EFFECT OF CORPORATE GOVERNANCE PRACTICES ON FINANCIAL PERFORMANCE OF TIER TWO COMMERCIAL BANKS IN KENYA

BY

KIRAGU PHILIP NJEMA

SUPERVISOR

DR. ANGELA KITHINJI

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DECLARATION

This research project is my own original work and has never been presented for a degree at any other university for examination.

Signature _____ Date _____

KIRAGU .P. NJEMA

D63/90086/2016

This research project has been presented for examination with my approval as the University supervisor.

Signature _____ Date _____

Dr. ANGELA KITHINJI

Senior Lecturer, Department of Finance and Accounting

School of Business

University of Nairobi

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DEDICATION

I dedicate this work to my parents, Mr. Timothy Kiragu and Mrs. Anne Wambui Kiragu and all my siblings for being a constant source of inspiration. Their concern, support, encouragement and enthusiasm inspired me to achieve this goal.

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LIST OF ABREVIATION

ANOVA: Analysis of Variation

BOD: Board of Directors

CBK: Central Bank of Kenya

CEO: Chief Executive Officer

CMA: Capital Market Authority

CSR: Corporate Social Responsibility

NSE: Nairobi Securities Exchange

OECD: Organization for Economic Cooperation and Development

PSICG: Private Sector Initiative for Corporate Governance

ROA: Return on Assets

ROE: Return on Equity

SMEs: Small Medium Enterprises

SPSS: Statistical Package for Social Sciences

SSA: Sub-Sahara Africa

US: United States

ABSTRACT

The objective of the research was to determine the effect of corporate governance on financial performance of tier two banks in Kenya. The secondary data used was extracted from the audited financial statements of tier two commercial banks in Kenya. The study period was six years (2012-2017). Out of the fourteen tier two commercial banks, the research managed to get data for twelve banks amounting to 85.71% response rate. The data was analyzed with the use of SPSS. Descriptive statistics such as means and standard deviations were used to analyze the data while inferential statistics such as correlation and regression analysis were used to test the causal relationship between the dependent and in dependent variables. Financial performance was measured using return on assets while corporate governance was measured using board size, board diversity, and board structure and board committees. Bank Size and Bank liquidity were used as control variables. The study concludes that there is a strong relationship (R= 0.513) between corporate governance and financial performance of tier two commercial banks in Kenya. Corporate governance accounts for 26.3% of the total variance in the financial performance of tier two commercial banks. The study also concludes that different practices of corporate governance and the control variables used affect financial performance of tier two commercial banks differently. Board Size and Bank Size influences financial performance positively but only the effect of bank size is statistically significant. Board diversity, board structure, bank liquidity and board committees influence financial performance negatively. The shareholders of tier two commercial banks in Kenya should therefore consider increasing the size of their banks in terms of assets as this will help the banks to generate higher returns. The shareholders of tier two commercial banks in Kenya should consider reducing the number of committees as this will results to improved financial performance. It was difficult to obtain the data because some of the data sought was not readily available in the financial statements. This explains why the researcher was only able to get data from twelve banks out of the possible fourteen. In future, a study aimed at evaluating how the quality of corporate governance affects the satisfaction of the key stakeholders of tier two commercial banks in Kenya would be beneficial to the management of the said banks and the scholars in general.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to (Wanyama, 2013) many firms across the world are so concerned about increase in corporate failure; it is attributed to poor corporate practices. Corporate governance has attracted the attention of many researchers in the recent past. Corporate governance touches on the process, system, procedures and practices that direct firms to achieve their objective. Okiro, Aduda & Omoro (2015) found that good corporate governance practices help the firms to protect investors' contribution in the firm's investment and thereby promising the investors a considerable return. Therefore, when a firm has sound practices it become easier to solicit funds because of its increased competitiveness in the financial markets. According to a research done by Masulis et al. (2007), organizations which had independent chair were better in financial performance as opposed to ones where the roles of chair and CEO were not separate.

There are several theories which back corporate governance. This study used agency theory developed by Jensen and Meckling in (1976). The theory outlines the relationship between the agent and principal as one based on contrasting interests. Resource dependence theory established by Pfeffer and Salancik in (1978) and explains the importance of resources and strategic linkages as critical to the organization success and the organization should get a competitive edge by having a resourceful board of directors. Stewardship theory was developed by Donaldson (1991). The theory explains how

stewards should maximize the shareholder wealth by increasing the firm performance because by so doing their utilities are also maximized.

Nyarige (2012) found that commercial banks face many risks that affect their overall performance. These risks include interest rate risks, credit risks, exchange rate risks, operation risks and liquidity risks among others. Poor managerial policies on risk prevention affect the banking institution negatively and may as well harm the whole sector. According to (Huizinga, and Laeven, 2012) several banks have faced financial crisis emanating from these risks because of poor corporate governance practices. The recent cases of bank collapse are Imperial bank and Chase bank which are in the category of tier two banks. This issue has affected the pillar of integrity and trust which is very important in the banking sector. As a result of turn of event there has been a deposit flight that has greatly affected the mid-tier and low-tier banks.

1.1.1 Corporate Governance Practices

According to Iqbal (2015), corporate governance is a means of ensuring business is conducted in affair, efficient and transparent manner in order to achieve organization goals through effective practices and structures. Therefore, the structure through which organizations are managed is corporate governance. Hulya (2016) defined corporate governance as a collection of links between a corporation's management, the shareholders, and the board of the firm and other stakeholders. It is a platform whereby the corporation's goals and objectives are formulated, implemented and their performance is measured and determined. (Adam & Mehran, 2003) described corporate governance as the mechanism where the stakeholders of an organization namely;

creditors, employees, shareholders, society and the government oversight the insiders and management to ensure that their interests are safeguarded.

According to Olick (2015) corporate governance practices are: board size, independence of the board, transparency and disclosures and process and procedures guiding the board. Board size focuses on the number of directors in the board, the size may be large or small but according to the Banking Act the minimum number is five directors. Board independence is achieved where the directors are free to make decisions without the prejudice of the shareholders. Board structure can help in achieving the board independence where independent directors should be more than a third of the total board membership. Board meeting is another corporate governance aspect and it outlines the number of meetings that the board should hold and it is stipulated in every company's' chatter. Lastly, board committees' are very important for a board to be effective because majority of the board decisions are done in those committees. Therefore, this research sought to find out how these practices affect tier two commercial banks performance in Kenya.

1.1.2 Financial Performance

According to Lean (2008) financial performance refers to the results attained from achieving external and internal objectives of a company. It is a standard measure of the ability of the company continued growth, survival and competitiveness. Therefore, it is the main appraisal tool used by external parties in making investment decisions. According to Athanasoglou et al (2006) external and internal factors influences bank performance. However, internal factors are manageable and are specific to individual

bank. The internal factors which determine financial performance include: corporate governance, bank size, leverage and liquidity. On the other hand external factors are associated to macroeconomic factors and industrial factors. They include industrial concentration, growth, inflation and interests rates among many others.

