

**THE RELATIONSHIP BETWEEN OWNERSHIP STRUCTURE AND FINANCIAL
PERFORMANCE OF COMMERCIAL BANKS IN KENYA**

BY

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DECLARATION

I declare that this research proposal is my original work and has never been submitted for a degree or diploma in any other university or college for examination purposes.

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This research proposal has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this research proposal to my loving husband Erick who supported me during its preparation both financially and morally. Your constant encouragement not to give up but press on to the end was really instrumental in the completion of this proposal.

ACKNOWLEDGEMENT

I thank God Almighty for giving me life and good health and seeing me through the entire course. To God be the glory.

Secondly I wish to thank my loving husband Erick Akivaga for the invaluable support he offered me during the entire course and for paying my school fees. He encouraged me to keep pressing on and assisted in taking care of our young children when I had to sit late hours of the night. I thank my loving parents for their support and ensuring I get where I am today.

Special thanks to my supervisor Mrs. Winnie Nyamute for the understanding, guidance and patience she accorded me. You gave me inspiration to move on. May God richly bless you.

LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
CBK	Central Bank of Kenya
GDP	Gross Domestic Product
KBA	Kenya Bankers Association
MNC	Multinational Company
NSE	Capital Markets Authority
ROA	Return on Assets
ROE	Return on Equity
SPSS	Statistics Package for Social Science

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ABSTRACT

This paper makes a strong input to business literature by examining the relationship of ownership structure on financial performance of commercial banks in Kenya. The divergence of shareholders voting right enables them to acquire and exercise control with considerably minimal involvement of equity. Zeitun and Tian (2007) underscored the significance of the study of the relationship of ownership structure and concentration on a firm's performance to the literature of finance theory. The study therefore investigated whether there is an association between Ownership structure and the performance of the 43 commercial banks in Kenya and assess the relationship of ownership to the outstanding performance by locally owned and government owned banks. The objective of the study was to determine the relationship of ownership structure on the financial performance of commercial banks in Kenya. Secondary data is on bank ownership and accounting data from financial annual reports of all the respective banks from the Capital Market Authority (CMA) and in the CBK website for a period of four years between the year 2010 and 2013. Multiple regression analysis was used to determine the relationship of ownership structure on the financial performance of commercial banks in Kenya. From the findings the study revealed that ownership structure positively relates to the financial performance of commercial banks in Kenya. The study also revealed that there was strong positive relationship between ownership structure and financial performance of commercial banks in Kenya. The study further revealed that a unit increase in foreign ownership would lead to increase financial performance of commercial banks in Kenya. The study found that domestic ownership of the bank significantly affects the financial performance of commercial banks in Kenya. From the finding the study concludes that government ownership significantly affect the financial performance of commercial banks in Kenya. From the finding the study revealed that a unit increase in ownership concentration would lead to increase in financial performance of commercial banks in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The influence of ownership structure on financial performance is critical in the banking industry. We opine that shareholders have an incentive to monitor managerial decisions and a return on their investments. Further we note that shareholders don't exert the same influence but rather they do have different approaches to decisions made by management. (Jansen and Meckling, 1979). Consequently, this study looks at the relationship between concentration ownership, public ownership, domestic ownership, foreign ownership in the financial performance of banks.

Brownbridge and Harvey (1998) assert that many African countries also started to restructure their financial sectors so as to enhance efficiency in banks in the 1980s and early 1990s. During all this period, fundamental reforms such as privatization of state-owned banks, the removal of interest rate controls, the elimination of entry bottlenecks to foreign capital and the development of new regulating frameworks focusing in curtailing fraud and abuse in the banking sector.

The linkage between ownership structure and performance has been the subject of an important and ongoing debate in the corporate finance literature (Deusetz and Villalonga, 2001). There are two ways of defining ownership structure, namely ownership concentration and ownership mix (Gursoy and Aydogan, 2002). Ownership concentration is concerned with the share of the largest owner and is influenced by absolute risk and monitoring costs (Pederson and Thomsen 1999). On the other hand, ownership mix is concerned with the identity of the principal shareholder.

1.1.1 Ownership Structure

Ownership structures have undergone tremendous structural changes due to privatization programs spearheaded by World Bank and IMF. As a result, there was reduction in government ownership shareholding in banks. Thus giving rise to foreign and large domestic investors and individuals an opportunity in the banking industry. For these reasons, the banking sector has

witnessed huge corporate transformation in its operating environment (Delis and Pappanikolaou, 2009).

Throughout the 1990s and early 2000s continental Europe quickly started deregulation by changing their ownership structures from mutual to private owned or listed institutions and decrease the role and involvement of the national government (Givavdone, Nankevvis and Vetentza, 2009).

In order to gain comprehensive understanding of the current ownership structure in terms of share percentage of this commercial banks under study and whether the percentage have changed over time and its effects on financial performance, the researchers will obtain information in percentage of shares owned by the government for government owned banks, domestic individuals for domestic owned banks, foreign individuals for foreign banks.

Two dimensions are used to define ownership structure, ownership concentration and ownership mix (Gursoy and Aydogan, 2002). Ownership concentration refers to the share of the largest and is associated with monitoring cost and absolute risk (Pedersen and Thomsen 1999). Ownership mix is linked to the identity of the principal shareholder. Morck et al (2005), asserts that differences in ownership structures have two outcomes in relation to corporate governance.

1.1.2 Financial Performance

Banks like other private business entities aim at maximizing profits. Therefore banks design their activities to maximum the return to investment. We note that profit maximization is not the only goal of commercial banks. Social and economic goals are other considerations for commercial banks. However, the scope of this study is profitability. To measure the profitability of commercial banks there are numbers of ratios used such as return on asset (ROA), return on equity (ROE) and net interest margin (NIM) (Murthy and Sree, 2003, Alexandru et al, 2008).

The growth in the banking sector in Kenya has been tremendous in the past three decades. However, this growth has not been even as some banks have grown faster than others. Profitability is significantly related with banks having huge capital outlay and with large

overheads. Bank loans also impact on profitability. However banks size is associated with negative and significant variables, resulting in scale inefficiency (Ngara 2009).

1.1.3 Relationship between Ownership structure and financial performance

In any business enterprise good corporate governance is critical in ensuring its success and sustainability. In some cases due to lack of close supervision, management may make decisions which are not in the best interest of the stakeholders. On the other hand some ownership structures delegate corporate responsibilities to elected board of directors who in turn determine the outcome of the firms. These elected directors have enormous powers to benefit themselves over the minority shareholders hence, directly affecting the banks performance. Mercial et al, (2002) contends that corporate governance is an essential purpose of protecting the interest of all shareholders.

