THE EFFECT OF DEBT MATURITY DETERMINANTS ON PERFORMANCE OF FIRMS LISTED AT NAIROBI SECURITIES EXCHANGE

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DECLARATION

This research project constitutes my original work and has not been issued to any institution for assessment apart from the University of Nairobi.

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ABSTRACT

The main goal for this research was to study the determinants of debt maturity and their influence on performance of companies registered with Nairobi Securities Exchange . The research was anchored on the trade off theory, market timing theories and the theory of pecking order. The design which this research work applied was descriptive. The populace unit of examination comprised of the 65 firms listed in the Nairobi Securities Exchange with the study duration covering a time span of 10 years from 2008 to 2017. Secondary data was utilized in this examination and this information was obtained Nairobi's Securities Exchange Handbook Series covering the 2007-2018. Diagnostic tests that were applied to the gathered information incorporated the corroborative test for Variance Inflation Factor (VIF) to test for multicollinearity. The investigation applied minimums, maximum, means and standard deviations as measures for descriptive outcomes. Pearson's Correlation was applied to test for quality and association of the autonomous factors to the study factors with Goodness of Fit, ANOVA (Analysis of Variance), F measurement/criticalness of the factors and regression of coefficients in the midst of the response variable and indicator factors. From the result outcomes, multicollinearity findings indicated that the study variables did not have symptoms of multicollinearity hence no need to be removed from the multiple regression model. Furthermore, Pearson's Correlation findings suggested that the association between performance and debt maturity was negative and weak. ANOVA statistics indicated that the independent variables; leverage, growth opportunities, asset tangibility and taxes are good predictors of debt maturity businesses registered with the Nairobi Securities Exchange . The findings also suggested that debt maturity in isolation is not a key predictor of performance for listed firms at NSE. From the study outcomes, it was concluded that all independent variables; leverage, liquidity, asset tangibility and growth opportunities were satisfactorily explaining both debt maturity and performance of registered businesses. The research gives recommendation that the institutions' management registered with the NSE put in measures to minimize gearing in terms of leverage. The researcher also recommends that firms listed in the put in measures to reduce taxation costs as this has a negative relationship with performance.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Myers (1977) postulate that risk obligation that develops later on prompts underinvestment today. The knowledge is that aspect of the incomes created by speculation goes to debt holders at development, and sadly the value holders who settle on the venture choice won't disguise this advantage. The truncation of incomes (and inferred sharing of them) can misshape speculation motivating forces. Myers (1977) subsequently proposes the arrangement of transient obligation to the obligation overhang issue, in such a case that all obligation develops before the speculation opportunity, the firm can settle on the venture choice as though an all-value firm. Hypothetical clarifications for the decision of corporate obligation development are now suggested in MM's unique paper however were in the long run formalized by Stiglitz in 1974 (Leland and Toft, 1996).

This research work will be tied down on, Pecking Order Theory, Trade-Off Theory, and the Market Timing Theory. The hierarchy hypothesis doesn't accept an ideal capital structure as an opening step but rather attests the precise certainty in which businesses show a specific predisposition for exploiting inside fund over external account (Myers and Majluf, 1984). Right when the corporate yearly evaluation was added to the main unimportance, this made a preferred position for commitment in that it served to shield benefit from charges. Since the affiliation's objective work is straight, and there is no adjusting obligation cost, this recommended 100% commitment financing (Miller, 1977). The Market Timing hypothesis was recommended by Baker and Wurgler (2002), proposes that organizations switch among value and obligation relying upon their reasonable worth. At the point when an association's reasonable worth is high, the firm issue value, else they will in general repurchase value. This hypothesis must be approved for recorded firms.

Worldwide, albeit numerous hypotheses and experimental examinations about obligation development have been created, it despite everything doesn't exist a brought together hypothesis and earlier exact outcomes about the determinants of obligation development are not consensual (Costa, 2017). Moreover, the observational trial of obligation development generally focused on firms from a nation, huge numbers of

them about firms of the United States of America, Europe, and not in Africa (Paseda, 2017). The worldwide examination of firms' obligation development isn't exceptionally normal, and the current observational proof doesn't cover the period after the global money related emergency that began in 2008 (Correia, Brito and Brandão, 2014). Antoniou et al. (2006) dissect the determining factor of debt development structure of French, UK as well as the German businesses, discovering that the effect of businesses-explicit variables on debt is nation subordinate. Subsequently, Demirgüç-Kunt and Maksimovic (1999) analyze debt development in 30 nations and feature the significance of the adequacy of the lawful framework, the degree of action of the securities exchange, and the extent of the financial sectors as debt elements development. According to González and González (2008), the banks focus decidedly impacts obligation development for an example of recorded firms in 39 nations.

1.1.1 Determining Factors for Debt Maturity

Debts development, characterized as a proportion of the extent of long-term debt to add up to obligation, is treated as an instrument to decrease the costs connected with obligation financing. Ideal obligation development was first examined in interchange replicas by Leland (1994b), Leland and Toft (1996), and Leland (1998). Titman and Tsyplakov (2007) broaden the examination by endogenizing speculation choices. Myers (1977) placed that hazardous obligation that develops later on prompts underinvestment today. The knowledge is that aspect of the incomes created by speculation goes to obligation holders at development, and sadly the value holders who settle on the venture choice won't disguise this advantage.

Obligation development decision is one of a few financing decisions that a firm should make at the same time. When concluding how to fund itself, the firm should pick among obligation and value. On the off chance that it picks obligation, at that point it should likewise choose the development of obligation (Mian and Santos, 2017), its need, regardless of whether the obligation is unfamiliar money or nearby cash named, whether private or open obligation, fixed or coasting rate, whether bank obligation or capital market (Parise, 2017), and other agreement arrangements, including convertibility, callability, exchangeability and put arrangements (Grundy and Verwijmeren, 2017) and prohibitive contracts (Prilmeier, 2017). For this examination,

influence, development openings, resource substantial quality and charges are the intermediary factors for determinants of obligation development.

Influence is characterized as the measure of obligation or credit used to acquisition of benefits, improve the operational exercises or procuring another firm and includes the utilization of fixed expenses to amplify a company's return (Pandey, 2005). Leland and Toft (1996) hypothetically show that organizations with higher influence will in general pick longer development of obligation and the other way around. Budgetary influence is a significant in outer financing mode. Money related influence shows that a business needs account to buy another benefit, upgrade their creation or operational exercises, budgetary influence is probably the most ideal ways for an association to accomplish its objective, with the assistance of the monetary influence an organization can accomplish its objectives as well as augment the estimation of its investors (Iqbal and Usman, 2018). As indicated by Mubin (2014) obligation to value proportion can be a significant proportion to quantify the monetary influence.

Development openings allude to ventures or tasks that can possibly develop altogether, prompting a benefit for the speculator (Hajiha and Akhlaghi, 2013). Development open doors for firms are significant determinants of firm capital structure subsequently execution (Onaolapo and Kajola, 2010). Myers (1977) contended that organizations' development openings resemble choices, and their worth relies upon their execution likelihood, so as to expand the estimation of the organization. The estimation of an organization can be determined by the current estimation of its advantages in addition to the estimation of its development openings (Soekirman, 2015).

A company's advantage substantial quality is characterized as the weighted normal of the developments of current resources and fixed resources comprising; net property, plant, and hardware (Stohs and Mauer, 1996). A firm is profoundly serious as long as its administration can blend substantial and impalpable resources in the best and effective way (Herciu and Ogrean, 2012). In this manner, a firm can get similar score of seriousness by utilizing an alternate blend of benefits and by giving diverse significance coefficients to the unmistakable and elusive resources.

The assessment framework as a rule, and explicitly the expense treatment of intrigue and profit installments, has been perceived as a significant factor affecting investment

framework decisions due to original work of Modigliani and Miller (1963). Fan, Titman, and Twite (2010) recommend three primary classifications of assessment systems which are old style charge framework, profit alleviation charge framework, and profit attribution charge framework. The objective of the framework is to burden corporate benefits just a single time. All else equivalent, it is normal that organizations in nations with profit ascription or assessment alleviation frameworks will utilize less obligation comparative with firms in traditional duty systems that twofold expense corporate benefits (Paseda, 2017).

Different examinations have operationalized the determinants of obligation development in an unexpected way. Barclay, Marx, and Smith Jr. (2003) experimentally complete the research utilizing information from 5,765 mechanical organizations in USA between 1980-1999. Other than endogenous factors for money system as well as debt development, the creators utilize exogenous factors, for example, development openings, industry guideline, firm size, benefit, substantial quality, resource development, normal expense rate, networking shortfall carryforwards as well as the spurious flexible for organizations with business paper plans. Different investigations have applied office costs as determinants for obligation development. The fundamental examinations center, on one side, on the territory of office Costs (Jensen and Meckling, 1976; Myers, 1977; Titman and Wessel, 1988; Whited, 1992) identified with underinvestment issues, development openings, scales economies, and, on the opposite side, on the region of Asymmetric Information (Flannery, 1986, 1994; Diamond, 1991; Titman, 1992) identified with flagging issue and notoriety in the market and, at last, on the region of corporate charges (Brick-Ravid, 1985, 1991; Kane et al., 1985).

1.1.2 Performance of the Firm

The concert of an organization is characterized as the degree to which the objectives set by organization substances are accomplished (Khrawish, 2011). Performances establishes positive outcomes or outcomes of the connotation as evaluated contrary to its expected outcomes. Firm execution incorporates three explicit classes of authoritative outcomes: (a) capital connected performance reimbursements, reappearance on capitals, computable turnover (b) element market performance; pacts,

portion of the pie, and (c) stockholder outcome; general investor outcome, monetary worth encompassed (Alkhatib, 2012).

Execution should be estimated by how much the destinations set by the executives are met (Khrawish, 2011). It ought to be helped out through a very much formulated structure. That is to guarantee the execution of standards which become part of the administration cycle: to assess progress towards objectives, adjust conformance to strategies, evaluate frameworks and techniques just as evaluate gathering or individual execution. Sukhbir and Yogita (2015) characterize execution as the capacity to create brings about a measurement decided from the earlier comparable to an objective.

Most associations see their exhibition regarding adequacy in accomplishing their main goal, reason, or objectives. Most NGOs, for instance, would will in general connection the bigger thought of authoritative presentation to the aftereffects of their specific projects to improve the lives of an objective gathering (for example poor people). Most of associations likewise observe their presentation regarding their proficiency in sending assets. This identifies with the ideal utilization of assets to acquire the outcomes wanted. At long last, all together for an association to stay reasonable after some a while, it is imperative that it be both " feasible in monetary terms " and applicable to its partners and their evolving needs (Kodan and Singh, 2011).

