THE EFFECT OF FINANCING DECISIONS ON SHAREHOLDERS' VALUE CREATION OF MANUFACTURING FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE IN KENYA

BY

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DECLARATION

Student's Declaration

I confirm that this research dissertation is my original work and has not been presented for award of any degree in any other institution

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Supervisors's Declaration

This research dissertation is being submitted for examination with my approval as the university supervisor.

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DEDICATION

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LIST OF ABBREVIATIONS

EVA:	Economic Value Added
FEM:	Fixed Effects Model
MVA:	Market Value Added
CSV:	Created Shareholder Value
NSE:	Nairobi Securities Exchange
CMA:	Capital Markets Authority
POT;	Pecking Order Theory

OPERATIONAL DEFINITION OF TERMS

Debt Financing: This represents the company's long-term obligations including bank loan, corporate bond and finance lease (Aziz & Abbas, 2019).

Dividend Financing: Represents the total amount of undistributed profits or retained dividends which a retained by a firm for reinvestment purposes (Ofori-Sasu, Abor, & Osei, 2017).

Economic Value Added: The difference between a company net operating profit after taxes and the money cost of capital. A positive figure for economic value added represents value created whereas negative value represents loss of shareholders' value (Chávez, Kramer, & Santillán, 2015).

Equity Financing: This was represented by the book value of ordinary share capital (Abdulazeez & Saif, 2019).

Financing Decisions: This represents decisions on capital structure and how the firm funds the financed by side of the company's statement of financial position. These decisions include debt financing, dividend financing, equity financing and working capital financing (Achieng, Muturi, & Wanjare, 2018).

Manufacturing Firms: Firms that use raw materials, parts and components to assemble finished goods (Tiwari & Kumar, 2015).

Shareholders' Value Creation: This is represented by a positive change in Economic Value Added. A company creates value when the economic value added is positive (Kariuki, Jagongo, & Muniu, 2019d).

Working Capital Financing: Represents short term financing which includes total current assets net off current liabilities to a firm's operations in a given financial year (Ubesie, Onuh, & Mbah, 2019).

ABSTRACT

Financing decisions plays a key role in the creation of shareholders wealth. However, there exists dearth in literature relating to firms' financing choices and their association with value creation to the shareholders from a Kenyan perspective. It is this in mind that this paper sought to seal the gaps in literature by establishing the influence of financing decisions on shareholders' value creation of manufacturing firms quoted at the Nairobi Securities Exchange (NSE). Specifically, the current study sought to examine the influence of equity capital, debt capital, working capital and dividend capital forms of financing on value created to the shareholders. The study was anchored on three theories that helped explain the relationship among the variables. They included the trade-off theory of capital structure, the pecking order model of financing decisions and the market timing theory. The study employed longitudinal research design as it was deemed to be more informative. Census design was used as the number of listed manufacturing firms at the time of study was 13 companies. Secondary data was gathered from the audited and published financial statements. Panel Least Squares analysis were used to estimate the model suing the E-Views software version 11. To ensure non violation of the classical linear regression model assumptions, several diagnostic tests were conducted. The tests included normality, multicollinearity autocorrelation, heteroscedasticity, unit root and model specification tests. The assumptions were found not to have been violated and thus the model was found fit for further analysis. The specifications test found the fixed effect model to be the most appropriate for analysing the relationship amongst the variables. The study results revealed equity and debt financing had positive and statistically significant effect on shareholders' value creation. Statistically insignificant but positive association was found to exist between dividend financing and shareholder value creation. However, working capital financing was found to have a statistically insignificant but negative effect on shareholders' value creation. The study recommends that listed firms' managers should carry out periodic shareholder value creation analysis. On policy, the study recommends that Capital Markets Authority should enact regulatory framework that mandated publication of shareholders' value creation reports.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Financing decisions are important to shareholders value creation, yet literature linking the two variables is scarce in the Kenyan context. With enhancement of shareholders value rapidly becoming a new corporate standard, firm managers have been focusing on creating more value to the stockholders through use of efficient financing decisions (Achieng, Muturi, & Wanjare, 2018). As a key goal of the firm, different measures of shareholders value added have been adopted. They include Economic Value Added (EVA), market value added and equity value added (Pinto, 2010). Considering that optimal financing decisions are always a challenge to financial managers in addition to successful running a business in order to ensure higher returns that are crucial to shareholder value, this study thus becomes critical.

Firms financing decisions are determined by need and requires a detailed analysis of the various options available will considering long-term costs implications. According to Atiyet (2015) the knowledge of identifying financing options having the biggest effect on shareholders value creation in any organization facilitates the selection of the best strategies. The firm's ability to maintain competitiveness and add value to the shareholders wealth is determined critical financing decisions that managers should make. The choice of any financing option must therefore be influenced by their ability to maximize shareholders value. Creating shareholder value requires financing options to yield positive net present value.

1.1.1 Financing Decisions

Financial decisions involve the determining when, where and how much capital to acquire in pursuit of enhancing shareholders values. Further, the resultant finance is crucial to a firm as it is considered as the blood line of any organization. While sound financing decisions are enablers of creation of shareholders value maximization, poor selection of firm financing not only destroy value but also are a danger to a firm going concern status (Chávez, Kramer, & Santillán, 2015). Financing decisions are linked with optimal capital structure translating to effective use of debt and equity in addition to other internal and external sources of finance

(Tipape & Jagongo, 2019). According to Tipape and Jagongo (2019), capital structure is optimal if it offers shareholders' value creation at the lowest of risk.

At the core of shareholders' value creation is financing decisions which includes the firm using the most appropriate capital structure which must be optimal (Anokye & Quansah, 2017). In addition to the popular debt-equity financing, various other forms exist. Two of the popular forms of financing are dividend and working capital financing (Oseifuah & Gyekye, 2017). In the present context, a firm's equity financing will be taken to comprise share-capital and share premium. Equity financing relates to sourcing funds through the issue of ordinary or preference shares to the public. Share premium arises if such issue is at a price above par value. Listed companies usually stand a better chance of raising the finance through security markets. Unlisted firms however raise equity from institutional and other private equity investors.

Financing through debt, which is an obligation to third parties has gained prominence over the past few decades and it is not uncommon for firms to have stocks of both short- and medium-term debts (Khasawneh & Dasouqi, 2017). Debt financing is in most instances raised by firms through two main platforms; direct issue of corporate bonds and debentures in the securities markets or borrowing from banks and other financial institutions (Hong, 2017). Though in accounting perspective the two forms of debt financing are not seen as being different, from a finance perspective the two have different characteristics (Aziz & Abbas, 2019). Aziz and Abbas, (2019) opinion that external debt financing plays an important role to increase future productivity of firms and more important for future growth.

Working capital financing related to the management and funding of current assets by organizations. According to Kariuki, Jagongo and Muniu (2019b), two key postulates help in determination of optimum level of working capital financing. The first is determination of appropriate level of investment in current assets while the other is determining the optimum mix of short term financing that would be appropriate for the level of current assets involved. Majority of financial managers agree that working capital financing is key in determining the value of an enterprise in addition to creating value to the shareholders. Caballero, Teruel and Solano (2019) define working capital financing as the sum of inventories, receivables and cash out of which accounts payables are netted off. Anokye and Quansah (2017) argues that though working capital financing is majory concerned with current assets and liabilities, its implications extends to longterm and thus warrants careful attention. Reserves and surplus

which typically are undistributed corporate earnings, which otherwise would have been distributed as dividends to shareholders, will in this case be taken as dividend financing.

There has been lack of consensus on the influence of dividend financing on value of the firm even from the early theorist. Some argue that dividend policy has no significant effect on firm value (Miller & Modigliani, 1961), others argue it does (Lintner, 1956; Durand, 1959; Gordon, 1962). Dividend financing arises out of dividend decisions made by firms. Through such decisions, firms are able to determine the percentage of earnings to be paid out as dividends and the percentage of earnings to be ploughed back for reinvestment purposes (Kariuki, Jagongo, & Muniu, 2019c). Kariuki *et al.*, argue that for dividend policy to be considered as best, then it must lead to share price maximisation thus shareholders wealth maximization and eventually value. It is the goal of the firm to determine the appropriate policy on dividend if the value to the shareholders is to be maximized.

1.1.2 Shareholders' Value Creation

The two key objectives of the firms are shareholders value creation and profit maximisation. While profit maximisation is more of short-term objective, shareholders value maximisation focusses more on long term returns sustainability. Shareholders value signifies the present value of wealth earned by stockholder as a result of having invested in shares and still holding on the stock of that firm. Otherwise referred to as average market capitalization, it is computed as the product of average market price per share in a particular year multiplied by the total number of shares (Caballero, Teruel, & Solano, 2019). On the other hand, shareholder value creation can be defined as the generation of future inflows exceeding what investors would earn in a similar investment elsewhere. The value could be denoted by an increase in shareholders wealth compared to a past period. According to Chávez, Kramer and Santillán (2015) a firm is able to create shareholders'value when its Economic Value Added (EVA) is positive. The financial crisis of 2018 changed the perception of value with shareholders'value creation becoming a global yardstick for measuring and reproting firm performance. With the new developments, companies have opted change the various methods of value determination, the drivers of values togethor with improvements in investments returns. Over the past decade, certain financial measures such as investment return have been overtake by the more certain and less volatile EVA (Anokye & Quansah, 2017). According to Anokye and Quansah (2017) creating value to shareholder takes more effort that merely performance monitoring. According to the study, managers should create value throug active particiaption in investment identification process while playing a key role in value creation.

The idea of value addition to the shareholders is anchored on appreciation of capital market, market prices of securities and regular returns or incomes inform of dividend payout and profitability (Kariuki, Jagongo, & Muniu, 2019b).

Every firm aims at achieving success to its shareholders, yet success is defined in several different perspectives. In this regard therefore, directors of firms should base their decisions on a set of targets and values all aimed at optimizing and maximizing the value to the varied stakeholders of the firm. Caballero, Teruel and Solano (2019) posit that shareholder value maximization is seen as the most critical goal since it includes the incentive for value creation, efficieny, development and long term growth of the firm. Shareholder wealth which in some instances is used as procy for shareholder value creation is represented by martket price of a firms equity shares. According to Tipape and Jagongo (2019) shareholders'value creation is a function of firms'liquidity, divindend, investment and financing decisions. Caballero *et al*, (2019) argue that the most suitable financing alternative should allow firms to increase their net income in a bid to please the equity holders. In estimating the value created to shareholders, it is important to consider residual income. The residual income is assumed to be reflected in a firms share price. It is thus important to consider market perceptions about the company in estimating the value created.

It is important for the management of the firm to pay great attention to those decisions that enable shareholders' value creation (Bezares, Przychodzen, & Przychodzen, 2016). In particular, Bezeres *et al.*(2016) argues that investment and financing decicions have the greatest impact on shareholder value generation and creation. Though literature on shareholders' value creation abounds, there is lack on concensus on how it should be mearsured (Hong, 2017). While some argue accounting measures are better, others are of the view value based approaches would be prefarable. Accounting measures are viewed as being short-term, subjective and can be easily manipulated. Value added measures, on the other hand are seen as being longrun in outlook, more objective and difficult to manupulate. In addition, value based mearsures allows for comparions between companies and incorporates cost of capital thus reflecting time value of money and risk (Caballero, Teruel, & Solano, 2019). Two of the most popular value indicators includes the Economic Value Added (EVA) and the Market Value Added (MVA). Caballero, Teruel and Solano (2019) argue that value based mearsures are more collelated with economic profits unlike the accounting-based ratios. Based on the foregoing literature, this study adopts Economic Value Added as a mearsure of Shareholders value creation.

1.1.3 Financing Decisions and Shareholders' Value Creation

Shareholder value creation, together with corporate profitability is one of the core goals of the corporate world. Top management of the corporates strive to create higher shareholders' value by making efficient financing decisions (Atiyet, 2015). Key measures of shareholders' that have gained prominence among the decision makers and scholars includes the economic value added, market value added and created shareholders value (Pinto, 2010). Capital structure, the mix of debt and equity, plays a critical role in financing decisions. Finance managers and practitioners are always challenged in achieving the optimal capital structure that would result to higher profitability and enhanced shareholders value (Chávez, Kramer, & Santillán, 2015).

Firms are established to benefit their shareholders by providing them with a higher return than they would have achieved elsewhere. As Kerosi, Mugo and Kalui (2018) observed, maximizing shareholder value creation requires managers to be knowlegable on value drivers not just within the company but in the industry as well. The drivers of value could either be financial drivers or non-financial drivers. Since firms have inmitatabe characterstics, managers should identify the company specific variables that would yield a higher influence on market value.By constionously applying those variables, the firms shareholders value created evenually increase (Tiwari & Kumar, 2015). Firms analyzes value creation for a variety motives, the main ones being formulation and examination of strategy. The study by (Tiwari and Kumar (2015) holds it that identifying the financial variables with the greatest effect on value creation to stakeholders facilitates enactment of the appropriate financial strtaegy

According to Tiwari and Kumar, (2015), identification of financial variables with the greatest impact on shareholders'value creation facilitates enactment of the appropriate financing strategy that has the greatest impact on value creation. However, financing strategies adopted, research have shown, have different effects on shareholders' value created (Atiyet, 2015; Mbuvi & Gekara, 2015; Mwenje & Olweny, 2016; Sasu, Abor, & Osei, 2017; Oseifuah & Gyekye, 2017). Atiyet (2015) investigated the determinants that had most significant association with value created to the shareholders of listed French firms during 1999 to 2005. Based on the study findings, gegative and significant association was found between equity financing while dividend financing was positively related to shareholders value.