Boubakri et al (2002) report three arguments in support of state ownership as opposed to private ownership. First, private banks are more likely to face a financial crisis, secondly huge private ownership of banks may reduce access to credit and thirdly, government is best placed to allocate capital for investment purposes. In addition two theories in support of government ownership are known. These are the development theories which contend that in some countries where the economic institutions are not well developed, government ownership in banking sector is justified to re-energize both financial and economic development. The political theory propound that government control enterprises and banks as a political weapon to dish out employment and benefit political supports in return for votes and kickbacks. Under the development theory government finance projects that are desirable from societal perspective. In both theories, the government is justified in financing projects for public goods and these that cannot be financial privately.

In contrast with the forgoing views point, evidence in literature documents, that state ownership is associated with curtailing overall growth (La Porta et al 2002). Greater state ownership is negatively correlated with a country's per capita income level. Above all Barth et al, (2002) asserts that huge state ownership of banks is associated with lower bank efficiency, less savings

and borrowing, lower profitability and scanty growth. Ironically, partial ownership by government has a negative impact in performance. Wide evidence is the literature point that private ownership of banks is linked with higher financial performance (Lang and So, 2002, Cornett et al 2000).

Studies on state ownership and private ownership of banks also document that banks owned by state in developing countries have lower profitability than private banks. Hence, lower profitability is associated with lower net interest margins, higher operating costs linked to employment policies and non-performing loans. In comparison to developed countries, studies report that state owned banks have slightly higher overhead costs and an insignificant difference in other variables as profitability, margins and non-performing loans as in private banks (La Porta et al 2002, and Micco et al 2004).

A number of studies have shown further reasons for low profitability witnessed in state owned banks internationally. For instance Sapienza (2004) finds that state –owned banks charge lower interest rates compared to private banks and that state owned micro-financial institutions are subjected to inferior corporate governance than private firms. This is attributable to lack of incentives for managers to perform efficiently (Clark et al 2004). Berglof and Roland, 1998 state that small and medium enterprise managers work under no pressure to perform because their jobs are protected by enterprise owners.

Micco et al (2004) asserts that state owned banks are guided by government policies which may not be profit maximizing oriented. Moreover, ownership structure has an impact on firm's performance and its risks (Pederson and Thomson 1997 and Zeitun and Tian 2007).

1.1.4 Commercial Banks in Kenya

The banking industry in Kenya has 43 licensed commercial banks (Central Bank of Kenya (CBK), 2014). The contribution of commercial banks to the economy of Kenya is enormous. In particular they make funds available for investors to borrow and invest in different sectors of the economy and through forward and backward linkages spur economic growth and development. We note that commercial banks employ thousands of Kenyans who earn income. This income

has ripple effect in the economy. Besides, commercial banks consume economic goods and services which in turn generate more employment in other sectors of the economy. Consequently commercial banks have profound impacts in the financial sector and the economy is general.

Out of the 43 commercial banks in Kenya, 30 are locally owned while 13 are foreign owned and out of the locally owned banks 3 have significant shareholding by the government and state corporations (Central Bank of Kenya (CBK), 2014).

Financial performance of banks has been improving steadily since 2000. This has been vindicated by the central Bank of Kenya (CBK, 2012). Thus many studies have been undertaken in different countries such as Singapore, Tanzania, Tunisia, UK and USA among others.

1.2 Research Problem

It has been widely accepted that organizational structure influences operating behavior since it defines the nature of residual claims thus motivations of the shareholders. The agency theory stipulates that several categories of shareholders can have an influence on the managers' efficiency. (Jansen and Meckling,1976). Despite tight regulatory framework in the Kenyan banking industry we are likely to see corporate failures and malfunctions of the banks.

Throughout the 1990s and early 2000s continental Europe quickly started deregulation by changing their ownership structures from mutual to private owned or listed institutions and decrease the role and involvement of the national government Givavdone, Nankevvis and Vetentza (2009). Ownership structures have undergone tremendous structural changes due to privatization programs spearheaded by World Bank and IMF.As a result, there was reduction in government ownership shareholding in banks. Thus giving to rise to foreign and large domestic investors and individuals an opportunity in the banking industry. For these reasons, the banking sector has witnessed huge corporate transformation in its operating environment (Delis and Pappanikolaou, 2009).

Boubakri et al (2002) in his study on ownership structure and bank performance report three arguments in support of state ownership as opposed to private ownership stating that that

government owned banks have access to funds unlike private owned banks since government is best placed to allocate capital for investment purposes.

Studies conducted in Kenya in ownership structure and financial performances of commercial banks have not comprehensively established the relationship between ownership structure and firm performance. Most studies in the literature are dominated by those done in developed countries. The implication of this is that they may have limited chance of transferability to the Kenya setting.

Ongore et al. (2011) investigated the relationship between ownership structure and performance of listed firms in Kenya. They used a census approach in their research design. Their findings indicated a significant negative relationship between state ownership of firms and financial performance while on the other hand foreign, insider, diverse and institutional ownership gave significant positive relationships with financial performance. The results however failed to establish the critical level of shareholding beyond which they would be accelerated firm performance arising from commitment of managers

Mang'anyi (2011) in his study explored ownership structure and corporate governance and its effects on performance of firms in Kenya with reference to banks. The study revealed that there was no significant difference between type of ownership and financial performance and between bank ownership structure and corporate governance practices. However foreign owned banks had slightly better performance than domestic owned banks.

Kiruri (2013) conducted a study which sought to investigate the effects of ownership structure on bank profitability in Kenya. The study found that ownership concentration and state ownership had negative and significant effects on bank profitability while foreign ownership and domestic ownership had positive and significant effects on bank profitability. The study concluded that higher ownership concentration lead to lower profitability in commercial banks while higher foreign and domestic ownership lead to higher profitability in commercial banks.

From the foregoing it is clear that number of studies have been done on the relationship between ownership structure and financial performance of banks. Incidentally, the results are mixed.

Some studies look at several mechanisms and how they affect financial performance. Moreover, other studies have concerned themselves with ownership structures, corporate governance and financial performance. There is a paucity of literature in the effects of ownership structure on the financial performance of commercial banks in Kenya. For this reason this study seeks to bridge the gap in literature and examine the relationship between ownership structure and firm financial performance of the commercial banks in Kenya. This research intends to answer the following question; What is the relationship between ownership structure and financial performance in commercial banks in Kenya?

1.3 Research Objective

The objective of this study was to determine the relationship between ownership structure and financial performance in commercial banks in Kenya.