The survival of a business is dependent on its financial performance in the long run. It involves the   capacity of the business establishment to generate sufficient benefits from its operations and is considered by many as the main goal of the firm (Leah, 2008). According to Ponce (2011) financial performance is a good indicator of assessing the firm and is often used in gauging the efficiency of the management in converting company resources into profits. It is an important aspect in banking institutions for them to maintain their activities in general and for guarantee of fair returns to the shareholders.

Financial performance is normally measured by use financial and non-financial terms (Kaplan & Norton, 1992). The main financial performance measures are; ROA, ROE and Tobin's Q among others. ROA refers to t measurement of the management efficiency in generation of the revenues by using the assets at their disposal. It is computed as net income divided by the total assets of the firm. A higher ratio depicts a higher managerial efficiency in the utilization of the company assets and hence good performance. Tobin's Q is computed by dividing the market value with total asset value. It looks at the cost of replacing a company's assets and helps in determining whether the company stock over/under valued. On the other hand return on equity refers to the measures of how much profit can be generated from the shareholders investments. It is computed by net income after taxes by the total shareholders capital. A higher return on equity (ROE) shows a higher efficiency in the use of shareholders money. Non- financial measures of

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performance include internal processes, customer perspective, learning and growth. This study focuses on financial measures and ROA was used as a measure of financial performance.

1.1.3 Corporate Governance Practices and Financial Performance

According to Murerwa (2015) effective corporate governance practices help the firm to provide good will and confidence to investors through promising financial performance. As a result, outside investment increase and access to outside capital thus enhancing financial performance of the firm through investment in positive NPV projects. The World Bank (2008), states that corporate governance practices are necessary for developing countries as a measure of reducing transaction costs, financial crisis and cost of capital. On the other hand, poor corporate governance discourages outside investors and reduces their will and confidence to the firm. According to Kyereboah (2007), CEO duality has negative effect on firm performance as compared to firms with independent CEO and board chair separately. The study findings also indicated that CEO's tenure had a positive influence on firms' performance.

According to Kilonzo (2008) sound corporate governance practices are necessary in Kenya banking sector so as to restore investors' confidence and to attract foreign direct investment or private capital inflows and investments. This can be achieved by increasing accountability of directors, financial transactions and transparency of corporate structure. According to Jensen (1976) adoption of effective corporate governance practices leads to improved resource allocation which enables efficiency in operations and increase in

firm's performance. The best governed firms enjoyed higher returns due to efficient operations.

According to Mwalati & Chitiavi (2013) exclusion of good corporate governance practices can lead to bad inferences on firm performance. For instance, this affected the Kenyan banking sector in the 1990's with a string of banks collapsing with depositor's money. The relationship between bank performance and corporate governance practices can be examined from the experience of large number of banks that collapsed in the last two decade and more recently in the year 2016. Murerwa (2015) found that vibrant financial institutions like the Trust bank collapsed in 2001 and Euro bank that collapsed with billions of shillings of depositors' money. This was clear evidence of poor corporate governance since they collapsed when political power changed hands.

1.1.4 Commercial Banks in Kenya

The banking industry in Kenya usually play a vital role by enhancing mobilization of the financial resources needed for the investment purposes by extending credit to various investors and businesses. They are involved in activities such as allowing deposits and interbank borrowing in order to pool those funds for economic gain in activities such as lending, extending advances and investing in positive NPV projects. In Kenya banking industry is diverse (Were & Wambua, 2014). The industry is regulated by the CBK under the banking laws established through the banking act. The industry comprises of three tiers of banks namely tier one, tier two and tier three banks and all make up a total of 42 registered commercial banks.

Tier two banks comprises of medium-size banks that have been operational over a period of time thereby accumulating substantial assets worth billions of cash, they also have significant customer base. However, they face risk of falling in to financial crisis because of the changing economical, industrial and corporate factors. These banks collectively command about 33.03% of the financial market compared to 58.2% of tier one and about 8.77% of tier three. Tier two banks control a considerable market share and therefore, the need for regulators control to ensure that laws and guidelines provided are complied with (CBK, 2017).

Were & Wambua (2014) found that the basic method of classifying banks is calculating a weighted composite index of the bank reserves and capital, assets and profitability taking in to considerations other economic parameters. Based on these classification criteria, only about fifteen banks out of the forty-two in total meet the mark of tier two. According to Obulutsa & Merriman (2014) dynamism in the micro and macro environmental factors in the banking industry has affected bank performance over the decades. Changing of business strategies and embracing new technology is critical for every financial institution and more so the medium tier banks in order to enhance competitiveness.

1.2 Research Problem

According to Bermpei and Mamatzakis (2015) the notion of corporate governance practice in commercial banks and firms in other sector of the economy has been a main concern in the policy agenda of developed and developing countries in the recent decades. Laeven (2001) found that the way a firm is governed affect how it responds to external and internal factors and this reflects on the performance of the firm. Corporate

governance should control insider lending to optimal level because this lending affect the bank financial performance. Mwalati & Chitiavi (2013) argues that good corporate governance practices have positive inferences on firm performance. According to Donaldson and Davis (1994) good corporate governance is perceived a preventive measure to ensure that firm does not expose itself to future financial crisis.

Over the recent past, the banking industry in Kenya has experienced financial crisis including the collapse of Imperial Bank followed by the crisis of Chase Bank where corporate governance was cited as one of the reason of bank failures. The banks within the tier two were affected by these financial crisis and this raised questions on the corporate governance practices in the banking sector. Central Bank of Kenya Cap 491 require financial institutions to report activities of fraudulent nature however, banks have been involved in corporate scandals. In this view, the research wishes to look at the soundness of corporate governance practices on financial performance.

Empirical evidence is largely inconsistent where some show negative and others positive influence of corporate governance on financial performance. Hulya (2016, found that companies which had high corporate governance rate have high book value and return on equity compared to the ones that had low rate. Kalu (2016) found that there was a positive relationship between corporate governance and financial performance. According to a research done by Masulis et al. (2007), organizations which had independent chair were better in performance as opposed to ones where the roles of chair and CEO were not separate. Flamini et al. (2009) researched on determinants of profitability of commercial banks in SSA countries and concluded that industry firm and macroeconomic variables were significant determinant of profitability.

Locally, Kiruri (2016) found that state ownership negatively affected profitability while domestic and foreign ownership had a significant positive effect on profitability. Nyarige (2012) found that there was a positive relation of governance structures and performance. Muchai (2014) found that there is a strong positive correlation between corporate social responsibility and profitability. Wachira (2014) found that corporate governance had a significant effect on share returns.

The lack of consensus among the various scholars on the effect of corporate governance on financial performance of banks by international researchers is reason enough to conduct further examination on the area of study. Local studies also indicated conflicting findings and they looked at few corporate governance practices. They are also quite few to give conclusive result and therefore, the need of more research in this area. This paper seek to identify how corporate governance influence financial performance of tier two commercial banks in Kenya. The research question is, what is the effect of corporate governance on financial performance of tier two commercial banks in Kenya?

1.3 Research Objectives

The general objective of this study was to determine the effect of corporate governance on financial performance of tier two banks in Kenya.