The concept of hierarchical execution was initiated on the likelihood that the organization is an intentional association of profitable properties, counting people, corporeal, mechanical as well as investment resources in order to achieve a typical reason. As per Mugembe (2008), authoritative execution includes 3 unambiguous sectors of organization outcomes: (I) money related performance (reimbursements, resources outcome as well as quantifiable profit.); (ii) market performance i.e. contracts, section of the general industry and finally the stockholder income. The prolific presentation of businesses doesn't just count on boundless monetary execution, yet rather in shipment, the commercial futurists and congresses collaborate and content the movements and destinations in a combined and composed evidence (Mutua, 2013).

1.1.3 Debt maturity and Performance of the Firm

Generally, economic policymakers hold the view that, due to blemishes in capital business sectors, a lack of long-haul fund goes about as a boundary to modern execution and development. Long haul money is thought to permit firms to put resources into more beneficial advancements, in any event, when they don't deliver quick adjustments, without the dread of untimely liquidation. Thus, unique state-upheld term-loaning foundations have been built up, particularly in creating nations. In any case, some accept that transient money may offer better impetuses in light of the fact that it permits providers of fund to screen and control firms all the more successfully, in this manner improving the organizations' presentation.

Schiantarelli and Srivastava (1996) exactly examined the determinants and outcomes of the term structure of obligation. Utilizing a rich board of information on exclusive organizations in India, they likewise analyze the impact of obligation development structures on those organizations' presentation, particularly on efficiency. The outcomes are not decisive but rather appear to help traditional convictions about the significance of long-haul account to firm execution. Weighty utilizing, be that as it may, has a solid negative effect on efficiency. They base their econometric proof on assessments of a development condition and of a creation work enlarged by money related factors.

Tristan and Huy (2015) controlled the effect of obligation development on firm execution. Exploring an example of 147 firms from Vietnam over a time of 9 years from 2006 to 2014, the creators featured normal estimations of profit for resources, and profit for value equivalent to 0.1072 and 0.1723, separately. Besides, these measurements show a normal estimation of the all-out obligation proportion of 0.476 with at least 0.01 and a limit of 0.98. This outcome animates that the majority of the association's advantages are gotten by utilizing present moment and long-haul capital structure. The experimental outcomes control a negative and a measurably huge effect of influence on firm execution (no contrast between transient capital structure and long-haul obligation)

1.1.4 Nairobi Securities Exchange (NSE)

The NSE was forged in 1954 and is controlled by Capital Markets Authority (CMA) which gives observation to administrative consistence. It comprised as a deliberate link of financial adviser ascribed under the Societies Act (NSE Website, 2020). The NSE is gathered into twelve parts specifically; rural, carriage and accompaniments, investment, commercial as well as the supervisions, advance and united, strength and oil, fortification, venture, conjecture administrations, fabricating and associated, broadcasting broadcast as well as invention, and finally, the development endeavor market portion (Nairobi Securities Exchange , 2020).

There are four speculation market portions at NSE specifically, MIMS, AIMS, FISMS and GEMS each with its own qualification rules. The organizations examined in this examination have all recorded their protections under MIMS. The MIMS is additionally isolated into 10 segments specifically, vehicle and frill; banking; advancement and collaborated; essentialness and oil; security; manufacturing and joined together; media transmission and development; farming; business and administrations and venture (NSE, 2020).

NSE is one of the most energetic business sectors in Africa which has pulled in speculators from everywhere the world, has developed significantly, and quite on February 18, 1994 NSE 20-share list recorded an all-record high of 5,030 focuses. As per the World Bank Report (2010) the Nairobi Stock trade is developing at a normal pace of 5% per annum contrasted with 20% in other securities exchanges in created economies in Europe. In 1994 NSE was appraised by the International Finance Corporation (IFC) as the best performing developing business sector on the planet with an arrival of 179 percent in dollar terms and they repeated this in 2007 when a record six Initial Public Offers (IPOs) and extra offers were directed somewhere in the range of 2006 and 2007 (Fredrick, 2015). The NSE involves 65 recorded organizations with an everyday exchanging volumes of above five million US Dollars with capitalization of the market of around USD15 billion (NSE, 2020)

Firms registered at the NSE are stacking additional commitments into their records as they search for new subsidizing to back exercises and execute forceful progression strategies (NSE, 2020). Information from CMA in Kenya demonstrated that 988 million

dollars were mobilized via rights issues by institutions registered on the NSE some place in the scope of 2004 and 2014 with more than a billion dollars in 2018. The decision on whether commitment or worth financing is the best methodology has for the most part remained the spare of the sheets of these associations yet inspectors right now state commitments could be more esteemed by speculators as long as the profits are generally used up and if the rates for the market are positive (Anyanzwa, 2019).

1.2 Research Problem

In advanced markets, firms could easly pick between short or long haul debts according to their necessities of ideal obligation development structure (Diamond and He, 2014). They are not compelled by the accessibility of either sort of obligation as the financial business and capital business sectors are both created and serious. Shockingly, firms working in creating nations, Kenya notwithstanding, are not so fortunate. In view of less created capital business sectors and temperamental loan fees, firms in creating nations normally think that it's hard to utilize long haul obligation (Beck et al., 2014).

The result of commitment financing on organization's profit is of hugeness to all associations (Mwai, 2016). There is by and by no one bound together speculation to take into account on the result of commitment funding on target related execution of cmpanies that will incite destined outcomes and outcomes when an organization is getting or placing assets into new and existing assets (Mukaria, Mugenda and Akenga, 2015). The decision on whether commitment or worth financing is the best methodology has by and large remained the protest of the sheets of these associations yet agents presently state commitments could be more esteemed by speculators if the profits are generally used up and if the rates for the market are positive (Anyanzwa, 2019).

Different investigations have been led because of the determinants of corporate obligation development and firm execution. Universally, Gamze (2019) contemplated the impacts of corporate expense rate on the firm exhibition from a board of 738 organizations for 16 distinct nations throughout the years somewhere in the range of 2000 and 2016 and found that the connection between corporate assessment rates and firm execution is fundamentally negative. Iqbal and Usman (2018) observationally considered the effect of budgetary influence on firm execution of recorded material

composite organizations of Pakistan and found a positive and noteworthy impact of influence on firm ROA. Tingler (2015) did an investigation on the methods of firm development openings and their impacts on firm execution via completing an exact examination of the synthetic business and the examination built up critical impacts of development openings on gainfulness (ROA).

Locally, Irungu, Muturi, Nasieku and Ngumi (2018) examined the impact of advantage substantial quality on budgetary execution of organizations listed in the Nairobi Securities Exchange and the examination found a positive and huge connection between resource substantial quality and monetary execution of money related and non-money related firms. Mukaria, Mugenda, and Akenga (2015) researched the impact of influence on execution of non-budgetary firms recorded at the Nairobi Securities Exchange and established an inverse connection among Leverage and association's presentation. This examination endeavored to research the determinants of obligation development of firms recorded in Nairobi Securities Exchange .

1.3 Objective of the Research

The main goal for this research was to study the effect of debt maturity determinants on performance of firms registered with Nairobi Securities Exchange .

1.3.1 Specific Objectives

In specific, the study sought to find out the effect of;

i. Leverage as a determinant of debt maturity on performance of firms registered with Nairobi Securities Exchange
ii. Growth opportunities as a determinant of debt maturity on performance of firms registered with Nairobi Securities Exchange
iii. Asset tangibility as a determinant of debt maturity on performance of firms registered with Nairobi Securities Exchange
iv. Taxes as a determinant of debt maturity on performance of firms registered at Nairobi Securities Exchange

1.4 Study Value

Researchers, academicians, and analysts of money in the territory obligation development will discover this investigation valuable in expanding on their hypothetical and reasonable methodologies on the equivalent. They will have the option to get to this examination from the open store areas like libraries, magazines, diaries, and online scholastic locales once the discoveries of the investigation are distributed. They will have the option to increase the value of the holes recognized by this investigation. It will likewise add to the corpus of writing on obligation development from a Kenyan point of view.

The investors, the board, representatives, and customers of the recorded firms at NSE Kenya do have the option to welcome the discoveries on the determinants of obligation development drawing from the prescribed procedures in different nations. The exercises brought out in the investigation may be utilized by the executives to improve tasks through development and better approaches for getting things done. The investors can comprehend which regions to fabricate more speculations on to empower their organizations to accomplish greatest efficiency. The customers now have the option to air their interests through data assembled in this examination.

The Government, through its administrative offices in the various parts and different policymakers, is now in a situation to embrace proposals from the examination which would prompt another direction in the plan and usage of arrangements that could upgrade legitimate guidelines in the security markets. This examination additionally tries to distinguish strategy holes that can be looked into strategy advancement for the improvement of working recorded firms and the protections market.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The section presents the hypothetical audit, factors of debt development and firm execution, experimental survey, reasonable structure, and synopsis of the writing audit. It examines the writing identified with influence, development openings, resource substance, and charges and their relationship to firm execution. This writing has been introduced in accordance with the examination factors.

2.2 Review of Theories

The segment presents theories and models on which the current research was anchored on. The theories were trade off theory, market timing theories and the theory of pecking order.

2.2.1 Theory of Pecking Order

Majluf and Myers (1984) made Pecking Order Theory (POT) based on asymmetry of information amongst inside accomplices (shareholders and the administration) and external parties of organizations. Business pioneers grasp a cash related methodology, which targets restricting the related costs with lopsided information, particularly threatening assurance, and lean toward financing form inside rather than financing externally. This anticipation of this theory is that that a organization's boss assents should the going with order: financing first by self, non-risky commitment financing, dangerous commitment issuance and worth issuance when in doubt. Such lead disregards a reduction in the expenses of segments of the organization; it limits the dispersal of benefits to grow salary and diminishes the capital cost by confining anyway much as could sensibly be relied upon induction to progresses. Henceforth, gainful firms acknowledge more inward funds open.

Instable information ought to drive the problem of commitment over worth. Commitment issuance indicates the sureness of the board that a profitable endeavor and that the current expense associated with stock is disparaged. Worth issuance implies a nonappearance of trust in the board that would have the impression that the offer expense is overstated. An issue of significant worth could thusly prompt a reduction in

share or stock cost. In any case, it might not matter to elusive resources. Hierarchy Theory contends that, because of asymmetries of information, the ideal structure for capital is nonexistent. Moreover, French and Fama (2002) contend that speculators possess various leveled request of capital inclinations: right off the bat, inside assets; furthermore obligation, and thirdly, fresh issue of value, so as to maintain control of the organization.

