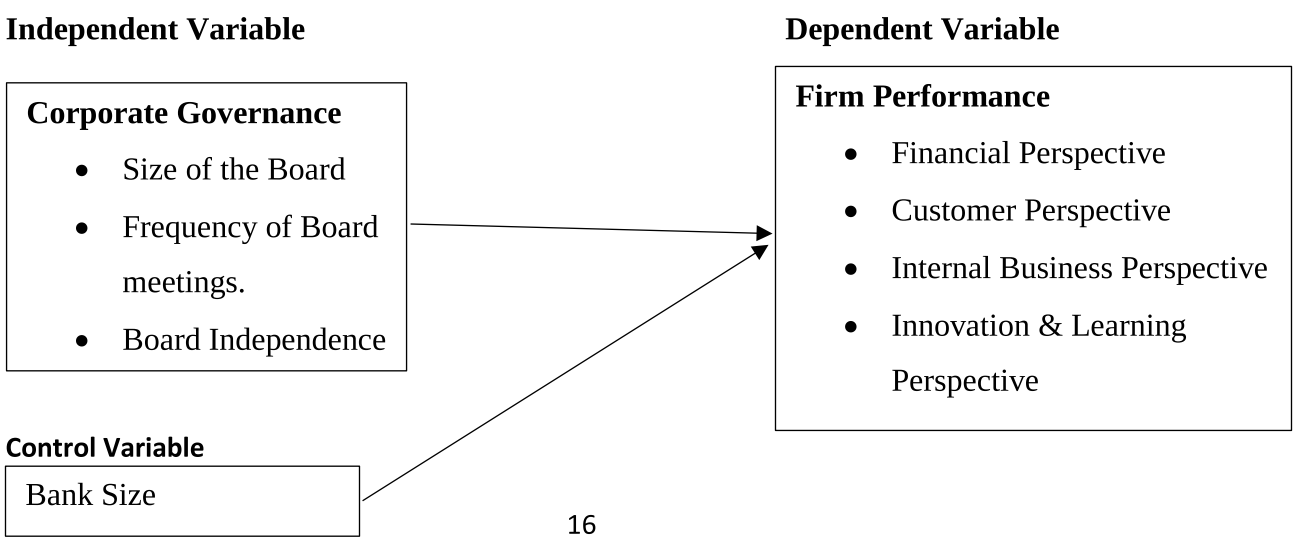

Figure 2.1 Conceptual Framework

Independent variables are those related to corporate governance disclosed in the conceptual framework (Figure 2.1) that was measured as follows: board size, board meetings frequency and independence of board. Performance measures as shown in the figure 2.1 were: innovation and learning, financial, customer, and internal perspective.

2.5 Summary of the Study

From the literature, there are different findings. Empirical studies aforementioned are evident that further research is required on the link between corporate governance and performance. This was evident because of increased desire of commercial banks to grow their level of performance hence a clear study need to be conducted to give guidance on ways and means of improving performance.

There is little study carried out on effect of corporate governance and performance of Kenyan commercial banks using balanced scorecard. Consequently, a thorough study needs to be conducted so as to fill the research gap. There has not been a conclusive study that has been carried out that advices commercial banks on the ideal corporate governance measures to have so as to increase their performance. This research would aid to address some of the concerns that have faced commercial banks.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter examined the research design, population target, data collection methods and data analysis techniques.

3.2 Research Design

Descriptive research design was used in the study. The design was suitable because data collected was used to describe firms, findings, settings, phenomena and persons (Creswell, 2013).

3.3 Target Population

The target population of interest is 42 Kenya commercial banks in the year 201 (CBK, 2017). A census was conducted.

3.4 Data Collection

Primary and secondary data was used in the study. A questionnaire which is structured was used to gather the primary data. To measure the importance the respondents attached to the independent variable, a five-point scale was applied. Drop and pick method was administered with the questionnaire, which was followed by personal interviews. The data which was collected in the questionnaire are innovation and learning, customer and internal business perspective, board size, independence and meetings of the board board meetings frequency. The targeted respondent was the board members, senior level managers and supervisors of the banks. Financial statements of the Kenya commercial banks which were audited were gathered hence used as secondary data. The financial statements (secondary data) were retrieved from each bank's websites and CBK supervisory data bank. These sources are genuine thus dependable, suitable and valid.

