

**Abstract:**

The study sought to examine whether there is a relationship between the levels of executive compensation and ownership concentration for firms listed in the Nairobi Stock Exchange. Higher ownership concentration has been determined as an important factor in exerting pressure on many aspects of a firm's corporate governance structure, of which executive compensation is part. The influence on executive compensation should be a push towards the realization of optimal compensation contracts. The study uses the aggregate percentage of the top five shareholders in a firm as proxy for ownership concentration. The study controls for other firm specific variables that have been determined in prior studies as influencing the levels of executive compensation i.e. firm size, firm performance (profitability) and growth opportunities measured as the Market to Book value ratio of a firm. The study analyzes data for 25 companies in the Nairobi Securities Exchange over the 2007-2011 period. The study finds non-statistically significant relationship between ownership concentration and executive compensation. In other findings of the study executive compensation is found to be positively correlated to firm size and performance as observed in other prior studies. Overall however the study raises questions about the role of block-holders as monitors of corporate governance.