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Corporate Characteristics And Performance Among Selected Firms Listed At The Nairobi Securities Exchange

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Absract
The Performance Of The Stock Market In Any Country Is A Strong Indicator Of General Economic Performance Hence It Is An Integral Part Of The Economy. Therefore, It Was Reasonable To Look At The Relationship Between Corporate Characteristics And Performance. Descriptive Research Design Was Adopted To Assess Companies Listed At The Nairobi Securities Exchange (Nse). The Data Collected From Annual Reports Ranged From 1st January 2018 To December 2022, A Five Year Period Of Trading. The Study Utilized The Descriptive Statistics And Inferential Statistics To Analyze Data. The Total Number Of Listed Firms Studied Comprised Of 58 Firms Excluding 5 That Had Been Suspended From Trading In The Last 5 Years. The Study Relied On Secondary Data. It Was Deduced That R Square Was 0.52 Implying That 52% Of The Variation In Firm Performance (As Measured By Roa) Is Explained By The Factors Fitted As Predictors In The Model (That Is, Firm Size, Firm Age, And Leveraging And Capital Intensity Ratio). The Anova Table Established That Firm Size, Firm Age, Firm Leverage And Firm Capital Intensity Ratio Were Significant Predictors Of Performance At A=0.01. This Was Significant As A<0.05. Based On The Specific Objectives, The Outcome Of The Analysis Revealed That There Is A Significant Relationship Between Age Of The Firm And Performance (Roa). The Significant Level Was 0.045<0.05. The Analysis Report Show That There Is A Significant (A Is 0.04 <0.05) Relationship Between Capital Intensity Ratio And Performance (Roa). From The Above Discussion, We Conclude That Based On Individual Significance Age Of The Firm And Capital Intensity Ratio Are Crucial In Enhancing Performance Of The Firm. The Findings Of These Research Also Have Direct Implications For Policy And Research. The Study Provides Regulatory Authorities And Management With Aspects Of Corporate Characteristics That Can Be Used To Improve Firm Performance. The Study Established That An Increase In Firm Size And Leverage Enhanced Firm Performance. While Age Of The Firm And Capital Intensity Ratio Had A Negative Influence On Firm Performance.

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I. Introduction

Performance is a critical aspect of every organization in the capital markets and invites investors to buy shares (Taouab&Issor, 2019). Investors have the opportunity to invest in any sector irrespective of their professional knowledge in the field they invest in while exploiting their opportunities. However, before investing in any corporate firm, they look at its performance, which makes a higher percentage of trust for expected returns to the investors (Singh, Darwish, &Potočnik, 2016). Communication is among the significant aspects which contribute to organizational performance. Performance in organizations and business institutions implies to the general output or results that a firm has when measured against the organizational set goals or objectives. Since many corporate organizations that allow people to purchase shares from them have their performance open to the public, it is easy to establish which firm is doing well through the evaluation of subsequent financial years of the institution (Chelimo&Kiprop, 2017). Such a strategy includes the performance of business organizations listed at the Nairobi Securities Exchange.

Although an organization can be listed at NSE, the output realized by an organization is a combination of different factors that determine whether a firm realizes its goals and objectives in the set period. The organization itself does not perform any work, but its managers are performing their assigned positions, and in a combination of these performed works is called organization performance (Elena-Iuliana, & Maria, 2016). Different factors, therefore, play significant roles in ensuring success in an organization, which can be classified into three major categories, namely external factors, internal factors, and individual choice factors. As stated earlier for example, internal organizational factors the role of communication and the responsibilities assumed by the PR departments are significant in realization of organizational performance. Other aspects such as external factors which include economic issues surrounding the business environment and political stability of the society. In contrast, internal factors include the purpose of the organization, instruments of the organization,

and corporate characteristics (Inglis, Morley &Sammut, 2006). Individual elements involve Members' joint or separate decisions regarding expected costs and benefits.

In this study, the researcher looks at how corporate characteristics, which is one of the internal factor, affect organizational performance, among specific organizations listed at the Nairobi Securities Exchange (NSE). Since organizational performance lies at the center of organizational survival, the study looks at how different corporate characteristics affect such performance among listed firms at the NSE.