1.4 Value of the Study

The findings of the research benefits financial institutions, particularly tier- two banks since they was in a position to identify the challenges and areas which need to be improved in the firm in regard to corporate governance so as to increase efficiency. The branch managers and staffs in the banks may also use the findings to advance on governance practices used by the banks in an effort to enhance financial performance.

Researchers and academicians benefits from the finding of this study because it acts as a reference to compare the level of corporate governance practices in banking sector with other sectors in the economy in order to come up with best practices across the economy. The study contributes to the body of knowledge existing on corporate governance practices. The study also offers a body of knowledge to the academicians for further research on corporate governance and reference to scholars and practicing professionals.

The study finding also benefits policymakers in the banks sector by establishing the best governance practices to implement both locally and globally and look into how such can be integrated in their business practices to enhance profitability. The study will also provide knowledge on banking failure beyond regulatory failure and help them appreciate the importance of corporate governance in enhancing institutions performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical framework applied in the study and reviews previous studies done on corporate governance practices and financial performance. It contains the theoretical review, determinants of financial performance, empirical review, conceptual framework and summary of literature review.

2.2 Theoretical Review

This section presents a view of guiding theories touching on the effect of corporate governance practices on financial performance of tier 2 banks in Kenya. This study will focus on three theories namely: Agency Theory, Resource Dependency Theory and Stewardship Theory.

2.2.1 Agency Theory

This theory was established by Jensen and Meckling in (1976). The theory discusses agency relationship where a principal hires an agent to carry out services on his behalf. Managers in a firm are agents of shareholders who are guided by the principle of maximizing the shareholder wealth. However, there are several factors that affect the relationship. First, is the conflict of interest between the principals, the existence of information asymmetry amongst the principal and agent and the inability of the principal to ensure that agent acts in compliance to his/her wealth maximization goal (Jensen, 1986).

Therefore, these divergent behaviors of the agent results in to agency costs such as; allowances of board of directors who are appointed by the principal to oversight the actions of agent. The aim agency theory is to select a suitable corporate governance mechanism that regulates the relationship between the principal and agent in a manner that ensure conformity of the interest, resulting in a reduction of agency cost. However, there are problematic areas in endeavor of agency theory meeting its aim. The issue of risk aversion, moral hazard, earning retention and time horizon complicate the overall goal of the theory. For instance, the agent may deliberately fail to perform as per contractual terms (McOglan, 2001).

2.2.2 Resource Dependency Theory

This theory was established by Pfeffer and Salancik in (1978). Their postulates were on external control of the organization. The theory explains how important the board is in providing resources by linking the internal and external environment resources. These environmental linkages helps the firm reduce the level of transaction cost associated with environmental interdependency. The theory strongly emphasizes on the appointment of independent representatives from other organizations because this makes it easy to access important resources. According to Wan (2012) resources availability enhances organization survival and financial performance.

Resource dependency theory further points out to the fact that organizations have a tendency to minimize the risk of outside influence by ensuring that resources are available for their competitiveness. The executive and non-executive directors' efficiency is essential to the company financial performance however, what is important is the presence of directors on the board of many other companies. This enables the companies

to establish relationships that help them access information that is used to their advantage. Taking into account that substantial amount of resources available in a country are either directly or indirectly controlled by the government, appointing directors to the company's board who are influential and have access to key policy makers and government offices is important milestone to a company's survival and performance (Pfeffer,1978). The theory however, suffers from the assumption that organizations behavior and structures are controlled primarily by material forces, it ignores the role of cultural, institutional and ideological forces.

2.2.3 Stewardship Theory

Stewardship theory was developed by Davis & Donaldson (1997). The theory explains how stewards should maximize the shareholder wealth by increasing the firm performance because by so doing their utilities are also maximized. Stewards in this case are the executives and managers working on behalf of shareholders. Their joy and motivation is associated to the firm's success in terms of maximizing shareholders wealth through profits from firm's operations (Davis & Donaldson, 1997).

The theory advocates for top management role as stewards therefore, integrating these roles with the organization goals. The theory also highlights importance of structures within the organization because they empower stewards and enable them execute maximum control thereby reducing monitoring costs. Stewards are worried of their reputation and therefore, they work in a manner that maximizes the firm's financial performance to ensure their reputation is not tainted. They are the organization decision makers and they try as much as possible to be effective in order to keep their careers safe (Fama, 1980).

2.3 Determinants of Financial Performance

Bank financial performance is determined by both the internal and external factors. Each bank faces specific internal factors while external factors are general and result from prevailing industrial and macroeconomic conditions. Athanasoglou et al (2006) found that internal factors which determine financial performance were: corporate governance, bank size and liquidity.

2.3.1 Corporate Governance

According to Kigotho (2012) corporate governance is a very important aspect in bank general performance. It is therefore, believed that good corporate governance practices affect bank's performance positively while poor practices have adverse effects. Bermpei and Mamatzakis (2015) found that corporate governances is significant in decisions related to capital structures and resources utilization, this influences the bank's financial outcome. Economic growth and efficiency in banks is reliant on corporate governance because it a mechanism upon which checks and balances is maintained and instances of mismanagements are reduced. Therefore, observing good corporate governance practices helps in minimizing agency costs and other inefficiencies which ultimately contribute to competitive advantage amongst firms.

2.3.2 Bank Size

Pervan et al. (2015) found that bank size is viewed as having a positive correlation with bank performance level, that is, bigger banks should post better financial performance due to the fact that they take advantage of the benefits of economies of scale. This means

that, bigger banks saves on costs, improve their operations through increased efficiency and ultimately enhance their performance. The size of the bank has a positive effect on its status hence, this enable the bank to sell better quality products and improve on service delivery at favorable prices which culminate in increased performance. Although, for financial institutions that have become extremely big, the correlation could also be negative. Bank size was measured in terms of total assets.

Sharma and Gounder (2015) calculated bank size as a ratio of bank assets relative to the collective total assets of banks in the industry. They argued that various costs associated to bank size such as overheads, operation and agency costs may affect the performance of big banks negatively. Bank size may also work to the advantage of bank where banks are able to diversify their loans portfolio and offer range of services and hence, enhance their financial performance. It follows that, the correlation between bank size and performance level seems inconclusive. Bank size indicates both positive and negative correlation with performance level.

2.3.3 Liquidity

Pervan et al. (2015) stated that liquidity level is an important financial stability indicator since liquidity crunch in one bank can precipitate systemic risk in the entire banking sector because of their interconnected and interdependent operations. Liquidity levels of commercial banks indicate their capacity to finance increases in assets and meet financial obligations as they fall due. Solvency risk (liquidity risk) of banks happens when the banks fail to meet their outstanding financial obligations as they fall due. This is measured as the ratio of a bank's own capitalization in total assets. The big portion of capitalization in total assets can constitute prudential business policy of the bank

although, a lower risk is often linked with reduced incomes and hence a negative correlation between bank capitalization and financial performance may exist. Conversely, a big portion of capital in total assets diminishes the requirement for external funding, which decreases interest cost and culminates in increased financial performance. In this instance, the correlation between banks capitalization to assets ratio and performance is positive. The impact of the solvency risk indicator on banks' financial performance is positive and statistically significant, implying that those banks that have enhanced capitalization relative to their assets generate a bigger level of performance.

