THE RELATIONSHIP BETWEEN OWNERSHIP STRUCTURE AND CORPORATE GOVERNANCE PRACTISES OF LISTED FIRMS AT THE NAIROBI SECURITIES EXCHANGE

BY

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DECLARATION

This research project is my original work and it has not been submitted to any university or college for examination.

Signed…… …… **Date……15/11/2022………………..**

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D63/36386/2020

This research project has been handed in for evaluation with my authorization and blessing in my capacity as the supervisor at the university.

Signed…… ………… **Date……17th November 2022…………**

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DEDICATION

I dedicate this Research Paper to God Almighty, without whom it would not have been possible to achieve what I currently have achieved. I would also like to dedicate this Research Paper to my parents, siblings, and friends who have been supportive during the long absence in pursuit of completing the Research Paper.

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ABBREVIATIONS

BOD	**-**	Board of Directors
CEO	**-**	Chief Executive Officer
CFO	**-**	Chief Financial Officer
CMA	-	Capital Markets Authority
EMH	-	Efficient Market Hypothesis
NSE	**-**	Nairobi Securities Exchange
OTC	-	Over the Counter

ABSTRACT

An organization's corporate governance is influenced by its ownership structure. Corporate governance mechanisms, which vary by company and are often tied to ownership structures, might affect the board's deliberations. The study set out to determine how various types of ownership affect the methods of corporate governance used by firms listed on the Nairobi Securities Exchange (NSE). Multiple forms of corporate ownership were used in the current study. These forms of ownership included both outside and inside investment, as well as varying degrees of concentration and control by management. The shareholder theory, sometimes known as the Friedman doctrine, and the agency theory were both applied in this research project at various points. A total of 64 firms whose shares are now trading on the Nairobi Securities Exchange were the intended recipients. Our research relied entirely on secondary resources. Descriptive statistics and inferential statistics (such as studies of correlation and multiple linear regression) were employed in the study's analysis. The current study found that 90% of NSE-listed companies followed the recommendation that there be more than 55% independent and non-executive directors on the board, while all of the companies followed the guideline that there be at least 33.3% independent and non-executive directors on the board. Further, the current study's findings show that NSE-listed firms' directors generally follow the guidelines set out in their corporate governance charters. And more than 95% of NSE-listed firms' directors have met the attendance standards set down in their corporate governance charters, which typically range from 75% to 100% of scheduled meetings. Further study findings detail that foreign investors do not own the majority of issued equity securities in Kenya. Additionally over 5% of the firms’ listed at the NSE did not have any foreign shareholding and were fully locally owned while slightly over 25% of the listed firms had foreigner investors having a controlling stake of over 50%. Also, over 50% of the listed firms had local investors having a controlling stake of over 50%. Additionally the study findings revealed that institutional investors own the majority of issued equity securities in Kenya. Further, over 5% of the firms’ listed at the NSE did not have any institutional shareholding while slightly over 50% of the listed firms had institutional investors having a controlling stake of over 50%, while less than 25% of the listed firms had individual investors having a controlling stake of over 50%. Further study findings enumerate that the top five shareholders own the majority of issued equity securities in Kenya. In addition, the top five shareholders have a controlling stake of over 50% in over 75% of the listed companies. Also, the study findings showcased that the executive directors do not own the majority of issued equity securities in Kenya. Additionally, over 50% of the firms’ listed at the NSE do not have any managerial shareholding while less than 1% of the listed firms had executive directors having a controlling stake of over 50%. The current study findings also displayed that the general utilization of debt in the listed firms in the NSE is between 11.5% to 23%. Additionally, over 5% of the firms’ listed at the NSE have utilized more debt than the equity in their capital structure while 4% of the firms’ listed at the NSE did not utilize debt in their capital structure. The research also found that the model including foreign ownership, institutional ownership, ownership concentration, managerial ownership, and the debt to equity ratio describes corporate governance practice to the least degree possible and cannot meaningfully predict corporate governance practice. The study concluded that there is a positive, statistically significant association between managerial ownership and good corporate governance standards. Instead, the present analysis found that institutional ownership was correlated with a worse standard of corporate governance, whereas foreign ownership, ownership concentration, and debt to equity ratio ownership all had weak positive correlations and effects. It is recommended that government officials, policy formulators, and the Capital Markets Authority, the regulator of the capital markets, shift their attention away from the ownership

structure and capital structure of listed firms in order to better enforce the corporate governance code and improve corporate governance practice more generally. They should, instead, be paying attention to other factors that affect corporate governance procedures. Additionally, they should enact regulations and policies that discourage managerial share ownership as increment in managerial share ownership would lead to watering down of corporate governance practice. Recommendations are made to listed, as well as other commercial firm' management and consultants should try to minimize the managerial ownership of their current firms to boost corporate governance practice as well as to signal quality corporate governance practice. Finally, recommendations are made to equity analysts and investment banks to make buy recommendations to their clients on counters which have minimal managerial ownership while recommendations are made to individual investors to place a long position on counters with minimal managerial ownership.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A company's decision making and its ability to control expenses are profoundly affected by its ownership structure. The kind of ownership structure in place at a firm is strongly correlated to the amount of say a person has in managerial decisions. An organization's ownership structure is one factor that might influence its corporate governance. Existing company ownership patterns inform the corporate governance procedures that boards of directors use to make decisions. Agency difficulties arise as a direct consequence of disputes that arise between management and shareholders when ownership arrangements are in place (Kirimi et al., 2022).

The shareholder hypothesis, sometimes known as the Friedman doctrine, was created by Milton Friedman and served as the foundation for this research (Friedman, 1970). According to this idea, the social obligation of businesses is to raise their profits whenever possible. Friedman (1970) went on to argue that managers had a responsibility to adhere to a legal framework that should have been established by society in order to guarantee that no stakeholders would be disadvantaged. The theory's ultimate objective is a growth in profit, which leads to an increase in the return on investment for the shareholders, and it is motivated by the idea that shareholders own the corporation and must thus also incur the financial risk. The agency theory, which was created by, was the other theory that served as the basis for this investigation (Jensen & Meckling, 1976). The idea proposes that companies carry out their activities in the role of agents for their shareholders. In other words, shareholders put their money into the ownership of a company, and by doing so, they commit the administration of their resources to the directors and officers of the organization. A wide chasm typically separates the interests of executives and investors from the long-term objectives of the firm, particularly in larger enterprises. Accordingly, the purpose of corporate governance regulations is to provide a regulatory structure that is similar to the legal framework governing the relationship between an agent and a principle. The purpose of these regulations is to guarantee that the company's management is looking out for the interests of its shareholders.

A tiny group of individuals or entities owns more than 25% of the issued share capital of most Kenyan listed corporations. The remaining stock is held by members of the company's minority investor group, whose rights are protected by Kenyan law (Mulinge, J. M., 2008). In 2002, the Kenyan CMA issued Guidelines on Corporate governance practice by public Listed Companies. Please refer to this page for these rules. In addition, on March 4, 2016, the Capital Markets Authority of Kenya released Gazette Notice No. 1420, which included the Code of Corporate Governance for issuers of securities to the public in Kenya. The CMA recommended in 2002b that public companies have at least one-third of their boards of directors comprised of independent directors who are not also executive directors. Capital Markets Authority (2002b) suggests that a board's size shouldn't be so large that it inhibits productive discussion during meetings, nor so tiny that it lacks the diversity of backgrounds and perspectives necessary for effective governance. Separate financial statements of publicly traded companies were supposed to include information on the management's ownership of the company's shares in 2014.

1.1.1 Ownership Structure

The people who possess equity in a business are just as important as the way that stock is distributed in terms of voting power and financial resources when determining the firm's ownership structure. The exclusive possession or control of anything, whether it be an item or other type of property, is what we mean when we talk about ownership. Foreign corporations, other corporations, privately held corporations, legal persons under public law, private individuals, insurance firms, banks, pension funds, and mutual funds are all examples of different types of ownership structures that may be identified by consulting Charkham (1995). In addition, Gerndof (1998) classified the different types of owners as either majority owners, minority owners, long-term owners, 'wildcat' investors, foreign investors, domestic investors, risk spreaders, active owners, passive owners, known owners, absent owners, strategic owners, or unknown owners.

The ownership structure of a company is an essential component of its governance. It is a common assumption that those who have a greater ownership position in a certain company also have a greater degree of control over how it is run. It follows that a company's management will be able to control an organization with a greater degree of autonomy the more widely distributed the ownership of the company's shares (Heubischl, 2006). Because ownership structures have an impact on the incentives offered to managers and, by extension, the effectiveness of the business, they are of utmost significance in the context of corporate governance (Gerndof, 1998).

Foreign ownership, ownership by individual investors, ownership concentration, and management ownership will all factor into this study. In order to calculate the percentage of foreign ownership, one of three proxies might be utilized. To account for the fact that a sizable minority of firms are owned by people who are not indigenous to the area, the first metric assigns a value of 1 to a dummy variable if the minority's share of company ownership is more than 50% and a value of 0 otherwise. The second measure accounts for involvement by toggling a dummy variable from 0 to 1 if the share is more than 10%. Therefore, the percentage of foreign ownership is seen as a continuous variable, with possible values ranging from 0%. Based on (Pasali & Chaudhary, 2020) the proportion of shares owned by individual investors may be estimated by subtracting the amount held by institutional investors from 100%. (Blouin et al., 2017). The degree of concentration of ownership may be measured by summing the shares held by the five largest shareholders or by identifying the percentage of stock held by the single largest stakeholder (Sousa & Galdi, 2016). Managerial ownership may be broken down further by looking at the percentage of shares held by management (Palia & Lichtenberg, 1999).

1.1.2 Corporate governance practice

Corporate governance is an umbrella word for the practices and policies that govern organizations. The governance of a firm is a complex topic that requires analysis of not just the interpersonal dynamics inside the organization but also its long-term objectives. Corporate governance, in most contexts, refers to the practice of enforcing policies and procedures inside an organization that have little to do with the financial or consumer success of its goods or services (Tingle, 2018).

The shareholders, who are also the owners of the company, place their individual and collective trust in the directors that they have elected to supervise the administration of the company on their behalf. Shareholders are ultimately responsible for holding directors accountable, and engagement from shareholders is required for that accountability to be successful. This has to be carried out in a methodical fashion to ensure that it is progressive, successful, and fair without interfering with the organization's primary business objectives. For the following reasons, in particular: After the Enron and WorldCom accounting scandals, as well as the present global financial crisis, government authorities have stressed the need of maintaining robust corporate governance regulations (Tingle, 2018).

The following best practices for corporate governance are going to be analyzed as part of this research project: independent boards, frequent board meetings, and diverse board membership. Campbell and Mnguez-Vera (2008) state that the percentage of non-executive directors to the total number of board members is a good indicator of a board's level of independence. Board meeting frequency is a key factor in determining the total number of meetings each year (Vafeas, 1999). For the purpose of measuring board diversity, a dummy variable was used. If the value is 1, then the board members have a wide range of professional and academic experience, and if it is 0, then they do not (Kang et al., 2007).

1.1.3 Ownership Structure and Corporate governance practice

Navissi and Naiker (2006) showed that large shareholders with board seats might have undue influence on decision-making. Furthermore, Navissi and Naiker (2006) discovered that when owners and managers of a corporation continue working together in a principal-agent relationship, agency conflicts could emerge owing to the misalignment of interests and incentives. The principal-agent relationship allows for conflicting priorities between owners and managers. Therefore, it is expected that this mismatch will be decreased when management control a bigger proportion of the outstanding shares of the company. Furthermore, Weston et al. (1990) found that opportunistic behaviour decreases and alignment improves when managers have a greater starting stake in the company's stock. They also mentioned that having managers act as owners is an important key to minimizing the agency problem. It is hypothesized that the agency issue and the costs connected with it would decrease along with the level of management's ownership of the company. This would lead to fewer disagreements among the various stakeholders (Friend & Lang, 1986; Jensen & Meckling, 1976). For one thing, directors need greater scrutiny from the board than insiders do, and the board's participation is a more expensive monitoring option (Vafeas, 1999). Improved incentive alignment due to more agent ownership is also said to lessen the need for ongoing monitoring.

Shleifer and Vishny (1997) discovered that the concentration of ownership is a critical element in influencing the effectiveness of corporate governance. Clarke (2001) argues that different corporate governance models emerge out of unique historical circumstances, cultural contexts, and economic circumstances. Large owners (block holders) are mentioned briefly by Shleifer and Vishny (1997) as being beneficial since they help alleviate agency difficulties between shareholders and management. Newer studies, however, show that huge block ownership create agency difficulties for the block holders and the minority investors.