Sasu, Abor and Osei (2017) investigated the effect of dividend policies on shareholders value creation of quoted firms in Ghana in the period 2009 to 2014. The study targeted 30 firms that were listed during the period at the country's stock market. The study findings indicated that whereas dividend yield had a negative and significant influence, dividend per share had a positive with value creation to shareholders (Sasu, Abor, & Osei, 2017). A study in South Africa, by Oseifuah and Gyekye (2017) on the impact of working capital financing on shareholders value created targeted 75 listed firms. The study used panel data collected over a ten year period, 2003 to 2012. Using panel-data regression model, findings indicated a positive and significant influence of worrking capital financing on shareholders value creation (Oseifuah & Gyekye, 2017).

In Kenya, Mbuvi and Gekara (2015) examined the influence of dividend policy on shareholders' value creation of companies quoted in the countrys capital market. Dividend policy was found to have a positive linear and significant association among the hypothesed variables. On their part, Mwenje and Olweny (2016) examined the extent to which private equity influenced shareholders' value maximization and creation of firms listed at the Nairobi securities exchange. The study which was carried out in the period 2014 was anchored on the agency and modigliani-miller capital structure theories. The research adopted a casual research design and targeted three firms that had private equity. The study used secondary data drawn from financial statements of the participating firms. Findings of the study indicated that private equity had little impact on shareholders' value creation. Based on empirical literature reviewed, different variables affect shareholders' value creation differently and thus there is no unanimity on how financing decisions impact on shareholders' value creation.

1.1.4 Listed manufacturing Firms In Kenya

Kenya has a vibrant manufacturing sector serving local, regional and international markets. The manufacturing sector in Kenya deals with production of agricultural products, edible oil refining, Motor vehicles, Tobacco products, basic and fabricated metal products, cement, furniture, textiles, soap, beverages, Chemicals and chemical products, pharmaceuticals, sugar, Dairy products, Leather, and flour among other things (CMA, 2020).

Manufacturing sector has been given much emphasis as part of the government's big four agenda to create wealth. The manufacturing sector in Kenya deals with production of agricultural products, edible oil refining, Motor vehicles, Tobacco products, basic and fabricated metal products, cement, furniture, textiles, soap, beverages, Chemicals and

chemical products, pharmaceuticals, sugar, Dairy products, Leather, and flour among other things the manufacturing firms are actively involved in importing large quantities of raw material for manufacture for local and export markets. Listed manufacturing firms are classified either as construction and allied or manufacturing and allied.

From 2010 to 2019, Kenya has witnessed a number of companies facing financial crises; some of which are listed at the Nairobi Securities Exchange (NSE) (CMA, 2020). This has seen a number of firms being delisted or suspended from the NSE during the period. Two of the thirteen firms listed in the manufacturing and construction sectors of the NSE have faced financial distress leading to their suspension from the bourse (CMA, 2020). The two, ARM Cement Limited and Mumias Sugar Company PLC were suspended in 2018 and 2019 respectively (CMA, 2020). Though not delisted as of first half of 2020, the suspension of the two firms have caused loss of value as the shareholders can neither transact nor liquidate their holdings. Such dire challenges can only be addressed in reference to financing decisions with aim of attaining better shareholders value creation of listed manufacturing organizations. This motivated the contextual choice of the study.

1.2 Statement of the Problem

Shareholders' value creation and maximization together with growth of market value of a firm are two most important goals that finance managers across the globe always seek to fulfil (Achieng, Muturi, & Wanjare, 2018). At the heart of shareholders' value creation is making the suitable financing decision for the firm. The shareholders' value creation for any firm is a function of the financing and investment decisions its management makes. However, in a value driven economy, some firms may create shareholders' value while others destroy it. In instances where value is destroyed, firms may run the risk of hostile takeover, depressed share prices and sometimes failure to meet it maturing financial obligation leading to bankruptcies (Kariuki, Jagongo, & Muniu, 2019b). Such threats create negative impact on shareholders' value and might result to job losses, inadequate supply to consumers in addition to failing to make contribution to economic activities (Chávez, Kramer, & Santillán, 2015).

Kenyan firms listed in the Nairobi Securities Exchange (NSE) have in the past decade recorded mixed results in relation to shareholders value creation thus raising queries of their financing decisions. For instance, though there has been an upward trajectory of 20.84 percent in shareholders wealth measured as market capitalization in 2019 compared to 2018,

85 percent of this value was controlled by ten companies (CMA, 2020). Of the ten, only one, East Africa Breweries PLC is in the manufacturing sector. This raises serious concerns on shareholders' value creation in the sector. In addition, end of quarter market capitalization recorded a 21 percent decrease to Kenya Shillings 2,016 Billion registered in the first quarter of 2020 from Kenya Shillings 2,540 recorded in the last quarter of 2019 (CMA, 2020).As a result, shareholders value created dropped.

In the past decade, a number of firms facing crisis have been suspended and/ or delisted from the NSE. Among the delisted firms includes Marshalls (EA) limited, KenolKobil limited, Baumann limited and Hutchings Biemer Limited. Atlas African Industries Ltd; Deacons (East Africa) Plc; ARM Cement Plc and Mumias sugar company were suspended from the bourse (CMA, 2020). Overtime, the performance of the aforementioned firms has nose-dived leading to depressed prices resulting to erosion of investors' confidence. This has been indicated by average individual holdings at NSE dropping from 15.7 percent in 2009 to 11.6 percent in 2019 (CMA, 2020). This loss in value has been linked to financing decisions (Muiruri & Wepukhulu, 2018). This worrying trend in the loss of shareholders value of the listed firms warrants a relook into the financing decisions of firms listed at NSE.

Several studies on stakeholders' value creation have been carried out. For instance, Khasawneh and Dasouqi (2017) found out that dedt financing had a negative but significant effect on shareholders'value of Industry and services firms listed in the Jordan. Achieng, et al (2018) focussed on equity financing on shareholders wealth creating in Kenya. Findings of the study indicated equity financing positively influenced shareholders' value. Abdulazeez and Saif (2019) in their study found that equity fiancing has a positive and significant relationship with shareholders value of the banking sector in the Gulf countries. Ubesie, Onuh, and Mbah (2019) investigated the influence working capital financing had on shareholders' value creation of pharmaceutical firms listed in nigeria and found a negative but insiginificant relationship between variables. As available studies analyze financing variables separately, it is difficult to assertain the combined effect of the various forms of financing on shareholders value creation, yet no single firm uses just one of the financings options available. In addition, very few studies on financing decions and shareholders value relates to the Kenyan context. Methodologically, few studies are longitudinal in nature, yet the effects of financinging decisions are likely to be felt over a lenthy period of time. This study therefore sought to fill the conceptual, contextual and methodoligical gaps identified by

investigating the influence of financing decisions on shareholders value creation of listed manufacturing firms in Kenya.

1.3 Objectives

To carry out this study, the objectives were categorized into two. These were the general objective and specific objectives.

1.3.1 General Objective

The broad objective of this study was to examine the effect of financing decisions on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange.

1.3.2 Specific Objectives

The specific objectives of the study were to:

i. Evaluate the influence of equity financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.
ii. Determine the influence of debt financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.
iii. Establish the effect of working capital financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.
iv. Investigate the effect of dividend financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.

1.4 Research Hypotheses

Based on the study objectives, the following hypotheses were developed and tested at 95 percent level of confidence.

H_{01}: Equity financing have no significant influence on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya

H_{02}: Debt financing have no significant association with shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.

H_{03}: There is no significant association between working capital financing and shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.

H_{04}: Dividend financing does not significantly influence shareholders' value creation of manufacturing firms listed in the Nairobi Securities Exchange in Kenya.

1.5 Significance of the Study

The results from this study are expected to make significant contribution to managerial practice, policy and theory. It is expected that the study will provide grounding on matters regarding the effects of various financing decisions on shareholder value contribution creation.

1.5.1 Managerial Practice

This study expects to make significant contribution to the managerial practice of listed manufacturing firms in Kenya. The results of this study shall assist management teams of the firms in determining how alternative financing decisions influence on firm value in general and shareholders' value creation in particular. Managers need to strive to enhance shareholders' value of their specific firms. Thus, this study will serve as a planning tool that will aid managers select the ideal financing combination and strategies that will create highest value to the shareholders.

1.5.2 Policy Makers and Regulators

The findings of this study will add to existing policy tools that will guide stellar shareholders' value creation of firms listed in the manufacturing sector of the Nairobi Securities Exchange in Kenya. Specifically, the regulatory authority, Capital Markets Authority (CMA) will use the research findings to direct on the various financing strategies that will drive shareholders value. The firms that continuously create and maintain value have a tendency of attracting more funds from investors.

1.5.3 Shareholders

There is need to finding a proper link of allocating scarce resources among the mounting needs. Shareholders of listed manufacturing firms will use findings of this study to identify which resources have a higher influence on performance than others and thus use them for enhancing performance. Managers will also benefit from the findings on how corporate structures impact on the relationship between resources and performance thus establishing a proper fit.

1.5.4 Researchers

The findings of this study will contribute to the growing body of knowledge on the drivers and causes of variation in shareholders' value creation. The contribution shall be through clarifying the conceptual linkages between financing decisions and shareholders' value creation.

1.6 Scope of the Study

This study investigates the influence of financing decisions on listed manufacturing firms in Kenya and covers the period 2010 to 2019. The study's target population comprised of all the 13 firms listed in the manufacturing, construction and allied sectors of the Nairobi Securities Exchange as at December 31, 2019. The period recorded turbulence in share prices and hence shareholders value. Further during the period, a number of firms were either suspended or delisted from the bourse.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, theoretical framework, empirical review, conceptual framework and operationalization of variables are presented. First, the theories anchoring the study are discussed. This is followed by pair-wise review of empirical literature thus bring out what others have done while exposing gaps in literature.

2.2 Theoretical Review

A theory is a set of interconnected concepts, definitions and propositions that provide a systematic view of events or situations by specifying linkages among variables in order to explain or predict events or situations (Saunders, Lewis, & Thornhill, 2015). Theoretical review deals with theories and model rather than practical application. Three theories. The trade-off theory, pecking order theory and market timing theory, anchored the study. The three theories are expounded in the subsections that follow.

2.2.1 Trade-off Theory of Capital Structure

The trade-off theory of capital structure in the inkling that a firm opts on how the amount of debt capital and equity financing to use so as to balance both costs and benefits. The theory postulates that the costs relate to bankruptcy related expenses while benefits are related to growth opportunities (Kraus & Litzenberger, 1973). The theory holds that the financing decisions of the firm are geared towards a targeted debt ratio where using tax benefits associated with debt financing, bankruptcy costs are minimized. However, marginal benefits of using more debts declines as debt financing increases while marginal cost increases. The firm then is forced to focus on the trade-off by making a choice of the proportions of debt and equity it would use while optimizing the overall value. The optimal point, the theory indicates, is achieved when the benefits of using debt equals the present value of costs related to increased use of debt (Kraus & Litzenberger, 1973).

Empirically, the relevance of the trade-off theory has been criticized and supported in equal measures. For instance, Miller, (1977) observed that while corporate taxes are large and certain, bankruptcies are not as common and thus have lower costs. If trade-off theory was to hold, firms then ought to have more debts than those observed in reality (Miller H. M., 1977).

In addition, variations in capital structures of most firms is mainly due to share price volatility and not as a result of trading-off debt with equity (Welch, 2004).

Further, though the trade-off theory accounts for capital structure differences among firms in the same industry, it doesn't not explain why profitable firms within the same grouping have less proportion of debt capital. Further, the theory assumes perfect knowledge and markets which is rarely the case in practice (Myers, 1984). Inspite of the criticism, the trade-off theory has remained a core theory to researchers and practitioners of corporate capital structure. The trade-off theory is flexible and matches existing data thus difficult to reject empirically (Fama & French, 2002).

2.2.2 The Pecking Order Model of Financing Decisions

The pecking order model of financing decisions was developed by Myers (1984). The pecking order arises in situation where the cost of raising new finance is greater than the net benefit arising out of using either debt or dividends as modes of financing. The transaction costs arising from raising new finance and the possesion by the managers privaleged informations, leads to pecking order. In particular if the privelaged information possessed by the managers relates to riskiness of assets, then we end up with pecking order (Fama & French, 2002). According to Fama and French (2002), the costs and information asymetry creates a hierachy through which the firms finances new investments. Intialy, the firm uses riskeless and costless retained profits and after its exhaustion, riskless debt before turning to risky debenture financing. It is only after all the other options have been used that the firm moves to equity.

