DETERMINANTS OF CORPORATE GOVERNANCESTRUCTURES IN COMPANIES LISTED IN NAIROBI SECURITIES EXCHANGE

BY

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DECLARATION

I hereby certify that this research proposal is my original work and has not been presented for examination in any other institution of higher learning.

Sign: .... **Date: ....**

Mwenda Eric Miriti **Reg No: D61/79301/2015**

This proposal has been submitted for examination with our approval as the University supervisors.

Sign: .... **Date: ....**

Professor Evans Aosa

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DEDICATION

I wish to dedicate this study to my late Grandfather M'ibuathu Nkundi for believing in my efforts from a young age and his vision for our bright future. Thank you to my parents for entirely supporting me in my education journey both financially and emotionally.

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ABSTRACT

In the ever-changing business environment, every firm that is interested in becoming successful and remain competitive in the market must be conscious of the changes in the external environment and employ appropriate corporate governance structures that enhance its adaptation to the changes in external environment. The company must be in a position to adhere its governance systems and strategies to conform to the varying rules and regulations, ownership changes, financing structure as well as market share and demand patterns. In the recent past, organizations have focused on strategy and governance to achieve long-term goals and significant changes have been adopted to improve structure and performance. Overall, this exploration examined the determinants of corporate administration structures in recorded organizations in Nairobi Securities Exchange. The investigation used research poll to accumulate essential information from recorded organizations in Nairobi Securities Exchange. The information was gathered on the investigation point on determinants of corporate administration structures in recorded organizations in NSE. The investigation focused on 64 respondents and the specialist had the option to get 45 reactions. The specialist utilized quantitative information examination to get the exploration discoveries, ends and proposal thinking about that the information was quantitative. The examination discoveries were broke down in wording the connection between the corporate administration and the affecting variables to be specific; lawful and administrative system, board size and creation, firm size and proprietorship structure. The exploration additionally gave the outline of the discoveries, end and suggestion. The specialist gave the restriction of the examination lastly recommended zones for further research. The Study discovered that to accomplish fitting administration structures, there is have to hold fast to guidelines and rules appropriate and the legislature should upgrade its offices to execute these standards. Further, there is requirement for directors to oversee development. Changes in the firm size influence the overseeing structure and inability to put suitable structure can prompt lope gaps and abuse of corporate assets. Board individuals should be adjusted as far as sex and age to upgrade basic leadership. Investor support in administration issues is lower in instances of shareholding that is scattered, subsequently there is have to get more roads of investor cooperation in administration. The examination reasoned that the lawful and administrative edge work, firm size; possession structure and board attributes bigly affect corporate administration structures. It is clear that the ranking directors and CEO's know about these variables and join them in their administration choices.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Today's business environment through the organization shareholders, hold the board of directors accountable with regard to firm performance. The attention has been focused to the board of directors across the globe as they are viewed as key determinants of success and fail of any organization. The company directors are expected to give direction of the firm since they have authority as top management. In today's corporations, corporate governance is of much importance and every organization is trying to embark on effective strategies of enhancing corporate structures. Conflict in terms of interest has been witnessed between shareholders and managers of corporation across the world (Heracleous, 2001).

The influence of corporate governance on the performance of firms for the last 30 years has been of key concern in the finance and economics. The academicians, investors, have debated it globally; business managers and regulators (Centre for Corporate Governance, 2004). Various instances in the business world are the reasons for much concern on the corporate governance. For instance, the Asian financial crisis of late 1990s, Enron and World Com in United States, and financial scandals that affected US economy in 2000's. These are among the many cases that form the history shocking the world of business. The occurrences were termed by many professionals as unethical and illegal operations that ruined the some of the economies (Mang'unyu, 2011).

Stewardship theory clearly explains how corporate governance can be enhanced by managers sacrificing to play the role of stewards for the interest of shareholders and society.

Therefore, this promote financial and general performance of the organizations. On the other hand, agency theory explains about the ownership and control of firms, which are critical aspects in corporate governance. The owners are the shareholders and are not found together, they are dispersed but form an important part of the corporate governance structure. The agents on the other side are part of corporate governance and normally have the first hand information.

The basic function of Nairobi Securities Exchange is raising of funds for investment in long-term assets. Corporate governance is an important aspect in listing of companies in Nairobi securities Exchange. Key governance aspects considered include; establishment of an audit committee in compliance with guidelines on corporate governance issued b y the Capital Markets Authority, senior accounting officers are bound to be members of the Institute of Certified Public Accountants established under the AccountantsAct and at least a third of the Board members of the companies to be nonexecutive directors.

1.1.1 Concept of Corporate Governance

Corporate administration as characterized by Solomon (2007) is a procedure of investigation, which verifies that associations play out their obligations as per the general inclination of every one of their partners. Corporate administration accomplished worldwide centrality because of the flood of corporate embarrassments, for example, Enron, World-Com and others (Claesens (2006). There has been an endeavor to make an experimental association between inner corporate administration and execution utilizing two models: a balance qualities model and a consistence file model utilizing the office hypothesis. The balance attributes model accept that there exists an endogenous relationship between's inner administration structure and an association with the end goal that every association can openly pick its very own ideal administration structure (Gakeri, 2013). While utilizing the consistence file model, firms will in general pick administration structures as a set since associations' administration systems are forced from outside (Danielson and Karpoff, 1998; Shabbir and Padget, 2005).

According to Ilyas & Rafiq (2012), corporate governance entails making laws and motivation, which bounds the administration of the organization and ensures profit maximization through adherence to those set rules and this contributes to the value addition for both management and stakeholders. Corporate administration as indicated by Khan (2011) is a mix of procedures, laws, arrangements, customs and organizations that help in charge and organization of firms. The author continues to assert corporate governance aims at ensuring the organization achieve its goals by bringing a conducive environment between all stakeholders including the management and shareholders.

Appropriate corporate governance practices attracts domestic investments and ensures there is direct inflows form the foreign investments (Asiedu, 2004). Codes of corporate governance have been adopted by most of the Sub-Saharan African and these reflect the ones used by the developed countries. For instance, developing countries like Kenya, Nigeria and Ghana advocate for having independent members in the board and committees formed and C.E.Os positions be separate with that of chairperson and this is considered to be among the most appropriate corporate governance practices (Hearn, 2011). The CEO directly affects the firms’ governance. To bring equilibrium and for checking the power misuse, the CEO is supposed to serve independently from the chairperson. The board finds it difficult in responding to failure when there is lack of independent leadership (Jansen, 1993).

1.1.2 Corporate governance Structures

The corporate administration structure gives the rights and duty of key players including top managerial staff, administrators, investors, loan bosses, inspectors and controllers. Controlling and giving direction through rules and procedures is effectively done with those in the corporate structure. It is through this structure that firms' objectives are pursued and policies made (Donaldson, 1991; Gomper, 2003).

According to La Porta, Lopez & Shleifer (2009), the problem looked much widespread after the attack of corporate practices in the United States companies. Big companies clearly said they have corporate governance problems and these were Parmalat in Italy, Global Crossing Limited, Tyco International Limited and Adephia Communications. Due to outcry from the public, Dick Grasso the director of New York Securities Exchange was removed because of high compensation given.

In Africa, poor governance has been linked to decline in the economic performance of most of the firms (Ongore & K'Obonyo, 2011). According to World Bank (1988), in most of the developing countries, poor economic performance has been associated with poor governance. In 1988 World Bank Report, it was clearly indicated that severe institutional and weakness in the management contributed to the poor productivity of organizations in all sectors.

In East Africa, corporate governance awareness was made through a regional conference held in Kampala in Uganda June 1998. Every state member was advised to promote corporate governance by coming up with code of best practice and effective framework. An East African body was established that promoted corporate governance in institutions and across the region (Centre for Corporate Governance, 2004).

Kenyan accountability especially in the public sector has been lacking before the 1990s liberalization. Private sector has also been a victim of lack of accountability and today, inefficiency and poor corporate governance frameworks have been institutionalized (Bebchuck, Cohen & Ferrell, 2009). According to Gakeri (2013), the government was reluctant in enforcing securities laws since the senior officials in the government were the owners of shares in the listed companies and the board of directors was made of family members, friends and political associates in the government. The stockbrokers were not interested with the regulation but instead capitalized more on the business and making profits.

An effective and convenient corporate structure brings benefits to the organization. There are high chances of attracting funds quickly if the corporate governance structures are strong. Both domestic and international investors get attracted if their rights are guaranteed and the corporate governance practices proven to be timely, effective and have adequate corporate disclosure (McGee, 2008).