Ang in the year 1991 bring up that POT put on SMEs, spare delegating SMEs as well as those having a place with a gathering (Kremp and Phillippon, 2008). SMEs don't mean to accomplish an ideal budgetary arrangement; rather the enterprises rank their inclinations for financing internally over financing externally, just as obligation comparative with value. They may wish to acquire when venture financing surpasses their inner income, yet they will confront costs associated with exchange in their finance arrangements with lenders. These expenses might be nil for inside assets (income), but more for new offers of advances, while that of obligation remain in the middle. The goal of SMEs the board is to expand their own riches, while making sure about command over dynamic versus outside entertainers. Accordingly, they will initially pick inner assets for financing and if such assets demonstrate inaccessible, they incline toward utilizing obligation as opposed to expanding their capital.

The hierarchy hypothesis (Myers and Majluf (1984) and Myers (1984)) and its augmentations (Lucas and McDonald (1990)) depend on the possibility of topsy-turvy data among the board and financial specialists. The board find out about the association's hazard than less educated external speculators. To maintain a strategic distance from the underinvestment issue, the executives will look to back the new task utilizing a security that isn't underestimated by the market, for example, inward assets or riskless obligation. Hence, this influences the decision among inner and outer financing. The hierarchy hypothesis can disclose why firms will in general rely upon inside wellsprings of advantages and lean toward commitment to esteem if outside financing is required. Consequently, an association's influence isn't driven by the compromise hypothesis, yet it is essentially the aggregate consequences of the association's endeavors to relieve data asymmetry.

2.2.2 Trade Off Theory

The Theory of Trade-off introduced by Miller and Modigliani (1963) contends that there exists an ideal structure for capital, that considers the advantages of assessment investment funds and expenses of insolvency anticipated because of obligation increments. In light of this hypothesis, Meckling and Jensen (1976) introduced the Theory of Agency Cost. Obligation is a method of observing administration and maintaining a strategic distance from disparity between the head and the operator. Contentions for the tradeoff theory depend on the suggestion that the ideal development of obligation is dictated by the tradeoff between the expenses to turn over transient obligation vis-a' - vis the generally higher loan cost bore by long haul obligation. In numerous faculties, the contentions depend on unequivocal exchange expenses of various types of obligation, for example, buoyancy and rollover costs just as assessment shield benefits and certain liquidation costs. The duty-based clarification proposed by Brick and Abraham Ravid (1985) and Brick and Abraham Ravid (1991) is maybe the most popular model.

This research work aligns with the composing began by Miller and Modigliani (1958) based on strong doubts—capital business segments are incredible and there are neither cost nor association costs nor trade expenses—and show that budgetary structure is inversely neutral the assessment of the association. Afterwards, Miller and Modigliani (1963) extricate up the absence of predisposition saying and fuse charge assortment: the assessment of a committed association is comparable to that of a non-corporate commitment, notwithstanding the current assessment of the cost hold assets from commitment and less the current assessment of costs related to conceivable budgetary difficulties. Hereafter, in light of the fact that interest is deductible from accessible advantages, firms have a force to utilize commitments instead of esteem. The assessment of a used organization is more in even though the evaluation markdown profits the organization only, save singular compensation (Miller, 1977).

Firms starting at now welcome a low-cost rate that restricts in the end any impact methodology unforeseen to a markdown on charges on interest (Ang, 1991). The nearness of part 11 costs (Stiglitz, 1969) incorporates an agreement amid the assessment of the organization and reduction of tax; it speculatively moves to an ideal level of commitment when the insignificant points of interest related with charge repayment are

proportional to the immaterial charges/costs related with bankruptcy as a result of impact. In like manner, rejecting the hypothesis of no association costs thinks about the speculative nearness of an ideal structure of capital. Office theory (Meckling and Jensen, 1976) acknowledge that there are beyond reconciliation conditions amid the head (speculators) and the administrator (board); accordingly, setting off association costs that impact financing. Hopeless circumstances among financial specialists and leasers rise because the last has need over the past if there ought to be an event of liquidation. An ideal commitment extent is practiced when association costs are least.

2.2.3 Market Timing Theory

This hypothesis, recommended by Baker and Wurgler (2002), proposes that organizations switch among value and obligation relying upon their fairly estimated worth. At the point when a company's fairly estimated worth is high, the firm issue value, else they will in general repurchase value. This hypothesis must be approved for recorded firms. They fight that associations time their worth issues as in the issue new stock when stock expense apparently is overstated and rebought after they become disparaged. Modifications in stock costs sway firms' structure for capital. As exhibited by the hypothesis of timing markets, businesses incline toward regard once the general expense of noteworthy worth is low and favor responsibility in any case.

Market Timing Theory proposes that organizations' structure for capital is connected by means of their historical market esteem. At the point when the esteem for the market is high, businesses will in general give fresh offers, as the board accept that the organizations' expenses are low. Then again, when the esteem of the market is low, firms will in general repurchase value. The hypothesis must be demonstrated for recorded businesses, because it is important to examine the organizations' market-to-book esteem proportion. This hypothesis proposes that administration can distinguish certain timespans during which value issuance is less expensive because of the high valuation of organization's stock. At the point when the board time the value market and issue value when it’s worth is high, this brings down the association's expense of value and advantages current investors to the detriment of new investors. This hypothesis proposes that the administration's capacity to time the value market influences an organization's security issuance choice and at last the capital structure of that organization.

As of late, the market timing hypothesis has tested past forecasts by proposing that corporate obligation development structure relies upon credit economic situations. This hypothesis accentuates the administration's capacity to time the market to obtain efficiently. Experimental writing recommends that administration time their obligation issues to lessen their acquiring costs. They have faith in their capacity to figure future changes of loan costs. In the overview led by Graham and Harvey (2001), market timing uncovers to be the third most significant determinants of the decision among long-and short-term debt.

The theory of Market Timing has stood to be tended to by various assessments. Havokiimian (2006) gives attestation that whether or not the market timing exists, it doesn't envelop since quite a while ago run sway on enterprise control and that organizations do acutely bring to scale their influence portions. Nonetheless, majority of the affirmations maintain speculation of timing markets figuratively speaking that organization hold on for the financial circumstance to give indications of progress, that stocks' circumstance in the market give indications of progress prior to the fresh issuance and prior to giving fresh stock, businesses endeavor to improve their display (Jahanzeb et al ,2013).

2.3 Determinants of Debt Maturity

2.3.1 Firm Size and Debt Maturity

Castro, Dhillon and Cardão-Pito (2017) acquired proof from Portugal on capital structure of exporter SMEs during the monetary emergency. Dissecting a lopsided example of 277 SMEs involved in export from Portugal, from 2008 - 2014, and utilizing a board information procedure, assessing the models with static impacts for businesses, the outcomes recommend that gainfulness, size, structure of capital, shields for non-obligation charge, development, age and liquidity are significant factors for clarifying businesses’ structure for capital. Discoveries were predictable with the progressive system of assets suggested by the Theory of Pecking Order. The Theory for Trade-off is likewise significant, as resources of fixed nature could be utilized as guarantee on account of an association's insolvency. Also, outcomes recommend that exporter SMEs hold more present moment than long haul obligation, particularly little measured firms.

Méndez (2013) analyzed experimental determinants of obligation development structure over the size of Spanish firms. From the examination, proof offered uphold for the pertinence of development openings, size, hilter kilter data, and resource for development clarifying obligation development structure. The exploration likewise gave proof with respect to the distinctions in clarifications as indicated by firm size. From the examination it is built up that obligation development in little firms is higher when the incline of the financing cost term structure increments and for generally safe and hazardous firms.

Lemma and Negash (2014) obligation development decision of a firm in African Countries explore how firm, industry, macroeconomic and institutional components impact an association's obligation development structure choices across nine African nations. The scientists consider an example of 986 non-money related firms over a time of 10 years (1999-2008). The proof from the investigation shows that financial exchange size and size of generally economy decidedly impact obligation development structure of a firm, monetary development, tax assessment, and relative size of banking division have a negative impact. These discoveries mean the job that data asymmetry, office and insolvency contemplations, admittance to back, and development coordinating play under water development choices of firms in Africa.

Costa (2017) completed an examination on the determinants of corporate obligation development structure: an investigation in Euro Zone nations. The examination included an example with 3.618.795 recorded and unlisted firms during the period from 2007 to 2015. The strategy was the board information and the analyst chose to utilize diverse relapse procedures, for example, OLS and Fixed Effects, assessing the adjustments in the determinants of obligation development of each model. From the discoveries it was set up that, the firm factors have a critical commitment to the obligation development. Just assessments, in one of the models introduced various qualities from those normal and, albeit huge, they were low. For the nation factors, the specialists checked that they smallly affect the development of the obligation in the time of investigation, for example, the swelling rate and the size of the nation's financial framework.

2.3.2 Assymmetric Information

Flannerry (1986) inspects the development composition of a company's dangerous obligation utilizing a model where obligation fills in as a sign of quality of credit. In the model, businesses possess data that the market is not privy to, and the decision of development fills in like a sign to the market in regards to the idea of the topsy-turvy data. The outcome is an isolating harmony where firms with positive lopsided data will give transient obligation, whereas those with inverse data will give long haul obligation. Consequently, businesses with positive data may profit by the renegotiating cycle by appreciating lower financing costs once the data turns out to be freely accessible. Conversely, firms with negative data will give long haul obligation to evade re-assessment in light of the fact that the arrival of negative data will expand the expense of financing.

Experimentally, Guedes, and Opler (1996) find that the obligation development decision isn't identified with future financial exchange execution, an outcome conflicting with flagging models. On the other hand, Mauer and Stohs (1996) locate that variations in the future in profit per-share (EPS) are contrarily connected to obligation development, in spite of the fact that the financial essentialness of the outcome is sketchy. At last, Shilling and Howe (1988) suggested that REIT stock costs respond decidedly to momentary obligation of banks, yet there exists no stock response to issues of bonds which are callable in the long run.

2.3.3 Liquidity Risk

Sharppe (1991), Titman (1992) and Diamond (1991) recommend that worries concerning liquidity hazard, characterized as an association's capacity to renegotiate momentary obligation, may lead the firm to give long haul obligation. Notwithstanding liquidity hazard, low-appraised firms will in general look for long haul obligation because of the high likelihood that they might be denied financing later on because of their credit hazard. On the other hand, high-appraised firms are bound to give momentary obligation because of their moderately low presentation to credit hazard. Hence, the overall ramifications for these liquidity hypotheses is that obligation development ought to be diminishing in FICO assessments.