2.4 Empirical Review

Corporate failure has been a great issue in developing and developed nations and therefore, this matter has attracted the attention of researcher in the recent past. There are many empirical studies on corporate governance practices and financial performance, but these studies have outlined mixed results. This section covers various studies conducted both globally and locally. Globally, Hülya (2016) did a study on corporate governance on firm profitability. The study targeted Borsa Istanbul-100 Index firms and used secondary data for analysis. The study found that companies which had high corporate governance rate have high book value and return on equity compared to the ones that had low rate. The study focused on all listed firms therefore, creating a gap for specific firm's research. Kalu (2016), researched on corporate governance and financial performance of beverage firms listed in the Nigeria Stock Exchange. The study used inferential and descriptive statistics data analysis model. He found that there was a positive relationship between corporate governance and profitability. The study was only limited beverage companies creating a gap for research in other sectors.

Masulis et al. (2007) did a study on CEO duality and organization performance of Fortune 500 companies in Africa. The sample of the study was draw from Fortune 500 companies. The study found that organizations which had independent chair were better in performance as opposed to ones where the roles of chair and CEO were not separate. The study just looked at one aspect of corporate governance and it was on a different context and this created a gap to look at many aspects of corporate governance in in specific sector.

Flamini et al. (2009), researched on determinants of profitability of commercial banks in SSA countries. The sample was drawn from 389 banks in the 41 countries. The study used regression analysis to show effect of variables on bank returns. The study found that industry, firm and macroeconomic variables were significant determinant of profitability. However, this study was across countries and it creates a gap for specific country study to reach a sound conclusion.

Locally, Kiruri (2016) conducted a research on effects of ownership structure on profitability in banking sector in Kenya. He used secondary data from commercial banks report. The study found that state ownership negatively affected profitability while domestic and foreign ownership had a significant positive effect on profitability. This research was only limited to one aspect of corporate governance and it creates the importance of looking at many aspects in relation to firms performance.

Nyarige (2012), researched on effects of corporate governance structures on financial performance of commercial banks in Kenya. The study focused on banks listed in the NSE. The study used cross sectional survey to seek out differences in corporate

governance structures among the listed banks. The finding showed that there was a positive relation of governance structures and performance.

Muchai (2014), researched on relationship of corporate social responsibility and profitability in commercial banks in Kenya. Secondary Data was sourced from Central Bank and financial statements published by banks. Data analysis was done using multiple regression analysis. The study found a strong positive correlation between corporate social responsibility and profitability. The study looked on CSR and not corporate governance practices in relation to financial performance and this creates a gap for research on corporate governance practices.

Ondigo (2016) did a research on the relationship of risk management, firm characteristics, corporate governance and financial performance of Kenyan commercial banks. The study used descriptive research design and data was done analysis using regression and correlation analysis. The study outcome was that the three variables significantly predicted bank financial performance other than liquidity. Firm characteristics were a moderating variable while risk management intervened the relation of corporate governance and financial performance. He looked at three corporate governance practices board size, board composition and board independence. This study intends to look at some more practices in addition to the three listed above.

Wachira (2014) did a study on effects of corporate governance on share return of firms listed in Nairobi Securities Exchange. The population of the study was 61 listed firms and 32% was used to draw a sample. Secondary data from companies' annual reports was used and analysis was done using multiple linear regression models. The study concluded

that corporate governance had a significant effect on share returns. The study was limited to share returns and more research can be done on other performance measures.

2.5 Research Gap

Review of the literature available found a mixed relationship of corporate governance on financial performance. The literature was also on financial performance on different contexts. There was little literature that narrowed down on the scope of corporate governance practices on medium and low tier banks because many studies based their research on other sectors of economy and used few practices of corporate governance for instance; Masulis et al. (2007) did a study on CEO duality and organization performance and Kiruri (2016) conducted a research on effects of ownership structure on profitability. Their studies were on one aspect of corporate governance practices. Stewardship theory advocates for CEO duality and the review on literature indicates it have a negative impact on financial performance. This creates a research gap that this study intended to fill by examining the effect of corporate governance practices on the financial performance of tier two banks.

2.6 Conceptual Framework

The conceptual framework gives a portrayal of how the factors identified are related to each other. Conceptual framework describes the relationship between independent and dependent variables of the study. This research seeks to establish effect of corporate governance practices (independent variables) on financial performance (dependent variables).

Corporate Governance Practices
- Board size
- Board Diversity
- Board Structure
- Number of Board Committees

Control variables
- Bank liquidity
- Bank Size

Financial Performance
- ROA
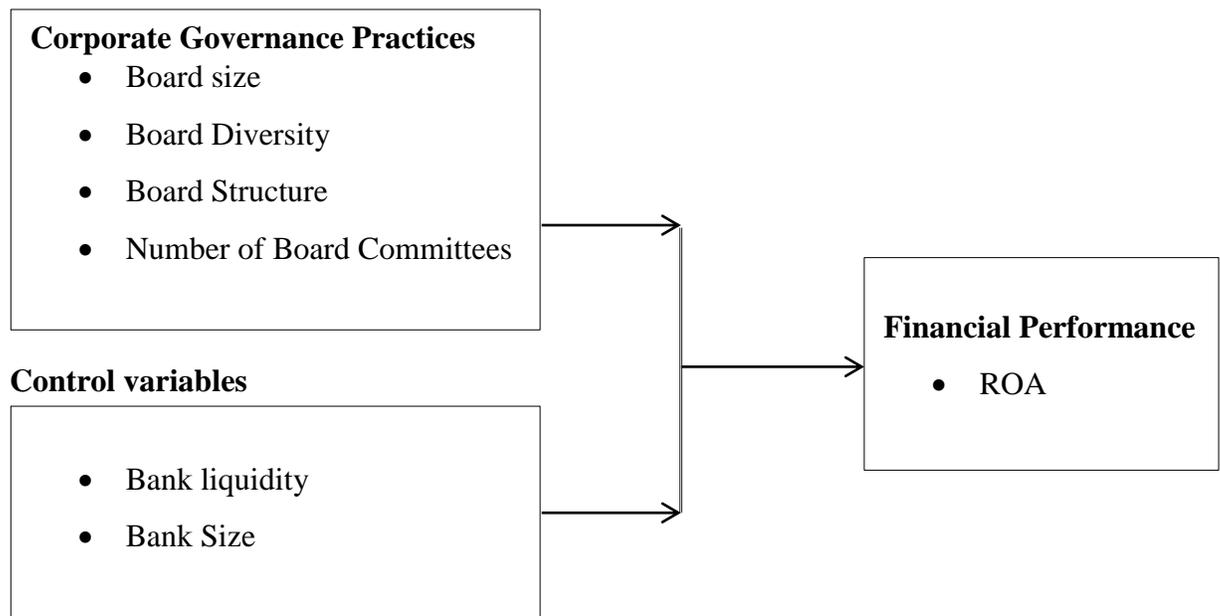
Figure 2 1: Conceptual Framework

Source: Researcher, (2018)

2.7 Summary of Literature Review

There are several theoretical reviews which have attempted to look at the idea of corporate governance practices. This research has used three theories which are discussed in the theoretical section. Theories in discussion are: the agency theory, resource dependency theory and stewardship theory. Various financial performance determinants are also explained in the chapter. The chapter also summarizes empirical studies relating to corporate governance and financial performance at global and local level. The knowledge gap that exists on various works by researchers is also highlighted and the connection of variables is also outlined.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes methods of research to be applied to objectively establish the effect of corporate governance practices on financial performance of tier-two banks. It also illustrates the population of study, research design, data collection, analysis criteria and analytical model.