1.1.3 Firms listed in Nairobi Securities Exchange

Nairobi Securities Exchange was started in 1954 as a voluntaryassociation of brokers with an aim of developing the security market and activities of trading regulations. In Kenya, it is termed to be a public market where securities are traded in only the listed companies. The NSE is the fourth biggest Securities exchange with regard to the shares and the fifth in market capitalization (Iraya & Musyoki, 2013).

According to Kibuthu (2005), NSE provides a platform where ownership of firms is encouraged. The main aim of doing this is to ensure there is reduction of income inequalities by profit sharing hence promoting wealth distribution. The NSE 2004 purports that there is better management in the public companies as compared to private firms. This is enhanced due to the improved standards in the management hence effectively meeting the shareholders demands.

The local companies in the listed firms account for the two-thirds and the Kenyan residents form the majority of shareholders. These firms are incorporated in the Kenyan companies act. Other firms forming a third are categorized as foreign and majority of shareholders reside and operate in foreign countries (NSE Handbook, 2005). Currently, there are 64 listed companies in NSE.

1.2 Research problem

Corporate governance is considered important both in the ocal and foreign firms. It is of importance in the economic advancement of corporations and the society. Due to global failures on the corporate governance, the boards have faced pressure hence making them to be serious on their responsibilities. Through the state corporations, social objectives have been aimed to be achieved since the government through funding and board of directors being trained supports the agencies. An appropriate corporate governance structure will adopt appropriately to both external and internal business environment. Aligning of the organization to environmental changes, aids to corporate success and this attract investors and growth.

Nevertheless, an issue misbehavior, poor administration and botch of assets have related a few firms in the stock trade and different lines of tasks and this has been connected to absence of appropriate corporate administration. As per Brosh and Li (2006), recorded organizations in the United States of America and Canada have for the most recent decades passed some investigation of administrative specialists, monetary press and institutional financial specialists to improve corporate administration after a few issues announced about their fumble. Kahiyura (2013) states that money related division in Rwanda has been looked with outrages and because of poor corporate administration; numerous organizations in 2005 and earlier were pronounced ruined.

In Kenya, corporate administration structures were archived by Jebet (2001) utilizing the recorded firms. Kitonga (2002) did an examination concerning need of corporate administration in Kenya. Mwangi (2003) has contemplated corporate administration determinants. Nyarige (2012) found that board size of business banks have a solid connection with firm execution. There is logical inconsistency brought by Wepukhulu (2015) who contends that there is no connection between's possession structure, rehearses for corporate administration and firm execution explicitly on money.

Past studies in the Kenyan context have produced conflicting and mixed results on corporate governance. It is for this reason that the current study aim to find out the influence legal and regulatory frameworks, firm size, board characteristics, and ownership structure on corporate governance structures. What are the determinants of Governance Structures in companies listed in Nairobi Securities Exchange?

1.3 Research Objective

The objective of this study was to investigate the determinants of corporate Governance Structures in companies listed in Nairobi Securities Exchange.

1.4 Value of the study

To the managers, the study findings will enlighten them more about corporate governance and be in a position to make sound decisions and develop effective policies about the firms and this is a strategic way of improving financial performance. Managers in similar or different businesses can use these findings to adjust their corporate governance practices. Therefore, during policy formulation, the managers of various organizations will borrow from the successful corporate governance strategies generated by this study to enable their organizations achieve competitive advantage.

To the analyst, the investigation will give writing on corporate administration that can be looked into every occasionally. The discoveries will likewise include more information about corporate administration in the field of key administration and further guide them on territories that need further research on corporate administration. Data on the corporate administration by firms recorded in Nairobi Securities Exchange will likewise give new information to hopeful business visionaries and academicians to additionally investigate this zone of research in organizations for different ventures also, and shed even more light in accomplishing suitable corporate administration structures.

Lastly, the policy makers will benefit from this study results since it will form a basis for making policies that can enhance appropriate and effective governance structures. These policies are critical in the regulation of firms and doing away with some firms that are not doing genuine business. To the Capital Market Authority this study will give insights on how they can form a foundation for helping or enhancing the growth of listed companies and those aspiring to be listed

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature from past studies is provided in this chapter. The following will be discussed in this section: theoretical foundation, empirical review and research gaps

2.2 Theoretical Foundation

The study will be guided by two theories, which help in the understanding of corporate governance.

2.2.1 Stewardship theory

The stewardship theory has the assumption that the manager acts as a steward of the business being operated. The focus of the firm is to effectively serve the employees, clients and community at large (Karns, 2011). For the firm to serve it purpose, it must be able to sustain itself economically in order to meet its missions. The managers who acts as stewards, are not interested with their personal interests but rather are derived by the motives of the company towards serving the society (Davis, Schoorman & Donaldson, 1997).

The theory is of important to this study since it clearly explains how corporate governance can be enhanced by managers sacrificing to play the role of stewards for shareholders benefits and the society. Therefore, this kind of action promote financial and general performance of the organizations. According to Zahra & Pearce (1989), organizations and shareholders' interests are combined for purpose of increasing organizational productivity. The authors also believe that the managers' interest could better be achieved if they are focused first on the shareholders' interests and in turn, promotes the firm performance.

2.2.2 Agency theory

In agency theory, the shareholders act as principal while the managers as the firm agents. The agency association is enhanced when authorities are given by the principals to the agents in the running of business activities. Jensen and Meckling 1976 developed the agency theory with the view that agents are hired by the principals to run firms on their behalf. Today, organizations are left into the hands of managers termed as agents hence lacking ownership and control from the shareholders and this is where the problem of poor corporate governance starts. The managers are not the owner of the firms and sometimes may fail to be accountable.

Sanda, Mukaila, & Garba (2005) assert that agency problems can be reduced in various ways. These include; compensation of the managers so that they can own the firm, allocations of dividends, the owners of the firm (shareholders) efforts to reduce agency issues by selecting appropriate board of directors, threat of firing as well as takeover threats. This is supported by Nambiro (2007) who argues that the interests of agent and those of principal can be aligned through incentives such as stock options, profits and bonuses. Therefore, when this is done, the agent will always work having in mind the interests of principals.

The theory is important in this study since it explains about the ownership and control of firms which are critical aspects in corporate governance. The owners are the shareholders and are not found together, they are dispersed but are crucial in the governance structure. The agents on the other side are in the governance and normally have the first hand information. Due to dynamics in the market today, it is critical to take care for interests of both the agent and principal. There is need to build a strong trust between the agent and principal for the purpose of business growth. According Nyachae (2014), agency problem started after the separation of ownership of capital from its management and this brought the need for corporate governance. The agents are tempted to pursue their own interests due to the increased organizational complexities in the today's markets.

2.3 Corporate Governance Pillars

The three significant mainstays of corporate administration are straightforwardness, responsibility, and security. Each of the three are basic in effectively running an organization and framing strong expert connections among its partners, which incorporate board chiefs, supervisors, representatives, and above all, investor. Straightforwardness implies having nothing to stow away. For an organization, this implies it permits its procedures and exchanges perceptible to pariahs. It likewise makes essential divulgences, educates everybody influenced about its choices, and conforms to legitimate prerequisites. It takes more than straightforwardness to assemble trustworthiness as an organization. The second mainstay of corporate administration is responsibility. It takes responsibility, which can likewise mean answerability or obligation. Investors are profoundly keen on who will assume the accuse when something turns out badly in one of an organization's numerous procedures.

The third mainstay of corporate administration is security. An organization is relied upon to make their procedures straightforward and their kin responsible while keeping their venture information secure from unapproved get to. There is no tradeoff for this. Organizations that experience security breaks including the presentation of their customers' close to home data rapidly lose their believability. Salleh and Ahmad (2009) made case that the emphasis on corporate administration columns prompted administration evenhanded with consistence, concentrating on structure and procedure.

Nairobi securities exchange has rules and regulations that guide them in listing and delisting. Companies are exposed to disclosure regulations that requires transparency and accountability. This enables stakeholders to be make relevant investment decisions. Investors are also keen to protect their personal data from misuse. Key Staff in corporate governance should adhere to ethical practice of safeguarding investor information from breach.