Jewel's (1991a) model, nonetheless, sets that inferior quality institutions might be screened out of the drawn-out obligation market into present moment, secretly positioned obligation. The outcome is a structure which is non-monotonic in FICO assessments in which both low and high evaluated borrowers utilize momentary obligation while firms with moderate appraisals will give long haul securities.

Observationally, Opler and Guedes (1996), Mauer and Stohs (1996), and Riddiough and Brown (2003) locate an inverse connection amid obligation development and FICO scores, predictable with the liquidity hazard theory. Although Riddiough and Brown and Mauer and Stohs and don't legitimately assess Diamond's speculation of a nonmonotonic connection amid FICO scores and development, Opler and Guedes discover proof in opposition to Diamond (1991a). In the example, institutions that give transitional term bonds really have less FICO assessments compared to those that give long and short haul obligations. This outcome, in any case, could be because of low credit firms being constrained into private obligation positions.

2.3.4 Agency Problems

Myerrs (1977) proposes that numerous advantages possesses by businesses are as genuine alternatives. He shows that when obligation is remembered for an association's capital structure, it might actuate the executives to forego important undertakings when leasers, rather than investors, will catch the task's incomes. Along these lines, he proposes that the utilization of momentary obligation may lessen the impetus for businesses to underinvest by compelling a re-deliberation of the obligation preceding the activity period of the alternatives. Myers likewise contends that coordinating obligation development to the development of the association's benefits can additionally decrease the organization expenses of obligation. This recommends firms with more development alternatives should remember less obligation for their structure for capital, abbreviate the development of obligation offers, or obligation development match to resource development to keep a calculated distance from underinvestment.

In testing the office hypothesis of obligation, scientists place that littler firms will in general hold more genuine alternatives than their bigger partners, and subsequently will hold moderately high measures of momentary obligation. Experimental exploration has accordingly centered around assessing for an affirmative connection amid size of the

institution and obligation development. Whereas, Ooi (1999) Smith and Barclay (1995), Mauer and Stohs (1996), Mitchell (1991)and locate an affirmative connection amid obligation development and company size, Carey, Udell, Rhea, and Prowse (1993) and Hulburt and Scherr (2001) locate that company's size is contrarily identified with obligation development. On the other hand, Opler and Guedes (1996) locate that huge institutions issue at the two closures of the development range whereas little institutions will in general issue long haul obligation. One potential clarification for these clashing outcomes is that size of the institution may likewise be a marker of liquidity hazard and asymmetry of information, accordingly blurring the examination.

2.4 Empirical Review

A few examinations have been studied out on the determinants of firm execution in various settings. Observational writing has been introduced in accordance with the examination factors.

2.4.1 Leverage and Firm Performance

Iqbal and Usman (2018) observationally considered the effect of budgetary influence on firm execution of recorded material composite organizations in Pakistan. Five-year information was gathered from 2011-2015 and the best 16 organizations are chosen as an example. The investigation utilized graphic measurements, relationship examination, and relapse models to recognize the outcomes. Outcomes demonstrated that money related influence has a negative and huge impact on firm ROE and budgetary influence has a positive and noteworthy impact on firm ROA. Further examination showed that the high-loan cost and more measure of obligation diminishes the estimation of value and negatively affects firm execution. Then again, the measure of obligation positively affects firm ROA. The examination inferred that budgetary influence positively affects firm execution if the measure of obligation doesn't surpass the measure of value. Despite the fact that did in recorded organizations, the investigation just centered around the material division while the current examination centers around all the recorded firms.

Morri and Jostov (2018) did an examination on the impact of influence on the presentation of land organizations. The point of the examination was to explore the effect of influence on the complete investor return of European traded on an open

market land vehicle in three periods: Crisis Period (2007-2009), Rebound Period (2009-2014), and the Whole Period. Cross-sectional investigation is utilized and the influence impact on the exhibition is controlled for seven other autonomous factors (neighborhood market hazard exceptional, size, book-to-showcase, transient obligation, money); also, local contrasts are represented. From the discoveries, it was built up that during the Crisis Period, influence levels are contrarily connected with execution. This investigation was completed in Europe, a created economy that is unique in relation to the current examination which is done in Kenya which is a rising economy.

Lau, Law, and Nassir (2016) observationally examined obligation development and stock returns as a between sectoral correlation of 12 Bursa Malaysian areas. At the point when absolute influence was applied, just 3 out of 12 parts showed a huge relationship with stock returns. Notwithstanding, when the influence was separated by utilizing present moment and long-haul obligation, relapses in 9 out of 12 parts uncovered that either type of disaggregated influence showed a noteworthy relationship with returns at any rate at a 5% criticalness level. The outcomes recommended that the return-influence relationship could be circuitous regarding development. The board relapses additionally indicated that division explicit examination is more important and commonsense because of the blended relationship distinguished. The observational ends were additionally upheld by utilizing two markers of monetary influence, for example book influence and market influence. The outcomes were powerful when the firm and the time impacts are mulled over.

Samarakoon, Kumara, and Gunarathne (2015) contemplated the impact of influence on gainfulness and market execution in the assembling segment of Sri Lanka. A board relapse investigation was utilized in the philosophy. The example comprised of 28 recorded organizations in the assembling part of the Colombo Stock Exchange, and information was accumulated for the period 2008-2012. Mukaria, Mugenda, and Akenga (2015) examined the impact of influence on the presentation of non-money related businesses recorded at the Nairobi Securities Exchange . The populace constituted 61listed firms on the Nairobi protections trade by December 2013 for the six-year time frame from 2008 to 2013. Normal Least Square strategy was utilized to set up the reason impact relationship among factors; Hypotheses were tried at a 5% essentialness level utilizing t-measurement. The examination found that there was no

huge contrast in monetary execution between exceptionally turned and modest turned firms and that there existed a negative connection among Leverage and association's exhibition. There were additionally no critical contrasts in budgetary execution between high development turned firms and low development turned firms and that there existed a negative connection between an association's development opportunity and money related influence proportion. There was no critical contrast in monetary execution between huge turned firms and little turned firms.

Jeleel and Olayiwola, B. (2017) contemplated the impact of influence on firm execution in recorded synthetic compounds and paints firms in Nigeria. Utilizing an example of three firms haphazardly browsed a sum of nine firms recorded in the area for a time of ten years, 2000 – 2009. Standard Least Square (OLS) was utilized as a strategy for assessment for the information sourced optionally from the NSE factbook covering the time of the investigation of the chose firms. Profit for Assets (ROA) was utilized as a proportion of execution while Equity (EQT) and Debt Ratio (DR) as intermediaries for capital structure in models 1 and 2 individually. The outcomes indicated that EQT money has a noteworthy and positive effect on ROA, yet DR has a negative and unimportant relationship on the exhibition measure.

2.4.2 Growth Opportunities and Firm Performance

Heidar (2016) assessed how venture openings, development, and capital efficiency influence firm execution of recorded organizations in the Tehran Stock Exchange. The measurable populace incorporated the organizations recorded in the Tehran Stock Exchange, out of which a factual example of 134 corporates was chosen by a methodical end examining strategy. The period under audit was a 5-year time span (2007-2011) and the theories in this exploration were tried by utilizing joined information (board). The outcomes demonstrated that venture openings don't influence firm execution, and firm development has an affirmative and noteworthy effect on return on a benefit yet doesn't influence market esteem included. Additionally, capital profitability has a positive and huge effect on execution of the company.

Tingler (2015) did an investigation on the methods of firm development and their consequences for firm execution via completing an exact examination of the synthetic business. Utilizing arbitrary impact board information investigation, and multivariate

relapse, the examination gave experimental proof that development openings, firm size, substantial quality, and budgetary influence effectsly affect benefit (ROA) decision, in any case; charge impacts and business hazard are not altogether identified with the productivity.

Mehrad and Kamal (2015) examined the function of development openings in the impact of budgetary choices (structure of capital and profit) and structure of proprietorship on organization an incentive for institutions registered in the Tehran Securities Exchange. Tadbir Pardaz. To gauge models, programming Eviews was utilized. Prior to information examination, the variable unwavering quality test and Chow and Hausman tests were utilized so as to decide the model reasonable for the assessment of boundaries and the impact of autonomous factors on subordinate ones. The aftereffects of information examination indicated that there was a noteworthy connection between capital structure and profit and firm worth which on account of the nearness of development openings, this relationship was negative and huge however on account of nonattendance of it, that was positive and huge.

Farooq, Ahmed, and Saleem. (2015) examined overinvestment, development openings, and firm execution from Singapore Stock Market. The example comprised of 7 years of information (2005 to 2011) of 360 nonfinancial organizations recorded in the Singapore Stock Market. After board information models apportionment tests (LM test, Hausman test, No Fixed impact test). The examination utilized fixed impact relapse system and outcomes indicated that 52% of firms were occupied with legitimate speculation ventures, 29% of firms were overinvesting, while 19% of firms were underinvesting. Further tests show that both overinvestment and underinvestment demonstrated a serious negative effect on firm execution. Be that as it may, legitimate speculation positively affects firm execution in the Singapore Stock Market. The outcomes feature the degree of the organization issues in the Singapore Stock Market. Generally speaking, development openings were discovered to be emphatically related and factually critical to firm execution.

Arslan and Karan (2006) concentrated on influence and obligation development as together endogenous under synchronous conditions system for Turkish firms. The discoveries indicated that organizations that are monetarily solid or have more development open doors abbreviate their firm obligation development structure. In

addition, notwithstanding having a controlling enormous investor or a concentrated possession structure, firms with development openings despite everything favor shorter developments to take care of the underinvestment issues. Then again, Terra (2011) in their examination have various discoveries of the connection between obligation development and development openings in various nations.

2.4.3 Asset Tangibility and Firm Performance

Irungu, Muturi, Nasieku, and Ngumi (2018) considered the impact of advantage substance on monetary performance of registred organizations in the Nairobi Securities Exchange . The examination utilized a board structure that was non-trial in nature. This investigation focused on all 64 businesses recorded on the Nairobi Securities Exchange . A statistic of allthe 64firms recorded in the Nairobi Securities Exchange was applied as an element of examination. Auxiliary information extricated from the budget reports was utilized to figure the important proportions and included board information. The investigation utilized a powerful board information relapse model whereas ANOVA was utilized to assess the connection amid the factors over the segments. The trial of the speculation was carried out at a 95% certainty level. The examination discovered that there was a positive and noteworthy connection between resource substantial quality and monetary execution of money related and non-budgetary firms. The investigation inferred that advantage substantial quality has a positive and noteworthy impact on the monetary exhibition of recorded organizations.