The study used longitudinal approach to study the trend of diversification of income sources for the year 2017. The specific data collected for each bank was net operating revenue from net interest and noninterest sources, total assets, liquidity ratio and capital adequacy ratio.

3.5 Data Analysis

Data gathered using the questionnaire was for completeness and consistency. Descriptive statistics method was used in this study and analyzed using statistical package for Statistical Product and Service Solution (SPSS).

Major statistical methods are Regression method and correlation analysis. Interval and ratio scale are used to measure nearly all the hence logic behind using regression method thus to test the correlation between two or more variable, it is with no doubt a strong technique than other statistical methods.

To determine the effect of corporate governance on firm performance of Kenyan commercial banks, the following regression method is used:

$$\mathbf{Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_3 X_3 + b_4 X_4 + \varepsilon}$$

Where: Y- Bank Performance

a- Constant term

X_1 - Board Size

X_2 - Frequency of Board meetings

X_3 - Board Independence

X_4 - Bank Size

ε – Error term

3.5.1 Operationalization of Variables

Indicator	Operational Definition	Empirical Studies adapted from	Scale	Questionnaire
Board Size	A firm's number of directors	Miniga (2013)	Interval	Q 1 & 2
Board meetings frequency	The number of times board meetings occurred in the firm.	Miniga (2013)	Interval	Q 3 & 4
Board Independence	Board which has outside directors and have less or no trading dealings with the firm to avoid conflict of interest	Olawumi (2015)	Interval	Q 5 & 6
Return on Equity	The ability of a firm to measure profits generated from shareholders investments in a firm.	Olawumi (2015)	Interval	Secondary data

3.5.2 Significance Test

The statistical significance of each independent variable explaining performance was analyzed by student t-test at a significance level of 5%. F-test evaluates general regression's significance model. The variability of the overall model of regression was explained using coefficient of determination R^2.

3.5.3 Diagnostic Tests

The study used tests of normality for the regression model by determining the skewness tests. Homoscedasticity was used to measure the extent of equal variances between variables value. The study used Breusch Pagan test to test for heteroscedasticity. Multicollinearity was used to test the existence of linear relationship among independent variables, the Variance Inflation Factor (VIF) of more than 10 would indicate trouble with multicollinearity (Oscar, 2007). Autocorrelation was used to test whether the errors in different observations are correlated, Durbin-Watson test is used where if d-statistic is more than 0.05,its concluded that the errors in different observations are not correlated with each other (Durbin & Watson, 1971).

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The chapter focused in assessment of data gathered and finding discussions.

4.2 Response Rate

In the targeted 42 respondents, 12 questionnaires were not returned. The total number of questionnaires analyzed was 30 hence the rate of return of the questionnaires was 71.4%

Table 4.1 Response Rate

Instrument	**Frequency**	**Percent**
Response rate	30	71.4
Non-response rate	12	28.6
Total	42	100

4.3 Background Information

The section analyses the background information of the study. Existence of the bank and the branches available were stated by the respondents.

4.3.1 Existence of the Bank

The findings indicated that 40% of the respondent's bank existed for a period of more than 80 years, 30% existed for a period of 21 to 30 years, 16.67% existed for a period of 11 to 20 years, 10% existed for a period of 6 to 10 years and 3.33% existed for less than 5 years.

4.3.2 Branches Available

The findings indicated that 50% of banks had branches less than 20, 16.67% of banks had branches between 21 to 40, 13.33% had branches between 41 to 60, 3.33% had branches between 61 to 80 and 16.67% had branches more than 80.

4.4 Descriptive Statistics

The following Table 4.2 depicts descriptive statistics.

Table 4.2 Descriptive Statistics

	N	Mean	Std. Deviation
Firm_Performance	30	2.6611	.55274
Board_Size	30	2.0167	.54903
Board_meetings Frequency	30	2.2333	.58329
Board_Independence	30	2.7833	1.57394
SIZE	30	17.6350	1.61865

As shown in Table 4.2, data was collected from commercial banks for the year 2017 showing 30 respondents that were used in the study for the analysis. Mean of the board size, board meetings frequency and board independence was 2.0167, 2.2333 and 2.7833 and a standard deviation of 0.5490, 0.5833 and 1.5739 respectively. The average of the bank size was 17.635 with a standard deviation of 1.618. Average performance was 2.6611 with a standard deviation of 0.5527.