2.4 Determinants of Corporate Governance Structures

This sub-section discusses the themes reflecting the research objectives. It comprises of legal and regulatory frameworks, firm size, board characteristics and ownership structure. Legal frameworks ensures that procedures are well established and this help the shareholders to be informed on various aspects of the firm such as time for meetings, and at what time to participate in decision making for the organization. The way the shareholders should be treated is also entailed in the legal and regulatory frameworks and enhances equal treatment (Hashi, 2003)

All countries across the globe have their own legal remedies to the firm that breaches the law. Some get fines, also officials may be imprisoned and restricted from any other employment. This is a critical approach and require more strengthening since it is not adequate in the current society where many loopholes are found despite having legal frameworks. Some rules like shareholders registration are not followed to the later in some countries and these are important rules aimed at protecting the minority. In Poland, there are strict rules that applies in Warsaw Stock Exchange. The same happens in Russia where level of law implementation is quite low. There are a lot of hidden beneficiary owners of the companies and this make the investors to have fear of entering into the market due to weak laws in place (Durnev and Kim (2003).

According to Denise (2001), legal and regulatory framework is an external factor that provide laws and regulations followed by organizations to strengthen their structures. Scott and Davis (2007) assert that in relation to corporate governance, legal and regulatory frameworks provides a description of what need to be done and the relationship between stakeholders and the management.

Firm size is another key determinant of the corporate governance structure. Larger firm's are expected to have an effective corporate governance since corporate resources are consumed by the governance mechanisms. Larger firms as compared to smaller firms have the capability of carrying the burden incurred as financial costs of most of the monitoring systems like disclosure systems, financial reporting, board of directors and internal control systems (Lee, & Park, 2004).

In a business, different things are affected by the firm size including the customer loyalty, good will, responsiveness to the stakeholders and patronage. The shareholders base and business capital base are determined by the business size and this is a key determinant of level of stewardship the board directors and stewardships are supposed to have. Because of statutory requirements, all firms are expected to publish their reports and were it not for this law, then smaller firms could not necessarily incur such costs. For the case of large firms, it's different because they must disclose all required information because they have many shareholders from different backgrounds. This also enhance the performance of large firms because this provide a platform for them to boost their goodwill and attract investors (Khodadadi, Khazami & Aflatooni, 2010; Barako, 2007).

Board diversity, size, independence, frequent meetings and board composition are critical aspects that should be enhanced by the board. Boyle and Jane (2011) assert that board diversity is a critical component of corporate governance. A mix of gender is encouraged to enhance various perspectives. The authors continues to argue that a board with more women is termed to have resourceful and additional skills as compared to a board with males only. Problem solving and proper monitoring is successfully achieved where board diversity is practiced. Lawal (2012) asserts that a small board size of 8-9 is effective for corporate decision-making. There is a possibility of bigger boards to slow down the decision making process and are subject to increase of costs.

Board diversity does not only entail consideration of gender, there are other key factors like age, religion, occupation, members experience and job groups that are looked at (La Porta & Schleifer, 2015). According to OECD (2004), it is critical for gender diversity to be encouraged. An independent audit is used and control systems properly done. Campbell & Minguez (2010) support by lamenting that supervising, appointing, remuneration of management and formulation of strategies are key mandate for the board.

The frequency of board meetings are increased due to poor performance and this is an effective way of boosting the firm performance (Mululu, 2005). Jensen (1993) and Vafeas (1999) are of the opinion that during crises, the role of boards is of much importance and this is especially when the interests of shareholders are in danger. Even today, it is still unclear about the association of value of firm and frequency board meetings.

Ownership structure is considered as an important part and usually have effects on corporate governance components. Controlling shareholders are important in management and monitoring of the corporate governance. Other than controlling shareholders; also the monitoring is done by the corporate shareholders, institutional investors and financial institutions and are generally termed as block shareholders (Lee, & Park, 2004). Durnev and Kim (2003) assert that higher ownership makes the block shareholders to enhance the corporate governance further since the economic stake to be protected is large. For the controlling shareholders, they may not find it important having a governance structure that monitors the management.

When other factors are held constant, a uniform change on the shareholders responsibilities and rights brings modification of the Kenyan commercial banks performance. Most business banks offers their published financial results and the analysis by management to investments analyst, they make these information available by posting these publication results on their website to enable all shareholders and investment analysts equal and ready access to the information. In conclusion, the findings established that nearly all the banks had registered profitable adjustments in monetary and investment portfolio forms in income on banks to equity more than the trade average, profitable increase in equity and assets for the last five years, and finally the banks had higher income on banks assets than trade average (Gitonga, 2016)

2.5 Empirical Studies and Research Gap

An investigation done by Koech (2018) on Determinants of Effectiveness of Corporate Governance in State Corporations in Kenya discovered that legitimate and administrative structure was a key determinant of corporate administration with a Mean of 3.8. There was a noteworthy relationship among legitimate and administrative systems and the corporate administration (β=.513, $p< .001$). The creator recommended that there is a requirement for the lawful and administrative systems to be authorized to improve the corporate administration (Koech, 2018).This examination was done on state companies in Kenya and did not exceptionally address Nairobi Securities trade, which is our reference for this investigation.

As indicated by Eccles, Ioannou, and Serafeim (2012), for the hierarchical to have a compelling and feasible culture that meet the organizations' objectives, the administration structure ought to be custom-made properly. Hence, fundamental components of corporate administration; including the chiefs and official should be useful. This investigation neglected to address other component of corporate administration as they are laid out in this examination

Vu and Nguyen (2017) did an investigation on the effects corporate administration on firm execution in recorded Singaporean organizations. The creators concentrated on the effect of CEO duality, board size, board freedom, and neglected to explore the impact of lawful and administrative systems, firm size, and possession structure on corporate administration structure, which the present investigation will address. The investigation utilized auxiliary information while the past examination will utilize both and the essential information will be gathered utilizing surveys.

Umutesi (2017) did an examination on Effect of Corporate Governance on Financial Performance of Listed Commercial Banks in Rwanda. The examination concentrated on board size, examination of chiefs' value premium and board sexual orientation assorted variety and neglected to research the impact of legitimate and administrative systems, firm size, and possession structure on corporate administration structure, which the ebb and flow study will address. The investigation additionally utilized just optional information. This examination will utilize essential information to gather data on corporate administration.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research methodology to be used is explained in this chapter. It entails all steps and procedures used for the purpose of study completion. The sub-sections include; research design, population, sample size and sampling technique, data collection and data analysis.

3.2 Research design

Descriptive Survey research design was used. This is a powerful design that enabled the researcher to make critical analyses of factors determining corporate governance's structures of listed firms in NSE. According to Adams, Raeside & White (2007), descriptive research design is mostly applied in quantitative research because it helps in provision of scientific results that are statistical. A descriptive research explains the nature of relationships. Mainly, quantitative approach will be applied in the study.

3.3 Population of the study

Mugenda and Mugenda (2003), populace involves set of people, components or occasions being contemplated. The objective populace involved the 64-recorded organizations in Nairobi Securities Exchange. The recorded organizations in Kenya Securities trade spread all segments of the economy and the rundown utilized is at September 2019 (https://www.nse.co.ke/recorded organizations/list.html). This investigation did a statistics of every single recorded organization focusing on one senior overseeing staff in each organization.

3.4 Data collection

The essential information was gathered utilizing organized examiners utilizing the Likert scale. Directed respondent in this examination was ranking directors and CEOs of the recorded organizations in NSE. This is because these authorities are at the focal point of the corporate administration structures and have a wide comprehension of system, administration and determinants of the corporate administration structures. Get auxiliary information on corporate administration structures was additionally from reports and vital reports from firms under the exploration.

3.5 Data analysis

The research used two levels of analysis. The first level was descriptive analysis. This will include summarizing of the quantitative data into frequencies and sums that can be easily understood especially for the sake of comparison such as ratios and percentages. The next level of analysis was inferential analysis in which relationships between variables was investigated. Two major approaches to this analysis was regression analysis and correlation analysis. A regression model illustrated the influence of legal and regulatory framework, firm size, board characteristics and ownership structures on corporate governance while correlation analysis will demonstrate the relationship between variables of study. The Statistical Package for Social Sciences (SPSS) was used for data analysis and complemented by excel. The equation below was used to show the multiple linear regression model of the independent variables against the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Corporate governance structures

$\beta_{1,}$ β_2 and $\beta_{3,}$ $\beta_{4,}$ = Beta coefficients

β_0 = Constant Term

X_1 = Legal and Regulatory Frameworks

X_2 = Firm Size

X_3 = Board Characteristics

X_3 = Ownership Structures

ε = Error term

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The issue of determinants Governance Structures in companies listed in NairobiSecurities Exchange has been discussed in this chapter. Further, both inferential and descriptive analysis involved the analysis presented within this chapter. Additionally, while the test of the relationships between the dependent variable (Corporate governance structures) and independent variables (Legal and regulatory framework, Farm size, board characteristic and ownership structure) was accomplished through multivariate regression analysis, descriptive analysis was used to analyze the general information.