Martina (2015) examined the connection between substantial resources and the structure of capital of Croatian little and undertakings of medium-sized entities. The investigation was led on an example of 500 Croatian SMEs for the period amid 2005 and 2010. The information utilized for the exact examination were taken from organizations' yearly reports. The consequences of the exploration found that unmistakable resources are diversely connected with present moment and long haul influence. The connection between unmistakable resources and transient influence was negative and measurably critical in completely watched years. The connection between substantial resources and long haul influence Firms in the Nairobi Securities Exchange . was positive in totally watched years and measurably critical. The outcomes demonstrated that little and medium-sized organizations utilize their insurance to pull in long haul obligation, which implies that little and medium-sized organizations use

lower costs and the loan fee of long haul obligation comparable to momentary obligation.

Olattunji et al. (2014) assessed the outcomes of interest in resources on the benefit of chosen financial insitutions in Nigeria. Information was acquired from yearly data and records of 13 chosen banking businesses in Nigerian from 2000-2012. The connection amid the needy variable (Net benefit) and autonomous factors (Land, Building, premises of leaseholds, apparatuses /fitting, and interest in PCs.) showed that there is a huge connection amid them. The investigation inferred that interest in non-current resources had a solid and affirmative factual effect on the gainfulness of the financial part.

Anzari and Gowda (2017) assessed resource substantial quality, capital structure, and their effects on money related execution. 11 oil and gas organizations enveloping three processing plant organizations and eight penetrating and investigation organizations recorded on the Bombay Stock Exchange (BSE) established the examination test. The necessary information for examination of the budgetary presentation of select organizations were gathered from the yearly reports and fiscal summaries of the organizations covering a time of ten years from 2007. The investigation utilized EPS and fixed resources as intermediaries for money related execution and resource substance, separately. This investigation utilized spellbinding measurements, Pearson relationship, and direct relapse examination. The outcomes introduced in this investigation indicated that there exists a positive and noteworthy link amid structure of capital and money related implementation. Nonetheless, the connection between resource substance and monetary execution was noteworthy and negative.

The investigation by Okwo *et al.* (2012) evaluated the effect of an organization's interest in non-current resources on its working overall revenue. The investigation depends on an example of four organizations in the Nigerian bottling works area over long term from 1999 - 2009. The working overall revenue was qualified as the reliant factor whereas the free factors included, Rates of Interest, Rate of Foreign Exchange, proportion of Sales over Net Fixed Assets and proportion of Inventory over Cost of Sale. The discoveries of the investigation were however the connection amid the degree of interest in non current resources and their effect on the working benefit was affirmative, the outcome was not factually huge. In this way, the outcome didn't

recommend any solid positive effect of interest in non-current resources on the working benefit of Nigerian distillery businesses.

2.4.4 Taxes and Firm Performance

Gamze (2019) considered the impacts of the corporate assessment rate on firm execution. The examination researched the impacts of tax assessment on the firm presentation by utilizing a broad informational collection from a board of 738 organizations for 16 distinct nations throughout the years somewhere in the range of 2000 and 2016. The outcomes recommended that the effect of corporate assessment rates on firm execution is fundamentally negative. The outcomes likewise show that the budgetary emergency, improvement levels of nations, and the size of firms significantly affect this relationship. The outcomes are vigorous regarding consolidating various arrangements of control factors.

Sebastian and Costel (2018) contemplated corporate expense blend and firm execution of Romanian recorded organizations. Utilizing a fixed-impact model, the outcomes show that one rate point increment in generally firm-explicit assessment rate triggers 0.15 rate focuses decline consequently on resources. Also, physical assets, influence, and size negatively affect Romanian recorded organizations' presentation, while liquidity, development, and slacked benefit have a constructive outcome.

Chauvet and Ferry (2016) contemplated tax assessment, framework, and firm execution in creating nations. Taking firm-level information from the World Bank Enterprise Surveys (WBES) and duty information from the Government Revenue Dataset (ICTD/UNU-WIDER), the outcomes recommend that charge income advantages to firm development in creating nations, particularly in low-pay nations and lower-center pay nations. The examination likewise gave proof that the constructive outcome of tax assessment on firm development falls altogether when defilement is excessively inescapable, and when the birthplace of expense income source diminishes government responsibility. In conclusion, the investigation finds that the constructive outcome of homegrown income on firm execution could channel through the financing of open foundations essential to firms working in lower-pay nations.

Fan, Titman, and Twite (2010) contemplated the impact of institutional condition on money edifice and commitment growth verdicts by looking at the cross-section of firms

in 39 fashioned and developed countries. The analysts originate that the nation's legitimate and duty framework, the degree of defilement, and the inclinations of capital providers clarify a huge segment of the variety in influence and obligation development proportions. They additionally find that organizations will in general utilize more obligation in nations where there is a more prominent expense gain from influence, while firms in nations with bigger government security markets have lower influence, recommending that administration securities will in general group out corporate obligation.

2.5 Conceptual Framework

A conceptual framework visually shows the connection amid the factors of the examination (Mugenda and Mugenda, 2003). The predicting factors are independent variables; leverage, growth opportunities, asset tangibility and taxes. The response variable for the examination is performance with the extent of the investigation being organizations registered with Nairobi Securities Exchange .

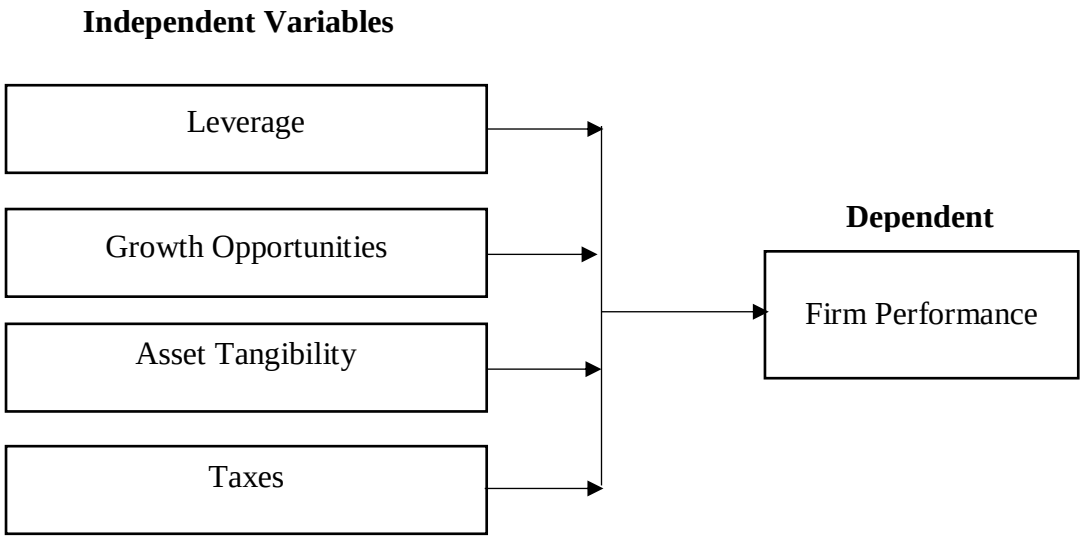

Figure 2.1: Conceptual Framework

Source: Researcher (2020)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This describes the methodology for the research which were received in this examination. The areas included are study structure, populace, size of the test, information assortment, and examination. Information investigation incorporated symptomatic tests, diagnostic models, and essentialness tests.

3.2 Research Design

The design of this research work applied a descriptive design. This examination configuration includes portraying the attributes of a specific individual or of a gathering of factors (Kotharri, 2008). It was utilized to decide how individuals feel about a component by empowering them to portray their encounters by concentrating all the populace components considered in the investigation. The reason for a distinct plan is to give an inside and out portrayal of a wonder or the connections between at least two marvels (Serakan and Bougie, 2010). The investigation plans to give information to the determinants of obligation development and their effect on presentation of recorded businesses at Nairobi Securities Exchange , Kenya to be specific: - influence, development openings, resource substantial quality, and expenses.

3.3 Population

Kumar (2005) defines population as the whole gathering of constituents from which translations are understood and implies each conceivable component which is of significance in research. The populace unit of examination comprised of the apparent multitude of 65 businesses recorded in the Nairobi Securities Exchange . The examination covered a time span of 10 years from 2008 to 2017. The organizations recorded in NSE were classified as introduced in Table 3.1.

Table 3.1 Businesses Registered at Nairobi Securities Exchange by Sector

Sector	Number of Firms
Horticultural	6
Vehicles and Automobiles	1
Banking	12
Business Services	13
Development	5
Petroleum and Vitality	5
Protection	6
Investments	5
Assembly	1
Media transmission	8
Land Investment Trust	1
Trade Traded Funds	1
Horticultural	1
Total	**65**

Source: NSE (2020)

3.4 Sample

Kothari (2014) depicts inspecting outline as a rundown of individuals from the examination populace from which an irregular example might be drawn. Being a census approach, all the populace components were considered for examination. A registration approach was applied in the examination to guarantee satisfactory data was acquired from the respondents on the grounds that the investigation populace isn't huge.

3.5 Collection of Data

Auxiliary information was utilized in this examination. This information incorporated the budget reports (the monetary record and the benefit and misfortune represent) all the organizations in Nairobi's Securities Exchange Handbook Series for the years 2007-2018. Fiscal summaries particularly the announcement for money related position and proclamation for budgetary execution for the separate firms were utilized to acquire information for the determinants. An information assortment sheet was utilized to assemble data in its raw form. Normally, this informational collection should be handled and examined later to empower experimental examination.

3.6 Analysis of Data

3.6.1 Tests for Diagnosis

Diagnostic tests that were applied to the gathered information incorporated the Shapiro-Wilk test for ordinariness test and corroborative test for Variance Inflation Factor (VIF) to test for multicollinearity. Further tests included Durbin-Watson test for autocorrelation and Unit root test (Augmented Dickey Fuller (ADF)) to test for stationarity of the data.

Multicollinearity alludes to indicators that are related with different indicators (Cox, 2006). Multicollinearity happens when the model incorporates different elements that are related to the reaction variable, yet additionally to one another (Tabachnick and Fidell, 2007). The corroborative examination for multicollinearity that was carried out was Variance Inflation Factor (VIF). In the event that VIF for any factor is near or above 10, there exists collinearity related with that factor. In the event that there is a factor that has VIF around or above 10, the factor was to be eliminated from the relapse model (Cox, 2006).

Ordinariness investigation assists with watching that information is typically dispersed (Moore and McCabe, 2004). The two notable mathematical trial of ordinariness are the Kolmogorov-Smirnov Test and the Shapiro-Wilk Test. The Shapiro-Wilk Test is more fitting for little example sizes (< 50 examples) however can likewise deal with test sizes as extensive as 2000. Further diagnostic test that will be included are Durbin-Watson test for autocorrelation and Unit root test (Augmented Dickey Fuller (ADF)) to test for stationarity of the data.

