

Abstract

The purpose of this study aimed to examine the influence of financial flexibility on the firm value of listed non-financial corporations at the NSE in Kenya from the period 2011 to 2019. Specifically, this study examined the influence of cash holdings; debt capacity; and financing cost restrictions on firms' value of listed non-financial companies quoted at the NSE. The study further examined the moderating role played by firm size in the association between financial flexibility and firm value of non-finance companies quoted at the NSE in Kenya. The study was underpinned by the free cash flow theory, the trade-off theory and the pecking-order theory. The study adopted a descriptive longitudinal research design and focused on all the 37 non-financial listed at the NSE as of December 31, 2020. However, firms that were financially distressed as of the time of data collection did not form part of the study. As a result, only 31 firms with 272 firm-year observations formed part of the study. The study utilized panel data that was analysed using panel multiple regression analysis and aided by the STATA statistical package. To ensure the non-violation of statistical assumption and to allow for remedial action when a violation occurred, diagnostic tests were carried out. Hausman specification test results favored the use of the random-effects model.