4.2 Response Rate

This study targeted 64 participants from companies listed in the Nairobi stockexchange. There were 45 respondents who returned the questionnaires, and thus, this formed a 71.4% response rate. In accordance to the argument that a good response for analysis should be 50% or more by Mugenda and Mugenda (1999), the reaction pace of 71.4% was powerful for this exploration. As per Mugenda and Mugenda (1999), a reaction pace of (70%) is an incredible incentive for examination, and hence, this reaction rate got in this investigation was satisfactory and enabled the investigator to make valid analyses and conclusions.

The rate of response is summarized in Table 4.1:

Table 4. 1 Response rate

Questionnaires	Frequency	Percent (%)
Response	45	71.5%
Non-response	19	28.5%
Total	64	100.00%

4.3 Demographic Information

The examination at first looked to ask data on different parts of the respondents' experience that is, sexual orientation, and work involvement with their firms, work position and level of education.

4.3.1 Gender

The respondents were approached to demonstrate their sex; in like manner, the discoveries are as in the figure 4.1 beneath;

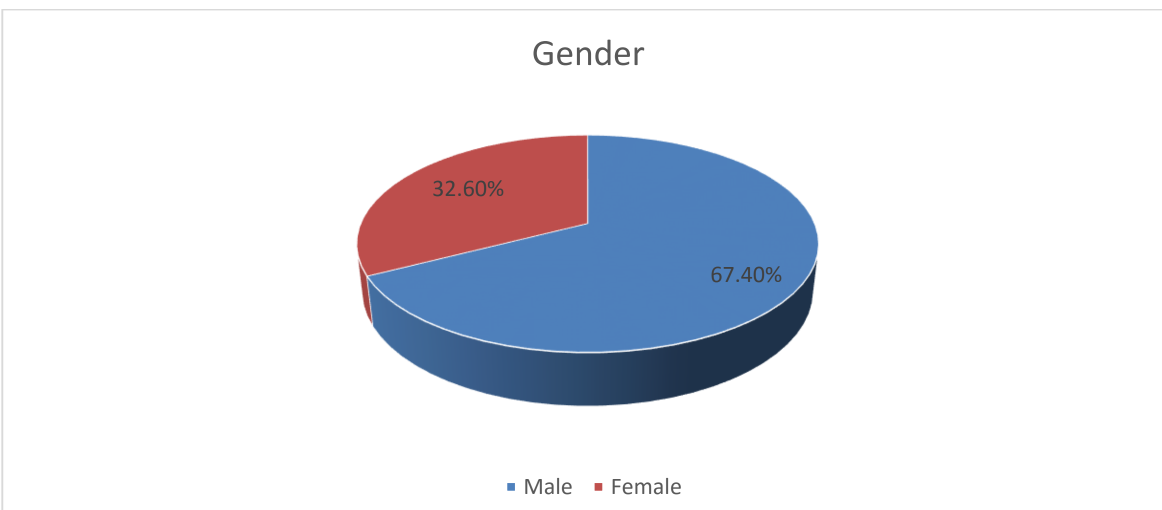

Figure 4.1 Gender

In light of the outcomes introduced in Figure 4.1, a large portion of the respondents was male 67.6% .There were 32.6% female respondents from the examination. The two sexual orientations were all around spoke to do the investigation.

4.3.2 Period of Working

The respondents were asked to indicate the period of time they had worked in their firms; accordingly, the findings are as tabulated in table 4.2 below;

Table 4.2 Period of working in the Firm

	Frequency (N)	**Percent (%)**
Less than 1 year	2	4.4
2- 5 years	21	46.7
6 – 9years	15	33.3
Over 10 years	7	15.6
Total	**45**	**100**

As per the results in table 4.3 above most (46.7%) of the respondents indicated 2– 5 years as their period they had worked in their firms; 33.3% for 6- 9 years; 15.6% for over 10 years while 4.4% for less than 1 year.

4.3.3: Work Position

The respondents were asked to indicate their work position; the finding were as indicated in the figure 4.2 below

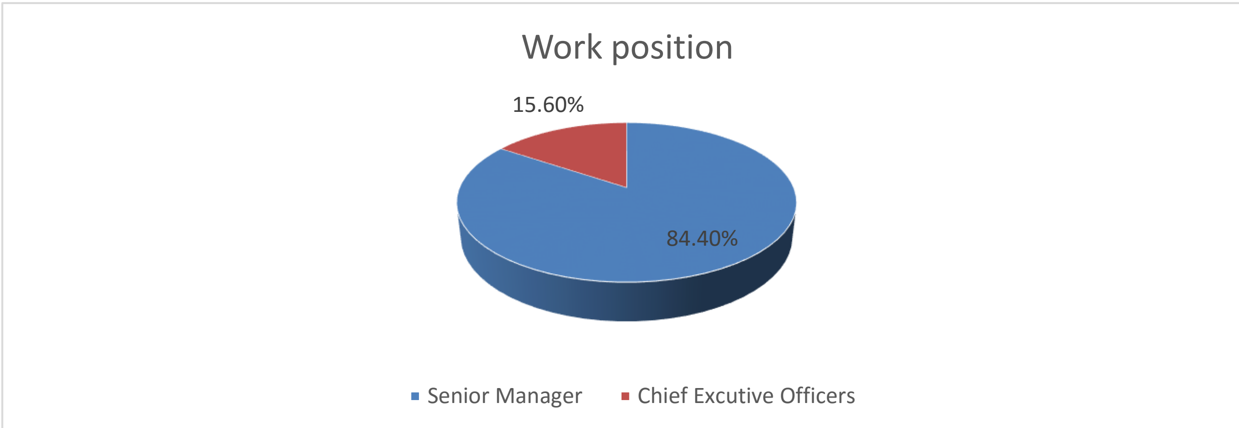

Figure 4.2 Work Position

The findings show that majority of the respondent (84.4%) works in senior managerial position while 15.6% were chief executive officers.

4.3.4: Level of education

The respondents were asked to indicate their level of education; the finding were as indicated in the figure 4.3 below

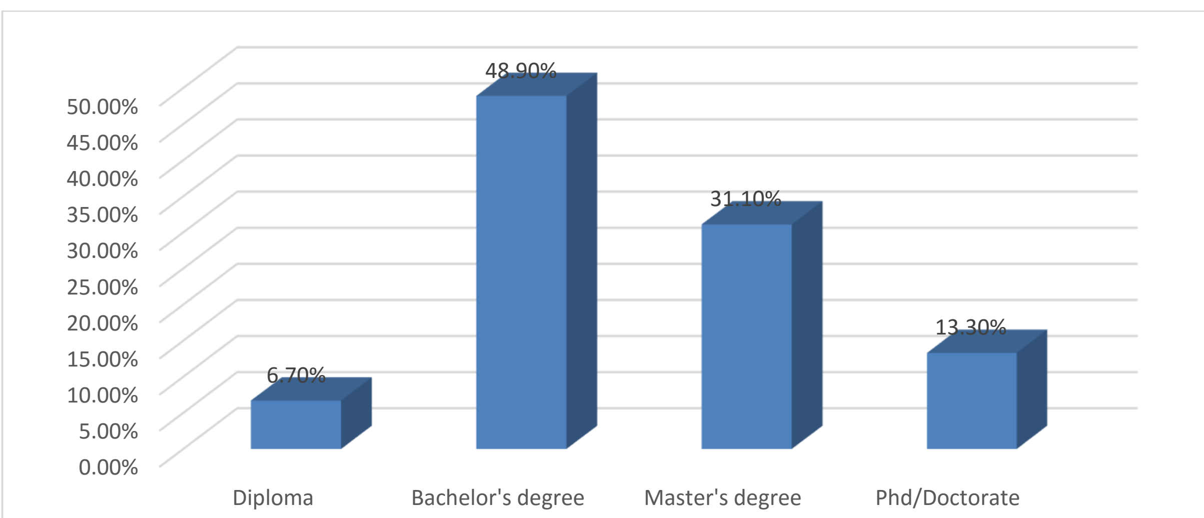

Figure 4.3 Level of education

The findings show that majority of the respondent (48.9%) had Bachelors' degree, 33.1% had Masters' degree, and 13.3% had PhD/Doctorate while only 6.7% had Diploma.