3.6.2 Model for Analysis

A various relapse investigation was utilized to test the relative connection between the dependent and predicting factors. The relapse examination decided the criticalness of every one of the factors concerning firm execution of organization recorded at the Nairobi Securities Exchange . The exact model was as: -

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \ldots\ldots\ldots\ldots\ldots\ldots \; i}$$

$$\mathbf{Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \ldots\ldots\ldots\ldots\ldots\ldots \; ii}$$

$$Y = \alpha + \beta Z \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{iii}$$

Y= Firm Performance
Z = Debt Maturity
X_1= Leverage
X_2= Growth Opportunities
X_3= Asset Tangibility
X_4= Taxes

The measurement of variables will be as follows;

i.	Firm Performance	=	ROA (Net Profit after Tax/Total Assets)
ii.	Leverage	=	Total Debt/ Total Assets
iii.	Growth Opportunities	=	Tobin's Q (Total Market Value/Total Asset Value)
iv.	Asset Tangibility	=	(Total Assets – Intangible Assets (goodwill, trademark, copyrights, or patents) – Total Liabilities)/Total Assets
v.	Taxes	=	Income Tax Expense/ Pre-tax Income (EBIT)

3.6.3 Tests for Significance

The investigation applied minimums, maximum, means and standard deviations as measures for descriptive insights. The researcher applied a different relapse examination in inferential insights. Pearson's Correlation was applied to test for quality and association of the autonomous factors to the reliant factors. Connections for the factors were done to evaluate the quality and relationship between the free factors (influence, development openings, resource substance and charges) and the reliant variable (firm execution). Pearson's connection changes from positive one to negative one where positive one demonstrates a solid positive association, negative one highlight a solid negative association though zero shows absence of some association in the midst of the two factors. The more the association goes towards zero, the more feeble the connection.

Measurable bundle for sociologies was likewise used to dissect the numerous relapses by examining the Goodness of Fit, ANOVA (Analysis of Variance), F measurement/criticalness of the investigation factors and relapse of coefficients in the

midst of the reaction variable and indicator factors. Relationship coefficient (R square) were used to evaluate the decency of fit by disclosing the degree to which the indicator factors clarify the reaction variable. The 0.05 traditional degree of importance was utilized to rate the degree of criticalness. On the off chance that the essentialness is underneath 0.05, at that point the model is esteemed to be factually noteworthy. The coefficient of beta was utilized to allow subtleties on the relapse result of the indicator components to the reaction factor. Charts, figures and Tables were used in introduction of findings and discoveries.

CHAPTER FOUR: FINDINGS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter illustrates the output of the analysis, findings and discussion. Descriptive outcomes were illustrated first then correlation and finally regression findings. The researcher used the below model:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \ldots\ldots\ldots\ldots\ldots \; i}$$

$$\mathbf{Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \ldots\ldots\ldots\ldots\ldots \; ii}$$

$$\mathbf{Y = \alpha + \beta Z \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \; iii}$$

Y= Firm Performance

Z = Debt Maturity

X_1= Leverage

X_2= Growth Opportunities

X_3= Asset Tangibility

X_4= Taxes

4.2 Descriptive Findings

This segment outlines descriptive outcomes for the calculated study variables: performance, leverage, growth opportunities, asset tangibility and taxes. The study set out to investigate the descriptive statistics for the computed factors. The outcomes were presented in Table 4.1. Performance had -11.393 as the minimum and a maximum of 8.781 with an average of 0.038 with a standard deviation of 0.648. Leverage had an average of minimum value of -0.553, a maximum of 33.127, an average of 0.540 with a standard deviation of 1.463. Growth opportunities had a minimum value of 0, a maximum of 3,911,680, mean of 29,228 with a standard deviation of 278,070. Asset tangibility had a minimum of -4.058, a maximum of 2.204, average of 0.844 with a measure of dispersion from expected mean of 0.306. Taxes had a minimum of -18.168, a maximum of 244.151, an average of 0.646 with a standard deviation of 10.544. Debt maturity ha a minimum of -48.421, a maximum of 119.285, an average of 1.489 with a measure of dispersion from the expected average of 6.555.

Table 4.1 Descriptive Outcomes

Variable	Minimum	Maximum	Average/Mean	Std. Deviation
Performance	-11.393	8.781	0.038	0.648
Leverage	-0.553	33.127	0.540	1.463
Growth Opportunities	0.000	3,911,680.000	29,228.600	278,070.676
Asset Tangibility	-4.058	2.204	0.844	0.306
Taxes	-18.168	244.151	0.646	10.544
Debt Maturity	-48.421	119.285	1.489	6.555

Source: Research Data (2020)

4.3 Tests for Diagnostic

4.3.1 Test for Multicollinearity

The researcher sought to test data distribution by carrying out multicollinearity's confirmatory examination. The test was carried out using Variance Inflation Factor (VIF). If VIF for one of the factors is around or above 10, there is collinearity linked with that factor and must be expunged from the model. The outcomes of the outcomes were presented in Table 4.2.

With performance being the independent variable, leverage, growth opportunities, asset tangibility and taxes had VIF values of 1.020, 1.005, 1.898 and 1.904 respectively. All the values were less than the conventional threshold of 10. With debt maturity being the independent variable, leverage, growth opportunities, asset tangibility and taxes had VIF values of 1.020, 1.005, 1.898 and 1.904 respectively. All the values were less than the conventional threshold of 10. These findings imply that the variables did not have symptoms of multicollinearity hence no need to be removed from the regression model.

Table 4.2 Multicollinearity

Variables	Performance		Debt Maturity	
	Tolerance	VIF	Tolerance	VIF
Leverage	0.980	1.020	0.980	1.020
Growth Opportunities	0.995	1.005	0.995	1.005
Asset Tangibility	0.527	1.898	0.527	1.898
Taxes	0.525	1.904	0.525	1.904

Source: Research Data (2020)

4.3.2 Normality Test

The researcher set out to assess whether the data was normally distributed. The outcomes of the findings were illustrated in Table 4.3. Due to the fact that the dataset had less than 2000 elements, the Shapiro-Wilk Test was utilized. The rule of thumb says that the dataset are distributed normally if K-S> level of significance (K-S>0.05). According to the output of the findings, the level of significance for the number of leverage, growth opportunities, asset tangibility and taxes was 0.232, 0.302, 0.424 and 0.215 respectively which were all greater than 0.05. This indicates that the data is indeed from a normal distribution.

Table 4.3 Test of Normality

Variable	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Leverage	0.151	540	0.343	0.929	540	0.232
Growth Opportunities	0.243	540	0.138	0.803	540	0.302
Asset Tangibility	0.307	540	0.210	0.835	540	0.424
Taxes	0.211	540	0.220	0.935	540	0.215

Source: Research Data (2020)

4.3.3 Autocorrelation Test

Durbin-Watson test was utilized to assess for the link amidst the error terms of the regression model. The outcomes for the outcomes were illustrated in Table 4.4. The rule of thumb is that the value for t-test for Durbin Watson ranging from 1.5 to 2.5 implies autocorrelation absence. The outcomes of the findings from the test indicated that the residuals/error terms for the variables in the study did not have any autocorrelation as they were between the conventional range.

Table 4.4 Durbin-Watson Findings

Variables	Test	Statistic
Leverage	Durbin Watson	1.898
Growth Opportunities	Durbin Watson	2.120
Asset Tangibility	Durbin Watson	1.935
Taxes	Durbin Watson	2.066

Source: Research Data (2020)

4.3.4 Stationarity Test

The unit root test Augmented Dickey Fuller (ADF) was utilized to find out if the study factors possessed unit roots or were not stationary. One important assumption of modelling time series data is that the factors do not have unit roots and are stationary. This test was utilized on all the four study variables. The outcomes of the outcomes suggetsed that all the series were stationary after first difference at 5% level as illustrated in Table 4.5.

Table 4.5 Unit Root Test

Variables	Level/Difference	Critical Value (ADF)	ADF
Leverage	Level	-2.9540	-1.5079
	First Diff.	-2.9540	-8.0476*
Growth Opportunities	Level	-2.9511	0.5588
	First Diff.	-2.9540	-7.1321*
Asset Tangibility	Level	-2.9511	-0.7284
	First Diff.	-2.9540	-6.0018*
Taxes	Level	-2.9511	-1.2587
	First Diff.	-2.9540	-7.9422*

* indicates significance at 5% level.

Source: Research Data (2020)

4.4 Correlation Findings

Correlation is the level to which two factors have an association. The findings on correlation analysis in regards the model; $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ were presented in Table 4.6. The correlation between leverage and debt maturity was positive but weak (0.291) and was significant statistically (0.000). The correlation amid growth opportunities and debt maturity was negative and weak (-0.022) and was insignificant statistically (0.606).

The correlation amid asset tangibility and debt maturity was weak and negative (-0.047) and was statistically insignificant (0.000). The correlation amid taxes and debt maturity was positive and weak (-0.029) and was insignificant statistically (0.503). The findings imply that independently, out of all the predictor variables (leverage, growth opportunities, asset tangibility and taxes) only leverage was a key determinant of debt

maturity. However, independently growth opportunities, asset tangibility and taxes were negatively associated with debt maturity.

Table 4.6 Pearson's Correlation – Debt Maturity

Variables		Debt Maturity	Leverage	Growth Opportunities	Asset Tangibility	Taxes
Debt Maturity	Correlation	1				
	Sig. (2-tailed)					
Leverage	Correlation	0.291	1			
	Sig. (2-tailed)	0.000				
Growth Opportunities	Correlation	-0.022	-0.034	1		
	Sig. (2-tailed)	0.606	0.425			
Asset Tangibility	Correlation	-0.047	-0.114	0.048	1	
	Sig. (2-tailed)	0.278	0.008	0.263		
Taxes	Correlation	-0.029	0.134	-0.003	-0.686	1
	Sig. (2-tailed)	0.503	0.002	0.936	0.000	

Source: Research Data (2020)

The outcomes on correlation analysis for the model; $Z = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$ were presented in Table 4.7. From the findings the correlation amid leverage and performance was negative and weak (-0.016) and was insignificant statistically (0.000). The correlation amid growth opportunities and performance was negative and weak (-0.001) and was insignificant statistically (0.974). The correlation amid asset tangibility and performance was positive and strong (0.518) and was insignificant statistically (0.000). The correlation amid taxes and performance was strong and negative (-0.755) and was statistically significant (0.000). The findings imply that independently, out of all the predictor variables, asset tangibility and taxes as predictors of debt maturity were key determinants of performance. However, independently leverage and growth opportunities were negatively associated with performance.