According to Demsetz and Lehn (1985), when there is a higher concentration of ownership, the major owner has more motivation to maximize business value, which may lead to better governance procedures. When a smaller group of individuals possess a larger share of the company, incentives like these are put in place. However, when a minority shareholder's stake is diminished, the demands of the market for corporate governance are eliminated, allowing the dominating shareholder to ignore the interests of the minority shareholder. The reason for this is that the necessity for a market is diminished when greater control is exercised. There are a variety of ways in which increased shareholder concentration may negatively affect corporate governance. One of these reasons is that the two factors may be replacements for one another: a significant stake held by a controlling shareholder indicates that the shareholder is committed to the procedures. Himmelberg et al., (1999) have theorized that a company's ownership structure may be endogenous and might, in turn, be dependent on the corporate governance of the company.

1.1.4 Nairobi Securities Exchange

It was stockbrokers in 1954 that founded the NSE, a non-profit they ran on their own time. Its mandate included fostering growth in the securities industry and regulating trading activities. It first opened its doors in 1954. It has grown into one of the most important exchanges in Africa, attracting local and foreign traders and investors who want a piece of Kenya's and Africa's rising economy. There are 64 companies listed on it, and it deals with equity securities in addition to variable and fixed income products. Income Real Estate Investment Trusts (I-REIT), Exchange Traded Funds (ETF), and Futures Derivatives Contracts (FDC) are further examples of assets that may be bought and sold on the NSE (CMA, 2021).

A tiny group of individuals or entities owns more than 25% of the issued share capital of most Kenyan listed corporations. The remaining stock is held by members of the company's minority investor group, whose rights are protected by Kenyan law (Mulinge, J. M., 2008). In 2002, the Kenyan CMA issued Guidelines on Corporate governance practice by public Listed Companies. Please refer to this page for these rules. In addition, on March 4, 2016, the CMA of Kenya released Gazette Notice No. 1420, which included the Code of Corporate Governance for issuers of securities to the public in Kenya. The CMA recommended in 2002b that public companies have at least one-third of their boards of directors comprised of independent directors who are not also executive directors. Capital Markets Authority (2002b) suggests that a board's size shouldn't be so large that it inhibits productive discussion during meetings, nor so tiny that it lacks the diversity of backgrounds and perspectives necessary for effective governance. Separate financial statements of publicly traded companies were supposed to include information on the management's ownership of the company's shares in 2014.

1.2 Research Problem

The ownership structure of a corporation has a significant impact on how it makes decisions and how it manages its finances. The ownership makeup of a corporation has a direct impact on the authority and clout of its top brass. The makeup of a company's board of directors might be influenced by its shareholders' interests. Decisions taken by boards of directors are influenced by corporate governance processes that are grounded in the ownership structures of existing businesses. When there are different ownership structures in existence, conflicts between management and shareholders may easily lead to agency problems (Kirimi et al., 2022).

Most publicly traded firms in Kenya are owned by large shareholders, defined as those who possess more than 25% of the corporation's issued share capital. Other shareholders are minorities who are all guaranteed legal protection under Kenyan law (Mulinge, J. M., 2008). When compared to other emerging and mature market economies throughout the world, Kenya rated extremely poorly in its ability to provide protection for investors. The most recent investor protection index that was conducted out in Kenya showed that it has a strength of 5.3%. (Kirimi et al., 2022). Examples of corporate scandals in Kenya caused by poor corporate governance include the failure of Euro bank in 2004, the discovery of secret overseas bank accounts at CMC motors, and the alleged manipulation of books of accounts at Uchumi Supermarkets by the CFO and the CEO to the tune of Ksh 1.04 billion. Some instances of this kind of behavior include the exposure of hidden foreign bank accounts used to steal corporate funds and the revelation of a conspiracy involving many directors at (Herbling, 2016; Iraya et al., 2015). As a result, it's crucial to investigate if different types of company ownership models result in different corporate governance practice.

Numerous research on ownership structures and corporate governance procedures have been carried out on a global, regional, and local scale, respectively. By taking a close look at the knotty problems of ownership structure and corporate governance, Lakmal (2014) set out to identify unexplored and underappreciated roadblocks on the global stage. The purpose of this was to spot growing issues that have received insufficient attention up to this point. There is a lack of information on how ownership structure affects corporate governance processes because of the study's limited scope. Because the research wasn't done in Kenya, we lack essential context for the situation there. Sub-Saharan Africa is home to 12 distinct stock exchanges, and Munisi (2020) studied the impact of corporate governance and ownership structure disparities on publicly listed companies in each of these markets. This study did not look at how ownership structure affected corporate governance, but rather how governance practices affected ownership. This causes a chasm in one's mental framework. The connection between corporate governance and ownership patterns of firms listed on the Nairobi Stock Exchange was investigated by Muka (2010). This study focused on the regional level. In this study, we did not look at how ownership structure affects corporate governance practice; rather, we examined how these practices affect ownership structures. Thus, there is a lack of context for the concepts discussed here.

As a result, none of the studies we looked at looked at how ownership structure affects corporate governance practice. As a result, the main purpose of this research was to bridge that knowledge gap. According to a research by Himmelberg et al. (1999) a company's ownership structure may be endogenous and hence dependent on its corporate governance. This research thereby contributed to the ongoing debate. With this in mind, the purpose of this investigation was to answer the following question: If a company is registered on the Nairobi Securities

Exchange, how does its ownership structure compare to the structures of other companies listed there?

1.3 Research Objective

This research's broad objective was to examine the effect of ownership structure on the corporate governance practice of firms listed at the Nairobi Securities Exchange.

1.4 Value of the Study

The ownership structure of a company and its corporate governance standards are of utmost significance to the stakeholders of regulated securities exchanges, the government, the body charged with the regulation of the financial industry, investors, and academics. This work will provide researchers and academics with a solid basis for future investigations into company governance and capital market ownership patterns. The findings of this research will significantly add to the existing body of information and improve the process of forecasting corporate governance practice of firms based on their ownership structures. Researches and students interested in the topic of listed-business ownership and corporate governance will find this study's conclusions to be an invaluable resource in the future. This study would then serve as a benchmark for future research on related topics. It will serve as a great resource for finding related reading material. This study's results add to our understanding of how ownership structure influences corporations' decision-making processes and transparency in public reporting. The results will contribute significantly to the body of literature because of the many angles from which they examine both policies and the ideas that inform them. We used inferential statistical techniques like multiple linear regression and correlation analysis to probe the interdependencies between our dependent and the many explanatory factors. In this study, we used these statistical methods.

The findings of the research will be very helpful in formulating policies. The Financial Markets Authority (CMA), which regulates financial markets, will find the research to be insightful on the link between ownership structure and corporate governance standards. This, in turn, will provide insight into how to resolve the agency conflict. The CMA is able to develop and implement policy drafts and recommendations that are geared toward improving the capital market. Policy recommendations and suggestions of this kind will benefit greatly from the insightful data provided by this research. Legislators and policy makers alike stand to benefit from the research, which will be valuable to them when it comes time to design new rules or make changes to existing ones. The quality of policies and legislations may be ensured if they begin with solid policy drafting and a comprehensive regulatory structure. The CMA may make changes to corporate governance that will affect the ownership structures; the agency problems reforms will aim to eliminate prejudice against agency conflicts between block holders and minority investors in listed corporations and other enterprises.

The primary responsibility of a financial analyst is to conduct research and background checks on potential investment prospects. As a result of this research, they will get incalculable insights, which will be of use to them while providing guidance to their customers. In addition, financial analysts often conduct research studies in-house; these types of research may be enhanced with the aid of the study results. Using the ownership structure as a yardstick, they would be able to evaluate the various corporate governance procedures. Management of listed organizations and other managers will get guidance from the study on how to improve their company' worth via effective corporate governance by putting in place the appropriate ownership structures. Individual investors will also find the research useful in reducing the agency conflicts that exist inside the companies that they are considering investing in. As a result, an acceptable ownership structure could reflect the corporate governance procedures of the investee company.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

By delving into the theories of savings and economic growth, this chapter aimed to provide some light on how ownership structure influences corporate governance processes. Hopefully, after reading this chapter, the reader will have a better understanding of how fiscal discipline contributes to national success. This chapter was important because it was able to draw attention to possible holes in the existing academic literature on the topic of how ownership structure influences corporate governance processes.

2.2 Theoretical Foundation

Examining previous research, the author and co-authors probe the connection between corporate ownership structure and governance policies. The correlation between ownership and these procedures is the primary subject of this analysis. This part contains a comprehensive understanding of the associated ideas and provides a foundation upon which the findings will be expanded. Additionally, it addresses the limitations of the research and offers solutions to these problems. Since theories explain both the facts and the underlying concepts that are fundamental to every given subject, they are an absolute must-have across the board. In addition to showing how different schools of thought relate to one another, the theoretical framework lays out the fundamental ideas that form the basis of the effort at creation or the business plan for its implementation. This study primarily focused on two theories: the shareholder theory (Friedman doctrine) and the agency theory.

2.2.1 The Shareholder Theory

Friedman is credited with the development of the shareholder hypothesis, sometimes known as the Friedman doctrine (1970). According to this line of thinking, the social obligation of businesses is to maximize their profits at any costs. Executives who are engaged by corporate entities are obligated to fulfil their responsibilities within the company in a manner that is consistent with the requirements set out by their employers, who are referred to as the employers in this context. Friedman (1970) went on to suggest that managers have an obligation to a legal framework, which should be constructed by society in order to guarantee that no stakeholders are being disadvantaged. By stating that shareholders own the firm and must thus also carry the financial risk, the theory seeks for a rise in profit, which leads to an increase in shareholders' return. Because of this, the theory aims for an increase in shareholders' return.

Many academics, particularly those who look at society from an individualist point of view, consider the concept to be individualistic to a significant degree. The concept is seen as flawed by its detractors from a variety of perspectives, including legal, moral, economic, social, and financial considerations. The majority of detractors believe that the concept offers stockholders an advantage while disregarding the society that surrounds the corporation. In the same way that the company's shareholders are the financial engine that drives the company's operations, the community is essential to the entity's success. The community is served by the company's sales of both its goods and its services. It is dependent on the goodwill of the community to buy the items and services in order for it to be successful. Because of this, there is a reciprocal connection between the two parties, and the company has a duty for the community (Jamali, 2008; Mertz, 2019; Nunan, 1988). Today's corporations evaluate not just the value of their shareholders, but also the needs of their community, customers, suppliers and employees at large. Multinational firms, for instance, do the bulk of their activities in less developed nations. According to studies, corporations routinely assess their corporate governance structures and business strategies to ensure continued profitability while simultaneously investing in community improvement activities (Jensen, 2007).

The theory ties to the study because it proposes that other diverse stakeholders shape corporate governance practice, apart from the shareholders. Thus, the theory implies that shareholders, and therefore the structure of the shareholders, cannot significantly impact on the corporate governance practice.

2.2.2 The Agency Theory

The agency hypothesis was created by Jensen and Meckling (1976), and it postulates that companies behave in the shareholders' best interests by acting as agents on their behalf. In other words, shareholders put their money into the ownership of a company, and by doing so, they commit the administration of their resources to the directors and officers of the organization. There is often a wide chasm between the short-term and long-term interests of shareholders and the authorities of a corporation when it comes to larger enterprises. That's why the corporate governance regulations try to model the legal structure after the one between an agent and a principle. The purpose of these rules is to align the interests of the company's management and board with those of the shareholders.

Brudney (1985) argues that shareholders who are geographically separated do not have the knowledge or the institutional means to negotiate the conditions of management's employment or to oversee and direct management's activities. Among the various counterarguments that Brudney presented was this one. Roe (1991) showed further that the split between company ownership and management in early American firms was not an organic response to the growth of their operations but rather the product of legal and political reasons. Challenges to the agency paradigm were made by Aguilera et al. (2008), who called it a "closed system." They suggest a comparative corporate governance method, informed by organizational sociology, as a means of better capturing the patterned variation that emerges from interdependencies between enterprises and their operational environment. Van Essen (2011) examined the importance of ownership in a variety of company structures and concluded that it affects the firm's goals, objectives, and overall success.

There is a connection between shareholders and management, which gives rise to the agency dilemma, and good corporate governance may help to alleviate this difficulty. Every business must deal with the prospect of agency issues, and many do so by developing contingency plans. However, the process of developing these action plans may differ from company to company, and the ownership structure of the company might influence how these action plans are formed. Therefore, according to the idea, the structure of who owns a company may have a substantial effect on how corporate governance is carried out.

2.3 Determinants of Corporate governance practice

The various internal corporate governance determinants are elaborated in this section. These are: ownership structure, financial performance, organizational culture, and firm size.

2.3.1 Ownership Structure

The voting and capital distribution of a company's equity, as well as the identities of its equity owners, constitute the company's ownership structure. A person is said to have ownership of something when they hold or control it in an exclusive manner. This something might be an item or some type of property. Charkham (1995) identifies nine different types of ownership arrangements. These include: foreign, diversified, privately held businesses; institutions governed by public law; private individuals; businesses; financial institutions; mutual fund families; and institutional investors. The different forms of ownership were further categorized by Gerndof (1998) as follows. ownership structures may be broken down into categories such as major investors, minority stakeholders, long-term owners, 'wildcat' investment, overseas firms, local investors, risks purveyors, aggressive holders, passively owners, known owners, non-existent owners, and strategically owners.