3.2 Research Design

Research design can be defined as an outline of the actual measures, adopted by an investigator for testing the correlation involving dependent variables as well as independent variables (Kothari, 2008). Descriptive research design was adopted by the study. A descriptive research design was appropriate because it helped answer the questions of the form ``what''. The study questions can well be answered if the research design applied guides the analysis method that aimed to establish the effect of corporate governance on financial performance of tier two commercial banks in Kenya.

3.3 Target Population

According to Mugenda and Mugenda (2003) target population refers to the total element which the research findings are generalized. The study focused on the Kenya banking sector and narrowed to all tier-two banks in Kenya. According to CBK Annual Report (2017) there are 14 banks classified as tier two having scored between one to five percent in a composite index of assets, deposits and customer numbers (see in appendix 1).

3.4 Data Collection

The research relied on secondary data. Secondary data was obtained from annual published bank financial statements and from the CBK annual bank supervision report. Data on the predictor variables; board size, board structure, board diversity and board committees was drawn from the annual reports. Total assets and net income was the data relating to the responsive variable and was obtained from the financial statements.

3.5 Diagnostic Test

Various diagnostic tests such as tests for normality, multicollinearity and autocorrelation were used.

3.5.1 Normality Test

Normality test is done because it is impractical to achieve accurate and reliable deductions about the reality on whether the population from which the sample is derived is normally distributed (Ghasemi & Zahediasl, 2012). This study used Kolmogorov-Smirnov test of normality and the graphical method to assess whether the data is normally distributed.

3.5.2 Multicollinearity Test

Multicollinearity happens when there is a great extent of correlation between independent variables in a study. Correlation matrix helps in determining presence of collinearity and independent variables with collinearity of more than 0.8 are assumed to have severe multicollinearity and should be adjusted to fit in the study model (Saunders, Lewis & Thornhill, 2015). When the test fails you should standardize the continuous variables by

choosing on a standardization method on the regression dialog box. For instance you may choose variable centering approach.

3.5.3 Autocorrelation Test

Autocorrelation is the measurement of the similarity between a certain time series and lagged value of the same time series over successive time intervals. It will be tested using Durbin-Watson. This test depicts a test statistic with a value of 0 to 4 where 2 no autocorrelation exists, where the statistic is less than two a positive autocorrelation exists and where greater than two, negative autocorrelation exists (Khan, 2012).

3.6 Data Analysis

Typically involves application of statistical measures and logical methods to evaluate and establish a relationship between data (Tully, 2014). Data collected was analyzed through use of Microsoft Excel (MS Excel) and Statistical Software for Social Scientists (SPSS) Version 21. SPSS and MS Excel are preferred as they produced output that found adequate statistical inference and generally easy to use. The output of the data analysis was reported in various tables highlighting the relevant statistics.

3.6.1 Analytical Model

$$\mathbf{Y}_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \mathbf{€}$$

Where;

α = constant

$\mathbf{Y}_i$ = Financial Performance (ROA)

$\mathbf{X}_1$ = Board size

X₂= Board Diversity

X₃=Board Structure

X₄= Bank Size

X₅ = Bank liquidity

X₆= Board Committees

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6,$ =co-efficient of the model

ϵ = the stochastic error term

Table 3 1: Measurement of Variables

	Variable	Measurement
Y	Return on Assets	$\dfrac{EBIT}{Total\ Assets}$
X_1	Board size	Measured as the total number of directors in the board
X_2	Board Diversity	Determined using the ratio of female directors in the board
X_3	Board Structure	Measured using the ratio of independent directors to the total number of directors.
X_4	Bank Size	Log (Total assets)
X_5	Bank liquidity	$\dfrac{Total\ Loans\ and\ Advances\ to\ Customers}{Customer\ Deposits}$
X_6	Board Committees	Measured by number of committees in the organization.

3.6.2 Test of Significance

The test for joint significance of all coefficients was done using the F-test while the test for individual coefficient was done using the T-test. The significance of the regression model was determined at 95% confidence level.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This section represents the analysis, findings and interpretations of the secondary data extracted from the audited financial statements of tier two commercial banks in Kenya. The study period was six years (2012-2017). Out of the fourteen tier two commercial banks, the research managed to get data for twelve banks. This translated to 85.71% response rate which the research considered an adequate representation of the target population. Using descriptive statistics, correlation analysis and regression analysis, the results of the study were presented in form of tables for easy interpretation.

4.2 Diagnostic Tests

The study assessed normality through Kolmogorov-Smirnov and Shapiro-Wilk tests, multicollinearity through variance of inflation factors and autocorrelation through Durbin-Watson.

4.2.1 Normality Test

Test for normality was done on the data collected to establish whether it was collected from a normally distributed population. When p-value greater than 0.05 would indicate that the data was collected from a normally distributed population.

Table 4 1: Normality Tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Return on Assets	.078	72	.200[*]	.979	72	.258
Board size	.065	72	.200[*]	.981	72	.348
Board Diversity	.091	72	.200[*]	.972	72	.109
Board Structure	.071	72	.200[*]	.973	72	.122
Bank Size	.073	72	.200[*]	.974	72	.146
Bank liquidity	.087	72	.200[*]	.976	72	.184
Board Committees	.088	72	.200[*]	.975	72	.161

Table header spanning: "Tests of Normality"

Source: Research Findings (2018).

Both Shapiro-Wilk tests and Kolmogorov-Smirnova indicated that p-values greater than 0.05. This was an indication that the secondary data used in this study was collected from a normally distributed population. The null hypothesis that the data was normally distributed is therefore, rejected. Consequently, the data can be used in carrying out advanced parametric analysis such as Pearson's correlation and regression analysis.

4.2.2 Multicollinearity Test

The variance inflation factors and tolerance levels were used to test for multicollinearity between the independent variables. Table 4.2 shows the results

Table 4 2: Test for Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
Board size	.816	1.226
Board Diversity	.711	1.406
Board Structure	.755	1.324
Bank Size	.798	1.254
Bank liquidity	.821	1.219
Board Committees	.697	1.434

Dependent Variable: ROA

Source: Research Findings (2018).

The collinearity statistics on table 4.2 indicates that there is no multicollinearity since the VIF values are less the recommended value of 10 while the tolerance values are more than the recommended value of 0.2

4.2.3 Autocorrelation

Autocorrelation test was done to check if there was similarity between the data and their lagged value in time series.

Table 4 3: **Test for Autocorrelation**

Model	Durbin-Watson
1	1.706

Source: Research Findings (2018).

The autocorrelation statistics on table 4.3 indicates that the variable residuals were not serially correlated since the value was within the acceptable range of between 1.5 and 2.5.