1.4 Value of the Study

The proposed research will add to the existing literature a critical impetus so that other viewpoints are explored thus the study is significant due to a number of reasons. First the findings will be important to financial managers to understand corporate decisions such as dividends policy, investment policy and capital budgeting decisions of commercial banks and whether minority investors have a role to play.

Second, the government may make use of the findings of the study on how various ownership structures affect other sectors of the economy and thus inform regulatory frameworks. Third, policy makers will find the study critical in understanding how corporate policies affect the overall welfare of the people and how to develop appropriate policies with a view of protecting the minority investors. Importantly, the Central Bank of Kenya (CBK) will find this study crucial in developing approaches that will spur stability in the banking sector in Kenya. Fourth, most banks in Kenya are expanding and opening branches across the East African region, thus there is need to understand how various ownership structures are related to the financial performance.

Finally this study is significant to the researcher as it will provide an opportunity, to expand the understanding on how different ownership structures affect the financial performance of banks. Importantly the researcher will be equipped with descriptive and analytical tools , pre-requisites for scholarly contribution to knowledge and critical evaluation of the financial performance discourse of commercial banks in Kenya, in sub-Saharan Africa and indeed globally.

Empirical findings from this study will provide a framework on the relationship between ownership and financial performance in the Kenyan context. Above all commercial banks will be better informed to make sound policy decisions as some of them are expanding to the East African region and beyond.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews other studies conducted to investigate the relationship between ownership structure and financial performance. It examines both empirical and theoretical view points. This chapter commences by reviewing the theories that informed the discussion on ownership structure and financial performance. It further dwells on the empirical studies that discuss the relationship between ownership structure and financial performance among commercial banks in Kenya.

2.2 Theoretical Review of the Literature

The theoretical review of literature presents the different theories that explain the expected relationship between ownership structure and financial performance relevant to the study. There are several studies done by scholars in the field of banking but this study focused on three theories in relation to the effect of ownership structure of the financial performance of commercial banks. Namely, Agency theory, Stakeholder theory and Transaction costs.

2.2.1 The Agency Theory

The theory postulates the relationship between the principal and the agent. Jensen and Meckling (1976) defined agency relationship as where the principal engages the agent to act on his behalf. It shows how shareholders (principles) and banks' management (agents) operate where the later delegates responsibility to the former. In doing so the theory tries to address the conflict of interest associated with shareholders and management.

There are two main issues which can result in conflict, first, conflict between shareholders and management of the company and second, the relationship between debtors and stockholders. These conflicts can have serious repercussions in business ethics and also in corporate governance. Debt financing helps to address the questions of cash-flow in a company .Cash flow

issues are as a result of symmetry of information because those who take debts/ borrows know more than the banks. Divisions between ownership are controls are associated with conflict of interest between shareholders and managers. When management has ownership stake they tend to work with motivation to ensure good return to investment. According to Jensen and Meckling (1976) there is direct relationship between ownership and agency costs.

In addition ownership concentration can greatly reduce agency costs. This happens when shareholders closely monitor the activities of management. Gilson Lang 1990 asserts that the higher the ownership Concentration the higher the motivation to monitor and protects this investment. Other studies have found that in order for management to fully engage in profit maximizing tendencies, shareholders must closely monitor the activities of management. Otherwise company managers will not strictly adhere to principles of profit maximization (Agrawal and Knober 1996). It implies that concentrated ownership of firm provides enhanced monetarily leading to better financial performance.

2.2.2 Stakeholder Theory

According to Freeman et al (2004), stakeholders' theory is founded on striking a balance between the interests of firm's stakeholders and their satisfaction. This is done by identifying the purpose of the firm. Identification of the firms' purpose exerts pressure in the management. Consequently management designs and employs counter responses to focus on the relationship between stakeholders and management so as to attain set goals. In addition economic value as a common agenda enhances cooperation so as to improve the circumstances of those involved (Freeman et al 2004).

The traditional definition of a stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman 1984). This concept is about what the organization should be and how it should be conceptualized. Freeman (2006) states that the organization itself should be thought of as a grouping of stakeholders and the purpose of the organization should manage their interests and viewpoints. This stakeholder management is thought to be fulfilled by the managers of a firm who should on one hand manage the

corporation for the benefit of its stakeholders in order to ensure their rights and the participation in decision making and on the other hand the management must act as the stockholders agent to ensure survival of the firm to safeguard the long term stakes of each group.

Another approach to the stakeholder concept is the descriptive stakeholder theory which is concerned with how managers and stakeholders actually behave and how they view their actions and roles. The instrumental stakeholder theory deals with how managers should act if they want to work for their own interest. In some literature their own interest is conceived as the interests of the organization which is to maximize profit or to maximize shareholders value. This means that if managers treat stakeholders in line with the stakeholders' concept the organization will be more successful in the long run. Donald and Preston (1995) have made this three way categorization of approaches to the stakeholder concept kind of famous.

This theory is relevant to this study because the shareholders make decisions of the management and the problem is that there is no assurance that the management team represents the interests of the shareholders. In addition, the shareholders have voting rights to elect and control a majority of the directors and to determine the outcome of the firms.

2.2.3 Transaction Cost Theory

This theory is closely related to agency theory. According to this theory certain economic benefits to the firm are attributable to internal transactions as opposed to external ones (Mallin 2007). Moreover, the theory says that as the firm becomes larger, the more transactions it undertakes and will expand up to the point where it becomes cheaper or more efficient for the transaction to be undertaken externally.

Stiles and Taylor (2001) asset that this theory is concerned with managerial discretion and that managers are prone to self-interest seeking and operate in the basis of limited rationality. The theory considers the board of directors as symbol of control, thus managers will find to sacrifice rather than maximize profit contrary to the interest of shareholders (Millan, 2007).

2.3 Determinants of Ownership Structure

It is envisaged that the findings of this research will document a new insight about the financial environment in Kenya. This paper will focus on state and foreign membership structures and their relationship on bank performance.

2.3.1 State ownership

On the basis of World Development Report of 2002, three arguments are put forward to justify state over private ownership of banks. First private banks are more susceptible to crisis. Second, too much private ownership may curtail access to credit to many segments of sociality. Third the government is better placed to allocate capital to some specific investment (Boubakri et al 2001). Government ownership is also supported by two theories; these are the development view and the political view.

According to development view government ownership is justified because financial institutions are not well developed especially in low and middle income countries. This government ownership can enhance synergy for economic growth and development. The political view asserts that there is need for government to have control of investments and banks so as to create employment and give handouts to political supporters for political gain through votes and related benefits. This is compounded by the fact that in low income countries the financial system is generally underdeveloped. Both views are founded on the assumption that governments finance public goods that are socially desirable and cannot be financed privately (Laporta et al 2001).