Myers, (1984) argues, as a consequence, the variations in an enterprise capital structure is not based on the trade-off theory but by the firms cashflows. The motivation to the Myers (1984) pecking order theory which emerges as an alternate theory to trade-off theory is the seminal paper by Myers and Majluf (1984). The major assumption of the pecking order theory is information asymmetry between managers and investors. By issuing risky securities, managers signal to investors about the firms prospects who thereafter act by discounting the firm new and existing risky assets (Myers & Majluf, 1984). Managers anticipates the pricing discounts and might forego profitable investments if they must be financed buy new risk source. The managers prefer financing new projects with retained profits as it involves no asymmetric information to avoid distortions of their investment decisions. Low risk debt

which has negligible asymmetric problem is then used when retained earnings are exhausted before turning to risky equity (Myers, 1984).

The pecking order model has proven to be a key theory in financing decisions for a variety of reasons. On one instance, the theory is a good signal to the outsiders how well a firm is doing. A firm using retained earnings to finance investments is seen as doing well. A firm using debt financing is seen by financiers as having ability to meet not only the principal debt obligations but also interest thus giving confidence to the general public. On the other hand, if the is issuing stocks, then this sets in uncertainty on whether the firm has undervalued its stocks and thus questioning its internal financial strength and the ability of the management to manage debt (Fama & French, 2002).

The pecking order model of financing decision is used to explain financing decisions of firms and has extensive empirical testing but with conflicting results. Some scholars, have found an inverse relationship between leverage and shareholders value (Rajan & Zingales, 1995; Fama & French, 2002; Lemmon & Zender, 2010; Leary & Roberts, 2010). On the other hand, (Whited & Hennessy, 2005; Morellec & Schurhoff, 2011), found that liquidity and leverage varied negatively with external finance. Lemmon and Zender, (2010) presented a study that was firm in supporting the pecking order hypothesis. They examined the impact of debt capacity on financing behaviour and found that as long as the firm had capacity to issue more debt, this was prefered more to equity. Leary and Roberts (2010) also supported pecking order but in a weaker manner as it only verified part of the their sample of financing decisions. However they mentioned that this little support was not driven by information asymentry but rather by incentive conflicts. Nevertheless, Morellec and Schurhoff, (2011) had findings that contradicted the pecking order theory. The pecking order model of financing informed all the four variables.

2.2.3 Market Timing Theory

The market timing theory was introduced by Baker and Wurgler (2002). The theory of market timing states that the organisations capital structure is the cummulative results of the past financing decisions that were based on different market conditions, also refered to as timing of equity market (Baker & Wurgler, 2002). Equity market timing concept holds it that a firm issues ordinary shares when their market value is high and re-purchaes them when their martek value has declined (Baker & Wurgler, 2002). Timing the debt market on the other hand refers to a situation where firms issue more debt capital if the prevailing interest

rates are low and as intsts goes ut, the firm progressively reduces debt financing (Zavertiaeva & Nechaeva, 2017). This implies debt market timing depends on rates of interest charged and not the mispricing of equity shares.

The market timing theory being comparatively newer when compared to pecking order and trade-off theories, has made the timing of markets to be the core aspect that informs firms financing decisions (Mabrouk & Boubaker, 2020). According to Mabrouk and Boubaker, (2020), the market timing model does not appear to contradict the trade of theory as bot h models predits that a firm issues more equity finance when the market value of shares is high. Baker and Wurgler (2002) argue that managers can minimize the cost of capital via market timing suggesting market rates have an influence on pecking order. However, incontrast to the trade-off and pecking order theories, equity timing issuance have a short term impact on capital structure (Hovakimian, 2006). In the market timing theory, firms issue debt or equity according to the best time condition inorder to raise more finance but at a lower cost of capital in a bid to increase the value of the firm (Baker & Wurgler, 2002).

In summary the Baker and Wurgler (2002) theory of market timing argues that manabers identify a window of opportunity where the issue of equity shares have lower costs due to misprisings. Going by this argument therefore, managers tend to issue new equity shares when their market value is high relative to their book value and historical valuations. Further, the researchers argue, firms would prefere more equity finance copmared to equity in those periods equity shares are overvalued. The opposite is also true. Although a number of studies have been conducted in developed markets on market timing perspectives (Zavertiaeva & Nechaeva, 2017; Mabrouk & Boubaker, 2020), very few have considered the developing markets (Muhammad & Yet, 2020). The very few studies that observe market timing in these firms fail to concur if equity martket timing can explain their behaviour. It is in this context therefore that this study sought to etablish the timing effects of equity and debt financing decisions on the overall cost of finance on listed manufacturing firms.

2.3 Empirical Literature Review

In this segment, pair-wise review of existing literature is reviewed along the hypothesised relationships. In so doing, various research gaps are exposed along contextual, conceptual and methodological lines.

2.3.1 Equity Financing and Shareholders' Value Creation

A number of studies have linked equity financing to value creation. However, there is no consensus on the findings. For instance, In Kenya, Githire and Muturi (2015) soughtt to link equity perfromances to financial perfromance of quoted firms. The study was anchored on two theories, the pecking-order and trade-off. Using explanatory but non experimental design, the study targeted all the listed firms in Kenya during the period 2008 to 2018. Findings indicated that equity positively and significatly influenced perfromance (Githire & Muturi, 2015). The study however focused on performance whereas the current study focuses on shareholders' value creation. From the study, it was not clear if equity financing would have the same effect on shareholder's value creation.

Kerosi, Mugo and Kalui (2018) investigated the extent to which internally generated equity affected profitability of quoted non financial firms in Kenya. The study target 37 firms that were actively trading in the stock market in the period January 2009 to December 2014. The study adopted longitudinal research design and used secondary quantitive data that was obtained from the firms'audited financial statements and NSE handbooks. Findings from the study indicated that profitability, which was proxied by return on capital employed, had significant and positive correlation with internal equity (Kerosi, Mugo, & Kalui, 2018). The study however did not look at the influence internal equity had an shareholders'value creation and contextually its never looked at the effect on manufacturing firms.

Achieng, Muturi and Wanjare (2018) examined the effect equity financing had on performance of 40 nonfinancial firms that were listed at the NSE between 2009 and 2015. The study used the ratio of total equity to total assets as the proxy for equity financing while return on assets proxied performance. The study, which was anchored on the Modigliani and Miller (1958) capital structure irrelevance theory utilized pooled ordinary least squares, fixed and random effects. The study purposively sampled 40 non- financial firms that were listed at the NSE and excluded those firms that were listed in the banking and insurance sectors (Achieng, Muturi, & Wanjare, 2018). The study findings indicated that total equity positively and significantly informed performance.

Abdulazeez and Saif (2019) investigated the effect financial structure had on the shareholders'value of 70 banking institutions that were listed in the stock exchanges of six gulf countries over the period 2000 to 2017. The six gulf countries were Bahrain, Kuwait, Oman, Qatar and United Arab Emirates. The study relied on the theory of financial

intermediation, diversification theory and the structure-conduct-performance theory to anchor its objectives. Further, the study proxied financial structure as the ration of equity to assets while Tobin's Q was used as a measure of the banks' shareholders' value. The study computed Tobin's Q as the ration of market value of equity plus book value of debt to the book value of total assets. Abdulazeez and Saif (2019) study utilized secondary data that was collected from the BankScope and World Bank World Development Indicator. To estimate the model, the researchers used static panel estimation and the dynamic generelized method of moment s estimator. Findings of the study indicated a significant an positive association between financial structure and shareholders value thus reflecting the state of financial soundness of Gulf countries banks (Abdulazeez & Saif, 2019).

Kariuki, Jagongo and Muniu (2019a) examined the influence of equity financing on shareholders'value creation of non-financial firms that were listed at the NSE in the period 2008 to 2014. The study which was quided by the pecking order and market timing theories was basde by the positivism philosophy while employing non-experimental explanatory design. Considering that the number of non-financial firms that were listed at the NSE were 40, the study opted for the census approach. Further the study used secondary data that was obtained from the annual financial reports of the firms that was filled with the NSE and the regulator, Capital Markets Authority(CMA). The study used the ordinary least square regression to estimate the model and revelaed that there existed statistically significant and positve relationship between equity financing and shareholders' value creation (Kariuki, Jagongo, & Muniu, 2019a). The study however used data that was more than six years old, at the time of the study. Its not clear if the findings can be generelized to the present time. The current study therefore uses most recent data and concentrates on listed manufacturing firms.

2.3.2 Debt Financing and Shareholders' Value Creation

Machado and Prado (2016) investigated the influence of debt financing on the economic value added of the publicly traded companies in Brazil for the period 2014. The study which was anchored on the pecking order and static theories of capital structure adopted explanatory quantitive research where cross-sectional data of 238 companies listed in the Brazil securities market was considered. Purposive sampling was used to select 56 firms in the electric power industry and the construction sector. Secondary data obtained from Economatica database a platform which offers in-depth, valuable and timely financial data for firms across the globe. The study used discriminant and analysis of variance as modes of data analysis. Findings from the study indicated that there was no direct association between debt financing and

economic value added of firms listed in the Brazilian securities exchange (Machado & Prado, 2016). The study however took place more than six years ago and in Brazil. Its therefore not clear if the research findings can be generalized to the Kenyan firms in the present time and in the manufacturing sector.

Venugopal and Reddy (2016) investigated the impact of debt financing on the shareholder wealth of India listed cement manufacturing companies for the period 2007 to 2014. The study adopted earnings per share as the measure for shareholders value, while long term liabilities proxied debt financing. The study considered 18 listed cement manufacturing companies on the National Stock Exchange of India. Venugopal and Reddy (2016) used secondary panel data methodology that was obtained from Indian capital market database. Results from the study indicated a positive but insignificant relationship between debt financing and shareholders value (Venugopal & Reddy, 2016).

Khasawneh and Dasouqi (2017) investigated to influence of debt financing on firm performance of firms listed in the Jordan's Amman Securities Exchange for the period 2005 to 2013. The study used panel data with with fixed effects regression model. To remedy the problem of heteroscedasticity, the study employed modified Driscoll-Kraay Standard Error Model. Findings of the study indicated debt financing had a significant negative effect of firm performance (Khasawneh & Dasouqi, 2017). The study however was carride out in Jordan and its not clear if the findings can be generelized to a Kenyan context. Further, the study used firm performance as the dependent variable while the current study proposes to use shareholders'value creation.

Thauti, (2018) investigated the relationship between capital structure and shareholder value for companies listed in the nairobi Securities Exchange in Kenya for a five year period from 2007 and 2011. The study employed a causal design and targeted a sample for 40 firms from a population of 60. Secondary data from published financial statement was obtained for the dependent variable leverage which was measured usinf debt ratios. Secondary data on the dependent variable, Market Book Value which proxied share holders value. Market book value was measured as the ratio of book value of total asset minus book value of equity to total assets (Thauti, 2018). The findings of the study indicated that a negative but insignificant association existed between leverage and shareholders value of listed firms in Kenya.

In Pakistan, Aziz and Abbas (2019) investigated the association between different debt financing options on performance of listed firms. The study targeted quoted firms in pakistan across 14 sectors. Secondary panel data gathered from financial reports of the firms was used. To evaluate on the random and fixed effects, the study used the Hausman test. Results from the study indicated a negative but significant association among debt financing options and performance (Aziz & Abbas, 2019).

Kariuki, Jagongo and Muniu (2019d) investigated the influence of debt financing on shareholders'value creation of non-financial firms listed in the Kenya's Nairobi Securities Exchange. The study which was anchored on Modigliani and Miller theory was based on the positivism philosophy. Using non-experimental explanatory research design, the study adopted the census approach and looked at all the 40 non-financial firms that were listed at the NSE. Secondary data covering the period 2008 to 2014 was obtained from the audited financial statements of the firms. Kariuki *et al.,* (2019d) used ordinaly least squares method and concluded that debt financing had statistically significant influence on shareholders value creation. However, the results indicated significant difference among various sector of the NSE as to the effect of debt financing on shareholders value creation. It is this in mind that the current study focuses on just one sector.

2.3.3 Working Capital Financing and Shareholders' Value Creation

Although working capital financing decisions would mainly involve short-term assets and non-current liabilities, their implications are not only in the short run, but in the long run as well. The implications to the profitability and shareholders value creation, both in short run and long run therefore warrant careful consideration. According to Anokye and Quansah (2017), financing decisions will only yield benefits if close attention is paid to working capital. In their study that investigated the influence of working capital financing policies on shareholders' value creation, Anokye and Quansah (2017) concluded investment in working capital had a negative and statistically significant association with shareholders value at 5 percent level of confidence. Though the study was in the context of manufacturing firms, the study considered a very small sample, six firms. Further, the study was carried out in Ghana and its not clear if the findings can be generilized to Kenya's manufacturing firms.

Arachchi, Pereran and Vijayakumaran (2017) examined the effect of working capital financing methods on value companies listed in Colombo bourse in Sri Lanka and covered the period 2011 to 2015. The independent variable was represented by cash conversion cycle,

account recivables turnover period, inventory turnover period and accouts payables period. The independent variable, firm value was proxied by Tobin's Q which the study computed as the ratio of market value of equity added to book value of debt to book value of total assets. Arachchi *et al.,* (2017) used polled ordinary least squares and fixed effects regressions to test the model. The study purposively sampled 46 companies out of a population of 88 listed firms on the basis of availability of complete data. Based on secondary data that was collected from financila reports, the study findings indicated a negative but a statistically significant association between working capital financing and firm value (Arachchi, Perera, & Vijayakumaran, 2017).