A company's decision making and its ability to control expenses are profoundly affected by its ownership structure. The kind of ownership structure that exists inside a corporation is strongly correlated to the level of influence and authority that any one person has when it comes to management. The corporate governance practice of a corporation might be affected by its ownership structure. Corporate governance procedures are based on the ownership arrangements already in place inside organizations, and these structures in turn affect the choices made by boards of directors. Agency difficulties arise as a direct consequence of disputes that arise between management and shareholders when ownership arrangements are in place (Kirimi et al., 2022).

2.3.2 Financial Performance

To what degree financial targets have been met is one measure of a company's success (Christensen, 2015). It is a way to evaluate similar businesses within the same field or in other fields by assessing how well they've managed their finances over a certain time period (Lai et al., 2019). Whether a company's financial performance is weak or strong determines whether or not it must provide additional information about its corporate governance (Grove et al., 2011). Financial success seems to have a positive effect on other areas of success, as well, according to the findings of Tricker and Tricker (2015). Corporate governance reporting therefore aspires to depict the underlying governance arrangements that may be both the cause and consequence of, say, subpar financial performance.

2.3.3 Organizational Culture

The methods and techniques that are used to manage a company in order to fulfill its goals, the most important of which being the maximizing of the wealth of its owners, are collectively referred to as corporate governance. Cultures at the national level have an impact on company governance (Maher & Andersson, 2000). Cultural factors can impact corporate governance tools. Because leaders have such an effect on the company's culture, particularly its ideals, this is the case. According to (Rafiee & Sarabdeen, 2012). According to the ideas presented by Licht (2014), it is essential to take an organization's culture into consideration while doing an analysis of its governance structures.

2.3.4 Firm Size

The size of a company is defined by the scope and scale of its operations. Companies are measured by their market value of equity, total assets, and total revenue. These metrics are often ranked in natural logarithmic order (Daily et al., 2003). If the company and its shareholders were to grow in size, the board of directors would also need to expand in order to become more reflective of the company's interests (Fama & Jensen, 1983). According to the hypothesis of Dang et al. (2018), big companies are required to comply with a greater number of rules given that they are mostly public and are subject to the regulations of the regulatory agencies. At this time, regulatory authorities urge that public companies have a greater number of outside directors, particularly independent ones. Therefore, bigger companies will often have a greater number of independent directors than small companies.

2.3.5 Capital Structure

In order to finance its investments, a company may issue stock, debt, or a combination of the two, all of which make up its capital structure. A company's capital structure, in a nutshell, is the means through which its long-term operations are financed, and it consists of both debt and stock (Brealey & Myers, 2003). According to Jensen's (1986) free cash flow theory of capital structure, leverage may also function as a monitoring tool, so reducing the agency problem. Agency costs of free cash flow are reduced, hence achieving the desired effect. A corporation will have to deal with some of the fallout from its choice to increase its debt level. Managers of such a corporation will be unable to finance profit-neutral new projects since doing so would increase the risk that the new ventures would fail to produce sufficient cash flows to cover the fixed interest and principal payments that are due on the debt.

2.4 Empirical Review

Few scholars have made an effort to link the form of firm ownership to its corresponding corporate governance practice. Lakmal (2014) made an effort to detangle the knots in corporate governance and ownership structure on a worldwide scale in order to discover new and growing difficulties that have not yet been extensively investigated and have been ignored to some extent. In preparation for this investigation, a comprehensive literature review was conducted. There is a gap in our theoretical knowledge as a consequence of the study's failure to examine how different forms of ownership affect corporate governance practice. Additionally, the present study deviates from the prior research in that it used empirical examination of data using methods like linear and multivariate regression testing and correlation analysis.

New Zealand co-operatives and mutual societies were studied by Nguyen et al. (2014) to learn more about their corporate governance practice. They were especially worried about co-op agency costs and the connection between ownership and funding. Panel data covering a period of seven years were examined using ordinary least squares regression and Tobit model regression. Independent board members, extensive board experience, and a sizable organization were all shown to have positive effects on the bottom line of the studied New Zealand mutual funds and cooperatives. As a result of the research's omission, a vacuum in our conceptual understanding of the ownership model and company governance practices have become more directly related.

Desender (2009) developed a theoretical model to examine how a company's ownership structure affects the board of directors' decision-making priorities and, ultimately, the company's success. The results of the research provide a theoretical foundation for understanding the dynamics between firm performance, board composition, and ownership. Because of this, there is a hole in the methodology, since the study only used a systematic literature review instead of doing their own empirical statistical analysis, which would have included correlation and multiple linear regression analysis.

The effects of financing methods, dividends, and corporate governance on the ownership structure of Chilean firms were studied by Mendoza et al. (2018). The principal method of statistical analysis used was the two-limit Tobit regression (TLTR). Data shows that debt and dividend policies hurt dominating shareholders but help minority shareholders. The study's results also showed that such regulations make it easier for controlling shareholders to exert their will over business management. Furthermore, these regulations supplement the supervisory function done by controlling owners, thereby safeguarding the interests of minority shareholders. According to the study's results, corporate governance practice have a significant impact on the types of investors that hold Chilean businesses. There is a gap in our understanding of the topic since researchers did not look into how different forms of ownership affect different corporate governance practice. As the present study relied on a systematic literature review rather than empirical statistical analysis like correlation and multiple linear regression analysis, there was a methodological hole.

Al-Faryan and Dockery (2017) conducted a study of the Saudi stock market to learn who owns the companies that trade there. Research indicated that the ownership structures of organizations varied depending on a number of criteria, including the company's size, the rules it must comply with, and its degree of stability. According to the results, company size is another factor that reduces the detrimental consequences of ownership concentration. The research also found that when the non-linear specification was utilized, instability had an impact on the concentration and structure of ownership. In particular, this was the case when focusing on measures of instability that were unique to individual companies; nonetheless, the impact was greatest when accounting profit returns were used as the instability metric. In conclusion, the study's findings reveal that privately held businesses are more vulnerable to the effects of uncertainty than publicly traded companies, while businesses with diffused ownership are the most susceptible to the effects of oversight. The study's limitations include the fact that it didn't specifically address the subject at hand the connection between ownership structure and corporate governance and the consequent lack of definitive answers.

Contemporary corporate governance practice were studied by Aguilera et al. (2016), who focused on businesses from all around the globe. Before beginning this inquiry, a thorough literature evaluation was conducted. The research suggests that the presence of a wide variety of key block-holders, the prevalence of concentrated and family ownership structures in developing economies, and the trend toward more decentralized arrangements might provide light on fundamental questions of corporate governance. Unlike the present study, which relies on empirical statistical methods like correlation and multiple linear regression analysis, the preceding study relied instead on a thorough literature survey. This opens a hole in our methodology. More importantly, there is a lack of contextual research since the study was not conducted in a Kenyan setting.

Saygili et al. (2020) conducted research to determine the extent to which the ownership structure of Turkish firms that are included in the Borsa Istanbul Corporate Governance Index affects the governance practices of such organizations. The primary form of statistical analysis that was used in the research was called fixed effects panel regression analyses. The study found that the existence of state ownership affected both the weighted and unweighted average scores for corporate governance negatively. Since the study was not conducted in Kenya, there is a dearth of information on the country's setting.

Munisi (2020) looked into the connection between corporate governance and ownership structure for companies listed on the stock markets of twelve different nations throughout Sub-Saharan Africa. A poor corporate governance index was shown to be associated with both a large concentration of ownership and managerial ownership. In contrast to other kinds of good governance, this study demonstrates that managed ownership and concentrated ownership either have no impact on reducing agency issues or rather increase entrenchment. In addition, the study discovered that Sub-Saharan African enterprises are more likely to adopt other measures of excellent corporate governance if their ownership is more concentrated or if top managers also hold a considerable share in the organization. This study looked at how different ownership arrangements are affected by different corporate governance methods. This causes a chasm in one's conceptualization of the situation. The aspects of ownership structure and corporate governance used in Munisi (2020) research will also differ from those used in the current study.

Muka (2010) studied the role corporate governance had in the ownership structures of companies traded on the NSE. This research mostly concerned its local environs. The researchers in this study used a descriptive methodology approach. Most of the information was gathered via in-depth discussions with 52 different department heads at NSE-listed businesses. The study used a questionnaire with no open-ended questions and a Likert scale with five levels of response. Analytical approaches used for the research included descriptive statistics as well as multiple linear regression. The findings of the research provide credence to the claim that different types of ownership are associated with varying degrees of responsible business practices. The focus of this research was on how ownership structure may affect corporate governance practice rather than the other way around. As a result, this creates a gap in one's conceptual understanding. In addition, the research used primary data rather than secondary data, which created a gap in terms of methodological approaches.

2.5 Conceptual Framework

According to Rocco and Plakhotnik (2009), a conceptual framework for research questions and aims establishes the foundation by grounding the inquiry inside a relevant knowledge structure. This view was presented in the context of an argument. The researcher is provided with the capacity to draw inferences thanks to the structure's abundant supporting evidence. The corporate governance practice under investigation will serve as the dependent variable, with foreign ownership, individual investor ownership, ownership concentration, and management ownership as the independent factors. Capital structure will serve as the dummy variable in this study. The conceptual framework that was built for this research may be seen in Figure 2.1.

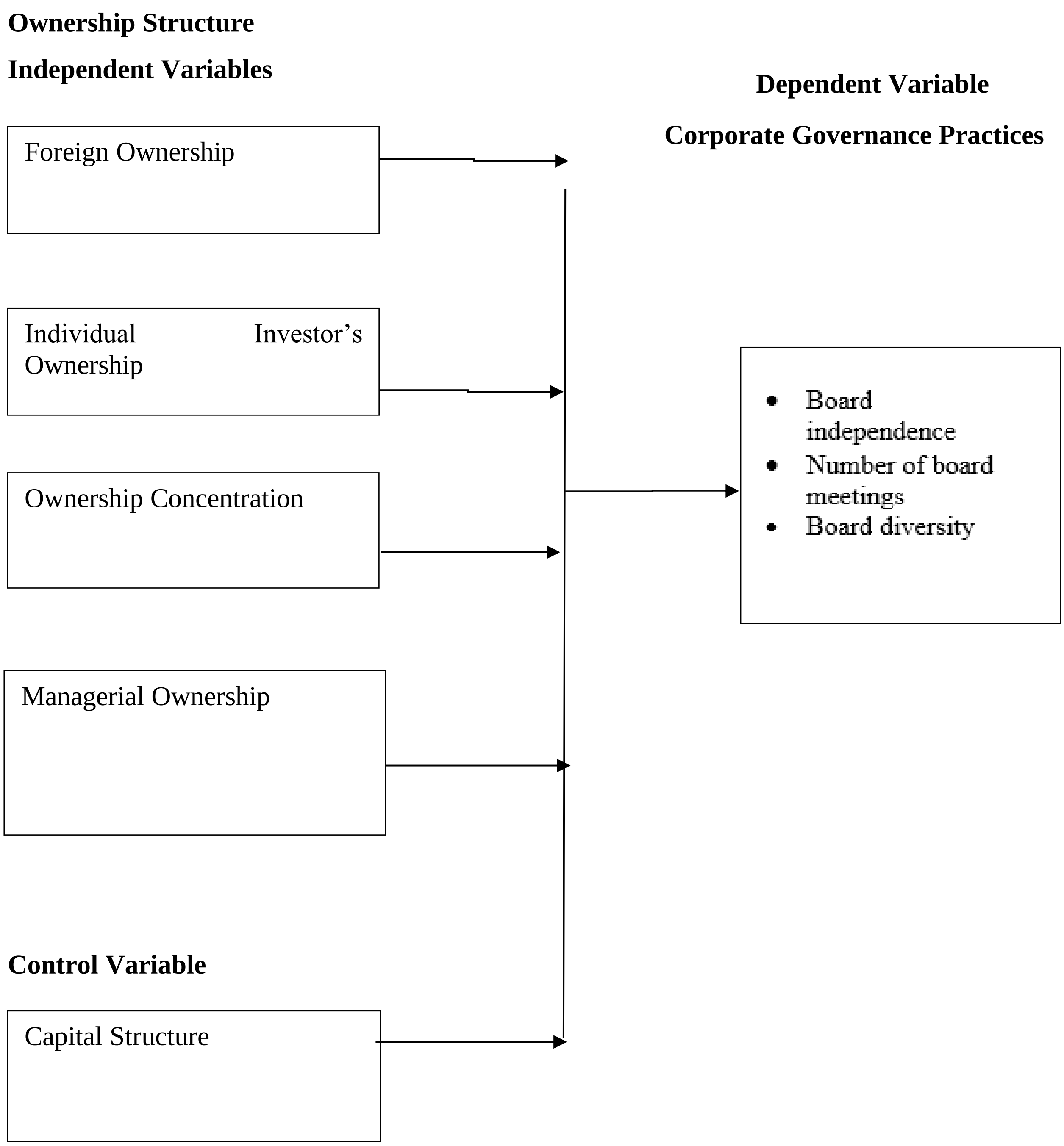

Figure 2.1: Conceptual Model

2.6 Summary of Research Gaps

Researchers found that few research really attempted to examine how different types of ownership would affect corporations' adherence to best practices in corporate governance. Because of this, the present study tried to address a gap in our conceptual knowledge. A thorough literature analysis was conducted to examine the studies that looked at how different forms of ownership affected corporate governance procedures. In contrast, empirical statistical analysis, such correlation and multiple linear regression, was used to reach results in the present research. Therefore, there is an inherent lack of methodological knowledge, which the current study sought to address. In conclusion, there is a lack of research in Kenya that examines the relationship between corporate ownership structures and policies. Thus, there is a void in the context, which the current research sought to address.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The technique of the research study is laid forth in this chapter, which serves as the design for the research investigation. In this chapter, there are a number of sub-sections, some of which include research design, which elaborates on the design that is relevant to the study, target population, which details the population of interest, and sampling technique, which, if any, is applicable. The collection of data is another aspect that is investigated, specifically focusing on the stipulation of the needed data as well as the method by which it will be gathered. In conclusion, the chapter outlines the strategy for analysing the data that the researcher intends to use.