There is significant negative relationship between the share of sector assets in state banks and country's per capital level of income. Enhanced government ownership of banks is linked to diminished efficiency, reduced saving and borrowing, lower productivity and slow economic growth (Barth et al, 2001). Evidently, marginal government ownership is expected to have an effect on bank performance (Littlechild, Boubakri et al 1981). A substantial number of studies provide evidence that private ownership of banks is associated with profound financial performance (Lang & So, 2002, Cornett et al 2000).

Theoretically, the foregoing is consistent with the principal agency theory by Jensen and Meckling (1976). Government ownership is considered inefficient because of lack of capital market monitoring which in the basis of agency theory would influence managers to forego enterprise interest for the sake of their personal narrow interests. Conversely, private banks have close monitoring of managers to ensure that they operate efficiently; otherwise there are anticipatable serious consequences (Lang and So, 2002).

Based in the above findings regarding state named and private ownership structures government named banks in Kenya are expected to be less efficient compared to private banks and hence private banks have superior performance than government owned banks.

2.3.2 Foreign Ownership

Evidence from many studies in different countries suggests that foreign banks are generally less efficient than domestic banks (DeYoung & Nolle, 1996, Hassan and Hunter Mahajan et al 1996, Chang et al 1998). In a study of Spain, Germany, France, the US and the UK documented that domestic banks have both higher cost efficiency and profit efficiency than foreign banks (Berger et al, 2000). However, these studies are focused on developed countries. Some studies concluded that foreign banks have nearly the same mean efficiency as domestic banks (Vander, 1996, Hassan & Lozano Vivas, 1998). Other studies conducted in developing and developed countries state that foreign banks have lower interest margins, overhead expenses and profitability than domestic banks in industrialized nations. The converse is true in developing countries (Claessens et al, 2000, Demirguc-Kunt & Huizinga, 1999). In many developing countries (for example, Indonesia, Egypt, Argentina and Venezuela) foreign banks have significantly higher interest margins compared to domestic banks. In Latin America and Asia, foreign banks reported significantly higher net profitability than domestic banks.

Lower performance of foreign owned banks compared with their domestic counterparts in developing countries has been explained by different viewpoints. These include different regulatory, competitive and market conditions existing in and developed countries (Claessens et al 2000). Local networks take advantage of domestic banks (Clarke, et al 2001) and in the US

foreign owned banks are comparatively less profitable on the basis that they put more premium on growth than profitability (DeYoung & Nolle, 1996). In developing countries the views opened for the superior performance of the foreign as compared to domestic banks exemption from credit allocation regulation and other restrictions, inefficiencies in the financial market and retrogressive banking practices that allow foreign banks superior performance (Claessens, Demirguc-Kunt & Huizing 2000). Considering that Kenya is more likely to have similar financial and economic environment to that of developing countries this study expects that the performance of banks in Kenya mirrors those of developing countries in a similar spectrum.

A profound evidence suggest that extent and concentration of foreign banks will have an impact on performance. A study by Boubakri et al (1981) reported that the higher the concentration by local shareholders the higher the net interest margin therefore the lower the banks net effect to the economic efficiency. Conversely, the higher the concentration by foreign shareholders, the lower the net interest margin and therefore the higher contribution to economic efficiency. A study in Hungary found that the higher presence of foreign banks is associated with a robust environment and have significant impact on performance of commercial banks resulting in higher profit in all banks (Hassan and Marton (2003).

2.4 Review of Empirical Literature

A study in German found out that German commercial private banks were more profitable and efficient than their public counterparts (Altnubas et al 2001). However, public banks in developing economies are less profitable than private banks. A comparison of 181 banks in 15 countries during the period (1994 - 2004) found out that public banks perform dismally compared to private banks (Iannotta et al 2007).

Conversely, according to Loukil and Chaabane (2005) in their study in Tunisia found out that public banks have better performance than private banks and that domestic bank are more profitable than foreign banks. This was observed ostensibly because public banks receive social benefits from the state.

According to Altonbas, Evans, Molyneux (2011), the effect of ownership structure in financial performance is influenced by the agency theory and the theory of capital markets. The theory of public choice argues that public companies have less performance than private firms mainly due to the political patronage in the former. On the other hand, Figuerio et al 2009 asserts that managers of private firms enjoy more incentives to ensure that the goals of the shareholders are achieved than managers of public companies. This is cemented the fact that there is close supervision in private companies than in government.

A study in Asia, on the influence of public ownership in the performance of banks in the period (1989 - 2004) by Cornutt et al 2009 found that public banks are less profitable, have dismal capital and credit risk than private banks before 2001. They observed a significant difference in countries with political corruption in the banking industry.

A number of studies have proven that public banks are less profitable, have escalating operating cost, and are usually of less asset quality as opposed to private banks (Berger et al 2004, 2005). Moreover, Laparta et al (2002), Barthetal 2004) argue that when public banks dominate, the results are inadequate financial development. Another study in India in the period (1990 - 2006) shows that banks owned by state are less profitable than private banks (Gosh, 2010). The same study demonstrates privatization improves profitability, efficiency and hence stability in the banking industry.

A study of 265 banks Central and Eastern Europe for period (1995 - 2003) by Harvey 2006 found that foreign banks earn higher profit than domestic banks. The study further documented that foreign banks are less influenced by the macroeconomic conditions of the host country. Further studies have shown that there is low return on assets for foreign banks in Netherlands, Canada, France and USA. In the USA market it found that foreign banks forego profits in return for large share of the market.

In another study by Galac and Craft (2000) show that foreign banks are more efficient than domestic banks mainly because of competitive advantages. First, these banks the study contents have access to funding sources cheaper than domestic banks because they depend highly on their

equity. Second, they enjoy unparalleled reputation in the international banking industry. Third, all these foreign banks are allowed to borrow from their headquarters located mainly in Western Europe and North America. Consequently, foreign banks can attract and retain highly skilled workforce by offering higher salaries, benefits and better working conditions.

Kobeissi (2004) asserted that the ability of foreign banks can be hindered by cultural values and connections. The same scholar states that foreign banks operate in different operational environment such as culture, language, market and regulating structures which limit their performance compared to domestic banks.

A study in Indonesia on the impact of foreign ownership in short term performance of commercial banks over the period (2005 - 2010) found that foreign banks are more profitable compared to local banks (Rokhim and Susantor, 2011). Another study in the profitability of foreign banks and domestic banks are the period (2004 - 2010), also established that foreign banks are more profitable than domestic banks.