In South Africa, Oseifuah and Gyekye (2017) sought to determine the influence of working capital component on shareholders, wealth creation of listed non financial firms. The study considered cash conversion cycle, inventory conversion period, receivables conversion period and payables deferral period as the independent variables while market capitalization was tataken as a proxy for the dependent variable, shareholders'wealth creation. The study used panel data regression methodology on data obtained from 75 firms over a ten year period ranging from 2003 to 2012. Findings of the study indicated a significant positive relationship for both receivable and inventory conversion periods with market capitalization. Similar results were observed between payables deferral period and firm value (Oseifuah & Gyekye, 2017).

Ubesie, Onuh and Mbah (2019) investigated the effects of investment in working capital on shareholders' value of E-Pharmaceutical firms listed in the Nigerian Securities Market in the period 2008 to 2017. The study was anchored on the stakeholders theory adopted ex-post-facto research nad had a target population of the ten quoted E—Pharmaceutical firms. Based on secondary data that was obtained from published financial statements, findings indicated a negative and insignificant assocoation between shareholders' and investment in working capital of the Nigerian firms (Ubesie, Onuh, & Mbah, 2019).

Ogolla (2019) sought to analyse the effect of working capital financing on firnancial perforrmance of listed manufaturing firms in Nairobi Securities Exchange in Kenya over a five year period 2014 to 2018. The study was anchored in liguidity preference theory and the tradeoff theory. The study adopted a descriptive research design and incorpotated all the nine listed manufcturing firms in Kenya. Secondary panel data obtained from published annual financial statements of each firm. The study findings indicated that working capital finacing

had a statistically significant negative association with financial performance (Thauti, 2018). However, though the study was contextualised on the listed manufacturing firms in Kenya, it conceptualised working capital financing as influencing financial performance while the present study conceptualises working capital financing as influencing shareholder value creation.

Kariuki, Jagongo and Muniu (2019b) investigated how shareholders' value was influenced by working capital finance. The stuudy which was carried out in Kenya focussed on all firms that were listed in the Nairobi Securities Exchange except those which hwere in the financial sector. Kariuki *et al.,* (2019b) considered the period 2008 to 2014 and theoretically anchored the studt on the capital assets pricing model. The research design adopted by the study was non-experimental explanatory and with the population of the study being 40 companies, census was used. Ordinarly least square regression model was applied on secondary data gathered for published statements with results indicating a statistically significant and positive association between working capital fiancing and shareholders' value (Kariuki, Jagongo, & Muniu, 2019b).

2.3.4 Dividend Financing and Shareholders' Value Creation

Mbuvi and Gekara (2015) investigated the influence of dividend policy on shareholder value creation of listed companies in Kenya. Mbuvi and Gekara (2015) anchored the study on dividend irrelevant and dividend relevant theories. The study adopted descriptive research design and had a population of 59 firms that were listed at the Nairobi Securities Exchange at the time. Both primary and secondary data was used with the latter being obtained from document analysis while the former was collected using self-administered questionnaires that were filled by finance managers of the listed firms. Findings of the study indicated a positive and significant relationship between dividend policy and value creation of shareholders of firms listed in the Nairobi Securities Exchange in Kenya. The study however, was generalised to all listed firms and it is not clear if the same would apply to individual sectors. In addition, the methodology applied was never longitudinal as the present study hopes to apply.

Boujjat and Rachid (2016) investigated the relationsip that exixsted between dividend payments and firm performance of Morocco's listed firms. Two theories were used to help explain the relationship; the bird-in-hand theory, and the irrelevance theory. The study considered a sample of 44 firms representing 80 percent of the total population and covered

the period between 2010 and 2014. All the firms were listed in Casablanca Stock Exchange. Financial performance, the dependent variable, was indicated by market capitalization while the dependent variable was dividend payments. Boujjat and Rachid (2016) used explanatory research design while using secondary data obtained from financial reports of the sampled firms. Finding of the study indicated a positive and significant relationship between dividend payments and firm performance (Boujjat & Rachid, 2016). The study was however based in Morocco and it is not clear if the findings can be generalized in the Kenyan manufacturing scene.

In Ghana, Ofori-Sasu, Abor and Osei (2017) examined the effect of dividend policy on shareholders value on firms listed at the country's securities market. The study targeted 30 firms whose share were being traded in the Ghana's security market for the period 2009 to 2014. Using pooled data, the study opted for ordinary least squares method to estimate the relationship between the variables. Results from the study indicated a positive and significant relationship between dividend policy and shareholders value (Ofori-Sasu, Abor, & Osei, 2017). Inspite of opting for panel data, the study used cross sectional analysis as opposed to longitudianal studies which could have established if there was a pattern among the variables overtime.

Muhammad and Isah (2017) sought to investigate the determinants of shareholders'value creation of listed building materials firms in Nigeria over a seven year period ranging from 2007 to 2014. The determinants of shareholders value creatin were taken as the dependent variable. The deteminants included payout ratio as the proxy for dividend policy; financial pilicy was represented by total debts while log of total assets were used as the proxy for control variable firm size. The independent variable was the shareholder value creation and was proxied by the ratio of market value to book value of ordinary shares (Muhammad & Isah, 2017). The study employed secondary dat that was collected from a sample of eight firms that were listed in the Nigeria Stock Exchange as at December 31, 2013. To anlayse the data, the study adopted Ordinarly Least Square Method to estimate the variables. The results from the study revealed the dividend had a positive and a statistically significant associtionwith shareholders value creation. Similary, debt financing was also found to have a statistically significant and positive relationship with shareholders value creation. Firm size was however found not to have a statistically significant associtionwith shareholders value of listed building materials companies in Nigeria. The study was however contextulaised in Nigeria and it is not crear if the fingings can be generelisd to the context of Kenya's

manufacturing firms. Further, the study used time series data while the present study used panel data.

Kariuki, Jagongo and Muniu (2019c) sought to find out if any relationship exixted between dividend financing and shareholders value creation of quoted firms in Kenya. The study which was carried out in the period 2008 to 2014 was infromed by two theories; the capital asset pricing model and the pecking order theory. The study was anchored on positivism philosophy and adopted non-experimental explanatory research design. Kariuki *et al.* (2019c) considered all the 40 non-financial firms quoted at the Nairobi Securities Exchange. Secondary data obtained from regulatory fillings done with the regulator, Capital Markets Authority was analysed using the Ordinary Least Squares Method. Results from the study indicated a positive and statistically significant relationship between dividend financing and hsreholder value creation (Kariuki, Jagongo, & Muniu, 2019c).

2.4 Conceptual Framework

Conceptual framework is a set of general ideas generated from relevant fields of inquiry and used to structure a subsequent presentation (Saunders, Lewis, & Thornhill, 2015). This study adopted equity, debt, working capital, and dividend financing as the independent variables. Shareholders' value creation was taken as the dependent variable. They are represented in the schematic diagram in figure 2.1 which is a guide showing the interrelation among the key variables of the study.

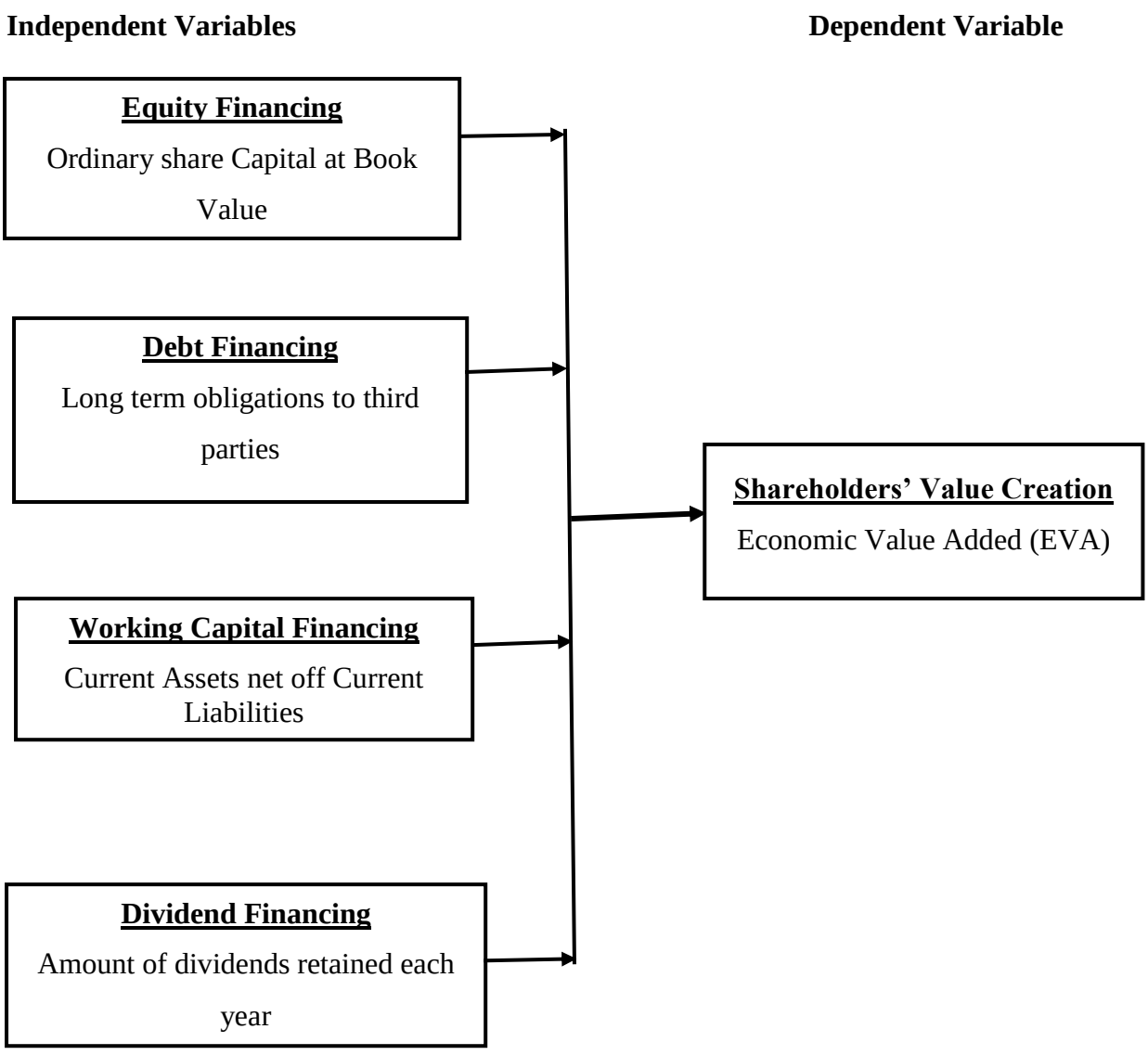

Figure 2.1 Conceptual Framework

2.5 Operationalization of Study Variables

The variables of the current study were measured primarily with information obtained from financial reports of each entity. Table 2.1 presents the identified variables together with their measurements.

Table 2.1 Operationalization of Study Variables

Variable	Measurement	Data type required for the study	Analytical tools to be used.
Equity Financing	Book Value of Ordinary Share Capital	Continuous panel data obtained from financial statements.	Descriptive statistics, Panel regression, correlation coefficients.
Debt Financing	Long Term Obligations of the Firm to Third Parties	Continuous panel data obtained from financial statements.	Descriptive statistics, Panel regression, correlation coefficients.
Working Capital Financing	Current Assets less Current Liabilities	Continuous panel data obtained from financial statements.	Descriptive statistics, Panel regression, correlation coefficients.
Dividend Financing	Retained Dividends/Earnings	Continuous panel data obtained from financial statements.	Descriptive statistics, Panel regression, correlation coefficients.
Dependent Shareholders' value creation	EVA = NOPAT – (C% - TC)	Continuous panel data obtained from financial statements.	Descriptive statistics, Panel regression, correlation coefficients.

Source: Literature Review

CHAPTER THREE

RESEARCH DESIGN

3.1 Introduction

In this chapter, the methodology adopted is presented and discussed. It discusses the research design, target population and sampling design. In addition, data collection, processing, analysis and presentation are also discussed. Finally, the regression model and diagnostic tests are presented.

3.2 Research Design

The plan for determining the types and sources of information used in answering research questions is research design. The purpose of research design is to develop a structure that specifies how variables relates with each other. This study adopted longitudinal research survey. Also known as panel data survey, longitudinal research design involves unit of analysis being followed at specified intervals over a long period of time, in most cases years (Cooper & Schindler, 2014). The key feature of panel studies is that the cross-sectional unit is surveyed over time thus providing very useful information on the dynamics of the variable (Gujarati & Sangeetha, 2013).