Table 4.7 Pearson's Correlation - Performance

Variables		Performance	Leverage	Growth Opportunities	Asset Tangibility	Taxes
Performance	Correlation	1				
	Sig. (2-tailed)					
Leverage	Correlation	-0.016	1			
	Sig.	0.710				
Growth Opportunities	Correlation	-0.001	-0.034	1		
	Sig.	0.974	0.425			
Asset Tangibility	Correlation	0.518	-0.114	0.048	1	
	Sig.	0.000	0.008	0.263		
Taxes	Correlation	-0.755	0.134	-0.003	-0.686	1
	Sig.	0.000	0.002	0.936	0.000	

Source: Research Data (2020)

The outcomes on analysis for correlation for the model; $Y = \alpha + \beta Z$ were presented in Table 4.8. From the findings the correlation between debt maturity (0.005) and performance was negative and weak. Furthermore, the association between debt maturity and performance of listed businesses was statically insignificant (0.903) as it was higher than threshold of 0.05.

Table 4.8 Pearson's Correlation – Debt Maturity and Performance

Variables		Performance	Debt Maturity
Performance (ROA)	Correlation	1	
	2-tailed Sig.		
Debt Maturity	Correlation	0.005	1
	2-tailed Sig.	0.903	

Source: Research Data (2020)

4.5 Fitness of Research Model

The outcomes on fitness of the model; $Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ were illustrated in Table 4.9. The findings suggest that the variables; leverage, growth opportunities, asset tangibility and taxes were explaining debt maturity of listed businesses at Nairobi Securities Exchange . This outcome is underpinned by an R square of 0.086. This additionally indicates that the predicting factors do enlighten 8.6%

of the response factor (debt maturity) of listed businesses at Nairobi Securities Exchange .

Table 4.9 Fitness of the Model– Debt Maturity

Model	Coefficients
R Square	0.086
Std. Error of the Estimate	6.291256
Adjusted R Square	0.079
R	0.293

Source: Research Data (2020)

The outcome on model fitness of the model; $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ were illustrated in Table 4.10. The output showed that the variables; leverage, growth opportunities, asset tangibility and taxes were satisfactorily explaining debt maturity of listed businesses at Nairobi Securities Exchange . This output is underpinned by an R square of 0.574. The output is underpinned by an R square of 0.577. This furthermore indicates that the determining factor can expound 57.7% of performance of listed businesses at Nairobi Securities Exchange .

Table 4.10 Fitness of the Model - Performance

Model	Coefficients
R Square	0.577
Std. Error of the Estimate	0.423237
Adjusted R Square	0.574
R	0.76

Source: Research Data (2020)

The output on fitness of the research model; $Y = \alpha + \beta Z$ were illustrated in Table 4.11. The output show that debt maturity as an independent variable was somewhat explaining debt maturity of listed businesses at Nairobi Securities Exchange . This outcome was underpinned by the R square of 0.0016. This additionally suggests that the predicting factors can expound 0.16% % of the dependent factor (performance).

Table 4.11 Fitness of the Model– Debt Maturity and Performance

Model	Coefficients
R Square	0.0016
Std. Error of the Estimate	0.6489
Adjusted R Square	-0.0020
R	0.0400

Source: Research Data (2020)

4.6 Analysis of Variance (ANOVA)

The output of ANOVA finding as shown on Table 4.12 imply that the model; $Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ was significant statistically. This was underpinned by a level of (p) of 0.000. The stated p level was lower than the globally established level of 0.05 and hence imperative in the research. This output show that the determining variables; leverage, growth opportunities, asset tangibility and taxes are good predictors of debt maturity businesses registered with the Nairobi Securities Exchange .

Table 4.12 ANOVA – Debt Maturity

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1991.235	4	497.809	12.577	0.000
Residual	21214.83	536	39.58		
Total	23206.06	540			

Source: Research Data (2020)

The output of ANOVA finding as shown on Table 4.13 imply that the model; $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ was statistically significant. This was underpinned by a 0.000 probability (p) level. The stated p level was less than the globally set 0.05 probability level hence imperative in the study. This output show that the determining variables; leverage, growth opportunities, asset tangibility and taxes are good predictors of performance businesses registered with the Nairobi Securities Exchange .

Table 4.13 ANOVA – Performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	130.936	4	32.734	182.739	0.000
Residual	96.014	536	0.179		
Total	226.95	540			

Source: Research Data (2020)

The output of ANOVA finding as shown on Table 4.14 imply that the model; $Y = \alpha + \beta Z$ was statistically insignificant. The outcome was underpinned by a level of (p) of 0.000. The stated p value was below the globally set level of 0.05 and hence imperative in the research. This output show that the predictor variables. This was underpinned by a value of probability (p) of 0.000. The stated p value was probability 0.05 and hence important in the research. This output shows that debt maturity as an independent variable in isolation is not a good predictor of performance for businesses regigistred at the Nairobi Securities Exchange .

Table 4.14 Analysis of Variance – Debt Maturity and Performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.006	4	0.006	0.015	0.903
Residual	226.943	536	0.421		
Total	226.95	540			

Source: Research Data (2020)

4.7 Regression of Coefficients

Regression of coefficients outputs for the model $Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ were illustrated in Table 4.15. The outputs imply that there is a positive link amid leverage and debt maturity of listed firms (1.497). The findings indicate that there exists a positive link amid growth opportunities and debt maturity of businesses registered with Nairobi Securities Exchange (1.306). However, the study outcomes suggested a negative relationship between growth opportunities and debt maturity of firms registered with Nairobi Securities Exchange (-0.002). Furthermore, asset tangibility was found to be negatively related to debt maturity. Taxes were also found to have a negative relationship to debt maturity of businesses registrered at the Nairobi Securities Exchange .

These outputs imply that a rise in one unit of leverage leads to a proportionate increase of debt maturity by 1.497 units. A rise in one unit of growth opportunities leads to a proportionate increase of debt maturity by 1.306 units. However, the findings imply that a unit increase in asset tangibility leads proportionate decrease of debt maturity by 0.819 units. Furthermore, a unit increase in taxes was found to lead to a proportionate decrease in debt maturity by 0.023 units.

From the study outcome, it was found out that leverage was a statistically significant determinant of debt maturity as it had a significance level of 0.000. This is because it was lower than the conventional threshold of significance set at 0.05 at 95% confidence level. However, growth opportunities, asset tangibility and taxes were found to be statistically insignificant as their significance levels were 0.800, 0.502 and 0.522 respectively which is higher that the conventional threshold of 0.05. These findings imply that leverage is a key predictor of debt maturity. The findings also imply that growth opportunities, asset tangibility and taxes do have a negative relationship with debt maturity.

Table 4.15 Regression of Coefficients – Debt Maturity

Variables	Unstandardized Coefficients	Std. Error	t	Sig.
(Constant)	1.497	1.086	1.379	0.169
Leverage	1.306	0.187	6.985	0.000
Growth Opportunities	-0.002	0.000	-0.253	0.800
Asset Tangibility	-0.819	1.220	-0.671	0.502
Taxes	-0.023	0.035	-0.641	0.522

Source: Research Data (2020)

Regression of coefficients outcomes for the model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ were illustrated in Table 4.16. The outcomes indicate an affirmative link amid leverage and performance of listed firms (0.039). However, the findings indicate that exists a negative association amidst growth opportunities and performance of businesses registered at Nairobi Securities Exchange (-0.002). Nevertheless, the outcomes suggested an affirmative link between asset maturity and performance of businesses registered with Nairobi Securities Exchange (0.007). Furthermore, taxes were found to be negatively related to performance of businesses registered at the Nairobi Securities Exchange (-0.047).

These outcomes imply that a rise in one unit of leverage leads to a proportionate increase of debt maturity by 1.497 units. A rise in one unit of growth opportunities led to a proportionate increase of debt maturity by 1.306 units. However, the findings imply that a unit increase in asset tangibility leads proportionate decrease of debt maturity by 0.819 units. Furthermore, a unit increase in taxes was found to lead to a proportionate decrease in debt maturity by 0.023 units.

From the findings, it was established that leverage and taxes are statistically significant determinants of performance as they had significance levels of 0.002 and 0.000 respectively. This is because these were lower than the conventional threshold of significance set at 0.05 at 95% confidence level. However, growth opportunities and asset tangibility were found to be statistically insignificant as their levels of significance were 0.965 and 0.931 respectively and are higher than the conventional threshold of 0.05. These outcomes indicate that leverage and taxes are key determining factors of performance. The findings also imply that growth opportunities and asset tangibility do have a negative relationship with performance.

Table 4.16 Regression of Coefficients - Performance

Variables	Unstandardized Coefficients	Std. Error	t	Sig.
(Constant)	0.042	0.073	0.568	0.570
Leverage	0.039	0.013	3.063	0.002
Growth Opportunities	-0.002	0.000	-0.043	0.965
Asset Tangibility	0.007	0.082	0.087	0.931
Taxes	-0.047	0.002	-19.708	0.000

Source: Research Data (2020)

Regression of coefficients outcomes for the model $Y = \alpha + \beta Z$ were illustrated in Table 4.17. The outcomes indicate that there is an affirmative association amid leverage and performance of listed firms (0.037). Furthermore, the outcomes indicated that the general model was not significant statistically as underpinned by a probability value of 0.195 and was higher than the conventional threshold of 0.05. These findings imply that in isolation, debt maturity is not a key determinant of performance for firms registered at Nairobi Securities Exchange .

Table 4.17 Regression of Coefficients – Debt Maturity and Performance

Model	Unstandardized Coefficients	Std. Error	t	Sig.
(Constant)	0. 037	0.029	1.297	0.195
Debt Maturity	0.001	0.004	0.221	0.903

Source: Research Data (2020)

The regression equation was as follows;

Debt Maturity = 1.497 + 1.306 Leverage – 0.002 Growth Opportunities – 0.819 Asset Tangibility – 0.023 Taxes

Performance = 0.042 + 0.039 Leverage – 0.002 Growth Opportunities – 0.007 Asset Tangibility – 0.047 Taxes

Overall,

Performance = 0.037 + 0.001 Debt Maturity

4.8 Interpretation and Discussion of Outcomes

From the findings the correlation between leverage and performance was negative. These findings agree with those of Iqbal and Usman (2018) who studied the impact of financial leverage on firm performance of listed textile composite businesses of Pakistan and found an inverse association amid leverage and performance. The association amid growth opportunities and performance was established to be negative. These findings agree with those of Heidar (2016) who studied the effect of investment opportunities, growth, and capital productivity on firm performance of listed businesses in Tehran Stock Exchange found a negative correlation between growth opportunities and performance.