3.2 Research Design

The researcher chose a causal research design because it is best suited to the study's ultimate purpose of explaining the linkages between the investigated variables and their causes and effects. As a result, the design is used since it satisfies the requirements of the research by investigating the connections between the different aspects of the study that need to be accomplished. This study may be considered formal since it follows a predetermined methodology, which includes the utilization of pertinent concepts and many literatures. Since the variables were simply evaluated and not altered, the study may be classified as ex post facto. The whole country was the lab rat. This plan considers a number of factors, such as the research approach, the variables, and the data collection procedures.

3.3 Target Population

According to Zikmund, Babin, Carr, and Griffin (2010), the people who make up the total number of research participants are known as the study's population. To a large extent, members of a population share common traits. According to the thoughts of Grabich (2012), a study population is a collection of components, occurrences, or individuals that are being investigated with the intention of providing a response to a research question. The population of the present research consisted of all 64 companies that were listed on the NSE as of the 31st of December 2021. A list of these companies may be seen in Appendix I. The research was considered a census due to the fact that it included the whole population.

3.4 Data Collection

Results should be trusted with caution, since their veracity is highly sensitive to the method of data collection. The investigation relied entirely on secondary sources. The information used to compile this list came from the annual reports of the corporations in question. The results were collected using information found in a variety of secondary resources. For this research, cross-sectional data were collected for the year 2021. Since no shift in ownership or corporate governance was anticipated among the numerous publicly traded companies, panel data were not employed in this study.

3.5 Data Analysis

It was categorized, tabulated, and simplified so that the analysis could be comprehended, and the results could be evaluated and understood. After gathering all of the information, we ran our cross-sectional data via SPSS Version 25 for statistical analysis. It was completed once the information was sorted and compiled. Both simple and complex linear regression analyses were performed. Using correlation analysis, we were able to determine not only how strongly the independent factors in our research were related to the dependent variables but also what kind of connection those variables had with one another. Instead, regression analysis was utilized to see how closely the study's variables were connected. The quantitative findings were laid down in tables for ease of presentation.

The degree of confidence was kept constant at 95% throughout the trial. This shows that values must be less than the 0.05 threshold in order to be considered statistically significant, since the findings were found to be significant at this level of analysis. Statistical inference was utilized to check the viability of the model as a tool for making predictions with regards to corporate governance practice. The model's significance was assessed using a 95% confidence interval. With the help of the significant values, we were able to deduce how the independent variables were related to the dependent ones.

3.5.1 Diagnostic Tests

All the linear regression models are guaranteed to be correct by making a series of assumptions. The errors are spherical (no autocorrelation and homoscedasticity), the parameters of the linear regression model are linear, the observations are taken at random, the conditional mean is zero, and the error terms are assumed to follow a normal distribution (though this is not required). Based on the first five assumptions of the linear regression model, the OLS Regression estimators are the best linear non-biased estimators, as shown by the Gauss-Markov Theorem (Grewal et al., 2004). Any deviation from these conditions suggests that the regression is faulty and should be avoided. When this condition is not met, the confidence intervals for the regression estimates will be either too wide or too narrow, giving the erroneous interpretation of the data (Gall, 2006).

Diagnostic tests need to be carried out by the researcher in order to ensure that the presuppositions are honored in order to generate the most accurate and objective linear estimators possible. Regression diagnostics look at the model's assumptions and check for interpretations that have undue weight but are not supported by the data. Tests for autocorrelation, multicollinearity, linearity, and normality were performed, among others, on the collected data to evaluate whether it could be used to build a linear regression model. For the purpose of determining whether or not the data were normally distributed, the Shapiro-Wilk and Kolmogrov-Sminorv tests were used. This methodology is suitable for analysing Gaussian distributions that are known to have a certain mean and variance. When a relationship is linear, it means that the dependent variable has a variation that is proportionate to that of the independent variable. Gall et al. (2006). Specifically, the Breusch-Pagan Cook-Weisberg Test for Homoscedasticity was utilized to evaluate and establish homoscedasticity in order to verify linearity.

To determine whether multicollinearity occurred, the Variance Inflation Factors (VIF) were applied to the data. Using these metrics, it was easy to see whether there was a strong relationship between the predictor factors. A small sample size, poor measure reliability, and a limited number of variables that may be characterized by the independent variables are the most significant reasons in the creation of multicollinearity, as found by the study of Grewal et al. (2004). Autocorrelation was looked for using the Durbin-Watson Statistic.

3.5.2 The Model of Analysis

In order to determine if the explanatory variables had any effect on corporate governance procedures, a multivariate linear regression analysis was performed. The 95% confidence interval implies that the margin of error ranges from 5% to 1%, depending on the specific test. It was calculated using the following formula;

$$\mathbf{Y_{(t)} = \alpha + \beta_1X_{1t} + \beta_2X_{2t} + \beta_3X_{3t} + \beta_4X_{4t} + \beta_5X_{5t} + \epsilon}$$

Where:

$Y_{i(t-1)}$ = Corporate governance practice

α = Constant

$\beta_{1-}\beta_4$ = Beta coefficients

X_{1i} = Foreign Ownership

X_{2i} = Individual Investors Ownership

X_{3i} = Ownership Concentration

X_{4i} = Managerial Ownership

X_{5i} = Capital Structure

ϵ = error term

The aspects of corporate governance practice, which entailed; board independence, frequency of board meeting, and board diversity were collated by getting the sum of the aspects for each firm and thus creating a composite index.

Table 3.1: Operationalization of the Study Variables

Category	**Variable**	**Indicator**	**Measurement**
Independent variable	Foreign Ownership	Foreign Ownership	(Foreign Ownership/Total Shareholding)
Independent Variable	Individual Investors Ownership	Individual Shareholding	(1-(Institutional Ownership/Total Shareholding))
Independent variable	Ownership Concentration	Ownership Concentration	(Shares owned by the five largest shareholders/Total Shareholding)

Independent variable	Managerial Ownership	Managerial Shareholding	(Shares Owned by Management/Total Shareholding)
Control Variable	Capital Structure	Debt to Equity Ratio	Total Long-Term Debt/Total Shareholders' Equity
Dependent Variable	Board Independence	Board Independence	(non-executive directors/board size)
Dependent Variable	Frequency of Board Meetings	Frequency of Board Meetings	Ln Cumulative Number of Board/Committee Meetings attended by Directors

CHAPTER FOUR: DATA ANALYSIS, RESULTS, AND INTERPRETATION

4.1 Introduction

In this chapter, the focus is placed on the analysis of the data, the presentation of the results, as well as the interpretation of the findings. This chapter is broken down into six different sub parts, which include the following: the response rate, descriptive statistics, diagnostic tests, inferential statistics, and an interpretation and discussion of the study results. The statistical program known as Statistical Package for the Social Sciences (SPSS) Version 25 was used in the process of analysing the data. For the purpose of interpreting the results, tables were used. Specifically, this chapter provides a synopsis of the framework for the display of data, as well as its interpretation, discussion, and analysis.

4.2 Response Rate

Appendix I indicates that all 64 NSE-listed businesses were included for this analysis. Corporate governance procedures were examined using a survey to ascertain whether or not they are affected by the ownership arrangements of NSE-listed firms. This was due to the fact that there were no restrictions placed on either time or money while analysing the 64 different firms. The percentage of people who participated in this research is shown in Table 4.1.

Table 4.1: Study Response Rate

Companies	Frequency	Percentage
Data Obtained	45	70.31%
Data not Obtained	19	29.69%
Total	64	100%

Table 4.1 displays that out of 64 firms, only data for 45 firms was obtained detailing a response rate of 70.31%. The data of 19 companies was not available because of either they did not publish their 2021 annual reports or they did not publish crucial information to the study in their annual reports, especially information on ownership structure.

4.3 Descriptive Analysis

The descriptive research strategy was used for this study because it allows for the generalization of the results of the population, as well as the analysis and connection of the variables. The descriptive study used many measurements of central tendency, including the mean in addition to the deviation from the standard, the median, and the mode. We used minimum and maximum statistics, as well as range, as measures of dispersion. In addition to this, symmetrical measurement tools such as kurtosis and skewness were used.

Table 4.2 shows that a minimum of 40% and a maximum of 100% Independent/Non-Executive Directors is ideal for a board of directors. The dispersion was as high as 60%. The average percentage of board members without ties to one another was 74.88%, with a standard deviation of ±15.03% indicating its inherent lability. The median, another way to look at central tendency, was found to be 76.92%. The dispersion was 2.3%. The series is regularly distributed if its skewness statistic is in the range (-0.8, +0.8) and its kurtosis statistic is in the range (-3, +3) of these values.

The CMA's Governance Code requires a majority of independent non-executive directors and a mix of executive and non-executive directors on the board. The average level of board independence for publicly traded companies was 74.88%, with the median sitting at 76.92%.

This suggests that the vast majority of companies trading on the NSE followed appropriate corporate governance procedures.

Table 4.2: Descriptive Statistics

		Board Independence	Percentage of attendance of Board Meetings	Foreign Ownership	Institutional Ownership	Ownership Concentration	Managerial Share Ownership	Debt to Equity Ratio
N	Valid	45	45	45	45	45	45	45
	Missing	0	0	0	0	0	0	0
Mean		.748744588744589	.950191811358096	.342523075946530	.665182419547527	.676940620192325	.038036467506186	.297006737508420
Std. Error of Mean		.022411877096583	.011507380874794	.045750630122440	.037917266412533	.031305958580788	.020624693112965	.085380963839898
Median		.769230769230769	.989473684210526	.292498711111111	.726826911460145	.713639808182512	.000000000000000	.127450588620797
Std. Deviation		.150343442073994	.077193857637061	.306904556901677	.254356755658179	.210006754462303	.138354647446986	.572752917391389
Variance		.023	.006	.094	.065	.044	.019	.328
Skewness		-.646	-1.956	.449	-1.116	-.922	4.940	3.510
Std. Error of Skewness		.354	.354	.354	.354	.354	.354	.354
Kurtosis		.022	3.610	-1.221	.638	.322	26.881	14.334
Std. Error of Kurtosis		.695	.695	.695	.695	.695	.695	.695
Range		.600000000000000	.328947368421053	.946407177830093	.972205155555556	.823425041178470	.840069157646259	3.540150285687136
Minimum		.400000000000000	.671052631578947	.000000000000000	.000000000000000	.129556843325339	.000000000000000	-.472485869830606

Maximum		1.000000000000000	1.000000000000000	.946407177830093	.972205155555556	.952981884503809	.840069157646259	3.067664415856530
Percentiles	1	.400000000000000	.671052631578947	.000000000000000	.000000000000000	.129556843325339	.000000000000000	-.472485869830606
	5	.408571428571429	.763255813953488	.000000000000000	.062293317804087	.184107850799258	.000000000000000	.000000000000000
	25	.666666666666667	.935602711464781	.044610419894149	.551067784680042	.558058678810594	.000000000000000	.041617188281679
	50	.769230769230769	.989473684210526	.292498711111111	.726826911460145	.713639808182512	.000000000000000	.127450588620797
	75	.877777777777778	1.000000000000000	.607548291494911	.846633891026818	.843559646595780	.000494808702232	.302411304486759
	95	.980000000000000	1.000000000000000	.877925874000000	.962159085463240	.939103189163892	.306861679716083	1.816778989084171
	99	.	.	.	.	.	.	.

Table 4.2 also shows that 90 percent of NSE-traded companies followed a recommendation from the corporate governance code stating that at least 55 percent of the board should be made up of independent, non-executive members, and that all the companies followed a similar rule stating that at least 33 percent of the board should be made up of independent, non-executive members.