3.3 Target Population

The target population of the present study was all manufacturing firms listed in the manufacturing, construction and allied sectors of the Nairobi Securities Exchange (NSE). According to the CMA quarterly capital markets statistical bulletin there were 13 manufacturing firms listed in the two sectors as of December 2019. The contextual choice of manufacturing firms arises out of the fact that two of the listed manufacturing firms, ARM cement and Mumias sugar are financial distressed leading to their suspension from NSE. In addition, only one firm, East Africa breweries, out of the 13 is amongst the top ten firms that controls more than two thirds of the value created at NSE. A list of the manufacturing firms is as indicated in table 3.1.

Table 3.1 List of Manufacturing firms listed at the NSE

	FIRMS
1	ARM Cement Limited
2.	Bamburi Cement Limited
3.	Crown Paints Kenya PLC
4.	East African Cables PLC
5	East Africa Portland Cement PLC
6.	BOC Kenya PLC
7.	British American Tobacco Kenya PLC
8	Carbacid Investment PLC
9.	East African Breweries PLC
10.	Mumias Sugar Company PLC
11.	Unga Group Limited
12.	Kenya Orchards Limited
13.	Flame Tree Group Holdings Limited

Source: CMA(2020)

3.4 Sampling Design

This study adopts criterion-based sampling. Criterion based sampling selects samples that meet a predetermined selection criterion. Saunders, Lewis and Thornhill (2015) argues that one learns a great more by focussing in depth on understanding a small number of carefully selected sample than by gathering standardized information from a large, statistically representative sample of the population. Using criterion sampling. This study therefore focussed on all the 13 manufacturing firms listed at the Nairobi Securities Exchange as at December 31, 2019.

3.5 Data Collection

This study used secondary quantitative panel data collected from each of the manufacturing company's audited and published financial statements and regulatory fillings obtained from the Nairobi Securities Exchange. According to Mugenda (2004), secondary data is data that has been previously collected for a different purpose other than one in hand. Annual audited and published financial reports were used in the study due to ease in availability and the fact

that they can be available. A secondary data collection instrument, a data collection schedule specified in Appendix III is annexed.

Panel data is data that combines elements of both time series and cross-sectional data in which the same cross-sectional unit, in this study each of the firms is surveyed over time (Gujarati & Sangeetha, 2013). The data collection period was ten years between 2010 and 2019.However, due to the fact that some firms might be missing data for some years, particularly the financially distressed firms, this study used balanced panel data.

The study dropped two firms that were suspended from the security market. The two were ARM Cement Limited and Mumias Sugar Company Plc. Flame Tree Group Holdings Limited was listed during the study period and thus dropped from further analysis on account of this. The financial reports of Kenya Orchards Limited for the period ending December 2019 were unavailable at the time of analysing the data and on account of this the firm was dropped from further analysis. Table 3.2 indicates the firms that were included in the analysis.

Table 3.2 List of Quoted Manufacturing Firms Analysed

FIRMS
1. Bamburi Cement Limited
2. Crown Paints Kenya PLC
3. East African Cables PLC
4. East Africa Portland Cement PLC
5. BOC Kenya PLC
6. British American Tobacco Kenya PLC
7. Carbacid Investment PLC
8. East African Breweries PLC
9. Unga Group Limited

Source: CMA(2020)

3.6 Data Processing, Analysis and Presentation

Data processing involves the cleaning of raw data to ensure that it is consistent with the requirement for estimating the variables. Secondary data was extracted from the audited and published financial reports and shall be used to come up with relevant measures as defined in table 2.1, operationalization of variables. Use the stated measures allows for assessment of

types of financial decisions adopted by each firm and its effect on shareholders' value creation. Data collected was then be analysed quantitively using regression equations which was examined for fixed effects using Panel Least Squares Method. Solving for panel methodology was aided by the statistical software E-Views version 11. Thereafter, descriptive statistics, correlational and inferential analysis were used to summarise status of equity financing, debt financing, working capital financing, dividend financing and shareholders' value creation among listed manufacturing firms in Kenya. This study adopted panel data regression analysis model. The Hausman specification test was conducted to determine which model would be appropriate between fixed effect and random effects. The fixed effect model was found to be appropriate. The model is presented in equation 1.

$$Y = \lambda_0 + \lambda_1 X_1 + \lambda_2 X_2 + \lambda_3 X_3 + \lambda_4 X_4 + \acute{\varepsilon} \ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where

Y = Shareholders' Value Creation

$\lambda_1, \lambda_2, \lambda_3, \lambda_4$ are regression coefficients of the four independent variables

X_1 = Equity Financing

X_2 = Debt Financing

X_3 = Working Capital Financing

X_4 = Dividend Financing

$\acute{\varepsilon}$ = Error term

The regression analysis yields the coefficient of determination (R^2) which provides the proportion of variance in the dependent variable accounted for by the combination of the predictors (Mugenda, 2014). In addition, the results were interpreted using the Multiple R, F-statistic, coefficients of variation, coefficients of the variables and significance levels. The summary of this interpretation of results is presented in Table 3.3.

Table 3.3 Interpretation of Results

Key Statistical Question	Sample Statistics	Interpretation
Is there a relationship between Y and X variables	Multiple(R) $0<R<1$	The higher the R, the stronger the relationship.
Explanatory power of the model/goodness of fit/influence of X on Y	Coefficient of determination (R^2) $0<R^2<1$	The higher the R^2, the better the fit. For instance, R^2 = 0.75 means that 75% of the change in Y are explained by X while 25% is explained by other factors other than Y.
Is the model statistically significant?	F -Statistic Of Significant F value	The higher the F-Statistic, the more significant the model will be. Or if p-value is less than significant level, the model fits the data.
What is the resultant model	$Y = \lambda_0 + \lambda_1 X_1 + \lambda_2 X_2 + \lambda_3 X_3 + \lambda_4 X_4$	
What is the effect of the independent variable on Y	Positive or Negative?	Will check the sigh of the coefficient
Significance of individual variables	Absolute T statistic Or P value	The higher the Absolute T statistics the better the significance as a variable or the lower the P value, the more significance as a variable.

Source: Literature Review

3.7 Diagnostic Tests

Diagnostic tests were carried out in a bid to ensure non-violation of classical linear assumptions. The tests that were carried out included: The Normality test to ensure data is normally distributed, The multicollinearity test, test for autocorrelation, heteroscedasticity test and the unit root test. Estimating the linear regression while the assumptions are violated results to biased, inconsistent and inefficient values (Gujarati & Sangeetha, 2013). In addition, the Hausman specification test was carried out to establish the best model between fixed effects and random effects. The summary of the diagnostic tests is presented in Table 3.4.

Table 3.4 Diagnostic test summary

Key Diagnostic Test	Sample Statistics	Interpretation
Normality Tests	Jarque-Bera test	If p-value < 0.05, data was normally distributed. If p-value > 0.05, data was not normally disturbed.
Multicollinearity Test	Variance Inflation Factor (VIF) test	VIF values between 1- 10, indicates no multicollinearity. VIF values less than 1 or greater than 10, indicates multicollinearity
Autocorrelation Test	Breusch Pagan LM Pesaran Scaled LM Pesaran CD	A p-value less than 0.05 means no autocorrelation exists.
Heteroscedasticity Test	Likelihood Ratio	p- value < 0.05, this indicates that the data is not heteroskedastic
Unit Root Test	Levin, Lin & Chu t Im, Pesaran & Shin W-Stat ADF-Fisher Chi-square PP – Fisher Chi-square	P value less than one indicates the series is stationary
Model Specification	Hausman specification test	p-value less than 0.5 use random effect p-value greater than 0.5 use fixed effects

Source: Literature review

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of analysis of secondary data collected in line with the research design outlined in chapter three. Analysis of data involved descriptive statistics meant for statistical analysis, carrying out diagnostic tests on the data to determine suitability for statistical analysis, estimating the regression models and discussion of the results in relation to empirical literature. The computed data for operation efficiency, which was proxied by market value added, equity financing, debt financing, working capital financing and dividend financing was analysed using panel data regression model with the help of E-views software version 11. Diagnostic tests were applied on the data as pre-test condition.

4.2 Panel Description Statistics

This section presents the summary of panel statistics for the entire sample. The summary statistics considered included the mean, standard deviation, minimum and maximum values. Descriptive data analysis was undertaken to determine the statistical properties of the data used in the study. In addition, descriptive statistics allow the researcher to digest and understand large volumes of data and enhance effective communication to users (Cooper & Schindler, 2014). The study used data for 9 manufacturing firms listed at the Nairobi Securities Exchange for a ten-year period 2010 to 2019. Table 4.1 indicates the summary of descriptive statistics of the firms.

Table 4.1 Panel Variables Summary Statistics

Variable/Kshs 000	Mean	Maximum	Minimum	Std. Dev.
EVA	1,104,618	9,119,860	(4,763,917)	2,626,336
Equity Financing	656,098	1,815,000	97,627	619,259
Debt Financing	4,418,714	37,251,495	0	8,151,809
Working Capital Financing	933,351	11,954,000	(10,170,657)	3,538,780
Dividend Financing	5,527,764	27,105,032	(880,966)	7,144,270

Source: Research Data (2020)

Results in table 4.1 indicates that the total mean of Economic Value Added for the period 2010 to 2019 was Kenya Shillings 1,104,618,000 indicating that a majority of the manufacturing firms listed in the Nairobi Securities Exchange during the study period were financially sound. However, the corresponding standard deviation of Kenya Shillings 2,626,336,000 showed a large variability in economic value Added over time. This implied that some companies created huge value while others reduced shareholders value. The minimum and maximum values of Economic Value Added over the same period were Kenya Shillings 9,119,860,000 and Kenya Shillings -4,763,91,000 respectively. Positive values indicated that some companies created shareholders values. Negative Economic Value added showed that there were companies that destroyed shareholders value within the period of study.

The large negative EVA value indicated a reduction in shareholders investment in terms of value added. This signalled that the return on invested capital was not enough to cover cost of capital hence accelerating shareholders value losses. Worth noting however, was some of the companies reported profits as recorded in financial statements over the period in review. This confirms the assertions that accounting profits are not the same as shareholders wealth maximisation. Despite the fact, accounting profits play a critical role in eventual shareholders value maximisation.

The results on equity financing shows a mean of Kenya Shillings 656,098,000 and a standard deviation of Kenya Shillings 619,259,000 for the period 2010 to 2019. At the same time the maximum equity financing was Kenya Shillings 1,815,000,000 and a minimum value of Kenya Shillings 97,627,000. The results indicate a wide variation in equity financing over the study period. The huge difference is attributable to bonus issue (crown paints, Carbacid) and stock split (Carbacid) during the period. In addition, there was a huge disparity in respect of the number of shares issued by the firms with East African Breweries PLC having issued most shares, 791 Million and BOC having the least number of shares at 20 million. Moreover, all firms listed at the Nairobi Securities Exchange must have some issued equity to finance their operations.

In respect of debt financing, the results show a mean of Kenya Shillings 4,418,714,000 for the period 2010 to 2019 with a standard deviation of Kenya Shillings 8,151,809 indicating a large variability in debt financing over the study period. The maximum amount of debt financing over the period was Kenya Shillings 37,251,495. On the other hand, the minimum

amount was zero. This indicated that some of the firms did not result to debt financing in at least one of the year's in the period under consideration.

The study results revealed that working capital financing had a mean of Kenya Shillings 933,351,000 and a standard deviation of 3,538,780,000 for the period 2010 to 2019. The high standard deviation value indicated a large variability in working capital finance over time. The maximum value for working capital was Kenya Shillings 11 billion while as the minimum value was Kenya Shillings – 11 Billion. The negative value indicates over reliance on working capital items, mainly accounts payables to finance operations of some of the firms under review.

The study findings revealed that the mean for diffidence financing for the period 2010 t0 2019 was Kenya Shillings 5,527,744,000 with a standard deviation of Kenya Shillings 7,144,270,000 indicating a large variability of dividend financing over time. The minimum value of dividend financing of Kenya Shillings – 880,996. Negative dividend financing, which was proxied by retained earnings, might harm the firms and their shareholders by exposing them to risk of bankruptcy in addition to decreasing the shareholders' value. Furthermore, it shows that some firms did not make profits within the study period.

4.3 Panel Model Diagnostic Tests

To accurately use regression analysis, the basic assumptions of the multiple linear regression must be observed (Gujarati & Sangeetha, 2013). The suitability of panel data for statistical analysis was determined by carrying out various tests aimed at investigating if the essential requirements of classical linear regression were fulfilled. The tests included the normality tests, multicollinearity test, panel unit root test, autocorrelation test and the heteroscedasticity test Where the assumptions were violated, appropriate remedial actions were applied. Panel cointegration tests were carried out to establish if the study variables had a long run association. The Hausman specification test was carried out to establish which estimation effects, fixed or random provided superior results for the study. The results and statistical interpretation of the various test carried out is presented in this section.

4.3.1 Normality Tests

To test for normality of the data, the study adopted the Jarque Bera test. The usefulness of normal distribution stems from the that when assumption is violated, interpretation and inference may not be valid or reliable. Jarque-Bera test is favoured as it is more conclusive than graphical method. The null hypothesis under this test is that disturbances are not normally distributed if P-value is more than 0.05 at 5 percent level. The alternative hypothesis is that disturbance terms are normally distributed if p-vale is less than 0.05. Table 4.2 presents the normality tests results.