4.5 Regression Diagnostics

The regression diagnostic tests in this study include; testing for normality, test for multicollinearity, testing for heteroscadasticity and testing for autocorrelation.

4.5.1 Testing for Normality

The Shapiro-Wilk test statistic shown in Table 4.3 was used to test for normality as follows:

Table 4.3 Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.

Unstandardized Residual	.107	30	.200*	.953	30	.202

The residual follows a normal distribution since the p-value 0.202 was more than the significance level 0.05.

4.5.2 Testing for Multicollinearity

The Variance inflation factor (VIF) was used to test for multicollinearity. The VIF for all the variables are between 1 and 10 as show in Table 4.4 below. This means that there was no excessive multicollinearity amongst the biases and the variables are within the threshold for multiple regression analysis.

Table 4.4 Tests of Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Board_Size	.727	1.376
Board Meeting Frequency	.723	1.384
Board_Independence	.734	1.362
SIZE	.753	1.328

4.5.3 Testing for Autocorrelation

To check for autocorrelation, Durbin- Watson test was conducted. According to the Table 4.6 below, the d-statistic was 2.263, more than 0.05 thus shows there was no autocorrelation.

Table4.5 Test of Autocorrelation

Mode	R	R^2	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.598[a]	.358	.255	.47709	2.263

4.5.4 Testing for Heteroscedasticity

The macro syntax by Gwilyn Pryce on Breusch-Pagan and Koenker was run on spss. Since the p-value 0.5107 was more than the significance level as shown in the model, there is no problem of heteroscedasticity.

```
Run MATRIX procedure:

 BP&K TESTS

 ==========

Regression SS
   9.0639

Residual SS
  73.6180

Total SS
  82.6819

R-squared
    .1096

Sample size (N)
   30
Breusch-Pagan test for Heteroscedasticity (CHI-SQUARE df=P)
    4.532

Significance level of Chi-square df=P (H0:homoscedasticity)
    .3388

Koenker test for Heteroscedasticity (CHI-SQUARE df=P)
    3.289

Significance level of Chi-square df=P (H0:homoscedasticity)
    .5107

------ END MATRIX -----
```

4.6 Correlation Analysis of Variables

The Table 4.7 explains analysis of variables used in this study. This study used Pearson's coefficient of association to measure relationship between variables.

Table 4.6 Correlation Matrix

		Financial Performance	Board Size	Frequency of board meetings	Board independence	Size
Financial Performance	Pearson Correlation	1				
	Sig. (1-tailed)					
	N	30				
Board Size	Pearson Correlation	.436**	1			
	Sig. (1-tailed)	.016				
	N	30	30			
Frequency of board Meetings	Pearson Correlation	-.094	.284	1		
	Sig. (1-tailed)	0.622	0.129			
	N	30	30	30		
Board Independence	Pearson Correlation	.051	.314	.480	1	
	Sig. (1-tailed)	.787	0.092	.007		
	N	30	30	30	30	
Size	Pearson Correlation	.460	.456**	.295	.183	1
	Sig. (1-tailed)	.011	.010	.113	.334	
	N	30	30	30	30	30

The variable board size had a positive coefficient of 0.436 and a significance level of 0.016 which explains that the higher the board size the higher the firm performance hence was statistically significant. Board meetings frequency had a negative coefficient of -0.094 in relation to performance with a significance level of 0.622; indicating the higher the board meetings frequency the lower the performance thus was not statistically significant. The variable board independence in relation to performance had a coefficient of 0.051 with a significance level of 0.787 thus the higher the board independence the higher the performance and was not statistically significant. The coefficient of ban size in relation to performance had a coefficient of 0.46 with significance level of 0.011 thus the higher the bank size the higher the performance and was statistically significant.

4.7 Regression Analysis

To assess the effect of corporate governance on the commercial bank's performance, corporate governance was regressed against performance. One control variable, namely, bank size was included.