4.4 Descriptive Statistics

The characteristics of the responses that were received are presented in the following subsections under each variable.

4.4.1 Legal and Regulatory Framework

The respondent were asked to rate the influence of legal and regulatory frameworks on corporate governance structure in their firm. The finding were as indicated in the figure 4.4 below

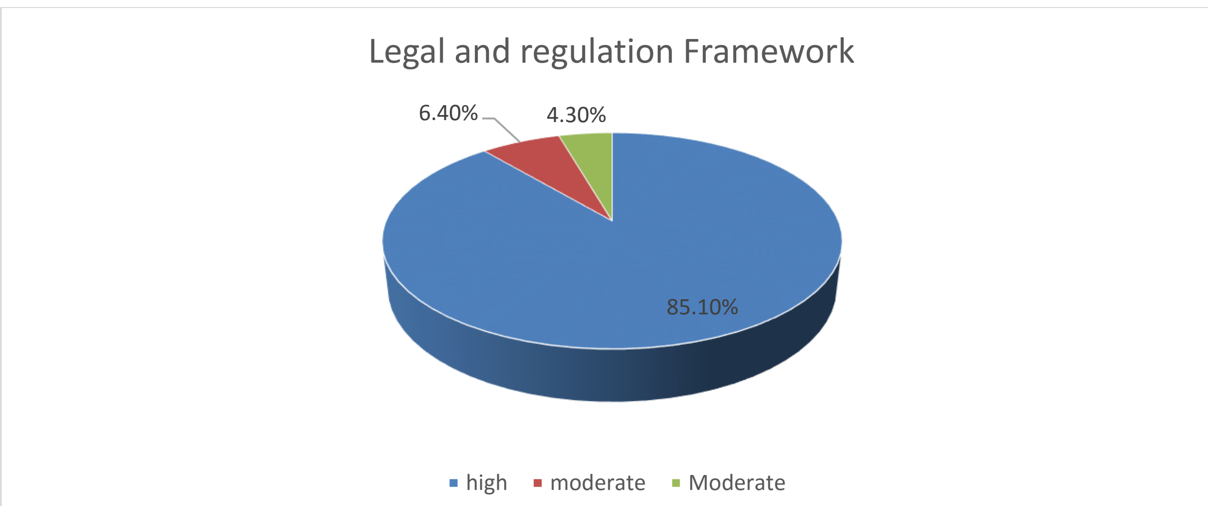

Figure 4.4 Legal and Regulatory Framework

The findings show that majority of the respondent (85.1%) rated the influence to be high, 6.4% had moderate while only 4.3% low. The study established the extent in which legal and regulatory framework influence corporate governance structure in the firms. The table

4.3 below indicates the results as recorded. **Key: (5) Strongly Agree (4) – Agree (3) - Neutral (2) – Disagree (1) -Strongly disagree.**

Table 4.3 Legal and Regulatory Framework

SERVICE	5	4	3	2	1	Mean	S.D
Stakeholders are well protected	40.0%	26.7%	33.3%	-	-	4.07	.863
There are rules and procedures put in place	46.7%	26.7%	26.7%	-	-	4.20	.842
Inspectors usually investigate complaints by stakeholders	22.2%	40.0%	37.8%	-	-	3.84	.767
Enforcement of corporate laws by the government is effective	28.9%	24.4%	46.7%	-	-	3.82	.860
Auditors who misreport the financial records face consequences	22.2%	71.1%	6.7%	-	-	4.16	.520

It is appeared in Table 4.4 that the greater part of the members (66.70%) had concurred that the Stakeholders are very much secured. This had a standard deviation of .863 and a mean of 4.07. There are rules and methods set up as considered by larger part of the respondents (73.3%) with a standard deviation of .842 and a mean of 4.20. Monitors as a rule explore grumblings by partners was considered by 62.2% of the respondents as they concurred on the equivalent with a standard deviation of .767 and a mean of 3.84. 53.3% of the respondents concurred that authorization of corporate laws by the administration is powerful with a standard deviation of .860 and a mean of 3.82. The discoveries additionally discovered that inspectors who distort the budgetary records are face outcomes. This was appeared by 93.3% of the respondents who were met. This is shown by a standard deviation of .466 and a mean of 4.02.

4.4.2 Firm Size

The respondent were asked to rate the influence of firm size on corporate governance structure in their firm. The findings were as indicated in the figure 4.5 below.

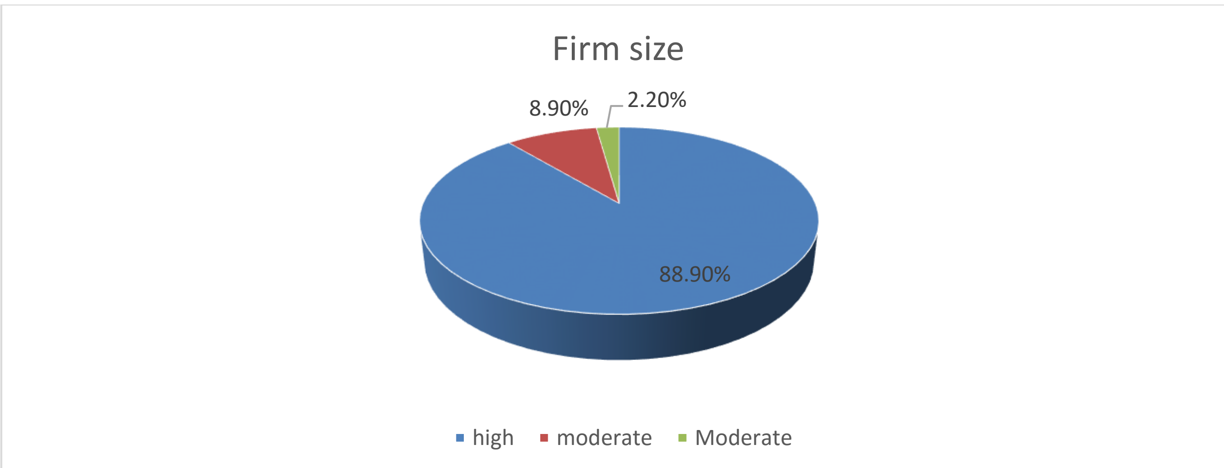

Figure 4.5 Firm Size

The findings show that majority of the respondent (88.9%) rated the influence to be high, 8.9% had moderate while only 2.2% low.

The study established the extent in which firm size influence corporate governance structure in the firms.

The table 4.4 below indicates the results as recorded.

Key: (5) - Strongly Agree (4) – Agree (3) - Neutral (2) – Disagree (1)- Strongly disagree.

Table 4.4 Firm Size

SERVICE	5	4	3	2	1	Mean	S.D
Shareholder and customer base are determined by firm size	40.0%	22.2%	37.8%	-	-	4.02	.892
Large firms have capacity to carry financial costs burden unlike small firms	46.7%	28.9%	24.4%	-	-	4.22	.823
Our firm size has affected corporate governance effectiveness	22.2%	37.8%	40.0%	-	-	3.82	.777
Many shareholders require strong corporate governance structures	28.9%	28.9%	42.2%	-	-	3.87	.842
Smaller firms are limited to good will and investors	31.1%	57.8%	11.1%	-	-	4.20	.625

Table 4.4 demonstrates that a large portion of the members (62.2%) had concurred that the Shareholder and client base are dictated by firm size. This had a standard deviation of .892 and a mean of 4.02. Enormous firms have ability to worry about money related costs concern dissimilar to little firms as considered by dominant part of the respondents (75.6%) with a standard deviation of .823 and a mean of 4.22. Our firm size has influenced corporate administration viability was considered by 60% of the respondents as they conceded to the equivalent with a standard deviation of .777 and a mean of 3.82. 57.8% of the respondents concurred that numerous investors require solid corporate administration structures with a

standard deviation of .842 and a mean of 3.87. The discoveries additionally discovered that littler firms are restricted to cooperative attitude and speculators. This was appeared by a 88.9% of the respondents who were met. This is demonstrated by a standard deviation of .625 and a mean of 4.20.