4.3 Descriptive Analysis

Descriptive statistics gives a presentation of the mean, maximum and minimum values of variables applied together with their standard deviations in this study. Table 4.4 below shows the descriptive statistics for the variables applied in the study. An analysis of all the variables was obtained using SPSS software for the period of six years (2012 to 2017) on an annual basis. Financial performance had .028672 as mean with a 0.02184 standard deviation. Board size had a mean of 0.9992 and a standard deviation of 0.1057. Board diversity resulted to a mean of 0.1789 with a standard deviation of 0.8883. Board structure had a mean of 0.8000 and a standard deviation of 0.0859. Bank size recorded a 7.869 mean with a standard deviation of 0.2745. Bank liquidity had a mean of 0.7963 standard deviation of .2275 while board committees had a mean of 4.417 and a standard deviation of 1.676

Table 4 4: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	72	-.0207	.1039	.028672	.0218362
Board Size	72	.7782	1.2553	.999247	.1057421
Board Diversity	72	.0000	.4000	.178946	.0888316
Board Structure	72	.5882	1.0000	.799981	.0858509
Bank Size	72	7.3000	8.3957	7.868635	.2744609
Bank Liquidity	72	.4581	1.4072	.796285	.2275206
Board Committees	72	1.0000	9.0000	4.416667	1.6762635
Valid N (listwise)	72				

Source: Research Findings (2018).

4.4 Correlation Analysis

Correlation analysis are used to test whether a relationship exists between two variables and often range between (-1) strong negative correlation and (+1) perfect positive correlation. The study employed the Pearson correlation to analyze the level of correlation. A p-value of 0.05 or less was used to indicate significant correlations.

Table 4 5: Correlation Analysis

		Y	X_1	X_2	X_3	X_4	X_5	X_6
Return on Assets (Y)	Pearson Correlation	1						
	Sig. (2-tailed)							
Board size (X_1)	Pearson Correlation	-.103	1					
	Sig. (2-tailed)	.389						
Board Diversity (X_2)	Pearson Correlation	-.065	-.018	1				
	Sig. (2-tailed)	.590	.884					
Board Structure (X_3)	Pearson Correlation	-.019	-.305**	.271*	1			
	Sig. (2-tailed)	.876	.129	.210				
Bank Size (X_4)	Pearson Correlation	.322**	-.245	.234*	.344**	1		
	Sig. (2-tailed)	.006	.138	.480	.103			
Bank liquidity (X_5)	Pearson Correlation	-.169	-.166	-.024	.257*	.214	1	
	Sig. (2-tailed)	.157	.162	.839	.290	.171		
Board Committees (X_6)	Pearson Correlation	-.209	.169	-.419**	-.093	.37	.268*	1
	Sig. (2-tailed)	.078	.156	.121	.437	.755	.230	

Source: Research Findings (2018)

The researchers established that there was a positive and statistically significant correlation (r = .322, p = .006) between financial performance and bank size. Negative

and insignificant correlation was noted between board size, board diversity, board structure, board committees, bank liquidity and financial performance. This indicates absence of multi-collinearity among the predictor variables implying that they can be used as determinants of tier two commercial banks financial performance.

4.5 Multiple Regression Analysis

The objective was to determine effect of corporate governance on financial performance of tier two banks in Kenya. This was done through a regression analysis where financial performance was regressed against corporate governance. Bank Size and bank liquidity were used as control variables. The study obtained the model summary statistics as illustrated in table 4.6 below.

4.5.1 Model Summary

Table 4 6: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.513ª	.263	.195	.0195956

Source: Research Findings (2018).

R squared is the coefficient of determination and depicts the variations in the response variable that is brought about by the changes in the predictor variables. From the outcome in table 4.6 above, the value of R square was 0.263, a discovery that 26.3 percent of the deviations in financial performance of tier two commercial banks are caused by changes in board size, board structure, board diversity, board committee, bank liquidity and bank size. Other variables not included in the model justify for 73.7 percent of the variations in

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financial performance of tier two commercial banks in Kenya. Also, the results revealed that there exists a strong relationship among the selected independent variables and the financial performance of tier two commercial banks in Kenya as shown by the correlation coefficient (R) equal to 0.513.

4.5.2 Analysis of Variance

Table 4 7: **Analysis of Variance (ANOVA)**

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.009	6	.001	3.861	.002[b]
	Residual	.025	65	.000		
	Total	.034	71			
a. Dependent Variable: Return on Assets						
b. Predictors: (Constant), Board Committees, Bank Size, Bank liquidity, Board size, Board Structure, Board Diversity						

F Critical Value = 2.242

Source: Research Findings (2018).

The significance value is 0.002 which is less than p=0.05. This implies that the model was statistically significant in predicting how corporate governance practices (board size, board diversity, board structure and board committee), bank liquidity and bank size affects financial performance of tier two commercial banks in Kenya. The researcher used t-test to determine the significance of each individual variable used in this study as a predictor of financial performance of tier two commercial banks in Kenya. At 95% level of confidence, a p-value of less than 0.05 was interpreted as a statistical significance measure. The calculated F-value of the dependent variable was greater than the critical

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value (3.861>2.242). This is an indication that corporate governance has a significant effect on the financial performance of tier two commercial banks in Kenya.

4.5.3 Coefficients of Determination

The researchers further computed co-efficients of determination to establish the direction of the relationship between the variables. The co-efficients of determination are shown below.

Table 4 8: Coefficients of Determination

	Coefficients					
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.203	.080		-2.532	.014
	Board size	.001	.024	.004	.032	.974
	Board Diversity	-.070	.031	-.284	-2.248	.028
	Board Structure	-.022	.031	-.086	-.703	.485
	Bank Size	.037	.009	.466	3.911	.000
	Bank liquidity	-.016	.011	-.170	-1.445	.153
	Board Committees	-.004	.002	-.309	-2.421	.018
a. Dependent Variable: Return on Assets						

Source: Research Findings (2018).

The results indicated that Board Size (t= .032, p= 0.974) and Bank Size (t= 3.911, p= 0.000) produced a positive effect on the financial performance of tier two commercial banks in Kenya. However, only the effect of bank size was found to be statistically significant. Board Diversity (t= -2.248, p= 0.028), Board Structure (t= -.703, p= .485), Bank liquidity (t= -1.445, p= 0.153) and Board Committees (t= -2.421, p= 0.018) had a

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negative effect on the financial performance of tier two commercial banks in Kenya. However, only the effect of Board Committees was found to be statistically significant.

The equation for the regression model is estimated as follows:

$$Y = -0.203 + 0.001X_1 - 0.070X_2 - 0.022X_3 + 0.037X_4 - 0.016 X_5 - 0.004 X_6$$

Where;

Y_i = Financial Performance (ROA)

X_1 = Board size

X_2 = Board Diversity

X_3 = Board Structure

X_4 = Bank Size

X_5 = Bank liquidity

X_6 = Board Committees

The Constant value of -0.203 in the estimated analytical model above indicates that if selected dependent variables (board size, board structure, board diversity, board committee, bank liquidity and bank size) were rated zero, the financial performance of tier two commercial banks in Kenya would be -0.203. A unit increase in board size and bank size would lead to an improvement in financial performance by 0.001 and 0.037 respectively. Increase in board diversity, board structure, bank liquidity and board committees' would reduce financial performance by 0.070, 0.022, 0.016, and 0.004 respectively.