From the findings, the correlation between asset tangibility and performance was positive and was statistically significant. These outcomes are consistent with those Okwo *et al.* (2012) who evaluated the effect of a company's investment in non current assets on its margin of operating profit in the Nigerian sector of brewery over a period of eleven years from 1999 - 2009 and revealed an affirmative and statistically significant association amid asset tangibility and performance. Further, the correlation between taxes and performance was found to be negative which is consistent with the

findings of Sebastian and Costel (2018) who studied corporate tax-mix and firm performance of Romanian listed businesses and found a negative association between taxes and performance.

From the regression outcomes there is an affirmative link amidst leverage and performance of businesses that are listed. These findings are in agreement with Jeleel and Olayiwola, (2017) who studied the influence of performance for businesses by leverage in registered chemicals and paints businesses in Nigeria and found an affirmative link between leverage and performance. However, the findings show that there is an inverse link amid growth opportunities and performance of listed businesses at Nairobi Securities Exchange . These outcomes agree with Mehrad & Kamal (2015) who asessed the role of growth opportunities in the influence of financial decisions (capital structure and dividend) and ownership structure on firm value for firms listed in Tehran Securities Exchange and found a negative relationship between growth opportunities and performance.

The research outcomes suggested an affirmative link amid asset maturity and performance of registered businesses at Nairobi Securities Exchange . This is consistent with Olatunji e*t al.* (2014) who examined the effect of investment in fixed assets on profitability of selected Nigerian banks and established a positive association amid asset maturity and performance. Furthermore, taxes were established to be inversely linked to performance of businesses registered at the Nairobi Securities Exchange . The outcomes are consistent with Chauvet and Ferry (2016) who studied taxation, infrastructure, and firm performance in developing countries and found a negative relationship between taxes and performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter provides for the summary and conclusion of the research capturing the findings drawn consistent to the study variables and objective. Limitations, recommendations and further study suggestions are provided in this chapter.

5.2 Summary of Findings

The main objective of this study was to examine the determining factors of debt maturity as well as their influence on firms' performance of businesses registered at Nairobi Securities Exchange . Multicollinearity findings indicated that the ressearch factors did not have symptoms of multicollinearity hence no need to be removed from the multiple regression model.

Pearson's Correlation findings for the model; $Y = \alpha + \beta_4 X_4 + \beta_3 X_3 + \beta_2 X_2 + \beta_1 X_1 + e$ suggested that out of all the predictor variables (leverage, growth opportunities, asset tangibility and taxes) only leverage was a key determinant of debt maturity. However, the findings also suggested independently growth opportunities, asset tangibility and taxes were negatively associated with debt maturity. Furthermore, the findings for the model; $Z = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$ suggested that independently, out of all the predictor variables, asset tangibility and taxes as predictors of debt maturity were key determinants of performance. However, independently leverage and growth opportunities were negatively associated with performance. Overall, the findings for the model; $Y = \alpha + \beta Z$ suggested that the association amid debt maturity and performance was negative and weak. The findings also suggested that debt maturity in isolation is not a key predictor of performance for businesses registered at Nairobi Securities Exchange .

The outcome of the outcomes on model fitness of the model; $Z = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$ indicate that the variables; leverage, growth opportunities, asset tangibility and taxes were explaining debt maturity of listed businesses at Nairobi Securities Exchange as supported by an R square of 0.086. Furthermore, The findings on model fitness of the model; $Z = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$ indicate that the variables; leverage, growth opportunities, asset tangibility and taxes were satisfactorily

explaining debt maturity of listed businesses at Nairobi Securities Exchange as supported by an R square of 0.574. Overall, the findings on model fitness of the model; $Y = \alpha + \beta Z$ indicate that the debt maturity as an independent variable was somewhat explaining debt maturity of listed businesses at Nairobi Securities Exchange as supported by an R square of 0.0016.

ANOVA statistics indicated that the model; $Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ was statistically significant and that the independent variables; leverage, growth opportunities, asset tangibility and taxes are good predictors of debt maturity businesses registered with the Nairobi Securities Exchange . Furthermore, ANOVA statistics indicated that the model; $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ was statistically significant and that that the independent variables; leverage, growth opportunities, asset tangibility and taxes are good predictors of performance businesses registered with the Nairobi Securities Exchange . Overall, ANOVA statistics indicated that the model; $Y = \alpha + \beta Z$ was statistically insignificant and that debt maturity as an independent variable in isolation is not a good predictor of performance for businesses registered at the Nairobi Securities Exchange .

Regression of coefficients outcomes for the model $Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ suggested that leverage was a statistically significant determinant of debt maturity. However, growth opportunities, asset tangibility and taxes were found to be statistically insignificant. Furthermore, regression of coefficients outcomes for the model $Y = \alpha + \beta 4\ X4 + \beta 3\ X3 + \beta 2\ X2 + \beta 1\ X1 + e$ suggested that leverage and taxes are statistically significant determinants of performance as they had significance levels. However, both growth opportunities and asset tangibility were found to be statistically insignificant. Overall, regression of coefficients outcomes for the model $Y = \alpha + \beta Z$ suggested that in isolation, debt maturity is not a key determinant of performance for firms registered with Nairobi Securities Exchange .

5.3 Conclusion

Based on the outcomes, it can be settled that all determining variables; leverage, liquidity, asset tangibility and growth opportunities were satisfactorily explaining both debt maturity and performance of listed firms. It can also be concluded that be jointly, $Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ and $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$

were satisfactorily explaining debt maturity and performance of firms registered with Nairobi Securities Exchange. Furthermore, the variables jointly are good predictors of both debt maturity and firm performance. Leverage and growth opportunities are good predictors of performaqnce of investment businesses registered at the Nairobi Securities Exchange .

It can be concluded that out of all the predictor variables, asset tangibility and taxes as predictors of debt maturity were key determinants of performance. However, independently leverage and growth opportunities were negatively associated with performance. In addition, leverage, growth opportunities, asset tangibility and taxes are good predictors of debt maturity for institutions registered at the Nairobi Securities Exchange . It can be settled that growth opportunities, asset tangibility and taxes do have a negative relationship with debt maturity.

Finally, it can be concluded that leverage and taxes are key predictors of performance. Furthermore, it can be concluded that growth opportunities and asset tangibility do have a negative relationship with performance. However, it can be concluded that in isolation, debt maturity is not a key determinant of performance for firms registered with Nairobi Securities Exchange .

5.4 Recommendations

The research gives recommendation that the institution's management registered with the Nairobi Securities Exchange put in measures to minimize gearing in terms of leverage. This is because the higher the firm is leveraged, the less the performance in terms of profitability. Furthermore, the measures they put in place should be well implemented as leverage is found to be a key determinant of both debt maturity and performance. The researcher recommends that firms listed in the put in measures to reduce taxation costs as this has a negative relationship with performance. In addition, these measures should be aimed at putting these costs in the least possible minimum as taxes constitute a key determinant of performance thus reducing their profitability.

5.5 Study Limitations

The reserach applied secondary data only in this research. However, This data cannot be authenticated as it is what exists in the Nairobi Securities Exchange website. The

researcher did not have any way of changing the secondary data for the reason of identifying any inconsistencies or temporary anomalies. The study made use of regression and correlations techniques which were multivariate and bivariate in nature. This meant that that two or three factors from varying data sources are examined at a specific time. Nevertheless, this is not accurate due to the fact there exists almost at all times multiple associations and outcomes on an element in that the factor operating within a larger setting of macro and micro environment.

5.6 Further Research Suggestions

This research is not complete in context and nature as it only over a small scope of the financial field practice. For that reason there is need for another study to be undertaken utilizing a different factors that are likely to predict debt maturity so as to investigate whether the outcomes of the outcomes will agree or will be different from the current research. A different research can be carried out in another sub-sector of the economy for instance, the private sector in a Kenyan perspective to find out f the findings will be consistent. In addition, another study can be conducted in different stock exchange markets in different context like London Stock Exchange, Karachi Stock Exchange, to find out if the outcomes will be similar.

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APPENDICES

Appendix I: Companies Registered with Nairobi Securities Exchange

1. WPP Scangroup Plc
2. Williamson Tea Kenya Ltd
3. Unga Group Ltd
4. Umeme Ltd
5. Uchumi Supermarket Plc
6. Trans-Century Plc
7. TPS Eastern Africa Ltd
8. Total Kenya Ltd
9. The Limuru Tea Co. Plc
10. The Co-operative Bank
11. Standard Group Plc
12. Standard Chartered
13. Stanbic Holdings Plc
14. Sasini Plc
15. Sanlam Kenya Plc
16. Sameer Africa Plc
17. Safaricom Plc
18. Olympia Capital Holdings ltd
19. NIC Group Plc
20. National Bank of Kenya Ltd
21. Nation Media Group Ltd
22. Nairobi Securities Exchange Plc
23. Nairobi Business Ventures Ltd
24. Mumias Sugar Co. Ltd
25. Longhorn Publishers Plc
26. Liberty Kenya Holdings Ltd
27. Kurwitu Ventures Ltd
28. Kenya Re Insurance Corporation Ltd
29. Kenya Power & Lighting Co Ltd
30. Kenya Orchards Ltd
31. Kenya Airways Ltd
32. KenolKobil Ltd
33. KenGen Co. Plc
34. KCB Group Plc
35. Kapchorua Tea Co. Ltd
36. Kakuzi Plc
37. Jubilee Holdings Ltd
38. I&M Holdings Plc
39. Home Afrika Ltd

40. HF Group Plc
41. Flame Tree Group Holdings Ltd
42. Express Kenya Ltd
43. Eveready East Africa Ltd
44. Equity Group Holdings Plc
45. East African Breweries Ltd
46. Eaagads Ltd
47. E.A.Portland Cement Co. Ltd
48. E.A.Cables Ltd
49. Diamond Trust Bank Kenya Ltd
50. Deacons (East Africa) Plc
51. Crown Paints Kenya Plc
52. CIC Insurance Group Ltd
53. Centum Investment Co Plc
54. Carbacid Investments Ltd
55. Car & General
56. British American Tobacco
57. Britam Holdings Plc
58. BK Group Plc
59. Barclays Bank of Kenya Ltd
60. Bamburi Cement Ltd
61. B.O.C Kenya Plc
62. Atlas African Industries Ltd GEMS
63. ARM Cement Plc
64. Stanlib Fahari I-REIT
65. New Gold ETF

Source: Nairobi Securities Exchange (2020)