Table 4.2 Jarque-Bera Test for Normality

Variable	Jarque-Bera Statistics	P-Value
EVA	18.2410	0.0001
Equity Financing	14.2605	0.0008
Debt Financing	263.6915	0.0000
Working Capital Financing	21.5922	0.0002
Dividend Financing	30.2838	0.0000

Source: (Research Findings, 2020)

Results in Table 4.2 show all the p-value were less than 0.05 and thus the null hypothesis was rejected and the alternative accepted that data was normally distributed.

4.3.2 Multicollinearity Test

Multicollinearity occurs when two or more predictor variables in a regression equation are highly correlated making it impossible to estimate equations with precision and accuracy due to either variables becoming indeterminate or possession of large standard errors (Gujarati & Sangeetha, 2013). To identify if multicollinearity existed, the study adopted the Variance Inflation Factor (VIF). VIF values greater than 10 indicated the presence of multicollinearity. Results of the test are indicated in Table 4.3.

Table 4.3 Variance Inflation Factor

Variable	Coefficient variance	Uncentered VIF	Centered VIF
Equity Financing	0.736660	11.02728	5.164685
Debt Financing	0.002657	4.187386	3.228210
Working Capital Financing	0.009967	2.442412	2.281892
Dividend Financing	0.002570	3.850548	2.398511

Source: Research Data (2020)

The results in Table 4.3 presents variance inflation factor results which are all less than 10. The study concluded that there was no Multicollinearity and thus the model was deemed fit for further analysis.

4.3.3 Test for Autocorrelation

To establish whether or not the residuals were serially correlated over time, Breusch Pagan Langrage Multiplier (LM), Pesaran Scaled Langrage Multiplier and Pesaran Cross sectional Dependence (CD) tests were carried out. The null hypothesis was that no first order serial alternatively referred to as autocorrelation existed if p-value was less than 0.05. The study findings are presented in Table 4.4.

Table 4.4 Serial Correlation Tests

Test	Statistic	P-Value
Breusch Pagan Langrage Multiplier	61.44983	0.0052
Pesaran Scaled Langrage Multiplier	2.999291	0.0027
Pesaran Cross sectional Dependence	3.752371	0.0002

Source: (Research Data, 2020)

The output in table 4.4 wa computed for the three tests. The results show that the p-value for all the three tests was less than 0.05. This implies that at 5 percent level of significance, the p-value was not significant and hence the study failed to reject the null hypothesis of no autocorrelation and concluded that the residuals were not autocorrelated.

4.3.4 Heteroscedasticity Test

The study tested for panel level heteroscedasticity test for both cross section and period using the Likelihood Ratio (LR) and the results are displayed in Table 4.5.

Table 4.5 Heteroscedasticity Test

Test	Value	p-value
Panel Cross Section Heteroscedasticity LR Test	166.3751	0.0000
Panel Period Heteroscedasticity LR Test	47.00161	0.0000

Source: Research Data (2020)

4.3.5 Panel Unit Root Test

To establish if panel data was stationary or not, panel unit root test was carried out on all variables. Four different tests; Levin, Lin & Chu t; Im, Pesaran & Shin W-Stat; Augmented Dickey and Fuller (ADF)-Fisher Chi-square and Phillips and Perron (PP) Fisher Chi-square with individual trend and intercept were employed. The null hypothesis was that panel data was not stationary if the absolute value of p was equal to 1 ($p = 1$) against the alternative hypotheses that data was stationary if p value was less than 1 (Gujarati & Sangeetha, 2013). The several unit root tests were presented for comparison purposes. According to Gujarati and Sangeetha (2013), ADF tests takes care of serial correlation in error terms by adding a lagged difference terms of the regressand. Further, Gujarati and Sangeetha, (2013) posit that Phillips and Perron use non parametric statistical methods ot take care of serial correlation without adding lagged difference terms. The results are presented in Table 4.6.

Table 4.6: Unit Root Tests.

Variable	Test	Statistic	P**	Result
EVA	Levin, Lin & Chu t	-6.08474	0.0000	Stationary
	Im, Pesaran & Shin W-Stat	-0.22560	0.2599	Stationary
	ADF-Fisher Chi-square	27.2513	0.0744	Stationary
	PP – Fisher Chi-square	41.1251	0.0015	Stationary
Equity Financing	Levin, Lin & Chu t	-1.98859	0.0234	Stationary
	Im, Pesaran & Shin W-Stat	0.14909	0.5593	Stationary
	ADF-Fisher Chi-square	3.00265	0.5574	Stationary
	PP – Fisher Chi-square	19.8550	0.0003	Stationary
Debt Financing	Levin, Lin & Chu t	-4.15054	0.0000	Stationary
	Im, Pesaran & Shin W-Stat	-0.10846	0.0048	Stationary
	ADF-Fisher Chi-square	26.4421	0.0901	Stationary
	PP – Fisher Chi-square	56.7122	0.0000	Stationary
Working Capital Financing	Levin, Lin & Chu t	-1.91027	0.0280	Stationary
	Im, Pesaran & Shin W-Stat	-1.32007	0.0934	Stationary
	ADF-Fisher Chi-square	41.4314	0.0013	Stationary
	PP – Fisher Chi-square	36.9341	0.0053	Stationary
Dividend Financing	Levin, Lin & Chu t	-1.87535	0.0304	Stationary
	Im, Pesaran & Shin W-Stat	13.2256	0.8472	stationary
	ADF-Fisher Chi-square	13.2256	0.7780	Stationary
	PP – Fisher Chi-square	60.5766	0.0000	Stationary

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality. Source: Research Data (2020)

4.3.6 Test for Fixed Effects or Random Effects

When performing panel data analysis, there is need to determine whether to run a Fixed Effects Model (FEM) or random Effects Model (REM). Hausman specification test was used

to determine whether fixed or random effects should be used in the model. The statement of null hypothesis for the Hausman test was the random effect regression is appropriate at 5 percent significant level. The findings of the study are presented in Table 4.7.

Table 4.7 Hausman Specification Test

Test Summary	Chi-Square Statistic	d.f.	p-value
Period Random	9.66219	4	0.0465

Source: Research Data (2020)

Findings in Table 4.7 indicate a p-value of 0.0465 indicating the model was statistically significant at 5 percent level of confidence, Therefore, the null hypothesis for the model was rejected hence Fixed Effects Model was used for panel data.

4.4 Correlation Analysis

Correlation analysis was conducted for various variables so as to examine the nature of association between each pair. The results are presented in the correlation matrix in Table 4.8

Table 4.8 Correlation Matrix Results

Variable		EVA	Equity Financing	Debt Financing	Dividend Financing	Working Capital Financing
EVA	Correlation	1.0000				
	t-Statistic	-				
	Probability	-				
Equity Financing	Correlation	0.4238	1.0000			
	t-Statistic	4.3897	-			
	Probability	0.0000	-			
Debt Financing	Correlation	0.5463	0.6138	1.0000		
	t-Statistic	6.1176	7.2928	-		
	Probability	0.0000	0.0000	-		
Dividend Financing	Correlation	0.2862	0.7349	0.4486	1.0000	
	t-Statistic	2.8023	10.1666	4.7080	-	
	Probability	0.0062	0.0000	0.0000	-	
Working Capital Financing	Correlation	-0.1954	0.2728	-0.3576	0.0586	1.0000
	t-Statistic	-1.8686	2.6602	-3.5916	0.5504	-
	Probability	0.0650	0.0093	0.0005	0.5834	-

Source: Research Data (2020)

The results of the study show that equity financing had a positive and not statistically association with Economic Value Added. Similarly, debt financing association with economic value added was found to be positive but statistically not significant association. Further, dividend financing was also found to have a positive but statistically insignificant association with economic value added. The results reveal that equity financing, debt financing and dividend financing was found to increase shareholders value. Working capital financing was found to be negatively and statistically associated with economic value added. The results imply that working capital financing affect the share value, as measured by EVA, of the existing shareholders and consequently destroy it.

4.5 Regression Analysis

The general objective of the present study was to examine the effect of financing decisions on shareholders' value creation of manufacturing firms listed in the Nairobi Security Exchange. To achieve the objective, the study estimated panel regression equation for fixed effects as supported by the Hausman Test. Panel Least Squares Method was applied as it provided consistent estimators. To run the data, the E-View Version 11software was used to analyse the panel data for 90 firm observations, which represented 9 manufacturing firms over a 10-year period. The results are presented in Table 4.9 where shareholder value creation measured by Economic Value Added (EVA) was regressed on equity financing, debt financing, working capital financing and dividend financing. Table 4.9 showed the results of regression analysis of financing decisions and shareholders value creation.

Table 4.9 Panel Least Squares Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-11313.91	333644.9	-0.033910	0.9730
Equity financing	1.682631	0.845395	1.990349	0.0501
Debt financing	0.098639	0.050555	1.951095	0.0547
Working capital financing	-0.163481	0.099107	-1.649538	0.1032
Dividend financing	-0.049081	0.049866	-0.984271	0.3281
Effects Specification				
Period fixed (dummy variables)				
Root MSE	1966113.	R-squared		0.433279
Mean dependent var	1104618.	Adjusted R-squared		0.336340
S.D. dependent var	2626336.	S.E. of regression		2139553.
Akaike info criterion	32.13213	Sum squared resid		3.48E+14
Schwarz criterion	32.52099	Log likelihood		-1431.946
Hannan-Quinn criter.	32.28894	F-statistic		4.469603
Durbin-Watson stat	1.410061	Prob(F-statistic)		0.000014

Source: Research Data (2020)

From Table 4.9 the estimation equation i $Y = \lambda_0 + \lambda_1X_1 + \lambda_2X_2 + \lambda_3X_3 + \lambda_4X_4 + \acute{\varepsilon}$ was fitted as indicated in equation ii:

$$Y= -11{,}313.91 + 1.68*X_1 + 0.09*X_2 - 0.16*X_3 - 0.05*X_4 \quad \text{(ii)}$$

Where

Y = Shareholders' Value Creation

X_1 = Equity Financing

X_2 = Debt Financing

X_3 = Working Capital Financing

X_4 = Dividend Financing

$\acute{\varepsilon}$ = Error term

This indicated that holding all independent variables constant, the value of EVA, a measure of shareholder value creation was – 11,313.91. Hence, in the study period, manufacturing firms would loss value for the shareholders if they did not carry out financing arrangements. The model showed that holding all other independent variable constant, a one unit increase in equity financing results to a 1.68 increase in economic value added, a one unit increase in debt financing results into a 0.09 increase in economic value added, a one unit increase in

working capital financing result into a 0.16 decrease in economic value added and a one unit change in dividend financing resulted to a 0.05 decrease in economic value added.

During the study period, results of the study indicated that an increase in equity financing increased listed manufacturing firm's EVA and hence enhanced shareholders value maximisation. Moreover, the results indicated that increasing debt financing of manufacturing debt financing increased its economic value added and hence boasting the shareholders' value creation. However, the findings of the study showed that increasing working capital financing had the effect of reducing economic value added add by extension, the reducing the value created for the shareholders. Similarly, the findings disclosed that an increase in dividend financing had the effect of reducing shareholders' value created as measured by the economic value added.

The findings showed that financing decisions variables jointly accounted for 43.33 percent of the total variation in shareholders' value creation in manufacturing firms listed at the Nairobi Securities Exchange. This was evidenced by the coefficient of determination (R^2) whose value was 0.4333. This reflected a good measure of fit for the variables included in the model. Moreover, the F-statistics whose p-value was 0.0000 indicated that the coefficients of all the four variables were jointly statistically different from zero at 95 percent level of confidence.

4.6 Hypotheses Testing

The broad objective of this study was to determine the influence of financing decisions on shareholders' value creation of listed manufacturing firms in Kenya's Nairobi Securities Exchange. To achieve this, specific objectives were set and corresponding hypotheses stated. Panel Least Square method was used to test the individual and combined effects at 95 percent significant level ($p<0.05$). The coefficients of determination and t-values were also extracted.

Decision points to reject or fail to reject a hypothesis were based on p-values. The study failed to reject the hypotheses if $p<0.05$ and rejected a hypothesis if $p>0.05$. The coefficient of determination (R^2), the F-statistic and beta (β) values were the basis for results interpretation and subsequent discussions. The coefficient off determination indicated the variation in dependent variable that was explained by the independent variable where a high R^2 was interpreted to mean higher explanatory power of the model. In addition, a higher F-statistic meant the more significant the model was. The sign of the beta, either positive or

negative, explained the direction of the effect of the independent variable on the dependent variable. The findings are presented in the subsections that follows.

4.6.1 Equity Financing and Shareholder Value Creation

The first objective of the study was to evaluate the influence of equity financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. A corresponding hypothesis was formulated in its null form as H_{01}: Equity financing has no significant influence on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. Equity financing was operationalised as the book value of the ordinary share capital held by the firms while as shareholders value creation was indicated by economic value added. Table 4.10 shows the results for influence of equity financing on economic value added.