Table 4.7 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.262	.983		.266	.792
Board_Size	.337	.189	.335	1.780	.087
Board_Meetings Frequency	-.301	.179	-.318	-1.686	.104
Board_Independence	.010	.066	.027	.145	.886
SIZE	.134	.063	.393	2.127	.043

The above Table 4.7 indicates the regression coefficients for the regression of performance on the board size, board meetings frequency, board independence and the bank size. The regression model had a constant of 0.262 and the board size, board meetings frequency, board independence and bank size had coefficients of 0.337, -0.301, 0.010 and 0.134 respectively. The resulting regression equation was:

$$\mathbf{Y = 0.262 + 0.337X_1 - 0.301X_2 + 0.010X_3 + 0.134X_3}$$

Board size, board independence and size had positive effect on firm performance thus the higher the board size, board of independence and bank size the higher the performance. The board meetings frequency and performance's relation had a negative effect hence the higher the frequency of board meeting the lower the firm performance. The coefficient of board size, board meetings frequency and board independence and bank size had a significance probability of 0.087, 0.104, 0.886 and 0.043 respectively, since the p-value of board size, board meetings frequency and board independence is greater than 0.05 then the effect of board size, board meetings frequency, and board independence on the firm performance was not statistically significant. Bank size had a significance probability of 0.043 hence showing that its effect on firm performance was statistically significant as the p-value was less than 0.05.

Table4.8 Model Summary

Mode l	R	R^2	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.598[a]	.358	.255	.47709	2.263

As depicted in table 4.7 above, the coefficient of determination (R^2) to be 0.358 whereas the Adjusted R^2 was found to be 0.255. The results depict independent variables chosen had 25.5% variability of the dependent variable. The adjusted R square has been adjusted for the number of predictors in the model is 0.255 it can provide unbiased estimates.

4.8 Analysis of Variance (ANOVA)

Table 4.8 indicates findings of analysis of variance. The F ratio for the regression was found to be 3.481 with a significance probability of 0.022. Since the p-value is less than 0.05 then the effect of board size, board meetings frequency and board independence and bank size on company performance was statistically significant.

Table 4.9 Analysis of Variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.170	4	.792	3.481	.022[b]
Residual	5.690	25	.228		
Total	8.860	29			

4.9 Discussions of Findings

The study determined the effect of corporate governance on the Kenya's commercial bank's performance. Board size, board meetings frequency and board independence of are measures of corporate governance which was the independent variable in the study. The findings depicts that board size had positive effect on Kenya's commercial bank's performance. It implied that a unit increase in board size led to 0.337 units increase in the commercial bank's performance. This indicated that board size increases firm performance of the commercial banks. This findings support the study of Miniga (2013) where board size and performance had a positive relation.

The study showed the effect of frequency of board meetings on the performance of the Kenyan commercial bank. Findings showed that board meetings frequency had a weak negative effect on commercial bank’s performance. It implied that an increase in one unit of frequency of board meetings led to a decrease of 0.301 units in firm performance. Consequently, board meetings frequency had a negative influence on commercial bank’s performance. Too many meetings can be detrimental to the firm as the costs can be uneconomical thus this supports the findings as per the study of Miniga, (2013).

The study examined effect of independence of board board independence on Kenya’s commercial bank’s performance. The findings showed board independence had a positive effect on bank performance. It implied that an increase in one unit of board independence led to an increase of 0.010 units in firm performance. Therefore independence of board had a positive effect on commercial bank’s performance. The findings supports study done by Miniga (2013) where he concluded link between independence of board and performance was positive.

The study also tested the effect of bank size on Kenyan commercial banks’ performance. Bank size was used as control variable. The findings depicted that bank size and performance had a positive effect. It implied that an increase in one unit of the banks’ size led to an increase of 0.134 units in the firm performance thus a positive influence on the bank’s performance. These findings support the study of Wepukhulu (2016), where he found that bank size should be positively associated with performance given that larger bank size can diversify hence led to improved levels of performance.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter gives summary, conclusion, recommendation and suggestion for further research.

5.2 Summary of the Findings

This study determines effect of corporate governance on Kenya's commercial bank's performance. Data was gathered from all commercial banks for the year 2017 giving an observation of 30 respondents which was used in the analysis of the study. The average firm performance was 2.6611 and standard deviation of 0.55274. The average of board size, frequency of board meetings, board independence was 2.0167, 2.2333 and 2.7833 and had a standard deviation of 0.5490, 0.5833 and 1.5739 respectively. Mean of bank size was also 17.635 and a standard deviation of 1.6185.