Moreover, as shown in Table 4.2, the greatest value of the ratio of board/committee meetings attended to the meetings conducted was 100%, while the lowest value was 67.1%. This ranged from 32.9%. The average percentage of board and committee members present at meetings that were actually held was 95.02%, with a standard deviation of ±7.72% illustrating the range of possible values for this statistic. In addition to the mean, the median was used to determine the central tendency, which was found to be 99.5%. There was a 0.6% dispersion. The series does not follow a normal distribution, as seen by the skewness statistic being outside the range of -0.8 to +0.8 and the kurtosis statistic being outside the range of -3 to +3.

Most of the listed firms' corporate governance charters enumerate that a director should attend at least 75% of all scheduled meetings. The mean and median board/committee meetings attended to the meetings held ratio of the listed firms was 95.02% and 98.95% respectively. Listed businesses on the NSE are assumed to have followed their corporate governance charters, at least to some extent. In addition, as shown in Table 4.2, over 95% of NSE-listed businesses' directors met the minimum attendance requirement of 75% for all planned meetings as outlined in their companies' corporate governance charters.

Table 4.2 further shows that the range for the proportion of foreign to total shares held was 94.64% to 0%. It was in the 94.64 percentile. Average foreign ownership as a percentage of total ownership was 34.24%, with a standard deviation of ±30.69% illustrating the spread of foreign ownership relative to total ownership. The median, the second metric of central tendency, was calculated to be 29.25%. The percentage of difference was 9.4 percent. As the skewness statistic ranges from -0.8 to +0.8 and the kurtosis statistic ranges from -3 to +3, we may conclude that the series' data follows a normal distribution.

The mean and median foreign shareholding to total shareholding ratio of the listed firms was 34.24% and 29.25% respectively. This implies that foreign investors do not own the majority of issued equity securities in Kenya. Additionally, the study findings in Table 4.2 showcase that over 5% of the firms' listed at the NSE did not have any foreign shareholding and were fully locally owned while slightly over 25% of the listed firms had foreigner investors having a controlling stake of over 50%. Additionally, over 50% of the listed firms had local investors having a controlling stake of over 50%

As can be seen in Table 4.2, the maximum value of the ratio of institutional ownership to total shareholding is 97.22%, while the lowest value is 0%. The percentage of possible outcomes was 97.22%. In terms of foreign ownership, the mean institutional shareholding to total shareholding ratio was 66.52%, with the standard deviation illustrating the range of values between ±25.44% and 66.52%. The median, another way of determining central tendency, was found to be 72.68%. The discrepancy was 6.5%. The series is regularly distributed if its skewness statistic is between -0.8 and +0.8 and its kurtosis value is between -3 and +3.

The mean and median institutional shareholding to total shareholding ratio of the listed firms was 66.52% and 72.68% respectively. This implies that institutional investors own the majority of issued equity securities in Kenya. Additionally, the study findings in Table 4.2 showcase that over 5% of the firms' listed at the NSE did not have any institutional shareholding while slightly over 50% of the listed firms had institutional investors having a controlling stake of over 50% while less than 25% of the listed firms had individual investors having a controlling stake of over 50%.

Further, the study findings in Table 4.2 reveal that the highest value of the concentration ratio is 95.3% while the lowest value is 12.96%. The range was 82.34%. The average concentration ratio was 67.69% of total shares held by institutions, with a standard deviation of ±21% illustrating the range of values for this metric. The median, another indicator of central tendency, was found to be 71.36 percent. There was a 4.4% dispersion. While the skewness metric falls beyond the acceptable range of -0.8 to +0.8, the kurtosis statistic indicates that the series' data is regularly distributed.

The mean and median ratio of shareholding of the top five shareholders to total shareholding of the listed firms was 67.69% and 71.36% respectively. This implies that the top five shareholders own the majority of issued equity securities in Kenya. Additionally, the study findings in Table 4.2 showcase that the top five shareholders have a controlling stake of over 50% in over 75% of the listed companies.

Also, the study findings in Table 4.2 enumerate that the highest value of the ratio of management shareholding to total shareholding is 84.01% while the lowest value is 0%. The range was 84.01%. The average ratio of management holdings to total holdings was 3.8%, with the standard deviation showing that this number may range from ±25.44% to +3.8%. The median, another way to examine central tendency, was also null. The dispersion amounted to 1.9%. Neither the skewness nor the kurtosis statistics are within the expected ranges of -0.8 to +0.8 and -3 to +3, respectively, indicating that the series does not follow a normal distribution.

The mean and median management shareholding to total shareholding ratio of the listed firms was 3.8% and 0% respectively. This implies that the executive directors do not own the majority of issued equity securities in Kenya. Additionally, the study findings in Table 4.2 showcase that over 50% of the firms' listed at the NSE did not have any managerial shareholding while less than 1% of the listed firms had executive directors having a controlling stake of over 50%.

Finally, the study findings in Table 4.2 reveal that the highest value of the debt to equity ratio is 3.07 while the lowest value is -0.47. The range was 84.01%. The average debt to equity ratio was 0.3, with the standard deviation indicating a range of ±0.57. The median, another indicator of central tendency, was calculated to be 0.13. Average deviation was 0.33. Neither the skewness nor the kurtosis statistics are within the expected ranges of -0.8 to +0.8 and -3 to +3, respectively, indicating that the series does not follow a normal distribution.

The mean and median debt to equity ratio of the listed firms was 0.3 and 0.13 respectively. This implies that the general utilization of debt in the listed firms in the NSE is between 11.5% to 23%. Additionally, the study findings in Table 4.2 showcase that over 5% of the firms' listed at the NSE have utilized more debt than the equity in their capital structure while 4% of the firms' listed at the NSE did not utilize debt in their capital structure.

4.4 Correlation Analysis

An examination of the correlation between two variables sheds light on the nature of the connection between them. There is a wide range of possible correlations, from a perfect positive correlation to a significant negative connection. The current research performed a Pearson correlation analysis to establish a connection between the independent variables and the manufacturing firms' financial stress. The study was conducted using a two-tailed test with a 95% confidence interval. Table 4.3 provides an illustration of this point.

According to Table 4.3, only management share ownership is significantly linked to corporate governance practice at the 5% significance level. This is true regardless of how significant anything is. There is also evidence that they are significantly correlated negatively with one another. The findings of this research are summarized in Table 4.3 and show that parameters such as ownership concentration, foreign ownership, institutional ownership, and debt to equity ratio do not have a significant link with corporate governance standards at the 5% significance level.

Table 4.3: Correlation Analysis

		Corporate governance practice	Foreign Ownership	Institutional Ownership	Ownership Concentration	Managerial Share Ownership	Debt to Equity Ratio
Corporate governance practice	Pearson Correlation	1	.042	.098	-.086	-.390**	.145
	Sig. (2-tailed)		.786	.522	.574	.008	.341
	N	45	45	45	45	45	45
Foreign Ownership	Pearson Correlation	.042	1	.315*	.327*	-.149	-.246
	Sig. (2-tailed)	.786		.035	.028	.330	.104
	N	45	45	45	45	45	45
Institutional Ownership	Pearson Correlation	.098	.315*	1	.342*	-.369*	-.001
	Sig. (2-tailed)	.522	.035		.022	.013	.993
	N	45	45	45	45	45	45
Ownership Concentration	Pearson Correlation	-.086	.327*	.342*	1	.227	-.235
	Sig. (2-tailed)	.574	.028	.022		.133	.121
	N	45	45	45	45	45	45
Managerial Share Ownership	Pearson Correlation	-.390**	-.149	-.369*	.227	1	-.052
	Sig. (2-tailed)	.008	.330	.013	.133		.734
	N	45	45	45	45	45	45
Debt to Equity Ratio	Pearson Correlation	.145	-.246	-.001	-.235	-.052	1
	Sig. (2-tailed)	.341	.104	.993	.121	.734	
	N	45	45	45	45	45	45

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

4.5 Diagnostic Tests

In preparation for the linear regression analysis, the most accurate unbiased linear estimators were compared (BLUE). Tests of normality, homoscedasticity, multiple colinearity, and autocorrelation were used in this investigation. In order to determine whether or not the data used in the research adhered to a normal distribution, the Shapiro-Wilk test and the Kolmogorov-Smirnov test were carried out. The Breusch-Pagan test for homoscedasticity was used to evaluate if the independent variables included in the research had constant variance. In order to establish multi-collinearity, the Variance Inflation Factors (VIF) and Tolerance statistics were used. For the purpose of determining whether or not there existed autocorrelation, the Durbin-Watson d statistic was applied in the research.

4.5.1 Normality Test

Testing to see whether the variables in the research follow a normal distribution is highlighted in Table 4.4. The null hypothesis proposes that the relevant variables follow a normal distribution, whereas the alternative hypothesis suggests that they do not. Table 4.4 shows that both the Shapiro-Wilk and Kolmogorov-Smirnov tests of the corporate governance practice variable provide significant results beyond the 0.05 level. This is true regardless of the diagnostic technique used. Therefore, the alternative hypothesis is selected to explain the evidence, and the null hypothesis is rejected. Consequently, the variable of interest, corporate governance procedures, follows a normal distribution.

Table 4.4: Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Corporate governance practice	.073	45	.200*	.974	45	.389
Foreign Ownership	.174	45	.002	.890	45	.000
Institutional Ownership	.160	45	.005	.892	45	.001

Ownership Concentration	.126	45	.069	.923	45	.005
Managerial Share Ownership	.445	45	.000	.310	45	.000
Debt to Equity Ratio	.280	45	.000	.581	45	.000

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

As can be seen in Table 4.4, the significant value for the Shapiro-Wilk test of the ownership concentration variable is lower than the threshold of 0.05. Despite this, the significance value of the Kolmogorov-Smirnov test for the ownership concentration variable is higher than the p value (0.05). Even though it isn't very frequent, the Shapiro-Wilk test may sometimes provide poor results when dealing with vast amounts of data. Because of this, the test is often complemented with the Kolmogorov-Smirnov, which is the better test. The alternative hypothesis is chosen instead of the null hypothesis as a result of the significance value derived from the Kolmogorov-Smirnov test, which shows that the null hypothesis cannot be supported. Therefore, a normal distribution may be drawn for the ownership concentration variable.

As can be shown in Table 4.4, the significance values obtained from the Shapiro-Wilk and Kolmogorov-Smirnov tests for the variables representing foreign ownership, institutional ownership, managerial ownership, and the debt to equity ratio are all significantly lower than the alpha value of 0.05. Therefore, the alternative hypothesis is accepted, and the null hypothesis is deemed to be incorrect. As a result, the variables that measure debt to equity ratio, foreign ownership, institutional ownership, and management ownership do not follow a normal distribution. Standardization is a treatment that may correct a non-normal distribution of data; hence, the data series for the variables were standardized to address the non-normal distribution.

4.5.2 Test for Homoscedasticity

Table 4.5 highlights the results of the homoscedasticity tests conducted on all of the predictor variables that were used in this study. It was decided to use the Breusch-Pagan test. On the other hand, the Breusch-Pagan test of heteroscedasticity is not directly available in SPSS. Nevertheless, there is a way to go about doing it in a roundabout way. Squaring the unstandardized residuals resulted in a transformation of the data that was recorded. As a consequence of this, the resulting variable was subjected to regress with each of the independent variables that were part of the investigation. The Breusch-Pagan test is shown by the p-value that was calculated as a consequence of the Analysis of Variance output. The degree of significance that was chosen for the investigation was 5%.

Table 4.5: Test for Homoscedasticity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	5	.000	1.050	.403[b]
	Residual	.001	39	.000		
	Total	.002	44			

a. Dependent Variable: RES_1_SQ
b. Predictors: (Constant), Debt to Equity Ratio, Institutional Ownership, Managerial Share Ownership, Foreign Ownership, Ownership Concentration

The homoscedasticity of the data utilized in the study supports the absence of outliers and hence the null hypothesis. The counterfactual proposition is that heteroscedasticity was present in the data used in the analysis. Considering that the obtained significant value (P=0.403) is more than the study critical value (α=0.05), the null hypothesis is not rejected based on the results of the research. The predictor variables in this research all have homoscedastic data series.

4.5.3 Test for Multicollinearity

Table 4.6 presents the findings of a test called the Test for Multicollinearity of Data, which was performed with the use of Tolerance and Variance Inflation Factors (VIF).

Table 4.6: Multicollinearity Statistics

		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	Foreign Ownership	.791	1.264
	Institutional Ownership	.651	1.536
	Ownership Concentration	.655	1.527
	Managerial Share Ownership	.705	1.418
	Debt to Equity Ratio	.896	1.116

a. Dependent Variable: Corporate governance practice

To show a lack of multicollinearity, statistically speaking, tolerance values need to be more than 0.1 and VIF values should be between the values 1 and 10. Based on the numbers, the VIF may be anywhere from 1 to 10, and all of the included predictor variables have tolerance values larger than 0.1. Thus, there is no proof of multicollinearity among the predictor variables.