Table 4.10: Influence of Equity Financing on Economic Value Added

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-76759.96	367654.2	-0.208783	0.8352
Equity Financing	1.800612	0.408661	4.406124	0.0000
Effects Specification				
Period fixed (dummy variables)				
Root MSE	2235875.	R-squared		0.267096
Mean dependent var	1104618.	Adjusted R-squared		0.174323
S.D. dependent var	2626336.	S.E. of regression		2386466.
Akaike info criterion	32.32261	Sum squared resid		4.50E+14
Schwarz criterion	32.62814	Log likelihood		-1443.517
Hannan-Quinn criter.	32.44582	F-statistic		2.879033
Durbin-Watson stat	0.992359	Prob(F-statistic)		0.004100

Dependent Variable: EVA

Source: Research Data (2020)

Table 4.10 shows the results of Panel Least Squares evaluation of equity financing on economic value added. The coefficient of determination was 0.267 indicating that 26.7 percent of variation in economic value added was explained by equity financing. The remaining 73.3 percent was explained by other factors not considered in the study.

The overall model had a p-value of 0.004 which revealed a statistically significant influence model. This means that equity financing has a significant influence of economic value added. On the basis of these results the H_{01} was not supported and therefore the study rejected the hypothesis.

These findings are depicted in the equation iii.

EVA = -76,759.96 + 1.80 Equity Financing (iii)

The findings confirm the findings in Githire and Muturi (2015) that indicated that equity positively and significatly influenced peformance of all the listed firms in Kenya. In addition, the study was also in agreement with Abdulazeez and Saif (2019) whose findings indicated that equity had a positive and significant association with shareholders value of Gulf countries banks. The study further confirms Kariuki, Jagongo and Muniu (2019a) study that found a statistically significant and positve relationship between equity financing and shareholders' value creation of of non-financial firms that were listed at the Nairobi Securities Exchange in Kenya.

4.6.2 Debt Financing and Shareholders' Value Creation

The study's second objective was to determine the influence of debt financing on shareholders' value creation of listed manufacturing firms at the Nairobi Securities Exchange in Kenya. Based on the objective, a corresponding hypothesis was formulated in its null form as: H_{02} Debt financing have no significant association with shareholders' value creation of manufacturing firms listed at the NSE in Kenya. The amount of total long-term debt proxied debt financing with economic value-added measuring shareholders value creation. Table 4.11 shows the results.

Table 4.11 Influence of Debt Financing on Economic Value Added

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	295338.6	259731.0	1.137094	0.2589
Debt Financing	0.183148	0.028429	6.442349	0.0000
Effects Specification				
Period fixed (dummy variables)				
Root MSE	2020577.	R-squared		0.401447
Mean dependent var	1104618.	Adjusted R-squared		0.325680
S.D. dependent var	2626336.	S.E. of regression		2156667.
Akaike info criterion	32.12011	Sum squared resid		3.67E+14
Schwarz criterion	32.42564	Log likelihood		-1434.405
Hannan-Quinn criter.	32.24332	F-statistic		5.298489
Durbin-Watson stat	1.152316	Prob(F-statistic)		0.000006

Dependent variable: EVA

Source: Research Data

The results in Table 4.11 indicate that the independent effect of debt financing on shareholders' value creation were statistically significant ($p<0.05$). Overall, debt financing explained 40.14 percent variation in economic value added as depicted by coefficient of determination value of 0.4014. The other 59. 86 percent was explained by other factors not considered by the model.

Based on the results, the study rejected the hypothesis. These findings are depicted in the equation labeled as iv.

EVA = 295388.6 + 0.18 Debt Financing (iv)

The results are contradicting Machado and Prado (2016) study that found debt financing did not have any association with economic value added of firms listed in the Brazilian securities exchange. The study further contradicts the findings in Venugopal and Reddy (2016) study that indicated debt financing had insignificant relationship with shareholders value of listed Indian cement manufacturing companies. However, the results are consistent with Khasawneh and Dasouqi (2017) study whose findings indicated debt financing significantly influenced firm performance firm performance of listed firms in the Jordan's Amman Securities Exchange. The findings further confirmed Kariuki, Jagongo and Muniu (2019d) findings that debt financing had statistically significant influence on shareholders value creation of non-financial firms listed in the Kenya's Nairobi Securities Exchange.

4.6.3 Influence of working Capital Financing on Shareholders' value Creation

The study's third objective was to establish the effect of working capital financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. Based on the objective, the following relationship was hypothesised. H_{03}: There is no significant association between working capital financing and shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. To measure the dependent variable, the study used the difference between current assets and current liabilities whereas economic value added was measured by economic value added. The results are presented in Table 4.12.

Table 4.12 Effect of Working Capital Finance on Shareholders Value Creation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1256097.	283764.3	4.426552	0.0000
Working Capital Finance	-0.162296	0.080083	-2.026602	0.0461
Effects Specification				
Period fixed (dummy variables)				
Root MSE	2433082.	R-squared		0.132108
Mean dependent var	1104618.	Adjusted R-squared		0.022248
S.D. dependent var	2626336.	S.E. of regression		2596955.
Akaike info criterion	32.49166	Sum squared resid		5.33E+14
Schwarz criterion	32.79719	Log likelihood		-1451.125
Hannan-Quinn criter.	32.61487	F-statistic		1.202516
Durbin-Watson stat	0.896544	Prob(F-statistic)		0.302374

Depended Variable: EVA

Source: Research Data (2020)

Based on the results presented in Table 4.12, working capital financing explained 13.21 percent of the variations in economic value added as evidenced by the R-squared value of 0.1321. The results report statistically not significant association between the variables (p-value > 0.05). on the basis of these results, H_{03} is supported and the study therefore did not reject the hypothesis. The findings are presented in the equation labeled v.

$$EVA = 1{,}256{,}097 - 0.16 \text{ Working Capital Finance} \quad \text{(v).}$$

The findings corroborate Anokye and Quansah (2017) study that observed that working capital financing had a negative but significant assoiciation with shareholders' value creation of manufacturing firms in Ghana.The results are in consistent with the findings of Arachchi, Pereran and Vijayakumaran (2017) that observed a negative but statistically significant relationship between working capital financing and firm value of firms listed in Sri Lanka's Colombo securities exchange. However, the results contradicts a South African study by Oseifuah and Gyekye (2017) that found positive but significant relationship between working capital components and shareholders' wealth creation of listed non financial firms. The reults ere also in variance with Kariuki, Jagongo and Muniu (2019b) study whose findings were working capital financing had a positive and significant influence on shareholders'value creation of non-financial firms that were listed at the Kenya's Nairobi Securities Exchange.

4.6.4 Dividend Financing and Shareholders' Value Creation

The last objective of this study was to investigate the effect of dividend financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. From the objective, the following hypothesis was developed and tested. H_{04}: dividend financing does not significantly influence shareholders' value creation of manufacturing firms listed in the Nairobi Securities Exchange in Kenya. This hypothesis was tested using Panel Least Squares analysis. Table 4.13 presents the results for the model summary.

Table 4.13 Effect of Dividend Financing and Shareholders' value creation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	536605.4	341256.7	1.572439	0.1198
Dividend Financing	0.102756	0.038068	2.699271	0.0085

Effects Specification

Period fixed (dummy variables)

Root MSE	2387842.	R-squared	0.164083
Mean dependent var	1104618.	Adjusted R-squared	0.058271
S.D. dependent var	2626336.	S.E. of regression	2548668.
Akaike info criterion	32.45412	Sum squared resid	5.13E+14
Schwarz criterion	32.75965	Log likelihood	-1449.436
Hannan-Quinn criter.	32.57733	F-statistic	1.550699
Durbin-Watson stat	0.793912	Prob(F-statistic)	0.137385

Dependent Variable: EVA

Source: Research Data (2020)

Findings presented in table 4.13 shows that the coefficient of determination, R-squared, was 0.1641 indicating that dividend financing alone accounted for 16.41 percent variation with 83.59 percent being explained by other factors that were not considered in the model. Further, the results indicate that the effect of dividend financing of shareholders value creation was not statistically significant as the p-value of 0.1374 was greater than the threshold ($p>0.05$). On the basis of these results H_{04} is not supported and on basis of this, the hypothesis was not rejected.

The relationship is expressed in the equation indicated as vi:

$$EVA = 536{,}605.4 + 0.1028 \text{ Dividend Financing} \quad \text{(vi)}$$

The result corroborates Mbuvi and Gekara (2015) study findings that showed that there was a significant positive relationship between dividend policy and shareholder value creation of listed companies in Kenya. Furthermore, the study results corroborate Boujjat and Rachid (2016) findings that indicated a positive and significant relationship between dividend payments and firm performance of all listed firms in Casablanca Stock Exchange in Morocco. The study confirms the findings in Ofori-Sasu, Abor and Osei (2017) whose study which was on listed firms in Ghana found a positive and significant association between dividend policy and shareholders' value.

4.7 Summary of Results of the Study Hypotheses.

This section presents a summary of the findings of the study. There were four objectives out of which four hypotheses were developed and tested. The findings are presented based on the objectives and are summarized in Table 4.14

Table 4.14 Summary of Hypotheses Tests

Objective	Hypotheses	Decision
Evaluate the influence of equity financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.	H_{01}: Equity financing have no significant influence on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya	Reject
Determine the influence of debt financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.	H_{02}: Debt financing have no significant association with shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.	Reject
Establish the effect of working capital financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.	H_{03}: There is no significant association between working capital financing and shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.	Failed to rejected
Investigate the effect of dividend financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya.	H_{04}: Dividend financing does not significantly influence shareholders' value creation of manufacturing firms listed in the Nairobi Securities Exchange in Kenya.	Failed to rejected

Source: Research Findings (2020)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIOS

5.1 Introduction

The purpose of this study was to examine the effect of financing decisions on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. This chapter presents summary of the study, it also presents the conclusions drawn, and recommendations made and suggests areas for further research.

5.2 Summary of the Study

To examine the effect of financing decisions on shareholders' value creation in manufacturing firms listed in the Nairobi Securities Exchange, Kenya, the study adopted longitudinal research design. A census of all the 13 manufactured firms listed at the securities market. A panel data of companies covering the period 2010 to 2019 was analysed. However, firms that had been suspended from the exchange, those with incomplete data and those that were listed in between the two periods were excluded from analysis.

5.2.1 Equity Financing and Shareholders Value Creation

First, the study sought to evaluate the influence of equity financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. The study employed Panel Least Squares method and established that equity financing had a positive and statistically significant effect on shareholders' value creation as measured by economic value added.

5.2.2 Debt Financing and Shareholders Value Creation

Second, the study sought to determine the influence of debt financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. The study adopted long term financial obligation to outsiders to represent debt financing. Using Panel Least Squares method the study established that debt financing had positive and statistically significant relationship with economic value added the proxy the study adopted to measure shareholders' value creation.

5.2.3 Working Capital Financing and Shareholders Value Creation

The third objective of the study was to establish the effect of working capital financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. The working capital was measured in terms of short-term financial obligations in the financial year of analysis. The study findings found that working capital financing was negatively and insignificantly related to shareholders' value creation as measured by economic value added.

5.2.4 Dividend Financing and Shareholders Value Creation

The fourth objective of the study sought to investigate the effect of dividend financing on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. Dividend financing was measured by the amount of dividend retained. The study findings revealed that dividend financing is positively but insignificantly associated with economic value-added implying that dividend financing has a positive and significant effect on shareholder value creation.

5.3 Conclusion of the Study

The study concluded that shareholders' value creation is dependent on the financing decision adopted. This implies that the trade-off theory of capital structure that postulates that firms uses both debt and equity so as to balance both costs and benefits is applicable among the manufacturing firms quoted at the Nairobi Securities Exchange in Kenya. The pecking order model of financing decisions insights proved useful and practical in far as it implied that variations in capital structure of a firms was based on firms cashflows with the firms' using riskless options before opting for risker equity.

The study established that various financing decisions affected shareholders' value creation differently. Equity financing recorded the highest influence to shareholders' value creation on both stand alone as well as combined analysis. Working capital financing was found to have the least influence on both combined analysis and stand-alone basis on shareholders' value creation as measured by economic value added. The study established that equity financing had a positive and statistically significant influence on shareholders' value creation. The study concluded that debt financing had a positive and statistically significant effect on shareholders' value creation among manufacturing firms quoted at the Nairobi Securities Exchange in Kenya. This implied that debt financing created value to the shareholders and as

a result, managers should consider the implication of financial leverage in making capital structure policies. Nonetheless, the management should analyse the taxation policies in place and tax benefits that would accrue thereof. In addition, the management should not assume that equity is free.

Working capital financing showed a negative but a statistically insignificant effect on shareholder value creation among the manufacturing firms quoted at the Nairobi Securities Exchange, Kenya. The finding implies that working capital financing is not critical to shareholders value creation. Thus, the firms' management must identify the short-term financing approach that best worked in their industry in a bid to maximise shareholders' value creation. The management should enhance strategies for sourcing and employing working capital items as this type of finance has a considerable influence on shareholders' value creation. Dividend financing had a positive but statistically insignificant effect on shareholders' value creation among manufacturing firms quoted at the Nairobi Securities Exchange in Kenya. However, different manufacturing institutions have varying policies on dividends and hence dividend paid out and dividend retained are difficult to standardise. Despite dividend financing being in general, the cheapest source of funds, its potential psychological impact on shareholders and other fund providers cannot be overlooked. Therefore, management should be keen and exercise caution on the implication on the policies on dividends they adopt and how it impacts on long term shareholders' value creation.