The study depicted that bank size and board size had a positive correlation on performance indicating that the higher the board size the higher the performance and it was statistically significant. Board independence had a positive correlation on the performance of commercial bank but was not statistically significant. Frequency of board meetings on performance of commercial banks was negative showing that the higher the frequency of board meetings the higher the performance and not statistically significant.

This study showed that the regression model had a constant of 0.262 and board size, bank size, board independence and board meetings frequency had coefficients of 0..337, 0.134, 0.010 and -0.301 respectively. Board size, independence of board and bank size had a positive coefficient thus had a positive effect on the performance hence the higher the board independence, board size and bank size the higher the performance. Board meetings frequency and performance had a negative relation thus the higher the board meetings frequency, the lower the performance. Board size, board meetings frequency and board independence had a significance level of 0.087, 0.104, 0.886 and thus not statistically significant. Bank size had a significance level of 0.043 thus was statistically significant.

The adjusted coefficient of determination R^2 was found to be 0.255. Thus, board size, board meetings frequency, board independence and bank size explained 25.5% of the variation in commercial bank's performance while the other variation was explained by other factors. Analysis of variance showed that the F ratio for the regression was found to be 3.481 and had a significance probability of 0.022. This model was hence enough to explain how board independence, board size and frequency of board meetings influences Kenya's commercial bank's performance.

5.3 Conclusion of the Study

The study found that the effect of corporate governance on Kenya's commercial bank's performance according to the F ratio for the regression was found to be positive. The results of F ratio for the regression stipulated to be 3.481 and had a significance level of 0.022. Since the p-value is less than 0.05 then the effect of board, board meetings frequency, board independence and banks size was statistically significant hence the effect of corporate governance on Kenya's commercial bank's performance is positive.

The study also found that the bank size had a positive effect on bank's performance thus effect of the bank size on the performance of Kenyan commercial banks showed that size and performance had positive relation hence an increase in bank size will increase the bank performance.

5.4 Recommendation of the Study

The study suggests that banks should examine the board meetings frequency because it appears to negatively affect the bank performance. Therefore, the study recommends banks to minimize board meetings frequency so as to avoid decreasing performance of the bank since it affects the bank negatively.

The study also proposes that board size, board independence appears to have a positive effect on the firm performance. Hence, this study recommends that shareholders should promote board size and board independence so as to increase or improve the firm performance. This means that commercial banks should broaden the size of the board and also maintain or increase the number of outside directors.

The bank size also appears to affect performance positively. The study recommends that banks to promote bank size as this translates to improved bank performance. Therefore, bank size had a strong effect on performance of Kenya commercial banks hence should maintain or promote the size of the bank so as to have higher performance

5.5 Limitation of the Study

Company information is proprietary and confidential hence most of the respondents did not want to give information fearing that it might be used to create a negative perception about their banks. This was handled by the researcher through giving assurance that the information would be handled with confidence and only be utilized for the intended purpose.

The data results may also not be applicable to other financial firms as the focus in this study was on banks and this is because of the differences that are found between commercial banks and other financial firms. While it can offer important insights to other financial institutions, such conclusions should be approached with care given the variations in the way banks operate and the way other financial institutions operate. To eradicate this limitation, it may be significant to carry this study on other financial companies.

5.6 Suggestions for Further Research

Results of this study were in a way limited to the contextual scope as a result of the size of the sample that was used herein. Some of the aspects that ought to be identified to further the study is change of time and allocation of enough resources so as to do a thorough evaluation of the same area of research. Surveys need to be carried out to generate more represent able analysis, some of the areas that can be used to further this study is refined research tools like focus group, observation, surveys designed for further research conducted.

This study offers appropriate insight on corporate governance effects on the performance of the commercial banks which are conventional banks; future research could be carried on corporate governance effects on performance of financial institutions. Example of other financial institutions which can be studied include microfinance banks, forex bureau, insurance companies.

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APPENDICES

APPENDIX I: Questionnaire

The questionnaire will be used to collect information on corporate governance and balanced scorecard as a measure of performance in listed commercial banks. Kindly fill in the appropriate responses to the best of your knowledge and sincerity.