4.4.3 Board Characteristics

The respondent were asked to rate the influence of board characteristics on corporate governance structure in their firm. The finding were as indicated in the figure 4.6 below

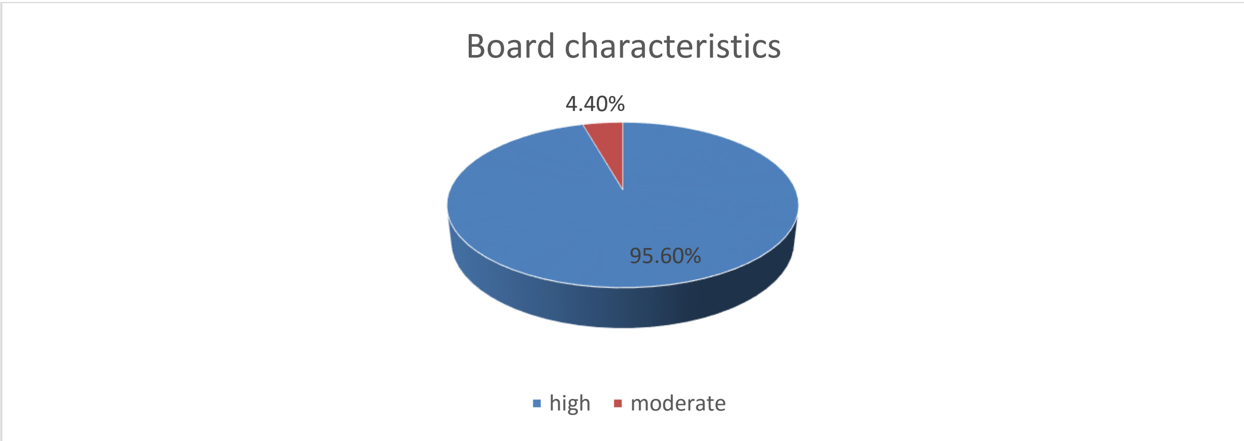

Figure 4.6 Board Characteristics

The findings shows that majority of the respondent (95.6%) rated the influence to be high and 4.4% rated the influence of board characteristics on corporate governance structure in their firm to be moderate.

The study established the extent in which board characteristics influence corporate governance structure in the firms. The table 4.5 below indicate the results as recorded.

Key: (5) - Strongly Agree (4) – Agree (3) - Neutral (2) – Disagree (1) Strongly disagree.

Table 4.5 Board Characteristics

SERVICE	5	4	3	2	1	Mean	S.D
Directors approves the strategic plan and monitors financial reports	42.2%	51.1%	6.7	-	-	4.36	.609
There is board diversity interms of gender, age and religion	33.3%	53.3%	13.3%	-	-	4.20	.661
Board members supervise the process of disclosure	53.3%	46.7%	-	-	-	4.47	.505
The chairman of the board is an independent non-executive directors	40.0%	22.2%	37.8%	-	-	4.02	.892
Board usually hold meetings twice or thrice per year otherwise, they meet when there is an emergency.	46.7%	26.7%	26.6%	-	-	4.20	.842
The board make the decision of hiring and firing the CEO	28.9%	24.4%	46.7%	-	-	3.82	.860
No former CEOs of this firm sit on the board	22.2%	35.6%	42.2%	-	-	3.80	.786

Table 4.5 shows that the vast majority of the members (93.3%) had concurred that the executives affirms the key arrangement and screens budgetary reports. This had a standard deviation of .609 and a mean of 4.36. There is board-assorted variety as far as sex, age and religion as considered by lion's share of the respondents (86.7%) with a standard deviation of .661 and a mean of 4.20. Board individuals regulate the procedure of divulgence was

considered by 100% of the respondents as they concurred on the equivalent with a standard deviation of .505 and a mean of 4.47.

Further, 62.2% of the respondents concurred that the administrator of the board is an autonomous non-official executive with a standard deviation of .892 and a mean of 4.02. The discoveries likewise discovered that Board for the most part hold gatherings twice or thrice every year else, they meet when there is a crisis. This was appeared by a 73.4% of the respondents who were met. This is demonstrated by a standard deviation of .842 and a mean of 4.20. Likewise, the board settles on the choice of contracting and terminating the CEO as located by larger part 53.3% of the respondent with a mean of 3.82 and a standard deviation of .860. Finally, dominant part 87.8% of the respondent concurred that there is no previous CEOs of this firm sit on the board with a mean of 3.80 and a standard deviation of 0.786.

4.4.4 Ownership Structure

The respondent were asked to rate the influence of ownership structure on corporate governance structure in their firm. The finding were as indicated in the figure 4.7 below

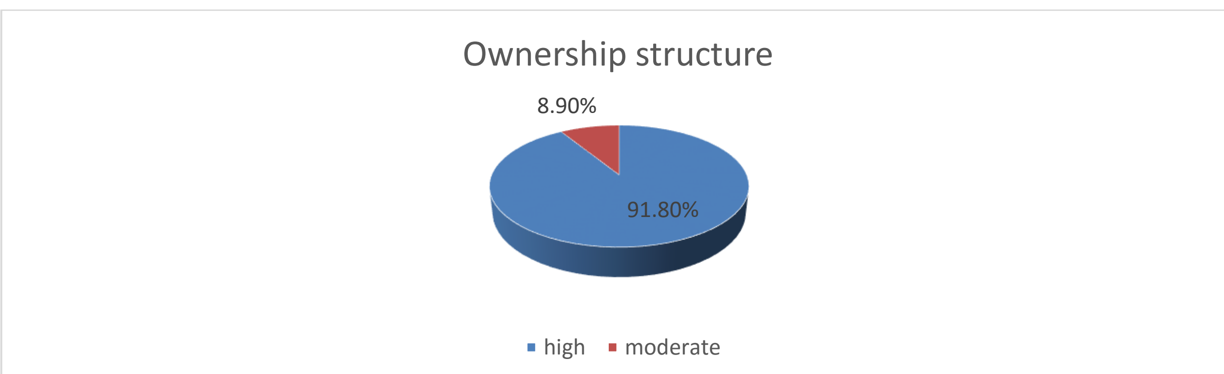

Figure 4.7 Ownership Structure

The findings shows that majority of the respondent (91.8%) rated the influence to be high and 8.9% rated the influence of ownership structure on corporate governancestructure in their firm to be moderate.

The tudy established the extent in which ownership structure influencecorporate governance structure in the firms. The table 4.6 below indicates the results as recorded.

Table 4.6 Ownership Structure

SERVICE	5	4	3	2	1	Mean	S.D
Controlling shareholders plays key role in management and controlling of corporate governance	64.4%	24.4%	11.2%	-	-	4.53	.694
The shareholders are given equal rights to votes	40.0%	42.2%	17.8%	-	-	4.22	.735
Ownership structure affects the managers incentives	55.6%	11.1%	33.3%	-	-	4.22	.927
retrenchment of managers have been done in your firm due to large managerial ownership	40.0%	22.2%	37.8%	-	-	4.02	.869
Ownership structures affects the performance-monitoring systems	46.7%	26.7%	26.6%	-	-	4.20	.842
Ownership structure involve both inside and outside owners of the firm	22.2%	35.6%	42.2%			3.80	.786

Table 4.6 demonstrates that the greater part of the members (88.8%) had concurred that controlling investors assumes key job in the board and controlling of corporate administration. This had a standard deviation of .694 and a mean of 4.53. The investors are

given equivalent rights to cast a ballot as considered by lion's share of the respondents (82.2%) with a standard deviation of .735 and a mean of 4.22. Proprietorship structure influences the supervisors motivations was considered by 66.7% of the respondents as they concurred on the equivalent with a standard deviation of .927 and a mean of 4.22. 62.2% of the respondents concurred that conservation of directors have been done in your firm because of enormous administrative proprietorship with a standard deviation of .869 and a mean of 4.02.

The discoveries additionally discovered that proprietorship structures influence the exhibition observing frameworks. This was appeared by a 73.4% of the respondents who were met. This is shown by a standard deviation of .842 and a mean of 4.20. Further, greater part 57.8% of the respondent concurred that possession structure include both inside and outside proprietors of the firm with a mean of 3.80 and standard deviation of .786.