4.5.4 Tests for Autocorrelation

Table 4.7 displays the results of a test for autocorrelation using the Durbin-Watson statistic.

Table 4.7: Autocorrelation Test

Model	Durbin-Watson
1	2.195[a]

a. Predictors: (Constant), Debt to Equity Ratio, Institutional Ownership, Managerial Share Ownership, Foreign Ownership, Ownership Concentration
b. Dependent Variable: Corporate governance practice

The autocorrelation hypothesis was investigated with the use of the Durbin Watson d-statistic. The Durbin Watson d-statistic typically ranges from 0 to 4 in its normal distribution. The value of 2 is attained when there is no autocorrelation present in the data. A Durbin Watson score between 0 and 2 indicates positive autocorrelation, whereas a value between 2 and 4 indicates negative autocorrelation. Positive autocorrelation is indicated when the score is between 0 and 2. It is considered typical for a Durbin-Watson statistic to fall between between 1.5 and 2.5, but anything that falls beyond this range is cause for worry (Shenoy & Sharma, 2015). However, Field (2009) established that a Durbin Watson d-statistic that is greater than 3 and less than 1 is a show for concern. Table 4.7 displays that the Durbin Watson d-statistic obtained for the current study is 2.195, which is between 1 and 3. Thus, the Durbin Watson d-statistic obtained for the current study meets the criteria set by Field (2009). Thus, there is no serial autocorrelation inherent in the current study variables.

4.6 Regression Analysis

The impact of ownership structure factors like foreign ownership, institutional ownership, ownership concentration, management ownership, and debt to equity ratio on the corporate governance practice of listed firms was determined using multiple linear regression analysis with a 5% significance level. These aspects include ownership by foreign investors, ownership by institutions, ownership by management, and ownership concentration. In the most recent investigation, a comparison was made between the significant value indicated by the ANOVA model and those obtained from the study. In addition to that, the F-Value that was determined by the present research was compared to the F-Value that was considered to be important. There was a comparison made between the significance values that were obtained for the model coefficients and the significance value of 0.05. In addition to that, the t values that were discovered over the course of this research were compared to the crucial t values. The results are shown in Table 4.8 below. As a result of the fact that none of the variables used in this investigation followed a normal distribution, the variables were normalized as a corrective measure for the non-normal distribution of the data.

Variations in the dependent variable, here corporate governance processes, may be attributed to shifts in the independent variables, as shown by the high value of the coefficient of determination, R2. The data show that the foreign ownership, institutional ownership, ownership concentration, managerial ownership, and the debt to equity ratio are all interrelated, with a value of R2 between 0.174 and indicating that 17.4% of corporate governance practice are due to changes in the model. These changes were found to have an effect on corporate governance practice. This suggested that additional factors that are not accounted for in the model are responsible for 84.5% of the changes in corporate governance procedures.

The study's null hypothesis states that the variables in the model (foreign ownership, institutional ownership, ownership concentration, managerial ownership, and the debt-to-equity ratio) do not significantly affect corporate governance procedures. This might be seen as evidence that the model does not significantly impact boardroom practices. Due to the fact that the results showed a significance value of (P=0.172) that was more than the threshold value of α (0.05), the researchers did not decide to reject the null hypothesis. Further research has shown that the F Value that was calculated throughout the course of the investigation (F=1.641) is lower than the F-Critical value of 2.60597495, which provides more evidence that the null hypothesis was not rejected. This implied that the model entailing; foreign ownership, institutional ownership, ownership concentration, management ownership, and debt to equity ratio does not significantly influence corporate governance practice. This therefore means that the model cannot be applied in forecasting corporate governance practice.

Table 4.8: Multiple Linear Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.417b	.174	.068	.075977628520753

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.047	5	.009	1.641	.172b
	Residual	.225	39	.006		
	Total	.272	44			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.832	.047		17.693	.000
	Zscore: Foreign Ownership	.001	.013	.019	.114	.910
	Zscore: Institutional Ownership	-.007	.014	-.089	-.495	.624
	Ownership Concentration	.026	.067	.069	.386	.702
	Zscore: Managerial Share Ownership	-.034	.014	-.428	-2.470	.018
	Zscore: Debt to Equity Ratio	.011	.012	.144	.935	.356

a. Dependent Variable: Corporate governance practice

b. Predictors: (Constant), Zscore: Debt to Equity Ratio, Zscore: Institutional Ownership, Zscore: Managerial Share Ownership, Zscore: Foreign Ownership, Ownership Concentration

The null hypothesis is that the debt-to-equity ratio, the percentage of foreign ownership, the percentage of institutional ownership, the percentage of ownership held by management, and the percentage of management ownership all have no bearing on corporate governance, in accordance with the null hypothesis. It was determined via this research that only management ownership significantly correlates with good corporate governance. Management ownership significance value (p=0.18) is below the critical alpha value (α) of 0.05 and t value (t=-2.470) does not lie within the t critical value of ±2.0154, resulting to the rejection of the null hypothesis. Moreover, the results of the present research showed that they are significantly correlated negatively with corporate governance procedures. In contrast, this study found that foreign ownership, institutional ownership, ownership concentration, and the debt-to-equity ratio did not significantly affect corporate governance practice (p=0.910, 0.624, 0.702, 0.350), as their respective significance values were larger than the study's critical value (t=0.114, -0.495, 0.386, 0.935) of 0.05 and their respective t values were not within the t critical value (α) of ±2.0154. Institutional ownership was shown to have a negative, nonsignificant association with corporate governance procedures, whereas foreign ownership, ownership concentration, and debt-to-equity ratio ownership all had positive, nonsignificant relationships.

Management ownership has a significant negative relationship with corporate governance practice. Thus, when there is a tendency of management to acquire more ownership at the NSE, the corporate governance practice deteriorate. The beta coefficient of management ownership of -0.034 means that an increment in the managerial ownership by 100% would signify a decrease in the corporate governance practice by 3.4%.

4.7 Interpretation and Discussion of Findings

Companies registered on the Nairobi Securities Exchange were analyzed to see how their ownership patterns influenced their corporate governance practice. The purpose of this research was to examine the effects of various ownership structures on the corporate governance practice of companies listed on the Nairobi Securities Exchange. These structures included ownership concentration, institutional ownership, foreign ownership and management ownership. Companies listed on the Nairobi Stock Exchange were analysed to see how different types of investment capital impacted their corporate governance practice.

Based on the data presented here, it was determined that 90% of NSE-listed companies followed the suggestion that there be more than 55% independent/non-executive directors, while all the companies followed the rule that there be at least 33.3% independent/non-executive directors. The recent research also found that directors of NSE-listed businesses largely complied with their organizations' corporate governance charters. In addition, more than 95% of NSE-listed businesses' directors met the minimum attendance requirement of 75% for all board meetings set out in their corporate governance charters.

Further study findings detail that foreign investors do not own the majority of issued equity securities in Kenya. Additionally over 5% of the firms' listed at the NSE did not have any foreign shareholding and were fully locally owned while slightly over 25% of the listed firms had foreigner investors having a controlling stake of over 50%. Also, over 50% of the listed firms had local investors having a controlling stake of over 50%

Additionally the study findings revealed that institutional investors own the majority of issued equity securities in Kenya. Further, over 5% of the firms' listed at the NSE did not have any institutional shareholding while slightly over 50% of the listed firms had institutional investors having a controlling stake of over 50%, while less than 25% of the listed firms had individual investors having a controlling stake of over 50%.

Further study findings enumerate that the top five shareholders own the majority of issued equity securities in Kenya. In addition, the top five shareholders have a controlling stake of over 50% in over 75% of the listed companies. Also, the study findings showcased that the executive directors do not own the majority of issued equity securities in Kenya. Additionally, over 50% of the firms' listed at the NSE do not have any managerial shareholding while less than 1% of the listed firms had executive directors having a controlling stake of over 50%.

The current study findings also displayed that the general utilization of debt in the listed firms in the NSE is between 11.5% to 23%. Additionally, over 5% of the firms' listed at the NSE have utilized more debt than the equity in their capital structure while 4% of the firms' listed at the NSE did not utilize debt in their capital structure.

Additional study findings enumerate that the model entailing; foreign ownership, institutional ownership, ownership concentration, management ownership, and the debt to equity ratio explains corporate governance practice to a least extent and further that the model cannot significantly predict corporate governance practice. Final findings are that only management ownership has a significant correlation and relationship with corporate governance practice. Additionally, the study's authors discovered a positive and statistically significant correlation between management ownership and ethical business practices. Corporate governance standards were shown to not be significantly affected by factors such as the proportion of foreign ownership, the percentage of institutional ownership, the percentage of concentrated ownership, or the debt-to-equity ratio, according to the current study's findings. The study findings further enumerated that foreign ownership, ownership concentration, and debt to equity ratio ownership have an insignificant positive correlation and effect on corporate governance practice while institutional ownership has a negative insignificant correlation and relationship with corporate governance practice.

Considering the outcomes of this investigation, the top five shareholders possess the bulk of issued equity shares in Kenya (between 68 and 71 percent), and these same five owners have a controlling position of more than 50 percent in more than 75 percent of the firms that are listed. Similarly, Mulinge (2008) claims that the vast majority of Kenya's publicly traded companies are held by a few of very wealthy individuals who control more than 25% of each firm's issued share capital. With the remaining shares being dispersed among various minority investors, whose rights the law actively works to protect.

The current study finding that ownership structure does not significantly impact on corporate governance practice is in tandem with the shareholder theory (The Friedman doctrine) developed by Friedman (1970) which proposes that other diverse stakeholders shape corporate governance practice, apart from the shareholders and thus, shareholders, and therefore the structure of the shareholders, cannot significantly impact on the corporate governance practice. According to the agency theory proposed by Jensen and Meckling (1976), all businesses face agency difficulties and, to varying degrees, devise strategies to address them. However, the agency theory does not agree with the present study's result that ownership structure has not much effect on corporate governance procedures since the way in which these action plans are formed differs from business to firm.

It is not compatible with the assertion made by Kirimi et al. (2022) that ownership structure in firms affects corporate governance, because the current study concludes that ownership structure does not much effect on corporate governance practice. Corporate governance procedures based on the ownership arrangements of current enterprises inform the choices made by boards of directors. Agency difficulties arise as a direct consequence of disputes that arise between management and shareholders when ownership arrangements are in place.

The present study's conclusions that neither institutional ownership nor ownership concentration has any appreciable effect on corporate governance procedures contradict those of Navissi and Naiker (2006). These scholars argue that large institutional investors with board participation at high ownership levels might pressure boards of directors into making suboptimal choices. Furthermore, Navissi and Naiker (2006) demonstrated that agency conflicts emerge when owners and managers of a business continue to engage in a principal-agent relationship, which may result in a misalignment of interests and goals. The likelihood of this mismatch occurring is, therefore, lessened when managers control a bigger percentage of the total number of shares outstanding.

According to Weston et al. (1990), when managers have a greater stake in the company, their interests are more closely aligned with those of the shareholders and they are less likely to act in an opportunistic manner. Managers playing the role of owners was also proven to be a useful tactic for reducing the impact of the agency issue. Inversely related to the degree to which management owns the firm is the amount of shareholder disagreements, agency difficulties, and expenses, it is theorized (Friend & Lang, 1986; Jensen & Meckling, 1976). This is due to the fact that the board's monitoring obligations are diminished by the existence of incentives for insiders to safeguard shareholder interests. This is due to the fact that board action is an extremely expensive form of monitoring (Vafeas, 1999). It has also been speculated that less monitoring is required due to improved incentive alignment brought about by increased agent ownership. The current study's conclusion that management ownership significantly effects negatively on corporate governance processes is at odds with the results of Weston et al. (1990), Friend and Lang (1986), Jensen and Meckling (1976), and Vafea (1999).

Shleifer and Vishny (1997) argue that the level of ownership concentration is a crucial element in influencing the quality of corporate governance. Clarke (2001) argues that different corporate governance models emerge out of distinct historical developments, cultural contexts, and economic paradigms. Large owners (block holders) are mentioned briefly by Shleifer and Vishny (1997) as being beneficial since they help alleviate agency difficulties between shareholders and management. Newer studies, however, show that majorities of shares in a company may create agency issues for the major shareholders and the lesser shareholders. The current study finding that foreign ownership and ownership concentration do not individually significantly impact on corporate governance practice is not in tandem with Shleifer and Vishny (1997) and Clarke's (2001) statements.