SECTION A: Background Information

1. Indicate by ticking where appropriate the period of existence of the bank

   Less than 5 years ☐ 6 to 10 years ☐

   11 to 20 years ☐ 21 to 30 years ☐

   More than 30 years ☐

2. Branches Available

   Less than 20 ☐ 41 – 60 ☐ More than 80 ☐

   21 – 40 ☐ 61 - 80 ☐

SECTION B: Balanced Scorecard Perspective

1. **Innovation and learning perspective**
   a. How many times have trainings been held in the last one year?

   ………………………………………………………….

2. **Customer perspective**

   a.

	2015	2016	2017
Number of customers			

   b. What is the percentage of your bank's market share in the banking industry?

………………………………………………………………………..

3. **Internal Business perspective**
    a. What innovations have the bank come up with in the last one year?
    ………………………………………………………………………
    b. How many new branches have been opened in the last one year?
    ……………………………………………………………………….
    c. How does the bank ensure high standard of quality and delivery time?
    ……………………………………………………………………….

SECTION C: Corporate Governance Measures

Board size

1. Tick where appropriate the range within which the number of individual of the directors of the board of the bank falls.

Less than 5 ☐ 5 to 10 ☐ 11 to 15 ☐

16 to 20 More than 20 ☐ ☐

2. What is the mean meeting attendance of the board when scheduled per meeting?

Less than 5 ☐ 5 to 10 ☐ 11 to 15 ☐

16 to 20 ☐ More than 20 ☐

Frequency of Board Meetings

3. How many meetings take place annually in average?

Less than 5 ☐ 5 to 10 ☐ 11 to 15 ☐

16 to 20 ☐ More than 20 ☐

4. What are the scheduled board meetings annually?

Less than 5 ☐ 5 to 10 ☐ 11 to 15 ☐

16 to 20 ☐ More than 20 ☐

Board Independence

5. How many of the board members are outside directors?

None ☐ 1 ☐ 2 ☐ 3 ☐ Above 4 ☐

6. Are the external directors' objective on matters of interest to the stakeholders?

Strongly disagree ☐ Disagree ☐ Moderately agree ☐

Agree ☐ Strongly Agree ☐

APPENDIX II: List of Commercial Banks in Kenya

1. African Banking Corporation Limited
2. Bank of Africa Ltd
3. Bank of Baroda Limited
4. Bank of India
5. Barclays Bank Limited
6. CFC Stanbic Limited
7. Charterhouse Bank Limited
8. Chase Bank Limited
9. Citibank Limited
10. Commercial Bank of Africa Limited
11. Consolidated Bank Limited
12. Co-operative Bank Limited
13. Credit Bank Limited
14. Development Bank Limited
15. Diamond Trust Bank
16. DIB Bank Limited
17. Ecobank Limited
18. Equity Bank Limited
19. Family Bank Limited
20. Fidelity Commercial Bank Limited
21. First Community Bank Limited
22. Guaranty Trust Bank Kenya Limited
23. Guardian Bank Limited
24. Gulf African Bank Limited
25. Habib Bank A.G Zurich
26. Imperial Bank Limited
27. I & M Bank Limited

28. Jamii Bora Bank Limited
29. Kenya Commercial Bank Limited
30. Middle East Bank Kenya Limited
31. National Bank of Kenya Limited
32. NIC Bank Limited
33. M- Oriental Commercial Bank Limited
34. Paramount Universal Bank Limited
35. Prime Bank Limited
36. Sidian Bank Limited
37. Spire Bank Limited
38. Standard Chartered Bank Kenya Limited
39. Trans- National Bank Limited
40. UBA Kenya Bank Limited
41. Victoria Commercial Bank
42. HFC Limited