5.4 Recommendations of the study

This study sought to examine the effect of financing decisions on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange in Kenya. The study came up with findings that will enhance the understanding on the choice of appropriate financing decisions as they are crucial since they have an impact on shareholders' value creation. The results have made recommendations for further research, policy, practice and methodology.

5.4.1 Recommendations for Further Research

This study recommends an in-depth analysis of more independent variables influencing shareholders' value creation. The examined variables were not able to explain a percentage of the variation which implies that there is a possibility of presence of other variable which

explains shareholders value creation. This study recommends both qualitative and quantitively variables to be examined. Whereas different measures of shareholder value creation exist, this study only considered economic value added. This study thus recommends a study should be undertaken to compare various measures of value. Further, this study focussed only on listed manufacturing firms and it is not clear if the findings can be ported and generalised on the non-listed firms. Different regulator frameworks of capital structure exist for quoted and unquoted firms. The researcher therefore recommends for another study focusing on the non-quoted firms.

5.4.2 Recommebation to Theory

The findings of this study contribute to strengthening the existing body of literature by confirming empirically that financing decisions influence shareholders value creation of quoted manufacturing firms in Kenya. The study contributes to literature by establishing the specific financing decisions and their impact on shareholders' value creation. The study results further extended the theoretical discourse on the trade of theory, the pecking order theory and the market timing theory by empirically illustrating the extent of association among financing decisions and shareholder value creation of manufacturing firms in Kenya.

5.4.3 Recommendations to Policy Makers

Findings for this study have policy implications for manufacturing firms in Kenya. Manufacturing is one of the key sectors identified to spur economic growth and help achieve the country Vision 2030. In addition, manufacturing has received renewed focus as part of the big four agenda of the Kenya's government. As a result, the Capital Market Authority the regulator that lays out frameworks that guide quoted firms should be more vigilant in ensuring regulations to enhance disclosure quality are enacted. Further, the Capital Market Authority should make it mandatory for firms quoted firms to include in their financial reports value that have been created to the shareholders. Such statements on shareholder value creation would aid in improving quality of financial information contained in published financial statements for better decision making relating to investment, financing in addition to other managerial decisions.

5.4.4 Recommendations to Practice and Management

The management should strive to improving the quality of financial statements in terms of what contain and disclose. The managers should make deliberate efforts to disclose the value

firms have created or lost. In addition, the managers should attempt to study and gain an understanding on other value-based measure including the economic value added and not just concentrate on profitability. As the various financing decisions have direct effect on value created, financial managers should analyse the cost of each source. Managers in manufacturing firms should continuously evaluate the different financing sources to identify those that creates most value and those which destroys it and act accordingly. Further the managers in manufacturing firms should periodically evaluate shareholders' value creation analysis. This should be in addition to managers diversifying strategies and policies aimed at continuously improving and maintaining shareholders value.

5.5 Limitations of the Study

The study aimed at establishing the effect of financing decisions on shareholders' value creation of manufacturing firms listed at the Nairobi Securities Exchange. While this objective was met, it was not without limitations. One such limitation was that the study was carried out exclusively on secondary data that was obtained from published financial statements, which was quantitative in nature. Though the data was verifiable, it was still prone to some shortcomings. The major limitation was on having to drop some firms in order to achieve a balanced panel. There were firms that were suspended from the Nairobi Securities Exchange while another was listed within the study period. An additional firm had not released its financial statement by the time of writing this report. The specified firms were therefore found to be inadequate and hence dropped from the list of firms analysed.

The study was limited to listed manufacturing firms in Kenya. Though this made it possible to look at industry level effect of financing decisions on shareholders' value creation, it is not clear if findings could be generalised to non-quoted manufacturing firms' in the country. Further, the study only looked at specific financing decisions and only considered a ten-year period. Perhaps a longer period would have given a broader perspective of the research problem and considered more financing options. Overall, the variables jointly influenced a percentage of shareholder value creation implying other factors could be responsible for the value creation.

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APPENDICES

Appendix I: Authorisation Letter from KCA University

Appendix II: Research Permit from National Commission for Science, Technology and Innovation

Appendix III: Data Collection Schedule

FIRMS	Ordinary Share Capital	Long Term Debt	Working capital	Dividends Retained	EVA
ARM Cement Ltd					
Bamburi PLC					
Crown paints (K)					
EA Cables LTD					
EAPC					
BOC Kenya PLC					
BAT(K) PLC					
Carbacid Investments Plc					
EABL PLC					
Mumias Sugar					
Unga Group Ltd					
Kenya Orchards Ltd					
Flame Tree Group Holdings Ltd					

Appendix IV: Data

FIRM	YEAR	EVA	Equity Financing	Debt Financing	Working Capital Financing	Dividend Financing
Bamburi	2019	- 1,448,634	1,815,000	8,172,000	3,311,000	17,251,000
Bamburi	2018	- 3,466,611	1,815,000	7,453,000	2,860,000	17,897,000
Bamburi	2017	- 4,763,917	1,815,000	5,870,000	5,845,000	17,963,000
Bamburi	2016	73,291	1,815,000	3,946,000	11,954,000	19,148,000
Bamburi	2015	2,484,213	1,815,000	4,631,000	2,084,000	18,348,000
Bamburi	2014	- 374,875	1,815,000	5,104,000	8,777,000	17,220,000
Bamburi	2013	- 649,977	1,815,000	5,515,000	10,046,000	18,874,000
Bamburi	2012	939,145	1,815,000	5,166,000	9,451,000	18,875,000
Bamburi	2011	2,912,928	1,815,000	4,231,000	8,259,000	17,983,000
Bamburi	2010	2,539,401	1,815,000	4,216,000	8,647,000	15,931,000
Crown	2019	- 45,076	355,905	601,058	102,349	700,203
Crown	2018	12,708	355,905	604,760	49,751	422,877
Crown	2017	- 64,959	355,905	296,107	727,483	1,124,478
Crown	2016	34,908	355,905	246,703	531,535	129,570

Crown	2015	-	103,102	355,905	209,903	317,044	87,803
Crown	2014	-	146,060	118,635	4,925	366,085	1,036,998
Crown	2013		50,534	118,635	14,922	598,555	1,040,748
Crown	2012		8,784	118,635	47,352	554,535	839,651
Crown	2011		61,149	118,635	90,934	497,317	714,253
Crown	2010	-	9,022	118,635	78,211	566,499	754,051
EACABLES	2019		425,194	126,563	2,397,642	- 600,532	- 200,466
EACABLES	2018	-	483,428	126,563	702,010	- 3,266,238	- 880,966
EACABLES	2017	-	1,103,521	126,563	1,193,075	- 2,229,689	- 309,639
EACABLES	2016	-	1,046,766	126,563	1,672,873	- 1,335,188	256,699
EACABLES	2015	-	360,105	126,563	2,079,046	- 210,035	711,424
EACABLES	2014	-	233,327	126,563	1,503,930	553,106	1,398,007
EACABLES	2013	-	76,205	126,563	996,619	837,076	1,381,874
EACABLES	2012		65,214	126,563	644,888	957,127	1,288,584
EACABLES	2011	-	57,993	126,563	644,888	1,186,166	1,075,665
EACABLES	2010	-	134,012	101,250	872,774	1,555,016	1,087,852

EAPC	2019	-	3,363,096	450,000	1,232,026	-10,170,657	19,046,105
EAPC	2018		7,635,735	450,000	4,672,772	-6,136,393	22,057,519
EAPC	2017	-	1,765,985	450,000	4,270,192	-4,247,118	14,115,692
EAPC	2016		3,938,649	450,000	4,933,240	-2,847,272	15,370,759
EAPC	2015		7,009,612	450,000	5,537,618	-608,035	11,024,102
EAPC	2014	-	554,614	450,000	5,500,293	-188,228	3,716,438
EAPC	2013		2,328,100	450,000	5,723,968	282,585	4,086,892
EAPC	2012	-	1,103,665	450,000	6,976,194	56,853	2,528,148
EAPC	2011	-	237,644	450,000	5,727,774	985,153	3,362,871
EAPC	2010	-	439,010	450,000	4,499,714	1,075,030	3,341,441
BOC	2019	-	43,425	97,627	6,556	534,220	1,300,829
BOC	2018	-	118,375	97,627	-	549,799	1,346,460
BOC	2017	-	191,782	97,627	265	588,839	1,385,344
BOC	2016	-	59,094	97,627	-	675,208	1,447,497
BOC	2015	-	110,131	97,627	-	645,402	1,422,706
BOC	2014	-	453,549	97,627	-	630,025	1,375,638

BOC	2013		487,650	97,627	13,022	667,493	1,239,735
BOC	2012		97,975	97,627	16,825	564,742	1,147,418
BOC	2011	-	35,328	97,627	29,462	431,292	989,095
BOC	2010	-	22,215	97,627	96,411	462,681	971,264
BAT	2019		3,831,633	1,000,000	1,870,639	900,770	3,932,964
BAT	2018		3,921,613	1,000,000	3,236,980	3,423,550	3,332,167
BAT	2017		3,048,810	1,000,000	3,390,722	2,090,609	2,721,337
BAT	2016		4,652,214	1,000,000	3,357,051	2,622,390	1,944,636
BAT	2015		4,813,450	1,000,000	3,227,303	2,978,502	1,836,936
BAT	2014		4,086,282	1,000,000	2,943,683	1,789,591	1,780,466
BAT	2013		3,562,957	1,000,000	2,633,213	1,737,170	1,733,182
BAT	2012		3,601,942	1,000,000	2,025,898	1,077,148	1,668,918
BAT	2011		2,979,170	1,000,000	1,997,849	1,639,085	1,648,066
BAT	2010		1,666,797	1,000,000	1,900,596	697,636	1,555,867
Carbacid	2019		114,990	254,852	208,052	788,398	2,729,289
Carbacid	2018	-	24,602	254,852	214,016	952,391	2,637,207

Carbacid	2017	-	4,370,148	254,852	234,698	859,860	2,509,157
Carbacid	2016		55,742	254,852	239,938	1,020,623	2,326,701
Carbacid	2015		110,318	254,852	244,575	867,565	2,118,508
Carbacid	2014		193,465	254,852	217,240	824,931	1,784,246
Carbacid	2013		228,482	169,902	191,553	803,650	1,545,035
Carbacid	2012		185,435	169,902	209,880	489,222	1,245,458
Carbacid	2011		126,469	169,902	226,922	358,415	1,041,783
Carbacid	2010		170,256	169,902	151,851	318,547	895,794
EABL	2019		9,119,860	1,581,547	37,251,495	-4,057,000	4,015,601
EABL	2018		2,746,860	1,581,547	33,811,022	-4,257,806	1,933,212
EABL	2017		2,104,477	1,581,547	32,694,428	150,886	7,334,700
EABL	2016		6,131,681	1,581,547	26,846,940	-6,413,141	5,588,475
EABL	2015		7,854,020	1,581,547	28,655,826	560,386	27,105,032
EABL	2014		4,908,841	1,581,547	26,304,445	-7,653,496	22,501,939
EABL	2013		3,214,409	1,581,547	23,515,017	-8,013,744	20,778,624
EABL	2012		7,672,977	1,581,547	23,384,654	-4,426,009	19,928,019

EABL	2011	5,466,760	1,581,547	7,314,817	811,271	11,202,570
EABL	2010	6,301,243	1,581,547	2,783,675	5,674,483	10,768,656
UNGA	2019	510,490	378,535	1,177,048	3,263,028	3,633,977
UNGA	2018	621,391	378,535	1,244,070	3,516,303	3,367,537
UNGA	2017	- 326,910	378,535	762,564	2,573,419	2,603,644
UNGA	2016	310,298	378,535	971,166	3,287,874	2,480,889
UNGA	2015	459,060	378,535	1,014,344	3,150,554	2,209,594
UNGA	2014	305,462	378,535	987,381	2,761,816	1,840,932
UNGA	2013	347,286	378,535	646,148	2,668,868	1,723,590
UNGA	2012	214,287	378,535	453,088	2,676,938	1,558,405
UNGA	2011	322,458	378,535	345,150	2,467,821	1,384,192
UNGA	2010	135,734	378,535	355,354	2,075,474	1,125,853

Source Research Findings (2020)

SCHOOL OF GRADUATE STUDIES AND RESEARCH

KCA/SGS/AA/005

FORM A-5

Dissertation Correction Form

Student's name: _Christine Nyamoma_____

Student Number: __KCA/19/00368_____

Faculty/School: _College of Business_____

Supervisor's Name: _Dr. Fred Sporta_____

I confirm that the above named student has made the necessary corrections to his/her Dissertation as required by the Dissertation Defense Panel. I have approved these corrections as the student's supervisor.

The corrected Dissertation must be submitted to the School of Graduate Studies. For major revisions, this form should be at least seven days before the schedule defense date.

SIGNED

Supervisor

06/01/2021

Date