

THE EFFECT OF BOARD SIZE ON FIRM FINANCIAL PERFORMANCE OF LISTED FIRMS IN NAIROBI SECURITY EXCHANGE

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ABSTRACT

The study sought to establish the effect of board size on the performance of listed firms in Nairobi security exchange. It was guided by agency theory, upper echelon theory which captured the board's monitoring role. The study used exploratory research design. The study employed panel approach for a period covering ten years from 2006-2015. The target population comprised of all 68 listed firms in Nairobi Securities Exchange. The study used secondary data which was obtained from annual reports and NSE bulletins. Data was analyzed using both descriptive and inferential statistics. Specifically, multiple regression was used to test the hypothesis. The study found a significant positive effect of board size on firm financial performance.

Keywords: Board size, financial performance, security exchange.