4.6 Discussion of Research Findings

The objective of the research was to determine the effect of corporate governance on financial performance of tier two banks in Kenya. Financial performance was measured using return on assets while corporate governance was measured using board size, board diversity, and board structure and board committees. Bank Size measured as a log total assets and Bank liquidity measured as ratio of loan and advances to customer deposits were used as control variables. The effect of each of the independent variable on the dependent variable was analyzed in terms of strength and direction.

The Pearson correlation coefficients between the variables revealed that Board Size and Bank Size produced a positive effect on the financial performance of tier two commercial banks in Kenya but only the effect of bank size was found to be statistically significant. Block diversity, board structure, bank liquidity and board committees had a negative effect on the financial performance of tier two commercial banks in Kenya but only the effect of board committees was found to be statistically significant.

The model summary revealed that the independent variables: corporate governance practices (board size, board structure, board diversity and board committee), bank liquidity and bank size explains 26.3% of variation in the dependent variable as depicted by an R^2 value implying that other factors were not included in the model that account for 73.7% of changes financial performance of tier two commercial banks in Kenya. The model is fit at 95% confidence level as the F-value was 3.861. Therefore, the overall multiple regression model is statistically significant and suitable in predicting how the independent variables selected affects financial performance of tier two commercial banks in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter shows the summary of the results of the prior chapters, the conclusions drawn from the study findings and the encountered shortcomings during the course of the study. The chapter makes also policy recommendations, which can be executed to attain high financial performance and firm's worth. Finally, the chapter shows suggestions for future research studies, which can be helpful to future scholars.

5.2 Summary of Findings

The study sought to investigate the effect of corporate governance practices on financial performance of tier two commercial banks in Kenya. The independent variables for the study were board size, board structure, board diversity, board committees, bank liquidity and bank size. The study adopted a descriptive cross-sectional research design. The secondary data used was extracted from the audited financial statements of tier two commercial banks in Kenya. The study period was six years (2012-2017). Data was analyzed using SPSS software version 22.

From the results of correlation analysis, there was a positive and statistically significant correlation (r = .322, p = .006) between financial performance and bank size. Negative and insignificant correlation was noted between board size, board diversity, board structure, board committees, bank liquidity and financial performance of tier two commercial banks in Kenya.

The model summary indicated that R-square value was 0.263 implying that the predictor variables selected for this study explains 26.3% of changes in the dependent variable. This means that there are other factors not included in this model that account for 73.7% of changes in financial performance of tier two commercial banks in Kenya. The model was fit at 95% confidence level and F-value of 3.861. Therefore, the overall multiple regression model was statistically significant and thus suitable in explaining how the financial performance of the tier two commercial banks in Kenya is affected by the selected independent variables.

The regression results show that when all the independent variables (board size, board structure, board diversity, board committee, bank liquidity and bank size) selected for the study have zero value, financial performance of tier two commercial banks in Kenya would be -0.203 in the estimated analytical model. A unit change in board size and bank size would lead to an improvement in financial performance by 0.001 and 0.037 respectively. Increase in board diversity, board structure, bank liquidity and board committees' would reduce by financial performance by 0.070, 0.022, 0.016, and 0.004 respectively.

This finding supports existing literature. For instance, Yermack (1996) also found evidence that firms with small boards have higher market valuation than firms with larger boards. He discovered that firms with small boards exhibit higher profitability ratios.

5.3 Conclusion

The study concludes that there is a strong relationship (R= 0.513) between corporate governance and financial performance of tier two commercial banks in Kenya. Corporate

governance accounts for 26.3% of the total variance in the financial performance of tier two commercial banks.

The study also concludes that different practices of corporate governance affect financial performance of tier two commercial banks differently. Board Size and Bank Size influences financial performance positively but only the effect of bank size was statistically significant. Board diversity, board structure, bank liquidity and board committees influence financial performance negatively.

5.4 Policy Recommendations

The study found out that bank size influences financial performance positively and in a statistically significant manner. The shareholders of tier two commercial banks in Kenya should therefore consider increasing the size of their banks in terms of assets as this will help the banks to generate higher returns.

The study also established that board committees influence financial performance negatively in statistically significant way. The study therefore recommends that the shareholders of tier two commercial banks in Kenya should consider reducing the number of committees as this will results to improved financial performance.

5.5 Limitations of the Study

The scope of this study was for six years 2012-2017. It has not been determined if the results would hold for a longer study period. Furthermore it is uncertain whether similar findings would result beyond 2017. A longer study period is more reliable as it will take into account major happenings not accounted for in this study.

The researcher found it difficult to obtain the data. This was because some of the data sought was not readily available in the financial statements. This explains why the researcher was only able to get data from twelve banks out of the possible fourteen. Another limitation was the quality of the data. It is illusion to derive conclusions from the study since the legitimacy of the situation cannot be ascertained. The data that has been used is only assumed to be accurate. The measures used may keep on deviating from one year to another subject to prevailing condition. Secondary data that had already been retrieved was utilized for the study, unlike the primary data which is first-hand information.

For data analysis purposes, the researcher applied a multiple linear regression model. Due to the shortcomings involved when using regression models such as erroneous and misleading results when the variable values change, the researcher cannot be able to generalize the findings with certainty. If more and more data is added to the functional regression model, the hypothesized relationship between two or more variables may not hold.

5.6 Suggestions for Future Studies

The following suggestions should be considered for further studies. Corporate governance only explained 26.3% of the financial performance of tier two commercial banks in Kenya. Further studies would be necessary to establish the other key determinants of financial performance of tier two commercial banks. In future, a study aimed at evaluating how the quality of corporate governance affects the satisfaction of the key stakeholders of tier two commercial banks in Kenya would be beneficial to the management of the said banks and the scholars in general.

The study concentrated on the last six years since it was the most recent data available. Future studies may use a range of many years e.g. from 2000 to date and this can be helpful to confirm or disapprove the findings of this study. The study limited itself by focusing on tier two commercial banks in Kenya. The recommendations of this study are that further studies be conducted on other banking sector. Finally, due to the shortcomings of regression models, other models such as the Vector Error Correction Model (VECM) can be used to explain the various relationships between the variables.