A study of a sample of European banks during the period (1993 - 2005) on the relation between minority ownership and financial performance found that when Concentration increased from 50% it generated completion which in turn created a positive relation with the financial performance of banks (Busta 2007). The results demonstrate that different effects of ownership Concentration are institutional context specific. The major assumption of the researcher was that after legal protection of accrued to minority shareholders; the interpretation reflects the identity of controlling shareholders.

According to Bebchuk et Roe (1999) the structure of current membership of banks don't lead to effienaries because it is determined by current structure of the firm and regulation and not fully designed for the objectives of profit maximization. Another study by Lopart el al (1998, 1999, and 2000) introduced the Legal explaining the differences in ownership structures in different countries.

Importantly, there are studies which are demonstrated a similar finding as the foregoing. According, they indicated that there is likelihood that large shareholder are identified is their

unique positions and resources expropriation of minor shareholders know as the assumption of envacinement (Demestez el Lehan (1985);Morck et al (1988);Fama et al(1983).

Kiruri (2013) sought to determine the relationship between ownership structure and bank profitability in Kenya. Using a descriptive study design, data was drawn from all the 43 registered banks by the Central bank of Kenya. The study used annual reports available in the banks website and the Central Bank of Kenya website. The study obtained data for a five year period from 2007 to 2011. The findings were that ownership concentration is negatively correlated with bank profitability implying that higher ownership concentration leads to lower profitability. This study was however contradictory after findings of both positive correlation between foreign and domestic ownership with bank profitability.

Ongore et al. (2011) investigated the relationship between ownership structure and performance of listed firms in Kenya. They used a census approach in their research design. Their findings indicated a significant negative relationship between state ownership of firms and financial performance while on the other hand foreign, insider, diverse and institutional ownership gave significant positive relationships with financial performance. The results however failed to establish the critical level of shareholding beyond which they would be accelerated firm performance arising from commitment of managers.

2.5 Summary of Literature Review

This chapter began by discussing the relationship between ownership structure and performance of commercial banks in Kenya stipulating how the various ownership structures that is private, state and foreign structures affect the banks performance. Banks like other private business entities aim at maximizing profits and therefore they design their activities to maximize the return on investment.

Ownership can be explained in two distinct ways that is ownership concentration and ownership mix. Ownership concentration refers to the proportion of shares held by individual investors and large block shareholders who are normally institutional investors in the firm in the form of

pension funds and mutual funds. Ownership mix on the other hand defines the identity of shareholders.

Mang'anyi (2011) did a study which explored ownership structure and corporate governance and its effects on performance of commercial banks in Kenya where his study revealed that there is no significant difference between the type of ownership structure of a firm and its financial performance. This study recommends that corporate entities should promote corporate governance to send a positive signal to potential investors.

Jensen and Meckling (1976) assert that the value of the firm depends on the ownership structure discussing the agency theory. This has thereby necessitated the need for this study to be undertaken since various studies seem to have different results on the impact of ownership structure on financial performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the method and procedures employed in carrying out the research. It also discusses the research design, study population and the data gathering method. The methods employed for data analysis and measurement which include the content analysis technique, regression analysis.

3.2 Research Design

A research design is the scheme outline or plan that is used to generate answers to research problems (Orodho 2003). Newing (2011) states that the term research design is used both for the overall process described in the methodology and also more specifically for the research design structure.

Descriptive survey design was employed to comprehensively examine the ownership structure and how they influence financial performance particularly in the commercial banks in Kenya. A survey is a research design which involves an investigation in which information is systematically collected. A descriptive survey design is about describing the population. It is concerned with addressing the particular characteristics of a specific population for comparative purposes (John & Jackson 2002). The use of descriptive survey design can yield rich data that lead to important recommendations.

3.3 Population

According to Kombo and Tromp (2006) a population is a group of individuals, objects or items from which samples was taken for measurement. This study targeted the 43 commercial banks operating in Kenya. (**Appendix A**)

3.3 Sample Size

This study sought to survey 43 commercial banks registered and operating in Kenya of which a sample of 10 banks was undertaken. The study employed random sampling technique in obtaining the required number of banks. Random sampling is a scientific method of ensuring that selection bias is avoided as all banks have equal probability of being chosen in the study. This enhanced credibility of the findings.

3.4 Data Collection

Secondary data was utilized in this study which means that the study variables utilized are quantitative data. The data on financial performance that was collected were profit before tax while for ownership structure the data that was collected was be domestic owned, foreign owned, government owned commercial banks in Kenya. The data on financial performance and the variables for ownership structure was sourced from the annual financial reports of the commercial banks in Kenya. The data was gathered using a secondary data collection template **(Appendix B)**.

3.5 Data Analysis

Burns and Grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. It is the processing of data to make meaningful information (Sounders, Lewis and Thornhill, 2009). Descriptive statistics was employed for data analysis variance (ANOVA) to test the research question. The study made use of regression analysis to establish the relationship between independent variables and dependent variables, further, this study employed statistical packages for social sciences (SPSS) software to analyze the data

3.3.1 Specification of the variables

Ownership structure which is the independent variable may take the form of Government owned, Domestic owned, Foreign owned. Government ownership is stipulated by majority ownership is

state owned; if it over 50% is of the ownership is concentrated in government entity. Domestic ownership is stipulated by majority ownership of over 50% is concentrated in the domestic ownership while foreign ownership is stipulated by majority ownership of a minimum of 50% owned by foreign entities

3.3.2 Model Specification

A multiple linear regression model was used to test the significance of the influence of the independent variables on the dependent variable. The hypotheses developed was tested using the following models

$$(ROE, RAO) = \beta_0 + \alpha_1 GVTit + \alpha_2 BCN_{it} + \alpha_3 DMTit + \alpha_4 FRN_{it} + \alpha_5 BSN + \mu_{it}$$

Where;

ROA = Return of Assets – Measure the financial performance of the bank

β_0 = A constant term representing the intercept of the regression equation

$\alpha_1 - \alpha_5$ = Coefficient of the variables

GVTit = Government ownership of the bank measured by shareholders percentage

DMTit = Domestic ownership measured by shareholder percentage

BCN_{it} = The ownership concentration of the Bank measured by who holds 30% of shares

FRN_{it} = Percentage shareholding by foreigners ownership of the bank

BSTit = the size of the bank measured by Asset base

BAG = age of the bank

μ_{it} = Stochastic Error term

Using SPSS the regression model was tested on how it fits the data. Fischer distribution test (F-test) was applied which refers to the ratio between the model mean square divided by the error mean square. The F-test was used to test the significance of the overall model at a 95 percent confidence level. The p value for the F- statistic was applied in determining the robustness of the model. The conclusion based on the basis of p- value where if the null hypothesis of the beta is rejected then the overall model was significant and if null hypothesis was accepted the overall model could be insignificant.