Demsetz and Lehn (1985) argue that if there is a single large owner, he will have a vested interest in increasing the company's worth, which might prompt him to practice responsible corporate governance. When a smaller number of individuals control a larger stake in the company, incentives like these are put in place. In contrast, when a minority shareholder's stake is diminished, the market for corporate governance loses its influence and the dominating shareholder may ignore the rights of the minority. This is due to the fact that less dependence on the market occurs when there is greater control. There are a variety of ways that increased ownership concentration might negatively impact corporate governance. One of these reasons is that the two factors may be replacements for one another: a significant stake held by a controlling shareholder indicates that the shareholder is committed to the procedures. The ownership structure of a corporation may be endogenous, as proposed by Himmelberg and coworkers (1999), and may be reliant on the corporate governance of the organization. In contrast to the statements of Demsetz and Lehn (1985) and Himmelberg et al. (1999), the results of the current study demonstrate that ownership concentration does not individually have a significant impact on corporate governance processes.

A study was undertaken by Mendoza et al. (2018) to look at the effects of finance regulations, dividends, and corporate governance on the ownership composition of Chilean businesses. Policy measures that facilitate controlling shareholders' ability to exert control over company management in line with their interests are found to preserve the rights of minority shareholders by enhancing the monitoring function of controlling owners, as found in the research. The results of a study by Mendoza et al. (2018) that found ownership concentration alone had no noticeable effect on corporate governance procedures are at contrast with these results.

The corporate governance procedures of contemporary firms throughout the world were analysed by Aguilera et al. (2016), with an emphasis on ownership structure. A comprehensive literature search was performed for this investigation. The research found that understanding the dynamics of concentrated and family ownership in developing countries, the function of various types of big block-holders, and the transition to more dispersed structures may provide light on more fundamental problems about corporate governance. However, this study contradicts Aguilera et al. (2016) in finding no negative correlation between ownership concentration and corporate governance practice.

Across 12 stock exchanges in Sub-Saharan Africa, Munisi (2020) researched the connection between corporate governance and ownership structure in publicly listed firms. The corporate governance index was shown to have a negative correlation with both managerial ownership and concentrated ownership. Research also suggests that management ownership and concentrated ownership may help mitigate agency problems and curb entrenchment on their own or as an adjunct to other good governance strategies. Other elements of good corporate governance were also more likely to be adopted by businesses primarily listed in Sub-Saharan African countries if they had larger degrees of concentrated ownership and management ownership, according to the study. Management ownership was shown to have a significant negative influence on such behaviors, contrary to the findings of Munisi's (2020) research, which revealed that ownership concentration had no effect on corporate governance procedures on its own.

According to Muka (2010), this connection between ownership structure and corporate governance was investigated for firms listed on the Nairobi Stock Exchange. Considering the outcomes of this investigation, corporate governance is helpful for all sorts of ownership structures. This study's findings indicating there is no significant relationship between ownership structure and governance practices go counter to those of Muka's (2010) research.

According to Jensen's (1986) free cash flow theory of capital structure, leverage may act as a monitoring tool and help alleviate the agency issue by lowering the amount of money needed to pay for the agency. By demonstrating that the debt-to-capital ratio does not substantially alter the quality of corporate management, this research challenges the free cash flow theory of capital structure.

CHAPTER FIVE: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

In this part of the chapter, both a recap of the results from the previous chapter as well as the conclusions that were drawn from those findings are presented. In addition, the difficulties that were experienced throughout the process of carrying out the present research are listed. In addition to that, this chapter offers recommendations to both the major players and the policy makers. In conclusion, the study provides recommendations for fields that other researchers and academics can investigate in subsequent studies of their own.

5.2 Summary

The investigation's goal was to identify any associations between ownership structure and its corporate governance procedures while trading on the NSE. The study set out to answer the question, "What role do various forms of ownership, including concentration, institutional, foreign and managerial, play in the corporate governance practice of companies listed on the Nairobi Securities Exchange?" by looking into these factors. As a further objective, this study set out to examine how various forms of investment capital affect the corporate governance practice of firms traded on the Nairobi Securities Exchange. In this work, we used a cross-sectional design, which means that data were collected at several different analytic levels simultaneously. The sample for this research comprised of all 64 businesses trading on the Nairobi Securities Exchange, which was enumerated by means of a census (NSE). However, we were only able to collect data from 45 companies. Data for the other 19 firms was unavailable because either they had not yet released their 2021 annual reports or they omitted critical information to the research, such as their ownership structure, from those reports.

Secondary information, such annual reports and financial statements, was gathered from the listed firms in order to conduct this research. The current study employed descriptive statistics to examine the ownership, capital, and corporate governance practice of listed corporations. Corporate governance practice were studied to see how ownership and capital structure (leverage) affected them.

Based on the data presented here, it was determined that 90% of NSE-listed firms followed the recommendation that independent/non-executive directors should constitute more than 55% of the board, while all the firms followed the guideline that independent/non-executive directors shall constitute at least 33.3% of the board. The recent research also found that directors of NSE-listed enterprises largely complied with their organizations' corporate governance charters. On top of that, more than 95% of NSE-listed companies' directors met the minimum attendance requirement of 75% for all board meetings set out in their corporate governance charters.

Further study findings detail that foreign investors do not own the majority of issued equity securities in Kenya. Additionally over 5% of the firms' listed at the NSE did not have any foreign shareholding and were fully locally owned while slightly over 25% of the listed firms had foreigner investors having a controlling stake of over 50%. Also, over 50% of the listed firms had local investors having a controlling stake of over 50%

Additionally the study findings revealed that institutional investors own the majority of issued equity securities in Kenya. Further, over 5% of the firms' listed at the NSE did not have any institutional shareholding while slightly over 50% of the listed firms had institutional investors having a controlling stake of over 50%, while less than 25% of the listed firms had individual investors having a controlling stake of over 50%.

Further study findings enumerate that the top five shareholders own the majority of issued equity securities in Kenya. In addition, the top five shareholders have a controlling stake of over 50% in over 75% of the listed companies. Also, the study findings showcased that the executive directors do not own the majority of issued equity securities in Kenya. Additionally, over 50% of the firms' listed at the NSE do not have any managerial shareholding while less than 1% of the listed firms had executive directors having a controlling stake of over 50%.

The current study findings also displayed that the general utilization of debt in the listed firms in the NSE is between 11.5% to 23%. Additionally, over 5% of the firms' listed at the NSE have utilized more debt than the equity in their capital structure while 4% of the firms' listed at the NSE did not utilize debt in their capital structure.

Additional study findings enumerate that the model entailing; management ownerships, institutional ownerships; foreign ownership, ownership concentration, and the debt to equity ratio explains corporate governance practice to a least extent and further that the model cannot significantly predict corporate governance practice. The study's conclusion is that only management ownership is significantly linked to good corporate governance. Also, the data demonstrated a favorable, statistically significant correlation between managerial ownership and high standards of corporate governance. Results showed that neither the ratio of foreign ownership nor the ratio of institutional ownership nor the percentage of ownership concentration nor the debt-to-equity ratio were connected to or influenced corporate governance. The study findings further enumerated that foreign ownership, ownership concentration, and debt to equity ratio ownership have an insignificant positive correlation and effect on corporate governance practice while institutional ownership has a negative insignificant correlation and relationship with corporate governance practice.

5.3 Conclusion

The study's results and conclusions are consistent each other. The study concluded that ownership structure and capital structure do not influence corporate governance practice and they can be used to predict it. This conclusion comes as a result of the study finding that ownership structure and the debt to equity ratio explained corporate governance practice to a least extent and they do not significantly influence corporate governance practice; they cannot be utilized to predict corporate governance practice.

According to the data, management share ownership is inversely related to ethical business practices. Research shows a negative correlation between management stock holding and ethical business practices. The final study conclusion is that foreign ownership, ownership concentration, and capital structure have an insignificant positive association and relationship with corporate governance practice while institutional ownership has a negative insignificant association and relationship with corporate governance practice.

5.4 Recommendations for Policy and Practice

The findings from this study can inform future investigations into the dynamics of corporate ownership and the methods used to oversee operations. Future studies on business enterprises' corporate ownership structures and governance methods will benefit greatly from the study's conclusions. Researchers, businesses, and academics will all benefit from the new information provided by this study into the ownership and governance procedures of companies. Research on business ownership structures and governance procedures may benefit from this study's results in the future.

The Capital Markets Authority, the governing body of the financial sector, is also a target of the recommendations provided to government officials and policymakers. To help government regulators strengthen and stabilize enterprises throughout the nation and alleviate worries about their solvency and continued viability in the face of looming going concern concerns, this report makes a number of recommendations.

Considering the outcomes of this investigation, the ownership and capital structure of listed firms do not significantly affect or predict corporate governance practice and thus should not be used as a primary focus by policymakers in their efforts to enforce the corporate governance code and generally accepted corporate governance practice. They should instead pay attention to other factors that influence corporate governance. An increase in managerial share ownership would result in a watering down of corporate governance practice, so the study recommends that policymakers implement regulations and policies that discourage managerial share ownership.

The findings of the study generates recommendations to listed, as well as other commercial firm' management and consultants, equity analysts, investment banks, and individual investors to focus mainly on managerial share ownership to analyse and set corporate governance practice. This is because the current study findings have established that managerial ownership has a significant negative effect on corporate governance practice. Listed, as well as other commercial firm' management and consultants should try to minimize the managerial ownership of their current firms to boost corporate governance practice as well as to signal quality corporate governance practice. Equity analysts, investment banks, and individual investors should analyse the quality corporate governance practice by focusing on the managerial ownership of the respective counters they are analysing. Equity analysts and investment banks should make buy recommendations to their clients on counters which have minimal managerial ownership while the individual investors should place a lng position on counters with minimal managerial ownership.

5.5 Limitations of the Study

In order to keep the research manageable and affordable, it was limited to the context of publicly traded companies. There is uncertainty as to whether or not conclusions from this research would hold if applied to Over-the-Counter (OTC) companies as well as other commercial firms. Further, if the same research were done in various nations, there would be even more room for doubt.

The majority of this study's information came from secondary resources. For the sake of analysis and drawing conclusions, the study's data had previously been gathered and organized in Microsoft Excel before being uploaded in SSPSS version 25. Furthermore, the data was not used in its original form, necessitating further computations and adjustments. Therefore, gathering and syncing the data took a considerable amount of time. There would be a delay since the researcher had to analyze the data and alter it again before he could compile it. Additionally, the data on ownership structure and corporate governance practice could not be identified immediately in the annual reports and they required a thorough scrutiny of the annual reports to obtain the information. This translated to a lot of time being taken to collect the data.

However, the limitations stated above did not in any way compromise the quality of the current research paper. The limitations were overcome during the course of the research or represent scenarios if the study was conducted while utilizing different aspects.

5.6 Recommendations for Further Study

There are a few important areas where further research is needed to fully understand the facts and ideas presented in this study. The corporate governance practice of a company are affected by several aspects of its ownership structure, not only the percentage of foreign, institutional, concentrated, or management ownership. Considering the outcomes of this investigation, it has been determined that these factors have no appreciable impact on corporate governance procedures. Further research can be done to identify and analyse them. Also there are other corporate governance practice apart from board independence and attendance of board meetings. Further research can be done to identify and analyse them. It's possible that, in addition to the capital structure, additional elements regulate, interfere, or mediate the connection between ownership structure and C-suite oversight procedures. A deeper dive into their identification and analysis is needed.

This research was conducted within the setting of publicly traded companies, however a similar investigation into the applicability of the study's conclusions to OTC and private companies is possible. Although this study was done exclusively in Kenya, it is possible to extrapolate its results to other countries in Africa or other parts of the world to see whether the same trends emerge.

The present study relied on secondary data, however future studies using primary data, such as in-depth surveys, focus groups, and scheduled interviews with bank employees, may disprove the current study's conclusions. While this study employed descriptive statistics, multiple linear regression, and correlation analysis, future studies may also make use of other analysis methods such as factor analysis, cohort analysis, cluster analysis, neural networks analysis, granger causality, content analysis, and discriminant analysis.