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APPENDIX I: LIST OF TIER TWO BANKS IN KENYA

S/N	NAME
1	CFC Stanbic
2	NIC Bank
3	Chase Bank
4	I & M
5	Bank of Africa
6	Family Bank
7	Eco Bank
8	Housing Finance
9	Bank of Baroda
10	Bank of India
11	Citibank N.A
12	Guaranty Trust Bank
13	National Bank
14	Prime Bank

APPENDIX II: DATA

Years	Y	X1	Log(X1)	X2	X3	X4	Log(X4)	X5	X6
2012	0.0417	10	1.0000	0.1000	0.8000	108348593	8.0348	0.8580	6
2013	0.0414	11	1.0414	0.0909	0.8182	121062739	8.0830	0.9118	6
2014	0.0427	13	1.1139	0.1538	0.7692	145780505	8.1637	1.0014	6
2015	0.0386	13	1.1139	0.1538	0.7692	165788268	8.2196	1.0204	7
2016	0.0364	12	1.0792	0.1667	0.8333	169458985	8.2291	1.0236	7
2017	0.0272	15	1.1761	0.2000	0.8000	206172460	8.3142	0.8621	7
2012	0.0320	10	1.0000	0.3000	0.7000	143212155	8.1560	0.7812	5
2013	0.0423	8	0.9031	0.2500	0.8750	170726460	8.2323	0.7971	2
2014	0.0408	12	1.0792	0.2500	0.7500	180998985	8.2577	0.9218	3
2015	0.0353	10	1.0000	0.2000	0.8000	208451915	8.3190	0.9881	5
2016	0.0282	9	0.9542	0.2222	0.7778	214682729	8.3318	0.9687	5
2017	0.0217	10	1.0000	0.4000	0.9000	248738719	8.3957	0.8440	2
2012	0.0478	9	0.9542	0.1111	1.0000	119233345	8.0764	0.8090	2
2013	0.0514	8	0.9031	0.2500	1.0000	141200544.9	8.1498	0.9458	2
2014	0.0485	8	0.9031	0.0000	0.7500	154163487	8.1880	1.0242	7
2015	0.0531	9	0.9542	0.1111	0.6667	164822609	8.2170	0.9849	6
2016	0.0495	8	0.9031	0.1250	0.7500	182157482	8.2604	0.9310	6
2017	0.0388	8	0.9031	0.1250	0.8750	202645013	8.3067	0.9154	6
2012	0.0134	9	0.9542	0.1111	0.7778	62692243	7.7972	0.8407	1
2013	0.0099	11	1.0414	0.2727	0.8182	66537981	7.8231	0.8101	4
2014	0.0028	12	1.0792	0.2500	0.7500	77075795	7.8869	0.8776	4
2015	-0.0207	9	0.9542	0.2222	0.8889	69280267	7.8406	0.7960	4
2016	-0.0003	9	0.9542	0.2222	0.8889	55995671	7.7482	0.9152	4
2017	0.0006	8	0.9031	0.3750	0.8750	54191291	7.7339	0.8675	4
2012	0.0280	11	1.0414	0.0909	0.7273	30989337	7.4912	0.7260	5
2013	0.0410	11	1.0414	0.0909	0.7273	43513903	7.6386	0.8080	5
2014	0.0431	11	1.0414	0.0909	0.7273	61834403	7.7912	0.8046	5
2015	0.0364	10	1.0000	0.1000	0.8000	81281366	7.9100	0.8907	6
2016	0.0096	11	1.0414	0.0909	0.8182	69491684	7.8419	1.2118	6
2017	-0.0196	8	0.9031	0.1250	0.8750	69134935	7.8397	0.9179	6
2012	0.0174	18	1.2553	0.1111	0.6111	19950335	7.3000	0.6457	3
2013	0.0098	17	1.2304	0.1176	0.6471	22532453	7.3528	0.6926	3
2014	0.0214	17	1.2304	0.1765	0.5882	24243562	7.3846	0.7061	3
2015	0.0087	18	1.2553	0.2222	0.8333	23553919	7.3721	0.6818	6
2016	-0.0064	17	1.2304	0.1176	0.6471	20510974	7.3120	0.6860	6
2017	0.0129	14	1.1461	0.1429	0.8571	22431604	7.3509	0.6155	6
2012	0.0222	7	0.8451	0.0000	0.8571	40956577	7.6123	1.3207	5

2013	0.0312	8	0.9031	0.1250	0.8750	47389377	7.6757	1.3285	5
2014	0.0230	9	0.9542	0.2222	0.8889	60961680	7.7851	1.2531	5
2015	0.0245	7	0.8451	0.2857	0.8571	71659434	7.8553	1.2726	3
2016	0.0190	9	0.9542	0.3333	0.8889	71930140	7.8569	1.4072	4
2017	0.0046	9	0.9542	0.3333	0.8889	67541116	7.8296	1.3509	4
2012	0.0361	6	0.7782	0.1667	0.6667	46137777	7.6641	0.5712	2
2013	0.0482	6	0.7782	0.1667	0.6667	52021524	7.7162	0.5630	2
2014	0.0435	6	0.7782	0.1667	0.8333	61944650	7.7920	0.5831	3
2015	0.0365	8	0.9031	0.2500	0.8750	68177548	7.8336	0.5860	3
2016	0.0467	9	0.9542	0.3333	0.8889	82907475	7.9186	0.5611	4
2017	0.0526	9	0.9542	0.3333	0.7778	96132100	7.9829	0.5781	4
2012	0.1039	11	1.0414	0.2727	0.8182	69579795	7.8425	0.5301	4
2013	0.0700	10	1.0000	0.1000	0.8000	71242659	7.8527	0.5561	3
2014	0.0561	9	0.9542	0.2222	0.7778	79397809	7.8998	0.4719	3
2015	0.0633	10	1.0000	0.2000	0.9000	88147289	7.9452	0.4721	1
2016	0.0584	11	1.0414	0.2727	0.7273	103323540	8.0142	0.4581	1
2017	0.0649	11	1.0414	0.1818	0.8182	98231912	7.9923	0.5845	1
2012	0.0238	8	0.9031	0.0000	0.7500	25272692	7.4027	0.6611	6
2013	0.0086	9	0.9542	0.1111	0.6667	36682483	7.5645	0.6243	6
2014	0.0117	9	0.9542	0.2222	0.6667	45554407	7.6585	0.6570	6
2015	0.0107	9	0.9542	0.1111	0.7778	40964878	7.6124	0.7435	4
2016	0.0159	9	0.9542	0.2222	0.7778	40242307	7.6047	0.7150	4
2017	0.0080	9	0.9542	0.2222	0.7778	40104162	7.6032	0.7444	5
2012	0.0171	12	1.0792	0.1667	0.7500	67154805	7.8271	0.5136	7
2013	0.0192	12	1.0792	0.1667	0.7500	92493034	7.9661	0.5073	4
2014	0.0106	9	0.9542	0.2222	0.7778	123091996	8.0902	0.6267	4
2015	-0.0131	9	0.9542	0.2222	0.8889	125440316	8.0984	0.6129	4
2016	0.0016	10	1.0000	0.2000	0.9000	115292392	8.0618	0.6120	5
2017	0.0071	10	1.0000	0.2000	0.9000	109873140	8.0409	0.5554	4
2012	0.0267	11	1.0414	0.1818	0.7273	43462888	7.6381	0.5761	4
2013	0.0383	13	1.1139	0.2308	0.9231	49460889	7.6943	0.6595	4
2014	0.0418	15	1.1761	0.2000	0.8000	54917674	7.7397	0.7415	4
2015	0.0399	9	0.9542	0.0000	0.7778	65001652	7.8129	0.7831	5
2016	0.0358	10	1.0000	0.1000	0.8000	65335455	7.8151	0.7981	5
2017	0.0306	9	0.9542	0.0000	0.8889	77987909	7.8920	0.6704	9