CHAPTER FOUR:
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings on the relationship between ownership structure on the financial performance of commercial banks in Kenya, where secondary data on bank ownership and accounting data from financial annual reports of all the respective banks from the Capital market Authority and in the CBK website for a period of four years between the year 2010 and 2013.

4.2 Regression Analysis

In order to determine the relationship between ownership structures on the financial performance of commercial banks in Kenya, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences version 21 to code, enter and compute the measurements of the multiple regressions.

Table 4.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.918 ^a	.842	.817	.0193

Source; Research Finding

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the above

table the value of adjusted R squared was 0.817 an indication that there was variation of 81.7 percent on financial performance of commercial banks due to changes in foreign ownership, domestic ownership, government ownership, ownership concentration, size of the Bank and age of the bank at 95 percent confidence interval. This shows that 81.7 percent changes in financial performance of commercial banks could be accounted to changes in foreign ownership, domestic ownership, government ownership and ownership concentration, size of the bank and age of the bank. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.898.

Table 4.2: ANOVA ^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.285	5	0.457	2.126	.003 ^b
	Residual	8.170	38	0.215		
	Total	10.455	43			

Source; Research Finding

From the ANOVA statics, the study established the regression model had a significance level of 0.03 which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated

value was greater than the critical value ($2.126 > 1.997$) an indication that foreign ownership, domestic ownership, government ownership, ownership concentration, size of the bank and age of the bank significantly influence financial performance of commercial banks. The significance value was less than 0.05 indicating that the model was significant at 5% level of significance

Table 4.3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	1.350	1.635		.825	.419
	Foreign Ownership	.509	.311	.402	2.637	.017
	Domestic Ownership	.426	.184	.431	2.318	.031
	Government Ownership	.179	.219	.199	3.815	.024
	Ownership concentration	.247	.109	.051	2.266	.004
	Size of the bank	.120	.219	.138	2.546	.001

	Age of the banks	.216	.084	.114	2.401	.011

Source; Research Finding

From the data in the above table the established regression equation was:

$$Y = 1.350 + 0.509 X_1 + 0.426 X_2 + 0.179 X_3 + 0.247 X_4 + 0.120 X_5 + 0.216 X_6$$

From the above regression equation it was revealed that holding foreign ownership , domestic ownership , government ownership , ownership concentration , size of the bank and age of the bank to a constant zero, financial performance of commercial banks would be at 1.350, a unit increase in foreign ownership would lead to increase in financial performance of commercial banks by a factors of 0.509, a unit increase in domestic ownership would lead to increase in financial performance of commercial banks by factors of 0.426, a unit increase in government ownership would lead to increase in financial performance of commercial banks by a factor of 0.179 , a unit increase in ownership concentration would lead to increase in financial performance of commercial banks by a factors of 0.247,a unit increase in size of the bank would lead to increase in financial performance of commercial banks by a factors of 0.120 and further unit increase in age of the banks would lead to increase in financial performance of commercial banks by a factors of 0.216. All the variables were significant (p<0.05).

4.3 Correlation Analysis

In this section, the study presents the research finding on the Pearson product moment correlation. Pearson product moment correlation was conducted to determine the strength of

relationship between the study variables.

Table 4.4: Correlations

		ROA	FRN	DMT	GVT	BCN	BST	BAG
ROA	Pearson Correlation	1	.521	.616	.649	.612	.658*	.708
	Sig. (2tailed)		.868	.898	.694	.924	.035	.011
FRN	Pearson Correlation	.521	1	.253*	.197	.189	.085	.014
	Sig. (2tailed)	.868		.039	.111	.125	.495	.913
DMT	Pearson Correlation	.616	.253*	1	.087	.781**	.048	.048
	Sig. (2tailed)	.898	.039		.483	.000	.697	.697
GVT	Pearson Correlation	.649	.197	.087	1	.065	.465* *	.330
	Sig. (2tailed)	.694	.111	.483		.600	.000	.006
BCN	Pearson Correlation	.612	.189	.781**	.065	1	.036	.036
	Sig. (2tailed)	.924	.125	.000	.600		.771	.771
BST	Pearson Correlation	.658*	.085	.048	.465**	.036	1	.749*
	Sig. (2tailed)	.035	.495	.697	.000	.771		.000
BAG	Pearson	.708*	.014	.048	.330**	.036	.749*	1*

							*	
	Correlation							
	Sig. (2tailed)	.011	.913	.697	.006	.771	.000	

Source; Research Finding

On the correlation of the study variables, the researcher conducted a Pearson Product Moment correlation. From the findings on the correlation analysis between return on assets and foreign ownership, domestic ownership, government ownership and ownership concentration, size of the bank and age of the bank. The study revealed that there was no multicollinearity between the variables.

4.4 Interpretation of Findings and Discussions

From the finding on Adjusted R squared , the study found that there was a variation of 81.7 percent on financial performance of commercial banks due to changes in foreign ownership, domestic ownership, government ownership, ownership concentration, size of the bank and age of the bank, this shows that 81.7 percent changes in financial performance of commercial banks could be accounted to changes in foreign ownership, domestic ownership, government ownership, ownership concentration, size of the bank and age of the bank. The study further revealed that there was strong positive relationship between financial performance of commercial banks and foreign ownership, domestic ownership, government ownership, ownership concentration, size of the bank and age of the bank.

From the finding on the ANOVA, the study found that foreign ownership, domestic ownership, government ownership, size of the bank and age of the bank significantly influence financial performance of commercial banks. The established regression equation was:-

$$Y = 1.350 + 0.509 X_1 + 0.426 X_2 + 0.179 X_3 + 0.247 X_4 + 0.120 X_5 + 0.216 X_6$$

From the above regression the study revealed that holding foreign ownership , domestic ownership , government ownership , ownership concentration, size of the bank and age of the bank to a constant zero, financial performance of commercial banks would be at 1.350. The study further revealed that a unit increase in foreign ownership , domestic ownership, government ownership, ownership concentration , size of the bank and age of the banks would lead to increase in financial performance of commercial banks.