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APPENDICES

Appendix I: Companies Listed at the Nairobi Securities Exchange as at 31st December 2021

Agricultural	
Ticker	**Company Name**
EGAD	Eaagads Limited
KUKZ	Kakuzi Limited
KAPC	Kapchorua Tea Company Limited
LIMT	Limuru Tea Company Limited
SASN	Sasini Tea and Coffee
WTK	Williamson Tea Kenya Limited
Automobiles and Accessories	
Ticker	**Company Name**
G&G	Car & General Kenya
Banking	
Ticker	**Company Name**
BBK	Barclays Bank of Kenya
CFC	CfC Stanbic Holdings
DTK	Diamond Trust Bank Group
EQTY	Equity Group Holdings Limited
HFCK	Housing Finance Company of Kenya
I&M	I&M Holdings Limited
KCB	Kenya Commercial Bank Group
NBK	National Bank of Kenya
NIC	National Industrial Credit Bank
SCBK	Standard Chartered of Kenya
COOP	Cooperative Bank of Kenya

Commercial and Services	
Ticker	**Company Name**
XPRS	Express Kenya Limited
KQ	Kenya Airways
LKL	Longhorn Kenya Limited
EVRD	Eveready East Africa
SCAN	Scangroup
NMG	Nation Media Group
SGL	Standard Group Limited
FIRE	Sameer Africa Limited
TPSE	TPS Serena
UCHM	Uchumi Supermarkets

Construction and Allied	
Ticker	**Company Name**
ARM	ARM Cement Limited
BAMB	Bamburi Cement Limited
BERG	Crown-Berger (Kenya)
CABL	East African Cables Limited
PORT	East Africa Portland Cement Company

Energy and Petroleum	
Ticker	**Company Name**
KEGN	Kengen
KENO	KenolKobil
KPLC	Kenya Power and Lighting Company
TOTL	Total Kenya Limited
UMME	Umeme
Insurance Segment	
Ticker	**Company Name**
BRIT	British-American Investments Company
CIC	CIC Insurance Group
CFCI	Liberty Kenya Holdings Limited
JUB	Jubilee Holdings Limited
KNRE	Kenya Reinsurance Corporation
PAFR	Sanlam Kenya Plc

Investments	
Ticker	**Company Name**
ICDC	Centum Investment Company
OCH	Olympia Capital Holdings
HAFR	Home Afrika Ltd
TCL	TransCentury Investments
Investment Services	
Ticker	**Company Name**
NSE	Nairobi Securities Exchange

Manufacturing and Allied	
Ticker	**Company Name**
BOC	BOC Kenya Limited
BAT	British American Tobacco Limited
CARB	Carbacid Investments Limited
EABL	East African Breweries
EVRD	Eveready East Africa
ORCH	Kenya Orchards Limited
MSC	Mumias Sugar Company Limited
UNGA	Unga Group

Telecommunication and Technology	
Ticker	**Company Name**
SCOM	Safaricom

Source: Nairobi Securities Exchange Website (2022)

Appendix II: Data Collection Form

Company Name	
Shares held by Foreign Entities/Individuals	
Total Shareholding	
Ownership Concentrations	
Management owned share	
Ownership by Foreigners	
Ownership by institutions	
Shares Owned by individuals	
Top 5 shares owned by individual shareholders	
Managerial Share Ownership	
Total Shareholders' Equity	
Total Long-Term Debt	
Debt to Equity Ratio	
Non-Executive Directors	
Board Size	
Board Independence	
Summation of board meetings as divided by Meetings attended by Directors	
Ln Cumulative Number of Board/Committee Meetings attended by Directors	
Board Diversity	

Appendix III: Research Data

	Company	Non-Executive Directors	Board Size	Board Independence	Percentage of attendance of Board Meetings	Corporate governance practice	Shares Owned by Foreigners	Foreign Ownership	Shares Owned by Institutions	Institutional Ownership	Shares Owned by Top Five Investors	Ownership Concentration	Shares Owned by Management	Managerial Share Ownership	Total Shareholding	Debt (KES)	Equity (KES)	Debt to Equity Ratio
1	Eaagads Ltd	2	3	0.666667	1	0.833333	0	0	21045120	0.654449	27999642	0.870717	0	0	32,157,000	86,519,000	1,009,688,000	0.085689
2	Kapchorua Tea Co. Ltd	5	7	0.714286	1	0.857143	2277396	0.291078	4223512	0.539815	6186516	0.79071	9200	0.0011759	7824000	409505000	1486261000	0.275527
3	Kakuzi	6	8	0.75	0.880342	0.815171	6025171	0.307407	11021484	0.562321	16942985	0.864438	6339399	0.3234387	19,599,999	1,070,957,000	5,535,282,000	0.193478
4	Limuru Tea Co. Ltd	3	6	0.5	1	0.75	20831	0.00868	1417843	0.590768	2080908	0.867045	0	0	2400000	16,480,000	182,290,000	0.090405
5	Rea Vipingo Plantations Ltd	4	5	0.8	1	0.9	54000	0.9	0	0	54000	0.9	0	0	60,000	246,324,000	1,590,943,000	0.154829
6	Sasini Ltd	7	13	0.538462	0.95	0.744231	0	0	168421685	0.738512	177243885	0.777196	1433900	0.0062875	228,055,500	488121000	8679178000	0.05624
7	Williamson Tea Kenya Ltd	5	7	0.714286	1	0.857143	10664556	0.608963	12629146	0.721145	11253879	0.642615	200	1.142E-05	17,512,640	472,834,000	2,894,767,000	0.163341
8	Car and General (K) Ltd	6	7	0.857143	1	0.928571	13033419	0.324996	30888325	0.770219	31298297	0.780442	1584	3.95E-05	40,103,308	2,228,401,000	4,853,953,000	0.45909
9	Absa Bank Kenya PLC	8	11	0.727273	0.974576	0.850924	3774429410	0.69491	3941733234	0.725712	3896716110	0.717424	167300	3.08E-05	5,431,536,000	8,505,000,000	54355000000	0.156471
10	Stanbic Holdings Plc	10	11	0.909091	1	0.954545	322043500	0.8153	380227000	0.9626	285,732,397	0.723373	0	0	395,000,000	6,832,000,000	56,452,000,000	0.121023
11	I&M Holdings Ltd	7	10	0.7	1	0.85	1002314924	0.606133	1279717660	0.773888	1165203216	0.704637	0	0	1,653,621,476	19,546,073,000	74,048,077,000	0.263965
12	Diamond Trust Bank Kenya Ltd	10	13	0.769231	1	0.884615	157356406	0.562787	203222418	0.726827	128482286	0.459518	0	0	279,602,220	24,549,972,000	74,552,984,000	0.329296
13	HF Group Ltd	13	15	0.866667	0.8	0.833333	0	0	178317810	0.463628	194247841	0.505046	291,500	0.0007579	384,614,168	4,877,752,000	7,968,288,000	0.612146

14	KCB Group Ltd	9	11	0.818182	0.747508	0.782845	562791987	0.175136	2292749224	0.713482	1126371979	0.350517	138957	4.324E-05	3,213,462,815	44,242,000,000	173,507,000,000	0.254987
15	NCBA Group	9	12	0.75	0.917031	0.833515	7004870	0.004252	1447037154	0.878313	807680987	0.490241	381,755	0.0002317	1,647,519,532	6,096,755,000	77,987,029,000	0.078177
16	Standard Chartered Bank Kenya Ltd	7	12	0.583333	0.948718	0.766026	284676000	0.150682	295511000	0.156417	289100000	0.153023	0	0	1,889,253,000	5,420,352,000	53,214,106,000	0.101859
17	Equity Group Holdings	7	9	0.777778	0.856322	0.81705	615543530	0.163115	1275818892	0.338084	968468860	0.256638	127,809,180	0.0338686	3,773,674,802	166,581,000,000	176,191,000,000	0.945457
18	Cooperative Bank of Kenya Ltd	28	30	0.933333	1	0.966667	61752576	0.010525	4900106081	0.835172	4037991464	0.688234	63166543	0.0107661	5,867,180,103	69,430,555,000	100,339,469,000	0.691957
19	TPS Eastern Africa (Serena) Ltd	4	6	0.666667	1	0.833333	120,743,796	0.662793	165,421,891	0.908043	122002164	0.669701	8,176	4.488E-05	182,174,108	5,835,869,000	7,697,091,000	0.758192
20	Standard Group Ltd	8	9	0.888889	1	0.944444	65459338	0.800904	74850549	0.915807	76394016	0.934691	0	0	81,731,808	372,297,000	1,119,578,000	0.332533
21	Scangroup Ltd	8	10	0.8	0.808511	0.804255	352,127,990	0.814817	364964005	0.844519	363634767	0.841443	46,347,264	0.1072466	432,155,985	142,191	5,267,521	0.026994
22	Longhorn Publishers Ltd	8	9	0.888889	0.940594	0.914741	47250234	0.173433	218679512	0.802669	230396362	0.845676	0	0	272,440,473	0	740,921,000	0
23	Nairobi Business Ventures Ltd	4	10	0.4	1	0.7	436,980,200	0.322801	882574604	0.651966	1217233598	0.899182	363,040,998	0.2681819	1,353,711,934	0	644372237	0
24	Bamburi Cement PLC	7	11	0.636364	0.940171	0.788267	225607080	0.621577	332668419	0.916545	291245125	0.802418	0	0	362,959,275	2,727,000,000	35,253,000,000	0.077355
25	Crown Paints Kenya PLC	4	7	0.571429	1	0.785714	62,184,091	0.436803	132447761	0.930359	130597735	0.917364	0	0	142,362,000	330,772,000	3,430,189,000	0.09643
26	E.A.Cables PLC	7	9	0.777778	0.983871	0.880824	2009733	0.00794	188429525	0.744413	87585486	0.346017	0	0	253,125,000	2,406,989,000	1,098,980,000	2.190203
27	E.A.Portland Cement Ltd	6	8	0.75	1	0.875	26,324,884	0.292499	87498464	0.972205	84689457	0.940994	0	0	90,000,000	20,445,000	21,012,124,000	0.000973

28	Total Kenya Ltd	3	7	0.428571	0.931034	0.679803	595,803,501	0.946407	605072322	0.96113	599942558	0.952982	0	0	629,542,458	1,819,829,000	28,610,823,000	0.063606
29	KenGen Ltd	12	13	0.923077	1	0.961538	888,892,077	0.134792	5962248784	0.904121	5473125714	0.82995	0	0	6,594,522,339	135,433,791,000	210,323,369,000	0.643931
30	Umeme Ltd	8	10	0.8	0.993976	0.896988	872,742,392	0.537443	1011021157	0.622597	1158863988	0.71364	0	0	1,623,878,005	165,831	893,154	0.185669
31	Jubilee Holdings Ltd	8	8	1	0.866667	0.933333	43,251,468	0.596795	42888961	0.591793	40442994	0.558043	0	0	72,472,950	75,864,000	13,365,672,000	0.005676
32	Kenya Re-Insurance Corporation Ltd	10	11	0.909091	1	0.954545	142,322,105	0.050833	2353598037	0.840632	1890159460	0.675106	400,000	0.0001429	2,799,796,272	0	28,622,757,000	0
33	Britam Holdings Ltd	10	11	0.909091	0.922078	0.915584	1,080,153,057	0.42804	1929829389	0.764747	1701035783	0.674082	0	0	2,523,486,816	4,227,825,000	19,083,517,000	0.221543
34	Trans-Century Ltd	6	8	0.75	0.957895	0.853947	149,994,504	0.399769	175293939	0.467198	184673354	0.492196	0	0	375,202,766	3,371,061,000	-7,134,734,000	-0.47249
35	Centum Investment Co Ltd	9	10	0.9	1	0.95	62,310,419	0.093638	267595356	0.402132	387776960	0.582736	5,674,594	0.0085276	665,441,714	22,166,733,000	47,048,704,000	0.471144
36	Olympia Capital Holdings ltd	3	5	0.6	1	0.8	1,285,269	0.032132	19261259	0.481531	22322990	0.558075	4,422,429	0.1105607	40,000,000	26,619,000	455,985,000	0.058377
37	Home Afrika Ltd	7	9	0.777778	0.813953	0.795866	16,855,407	0.041592	99243910	0.244892	52503600	0.129557	0	0	405,255,320	0	-2,562,955,815	0
38	Nairobi Securities Exchange Ltd	8	9	0.888889	0.948187	0.918538	139,026,017	0.534707	220,678,311	0.848749	105631499	0.406268	49,000	0.0001885	260,004,320	0	2,056,497,000	0
39	B.O.C Kenya Ltd	4	7	0.571429	0.963636	0.767532	15,118,116	0.774278	15268608	0.781985	16422761	0.841095	0	0	19,525,446	7,726,000	1,588,812,000	0.004863
40	British American Tobacco Kenya Ltd	8	11	0.727273	0.989474	0.858373	82,641,958	0.82642	93875046	0.93875	76541816	0.765418	0	0	100,000,000	1,938,740,000	14,974,368,000	0.129471
41	Carbacid Investments Ltd	6	6	1	0.969697	0.984848	19,624,325	0.077003	26785100	0.105101	166423846	0.653022	0	0	254,851,985	0	3,488,799,000	0

42	East African Breweries Ltd	9	12	0.75	0.993865	0.871933	37,663,611	0.047629	474,976,781	0.600648	443705021	0.561102	4,078	5.157E-06	790,774,356	45,562,271,000	14,852,430,000	3.067664
43	Eveready East Africa Ltd	5	6	0.833333	0.989474	0.911404	22,108,023	0.105276	147768308	0.703659	140168250	0.667468	0	0	210,000,000	3,744,000	40,991,000	0.091337
44	Flame Tree Group Holdings Limited	2	5	0.4	1	0.7	5,208,984	0.029255	7824976	0.043947	158698636	0.891298	149,577,242	0.8400692	178,053,486	298,037,757	1,190,052,500	0.250441
45	Safaricom PLC	10	13	0.769231	0.671053	0.720142	0	0	31720591040	0.79172	30890076280	0.770991	895,500	2.235E-05	40,065,428,000	17,541,700,000.00	137,635,300,000.00	0.127451