4.4.5 Effectiveness of Corporate Governance Structure

The respondent were asked to rate the effectiveness of corporate governance structurein their firm. The finding were as indicated in the figure 4.8 below

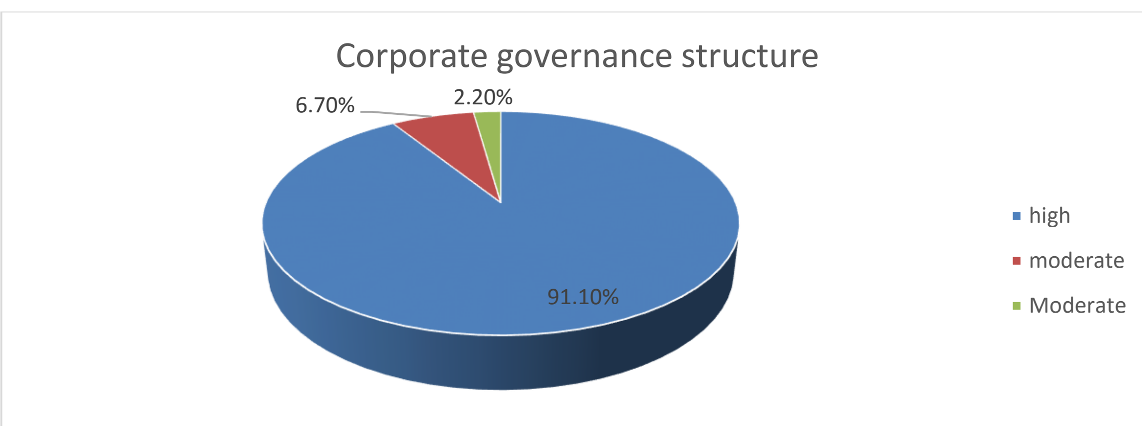

Figure 4.8 Corporate Governance Structure

The findings shows that majority of the respondent (91.1%) rated that the effectiveness of corporate governance structure in their firm is high, 6.7% rated moderate while 2.2% rated low.

The study established the extent in which effectiveness of corporate governance structure have been achieved.

The table 4.7 below indicates the results as recorded.

Table 4.7 Effectiveness of Corporate Governance Structure

SERVICE	**5**	**4**	**3**	**2**	**1**	**Mean**	**S.D**
Thereis improved performance to the present governance structure	28.9%	24.4%	46.7%	-	-	3.82	.860
There is equal access of information to all stakeholders	55.6%	42.2%	2.2%	-	-	4.53	.548
The firm follows corporate governance guidelines	37.8%	62.2%	-	-	-	4.38	.490
Appraisals are formed through corporate governance	31.1%	55.6%	13.3%	-	-	4.18	.650

The discoveries in Table 4.7 demonstrate that the vast majority of the members (53.3%) had concurred that there is improved execution to the present administration structure. This had a standard deviation of .860 and a mean of 3.84. There is equivalent access of data to all partners as considered by lion's share of the respondents (97.8%) with a standard deviation of .548 and a mean of 4.53. The firm pursues corporate administration rules was considered by 100% of the respondents as they concurred on the equivalent with a standard deviation of .490 and a mean of 4.38. 86.7% of the respondents firmly concurred that examinations are framed through corporate administration with a standard deviation of .650 and a mean of 4.18.

4.5 Inferential Statistics

The examination further applied general direct model to decide the prescient intensity of the autonomous factors in the corporate administration structure in Kenya. This included relapse examination, the Model and coefficient of assurance. This examination applied the factual bundle for sociologies (SPSS Version 20.0) to code, enter and process the estimations of the various relapses for the investigation. Coefficient of assurance (R2) discloses the degree to which changes in the needy variable can be clarified by the adjustment in the free factors or the level of variety in the reliant variable that is clarified by all the six autonomous factors

Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876[a]	.768	.745	.17207

a. Predictors: (Constant), Legal and regulatory framework, Firm size, Board characteristics, ownership structure**.**

The four autonomous factors in the investigation impacted 76.5% of the corporate administration structure of the organizations in Kenya as spoke to by the R2. This along these lines implies that different elements not examined in this exploration impact 23.5% of corporate administration structure of the organizations in Kenya. Along these lines, further research ought to be directed to explore different variables that impact 23.5% of corporate administration structure of the organizations in Kenya.

Table 4.9 ANOVA of Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	3.918	4	.980	33.084	.000[b]
1	Residual	1.184	40	.030		
	Total	**5.103**	**44**			

a. Dependent Variable: Corporate governance structure

b. Predictors: (Constant), Legal and regulatory framework, Firm size, Board characteristics, ownership structure**.**

The criticalness esteem is 0.000 which is under 0.05 along these lines the model is factually huge in foreseeing how Legal and administrative system, Firm size, Board attributes, proprietorship structure affected the Corporate administration structure of the organizations in Kenya. The F basic at 5% level of criticalness was 33.083. Since F determined is more noteworthy than the F basic, this shows the general model was huge.

Table 4.10 Coefficient of determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.995	.242		.8.240	.000
Legal and regulatory framework	.570	.193	.936	2.957	.005
Firm size,	.066	.196	.124	.339	.037
Board characteristics	.575	.158	.877	3.646	.001
ownership structure	.647	.103	1.283	6.265	.000

a. Dependent Variable: Corporate governance structure

Different relapse investigation was directed to decide the degree to which every free factor impacts the corporate administration structure. According to the SPSS produced table over, the relapse condition is:

($\mathbf{Y} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$) becomes:

($Y = 1.995 + .570X_1 + .066X_2 + .575X_3 + .647X_4 + \varepsilon$)

4.6 Discussion

4.6.1 Determinants of Corporate Governance Structures

The study findings shows stakeholders are well protected by the available rules and regulations as majority of the respondent sighted, also the respondent agreed that the rules and procedures put in place influence corporate governance structure. The study also found out that inspectors usually investigate complaints by stakeholders, and also enforcement of corporate laws by the government is effective but there is more room for improvement. Further, the study found out that auditors who misreport the financial records are face consequences.

Shareholder and customer base are determined by firm size as majority of the respondent agreed. Still from the study, it is noted that large firms have capacity to carry financial costs burden unlike small firms. Almost all the respondent has rated the influence of firm size on corporate governance effectiveness high. Nevertheless, majority of the respondent rated the influence of board characteristic on corporate governance structure to be high. In addition, they rated the influence of ownership structure on corporate governance structure to be high. This implies that the four independent variables; Legal and regulatory framework, Firm size, Board characteristics, ownership structure have influenced the corporate governance structure in companies listed in Nairobi Securities Exchange according to this study. The study findings concurs with the study by Zahra & Pearce (1989), who found out that organizations and shareholders' interests are combined for purpose of influencing structures and organizational productivity. The authors also believe that the managers' interest could better be achieved if they are focused first on the shareholders' interests and in turn, promotes the firm performance. Nambiro (2007) who argues that the interests of agent and those of principal can be aligned through incentives such as stock options, profits and bonuses also supports the findings. Therefore, when this is done, the agent will always work having in mind the interests of principals hence the structure of corporate governance is set in a manner the owner's interest are protected.

4.6.2 Effectiveness of Corporate Governance Structure in Nairobi Securities Exchange

The findings show that the corporate governance structures put in place are effective and aligned to the investor interests, firm size, ownership structure and government regulations. This was indicated by majority of the respondent. They also sighted that there is equal access of information to all stakeholders. The policy and regulation about disclosure is well adhered to and investors are able to make informed decisions. The respondent further agreed that firm follows corporate governance guidelines and structures in place are formed according to the organization strategic plans which accommodate growth and size of the organization.

Regression analysis found that when other factors; Legal and regulatory framework, Firm size, Board characteristics, ownership structure are at zero, the corporate governance Structure in companies listed in Nairobi Securities Exchange will be 1.995. As such, a 0.570 change in corporate governance Structure in companies listed in Nairobi Securities Exchange would be caused by a unit increase Legal and regulatory framework, holding all other factors constant. On the other hand, a 0.066 change in corporate governance Structure in companies listed in Nairobi Securities Exchange would be caused by a unit change in Firm size, holding other factors constant.

Table 4.11 additionally shows that a 0.575 change in corporate administration Structure in organizations recorded in Nairobi Securities Exchange would be brought about by a unit change in Board attributes, holding different components steady. Further, the discoveries demonstrate that a 0.647 change in corporate administration Structure in organizations recorded in Nairobi Securities Exchange would be brought about by a unit change in proprietorship structure, holding different variables steady. Every one of the factors under investigation had a p-estimation of < 0.05 which implies they were all huge and decidedly impacted corporate administration Structure in organizations recorded in Nairobi Securities Exchange in Kenya. This is in accordance with the investigation by Eccles, Ioannou, and Serafeim (2012), who found that for the authoritative to have a successful and maintainable culture that meet the organizations' objectives, the administration structure ought to be custom fitted suitably.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations on determinant of corporate governance structure in companies listed in Nairobi securities exchange

5.2 Summary

The study found out that the Legal and regulatory framework, Firm size, Board characteristics, ownership structure have influence on Corporate governance structure of the firms in Kenya.