The study finding concur with finding of Claessens *et al.* (1998) , who found that foreign owned banks are more profitable than the domestic owned banks in developing countries but in well developed countries, the domestic banks perform better than foreign banks. The study finding also agree with the finding of Bonin *et al.* (2004) , who found that revealed that privatization of banks is not enough to enhance their performance. They also concluded that state owned banks are not more inefficient that domestic and private owned banks. Dadson (2012), found that significant statistical relationships were found in this research. The findings showed that share ownership on the Ghana Stock Exchange is heavily concentrated in the hands of Ghanaians and that ownership concentration, institutional and insider ownership precipitate higher firm financial performance. Shleifer and Vishny (1986) posited that equity concentration is more likely to have a positive effect on firm performance in situations where control by large equity holders may act

as a substitute for legal protection in countries with weak investor protection and less developed stock markets where they also classify Continental Europe.

The finding of the study disagree with the finding of Mwathi (2009) , who found that both private and state owned banks had a negative correlation with performance. The finding of the study disagree with the finding of Fama (1983); Morck et al.(1988) point to the possibility of *negative entrenchment effects* on firm performance associated with high managerial ownership stakes. For example in areas where legal protection of minority ownership is absent, concentrated ownership is likely to be accompanied by weak and non-transparent disclosures with negative implication for firm performance. A study by Mayer, and Rossi (2007,) report that *“one of the best established stylized facts about corporate ownership is that ownership of large listed companies is dispersed . . . in the U.S. and concentrated in most other countries.”* Dispersion of ownership arises when shares are distributed among numerous petty stock holders. However if there is an effective mechanism for legal protection of minority ownership rights, the problem of ownership dispersion may not be great.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the effect of ownership structure on the financial performance of commercial banks in Kenya.

5.2 Summary

The objective of the study was to determine the relationship between ownership structure and the financial performance of commercial banks in Kenya. Secondary data on bank ownership and accounting data from financial annual reports of all the respective banks from the CMA and in the CBK website for a period of four years between the year 2010 and 2013. The study had sought to determine the relationship between ownership structure and the financial performance of commercial banks in Kenya. From the finding on Adjusted R squared, the study found that there was a variation of 81.7 percent on financial performance of commercial banks due to changes in foreign ownership, domestic ownership, government ownership, size of the bank and age of the bank, this shows that 81.7 percent changes in financial performance of commercial banks could be accounted to changes in foreign ownership, domestic ownership, government ownership, size of the bank and age of the bank. The study further revealed that there was strong positive relationship between financial performance of commercial banks and foreign ownership, domestic ownership, government ownership, ownership concentration, size of the bank and age of the bank.

From the finding on the ANOVA, the study found that foreign ownership, domestic ownership, government ownership, ownership concentration size of the bank and age of the bank significantly influence financial performance of commercial banks. The established regression equation was:-

$$Y = 1.350 + 0.509 X_1 + 0.426 X_2 + 0.179 X_3 + 0.247 X_4 + 0.120 X_5 + 0.216 X_6.$$

From the above regression the study revealed that holding foreign ownership, domestic ownership, government ownership, ownership concentration size of the bank and age of the bank to a constant zero, financial performance of commercial banks would be at 1.350. The study further revealed that a unit increase in foreign ownership, domestic ownership, government ownership, and ownership concentration, size of the bank and age of the banks would lead to increase in financial performance of commercial banks.

5.3 Conclusion

From the findings the study revealed that ownership structure positively affects the financial performance of commercial banks in Kenya. The study further revealed that there was strong positive relationship between ownership structure and financial performance of commercial banks in Kenya. Thus study concludes that ownership structure of the banks positively affects the financial performance of commercial banks in Kenya.

The study found that a unit increase in foreign ownership would lead to increase financial performance of commercial banks in Kenya , the study also found that the foreign ownership significantly affect the financial performance of commercial banks in Kenya.

The study established that domestic ownership of the bank significantly affect the financial performance of commercial banks in Kenya, the study also found that a unit increase in domestic ownership leads to increase in financial performance of commercial banks in Kenya, thus the study concludes that domestic ownership of the bank significantly affect the financial performance of commercial banks in Kenya.

From the finding the study concludes that government ownership significantly affect the financial performance of commercial banks in Kenya, thus the study concludes that government ownership significantly affect the financial performance of commercial banks in Kenya.

The study concludes that a unit increase in ownership concentration would lead to increase in financial performance of commercial banks in Kenya. The study further revealed that size of the bank and age of the banks significantly affect that the financial performance of commercial banks in Kenya.

5.4 Policy Recommendations

From the finding the study recommends that there is need for commercial banks in Kenya to increase their ownership structure, as it was found that ownership structure positively affects the financial performance of commercial banks in Kenya.

The study recommends that there is need for commercial banks to increase their foreign ownership, as it was found that foreign ownership would lead to increase financial performance of commercial banks in Kenya.

From the finding the study recommends that there is need for the management of commercial

banks in Kenya to increase their domestic ownership , as it was found that domestic ownership significantly affect the financial performance of commercial banks in Kenya.

The study revealed that a unit increase in ownership concentration would lead to increase in financial performance of commercial banks in Kenya. Thus the study recommends that there is need for commercial banks management to increase ownership concentration.

5.5 Limitations of the Study

The study was limited to establishing the effect of ownership structure on the financial performance of commercial banks in Kenya. The study was limited to 43 commercial in Kenya, hence could have covered all banks in Kenya.

The study was limited to secondary data, which was collected from financial annual reports of all the respective banks from the CMA and in the CBK website. The study utilized secondary data, which had already been obtained and was in the public domain, unlike the primary data which is first-hand information. Possible errors in the process of measurement or during recording may have been carried along into the research results.

Also, the researcher was overwhelmed by the study because he had to conduct the study alongside official duty at the place of work and other personal and social commitments. Moreover, the study had to be conducted within a short period that is year 2010-2013, hence the researcher had to work long-hours into the night. This made the researcher exhausted at times and could possibly affect the input into the study.

However, these factors were catered for by the fact that the researcher was carefully guided by the strong university academicians including the supervisor, moderator, and the project proposal discussion team.

5.6 Suggestions for Further Research

The study recommends that a study should be done on the relationship of ownership structure on capital adequacy among commercial bank in Kenya. The study recommends that a study should be done on the effects of Central Bank Prudential Regulation on ownership structure of commercial banks in Kenya. The study recommends that a study should be done on the effects of CBK prudential regulation on ownership structure of commercial banks in Kenya

Also, further studies can be conducted to establish other variables as well as other factors that determine financial performance. Establishing other macro-economic factors that determine financial performance such as exchange rate inflations, international remittances can help the regulators to safeguard the financial performance so that appropriate results are obtained for the good of investors and the listed corporate bodies.