APPENDIX III: Research Data

NO.	PE	BR	ILP1	AV.ILP	CP1i	CP1ii	CP2	AV. CP	IB1	IB2	IB3	AV.IB	ROE	BSCRD
1	5	1	4	4	2	2	1	1.67	2	1	1	1.33	0.06	1.77
2	5	1	3	3	5	2	3	3.33	2	1	2	1.67	0.00	2.00
3	5	1	5	5	1	1	2	1.33	2	1	2	1.67	0.28	2.07
4	3	3	3	3	1	1	1	1.00	2	1	1	1.33	0.06	1.35
5	5	5	5	5	2	2	1	1.67	2	1	1	1.33	0.00	2.00
6	5	2	3	3	2	2	3	2.33	2	1	1	1.33	0.28	1.74
7	5	2	2	2	1	2	1	1.33	1	1	3	1.67	0.23	1.31
8	4	1	3	3	3	3	1	2.33	3	1	3	2.33	0.23	1.97
9	5	5	2	2	3	4	1	2.67	2	3	3	2.67	0.17	1.88
10	4	1	3	3	2	2	1	1.67	2	1	3	2.00	0.23	1.72
11	4	1	2	2	1	1	1	1.00	2	1	1	1.33	-0.41	0.98
12	5	3	3	3	2	2	1	1.67	3	4	1	2.67	0.24	1.89
13	1	1	5	5	1	1	1	1.00	3	1	1	1.67	0.07	1.93
14	2	1	3	3	2	2	1	1.67	2	1	5	2.67	0.02	1.84
15	3	5	5	5	4	5	1	3.33	1	3	1	1.67	0.19	2.55
16	3	5	3	3	2	2	3	2.33	2	1	3	2.00	-0.66	1.67
17	2	1	4	4	2	2	1	1.67	2	1	2	1.67	0.04	1.84
18	4	1	4	4	2	2	3	2.33	2	1	1	1.33	0.37	2.01
19	4	1	4	4	1	2	3	2.00	2	1	4	2.33	-0.12	2.05
20	3	1	5	5	3	3	1	2.33	2	1	2	1.67	0.13	2.28
21	5	1	3	3	2	2	3	2.33	2	1	2	1.67	0.03	1.76
22	4	3	3	3	3	3	3	3.00	2	3	1	2.00	0.10	2.03
23	2	2	2	2	3	3	1	2.33	2	1	1	1.33	0.06	1.43
24	5	5	4	4	4	5	1	3.33	3	2	2	2.33	0.05	2.43
25	5	1	2	2	1	2	1	1.33	2	1	2	1.67	0.21	1.30
26	5	4	2	2	3	3	1	2.33	2	1	1	1.33	0.14	1.45
27	4	2	2	2	2	2	3	2.33	2	1	2	1.67	0.31	1.58
28	4	1	2	2	2	2	1	1.67	2	1	2	1.67	-0.04	1.32
29	3	3	2	2	2	3	1	2.00	2	2	3	2.33	0.10	1.61
30	4	2	3	3	1	2	1	1.33	3	1	4	2.67	0.20	1.80

BS1	BS2	AV. BS	FBM1	FBM2	AV.FBM	BI1	BI2	AV.BI	CG
2	2	2	2	2	2	4	4	4	2.67
2	2	2	2	3	2.5	1	3	2	2.17
2	2	2	3	2	2.5	1	1	1	1.83
1	1	1	4	2	3	5	5	5	3.00
2	2	2	4	2	3	3	5	4	3.00
3	3	3	4	2	3	1	4	2.5	2.83
2	2	2	1	2	1.5	1	4	2.5	2.00
2	2	2	1	3	2	3	3	3	2.33
3	2	2.5	1	2	1.5	1	1	1	1.67
1	1	1	1	1	1	1	2	1.5	1.17
1	1	1	1	2	1.5	1	1	1	1.17
3	3	3	2	2	2	4	4	4	3.00
2	2	2	3	3	3	4	5	4.5	3.17
2	2	2	2	2	2	1	2	1.5	1.83
2	2	2	3	2	2.5	5	4	4.5	3.00
2	2	2	3	3	3	2	3	2.5	2.50
2	2	2	1	2	1.5	1	2	1.5	1.67
2	2	2	2	2	2	5	4	4.5	2.83
2	2	2	3	3	3	5	5	5	3.33
2	2	2	3	2	2.5	1	1	1	1.83
1	1	1	2	1	1.5	1	2	1.5	1.33
2	2	2	4	2	3	2	3	2.5	2.50
2	2	2	3	2	2.5	5	5	5	3.17
2	2	2	2	2	2	1	1	1	1.67
2	2	2	3	2	2.5	1	1	1	1.83
3	3	3	3	2	2.5	5	5	5	3.50
3	3	3	2	2	2	5	4	4.5	3.17
2	1	1.5	2	1	1.5	1	1	1	1.33
2	2	2	3	1	2	1	1	1	1.67
3	2	2.5	2	3	2.5	5	4	4.5	3.17