The study further found that the Stakeholders are well protected. There are rules and procedures put in place in regards to corporate governance, it also found that inspectors usually investigate complaints by stakeholders and enforcement of corporate laws by the government is effective. The research also found that auditors who misreport the financial records face consequences.

Further, the study found that Shareholder and customer base are determined by firm size. Large firms have capacity to carry financial costs burden unlike small firms as considered by majority of the research participant. The size of the firm was also found to have affected corporate governance effectiveness. The study also report that many shareholders require strong corporate governance structures. In addition, smaller firms are limited to good will and investors as majority of the respondent sighted it.

The results from the study found that directors approves the strategic plan and monitors financial reports, which bring about a board diversity in terms of gender, age and religion. The process of disclosure was noted to be supervised by the board members as the majority of the participant sighted it. The study also identified that chair of the board does not belong to the group of executive directors but he/she comes from an independent party. From the study, it was found that board usually hold meetings twice or thrice per year otherwise, they meet when there is an emergency. The board is the one that holds mandate of hiring and firing the CEO as majority of the respondent sighted. However, No former CEOs of these firms are allowed to sit on the board.

Nevertheless, the study indicated that controlling shareholders plays key role in management and controlling of corporate governance. The shareholders are given equal rights to votes and ownership structure affects the manager's incentives as noted in the study. The researcher also noted that retrenchment of managers have been done in various firms due to large managerial ownership. Finally, the researcher found out that ownership structures affects the performance-monitoring systems that involve both inside and outside owners of the firm.

5.3 Conclusions

The study concludes that Legal and regulatory framework, Firm size, Board characteristics, ownership structure had influence on Corporate governance structure of the firms in Kenya. The study further concludes that Stakeholders are well protected, there are rules and procedures put in place in regards to corporate governance, inspectors usually investigate complaints by stakeholders and enforcement of corporate laws by the government is effective, auditors who misreport the financial records face consequences. In addition the study concludes that Shareholder and customer base are determined by firm size, Large firms have capacity to carry financial costs burden unlike small firms, the size of the firm have affected corporate governance effectiveness, many shareholders require strong corporate governance structures and smaller firms are limited to good will and investors. Further the study concludes that directors approves the strategic plan and monitors financial reports which bring about a board diversity in terms of gender, age and religion, the process of disclosure is supervised by the board members, the chairman of the board does not belong to the group of executive directors but he/she comes from an independent party, board usually hold meetings twice or thrice per year otherwise, they meet when there is an emergency and it is the one that holds mandate of hiring and firing the CEO. However, No former CEOs of the firms is allowed to sit on the board. Also the study concludes that controlling shareholders plays key role in management and controlling of corporate governance. The shareholders are given equal rights to votes and ownership structure affects the manager's incentives as noted in the study. The researcher also noted that retrenchment of managers have been done in various firms due to large managerial ownership. Not to forget the study concluded that ownership structures affects the performance-monitoring systems that involve both inside and outside owners of the firm.

5.4 Recommendations

All directors and managerial team of various firms are recommended to adhere to legal and regulation framework in order to maintain a compliant governance structure that adheres to the governing agencies requirements. It is also recommendable that government agencies should come up with ways of improving implementation of policies and regulations governing the companies in their jurisdiction.

The study further recommend that management should be proactive in constantly changing the structure to match the organization growth. Appropriate structures guarantee corporate control hence reduction of misuse of resources which guarantees organization survival in an ever changing environment.

The characteristics of the board members is another crucial factor that determines the governance of the companies. The appointment of the board members require much attention to improve on decision making and providing strategic direction to the organization. Therefore, the study recommend appointment of board members and directors to be done based on gender and age balance.

In most of the companies', shareholders have varied percentage of ownership of the company depending on their contribution to the company. This factor makes it difficult for some of the shareholders to sort to have an influence on the governance structure.

Therefore, this research recommends that companies find more ways of maintaining correspondence with owners and shareholders to engage them when making major corporate governance decisions.

5.5 Limitations of the study

While conducting the study the researcher met a number of challenges. The main challenge being securing appointments with the respondents, some of whom were unwilling to participate. To counter these problems, the researcher hired qualified assistants who professionally handled all kinds of respondents as well as followed up all the appointments done. In addition, the researcher provided google formatted questionnaire in order to save time and ease the work of the respondent.

5.6 Suggestions for further Research

A further research on internal factors influencing corporate governance structure in companies listed in Nairobi securities exchange should be done in order to get full information addressing the issue. In addition, similar study should be done in other companies not listed in Nairobi securities exchange in order to establish if they have the same influence on corporate governance structure.

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APPENDICES

APPENDIX I: RESEARCH QUESTIONNAIRE

This section is designed to gather more information from the senior Managers and Chief executive officers of NSE listed companies and is meant for academics purposes only. Please complete all the information as instructed. All the information collected will be treated as confidential.

Part I: Respondent's Information

1. Your Gender

Male { }

Female { }

2. Kindly indicate number of years you have worked in this firm

Less than 1 year { }

2-5 years { }

6-9 years { }

10 years and above { }

3. Which position do you hold

Chief Executive Officer { }

Senior Manager { }

4. What is your highest level of education you have attained?

Diploma { }

Bachelor's degree { }

Master's degree { }

PhD/Doctorate { }

Part 2: Determinants of corporate governance structures

A. Legal and Regulatory Framework

5. How would you rate the influence of legal and regulatory frameworks on corporate governance structure in your firm?

High { }

Moderate { }

Low { }

Please respond to the following statements by indicating the extent of your agreement as to the legal and regulatory framework in your firm. Where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree

Legal and regulatory framework	**1**	**2**	**3**	**4**	**5**
Stakeholders are well protected					
There are rules and procedures put in place					
Inspectors usually investigate complaints by stakeholders					
Enforcement of corporate laws by the government is effective					
Auditors who misreport the financial records are face consequences					

B. Firm Size

6. How would you rate the influence of firm size on corporate governance structure in your firm?

High { }

Moderate { }

Low { }

Please respond to the following statements by indicating the extent of your agreement as to the firm size in your firm. Where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree

Firm Size	**1**	**2**	**3**	**4**	**5**
Shareholder and customer base are determined by firm size					

Large firms have capacity to carry financial costs burden unlike small firms					
Our firm size has affected corporate governance effectiveness					
Many shareholders require strong corporate governance structures					
Smaller firms are limited to good will and investors					

C. Board Characteristics

7. How would you rate the influence of board characteristics on corporate governance structure in your firm?

High { }

Moderate { }

Low { }

Please respond to the following statements by indicating the extent of your agreement as to the board characteristics in your firm. Where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree

Board Characteristics	**1**	**2**	**3**	**4**	**5**
Directors approves the strategic plan and monitors financial reports					
There is board diversity in terms of gender, age and religion					
Board members supervise the process of disclosure					
The chairman of the board is an independent non-executive directors					
Board usually hold meetings twice or thrice per year otherwise, they meet when there is an emergency.					
The board make the decision of hiring and firing the CEO					
No former CEOs of this firm sit on the board					

D. Ownership structure

8. How would you rate the influence of ownership structure on corporate governance structure in your firm?

High { }

Moderate { }

Low { }

Please respond to the following statements by indicating the extent of your agreement as to the ownership structure in your firm. Where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree

Ownership structure	**1**	**2**	**3**	**4**	**5**
Controlling shareholders plays key role in management and controlling of corporate governance					
The shareholders are given equal rights to votes					
Ownership structure affects the managers incentives					
retrenchment of managers have been done in your firm due to large managerial ownership					
Ownership structures affects the performance-monitoring systems					
Ownership structure involve both inside and outside owners of the firm					

E. Effectiveness of Corporate governance structure

1. How would you rate the effectiveness of corporate governance structure in your firm?

High { }

Moderate { }

Low { }

Please respond to the following statements by indicating the extent of your agreement as to the corporate governance structure in your firm. 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree

Corporate governance structure	**1**	**2**	**3**	**4**	**5**
There is improved performance to the present governance structure					
There is equal access of information to all stakeholders					
The firm follows corporate governance guidelines					
Appraisals are formed through corporate governance					

Thank you for your responses