Also, future studies should include comparison of a simultaneous comparison of the effect of the macro-economic variables on performance.

Comparison of different markets can help reach concrete conclusions as regards the subject of the study and future studies should include all registered banks in Kenya and not limited to commercial banks only

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APPENDIX A: LISCENCED COMMERCIAL BANKS IN KENYA

- 1.African Banking Corporation Ltd.
- 2.Bank of Africa Kenya Ltd.
- 3.Bank of Baroda (K) Ltd.
- 4.Bank of India
- 5.Barclays Bank of Kenya Ltd.
- 6.CFC Stanbic Bank Ltd.
- 7.Charterhouse Bank Ltd
- 8.Chase Bank (K) Ltd.
- 9.Citibank N.A Kenya
- 10.Commercial Bank of Africa Ltd.
- 11.Consolidated Bank of Kenya Ltd.
- 12.Co-operative Bank of Kenya Ltd.
- 13.Credit Bank Ltd.
- 14.Development Bank of Kenya Ltd.
- 15.Diamond Trust Bank Kenya Ltd.
- 16.Dubai Bank Kenya Ltd.
- 17.Ecobank Kenya Ltd
- 18.Equatorial Commercial Bank Ltd.

19. Equity Bank Ltd.
20. Family Bank Limited
21. Fidelity Commercial Bank Ltd
22. Fina Bank Ltd
23. First community Bank Limited
24. Giro Commercial Bank Ltd.
25. Guardian Bank Ltd
26. Gulf African Bank Limited
27. Habib Bank A.G Zurich
28. Habib Bank Ltd.
29. Imperial Bank Ltd
30. I & M Bank Ltd
31. Jamii Bora Bank Limited.
32. Kenya Commercial Bank Ltd
33. K-Rep Bank Ltd
34. Middle East Bank (K) Ltd
35. National Bank of Kenya Ltd
36. NIC Bank Ltd
37. Oriental Commercial Bank Ltd

- 38. Paramount Universal Bank Ltd
- 39. Prime Bank Ltd
- 40. Standard Chartered Bank Kenya Ltd
- 41. Trans-National Bank Ltd
- 42. UBA Kenya Bank Limited
- 43. Victoria Commercial Bank Ltd

Source: Central bank of Kenya 2011 survey

APPENDIX B: SECONDARY DATA COLLECTION TEMPLATE

Name of Bank.....

Variable	2013	2012	2011	2010
Profit before tax (ROA)				
Percentage of government ownership				
Percentage of domestic ownership				
Percentage of foreign ownership				
Percentage of Shareholders capital				

i.GVTit = Government ownership of the bank measured by shareholders percentage

ii.DMTit = Domestic ownership measured by shareholder percentage

iii.BCNit = The ownership concentration of the Bank measured by who holds 30% of shares

iv.FRNit = Percentage shareholding by foreigners ownership of the bank

Appendix I: Summary Data

Banks	SIZE	ROA	FRN	DMT	GVT	AGE	BCN
Kenya Commercial Bank Ltd	0.872	0.027	0.000	0.692	0.308	118	0
Barclays Bank of Kenya Ltd	0.637	0.114	0.566	0.434	0.000	97	0
Standard chartered bank	1.057	0.144	0.571	0.429	0.000	67	0
Co-operative bank	0.347	0.019	0.000	0.601	0.319	43	1
CFC Stanbic Bank Ltd	0.904	0.126	0.447	0.553	0.000	23	1
Equity Bank Ltd	0.963	0.094	0.000	1.000	0.000	30	0
Commercial Bank of Africa Ltd	0.761	0.077	0.000	1.000	0.000	26	1
National Bank of Kenya Ltd	1.029	0.034	0.000	0.000	1.000	46	0
Citibank N.A.	1.303	0.272	0.331	0.669	0.000	29	0
Diamond Trust Bank	1.183	0.187	0.000	1.000	0.000	21	0
NIC Bank Ltd	0.541	0.091	0.000	1.000	0.000	31	0

I&M Bank Ltd	0.862	0.138	0.476	0.424	0.000	21	1
Prime bank	1.067	0.263	0.356	0.724	0.000	27	0
Bank of Baroda	1.701	0.221	0.350	0.650	0.000	26	0
Bank of Africa	0.809	0.215	0.576	0.424	0.000	32	0
Bank of India	1.370	0.092	0.350	0.650	0.000	18	0
Imperial bank	1.079	0.186	0.495	0.505	0.000	31	0
Eco bank	0.716	0.125	0.581	0.419	0.000	29	1
Family bank	1.204	0.342	0.000	1.000	0.000	30	1
Chase bank	1.097	0.053	0.456	0.356	0.000	29	0
Fina bank	0.870	0.124	0.561	0.439	0.000	26	0
ABC Bank	0.942	0.072	0.000	1.000	0.000	19	0
Development bank of Africa	0.762	0.101	0.000	0.000	1.000	51	0
Gulf Africa	1.203	0.049	0.392	0.608	0.000	30	0

Habib AG Zurich	1.198	0.218	0.468	0.532	0.000	21	0
K-Rep Bank	0.747	0.236	0.000	1.000	0.000	30	1
Giro	0.532	0.081	0.487	0.513	0.000	23	0
Consolidated Bank	0.612	0.091	0.000	0.000	1.000	29	0
Guardian Bank	0.903	0.202	0.517	0.403	0.000	17	0
Fidelity Bank	1.629	0.225	0.158	0.842	0.000	15	0
Victoria Commercial Bank	0.942	0.072	0.333	0.667	0.000	24	0
Habib Bank	0.762	0.101	0.235	0.765	0.000	19	0
Southern Credit Banking Corporation	1.203	0.049	0.492	0.508	0.000	13	0
Equatorial Commercial Bank	1.198	0.218	0.468	0.532	0.000	31	1
First Community Bank Ltd	0.747	0.236	0.541	0.459	0.000	7	0
Credit Bank Ltd	0.532	0.081	0.167	0.883	0.000	31	0
Trans-National Bank Ltd	0.612	0.091	0.000	1.000	0.000	26	1
Middle East Bank Ltd	0.259	0.275	0.239	0.761	0.000	21	1

Paramount Universal Bank Ltd	0.848	0.059	0.412	0.588	0.000	17	1
Oriental Commercial Bank Ltd	0.960	0.061	0.179	0.821	0.000	13	0
Dubai Bank Ltd	1.146	0.055	0.304	0.696	0.000	16	1
UBA Kenya Bank Ltd	0.762	0.101	0.366	0.634	0.000	12	1
City Finance Bank Ltd	1.2033	0.0493	0.000	1.000	0.000	3	1