Background to the Study

Businesses care deeply about their performance, hence, they constantly search for new ways to improve their operations and culture. A company's success has always been tied to its outward manifestations; thus, to boost performance and remain competitive, businesses have traditionally sought to grow in size (Opeyemi, 2019). Larger enterprises always come out on top when rivalry arises because of their more significant market share and tremendous profit potential (Doan, 2013). In addition, firms with the correct strategies have a better chance of working in more profitable fields since they have a greater likelihood of obtaining the ample resources necessary to enter those fields that require high capital rates (Doan, 2013). Although organizations consider concepts that could increase profits, some businesses see annual declines in profitability as they expand in size (Opeyemi, 2019). Evidence from the analyzed research is conflicting as to whether or not corporate features like firm size have a favorable effect on solid profitability. The four most distinguishing features are a company's size, age, financial leverage, and capital intensity ratio. The corporation's company structure is distinguished by its restricted liability for its owners. In addition, to these benefits, companies offer the capacity to keep ownership and management separate, exist indefinitely, and have their interests transferred easily.

A stock market is realized when securities or shares are issued and traded through exchanges or over-the-counter markets. The stock market, also known as the equity market, is one of the critical areas of a market economy as it provides access to capital to companies, ownership in the company for primary investors, and the potential of gains based on the firm's future performance for secondary investors (Baker&Wurgler, 2006). In the Vision 2030 policy paper, the capital market is expected to play a vital role in making Kenya a developed country (Aduda, Masila, &Onsongo, 2012). Part of this growth will be spurred by the listing of private and government-owned firms in Nairobi Securities Exchange (NSE), giving the general populace a chance to own equity in such firms and participate in their management and profitability. This underscores the need for investors to understand the worth of investing in both the short and long term as well as the investment climate. There are about 66 corporates listed in the Nairobi Securities Exchange (NSE),in which this study examined the relationship betweencorporate characteristics and their performance.

Problem Statement

Organizations seek to maximize their performance through sales, profits, customer's satisfaction, service delivery among others. Organizations may on the other hand, experience dismal performance due internal and external factors such as competition, poor customer service, and inadequate resources. Listed firms are usually expected to have positive performance due to the regulatory requirements considered before and after listing. However, a number of listed firms have been faced with a number of challenges that have led to suspension of their shares trading at the NSE. Public corporation such as Kenya Airways, for example, have recorded losses over the years, making shareholders go without any dividends hence raising questions on the internal organization and the characteristic of the corporation(Liu, Chen & Zhou, 2022). National Bank of Kenya posted poor performance due to factors such as political interference to lending and debt collection, currency fluctuations, losing 300m to fraudsters through fraudulent employees and cybercrimes (Muriithi&Louw, 2017). In 2000s, Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. This resulted in a marked diminution of the Company's resources which culminated in its inability to meet its obligations on an ongoing basis. Kenya power on the other hand, has been faced with corruption scandal and imprisonment of its employees, customer complaints on metering, bribes, and favoritism (PwC Kenya, 2022).

Due to these challenges, firms seek to adopt strategies that will minimize losses and enhance profit among organizations. One of the aspects looked at is corporate characteristics. Corporate characteristics are crucial for optimal company performance in many fields (Smith et al. (2020). According to Smith et al. (2020) and Aluoch (2021), there is a strong correlation between corporate characteristics and performance. For example, a company's performance may be affected by size since bigger businesses often have more resources for diversification and innovation. Notably, top corporations, like Safaricom and Equity Bank, perform well financially, implying that size as a characteristic influence their performance positively. Therefore, this study sought to review the influence of corporate characteristics on performance of selected firms listed at the NSE.

Objectives of the study

The general objective of the study were:

(i) To the relationship between the corporate characteristics and performance among the selected listed companies at the NSE.

The specific objectives were to establish:

(i) To the relationship between the company (firm) size and performance among the selected listed companies at the NSE.
(ii) To the relationship between the firm age and performance among the selected listed companies at the NSE
(iii) To the relationship between the financial leverage and performance among the selected listed companies at the NSE
(iv) To the relationship between the capital intensity ratio and performance among the selected listed companies at the NSE

Research Hypothesis

To help investigate the stud objectives, the following hypothesis were developed:

H_1: There is no significant relationship between the company (firm) size and performance among the selected listed companies at the NSE.

H_2: There is no significant relationship between the firm age and performance among the selected listed companies at the NSE.

H_3: There is no significant relationship between the financial leverage and performance among the selected listed companies at the NSE.

H_4: There is no significant relationship between the capital intensity ratio and performance among the selected listed companies at the NSE.

II. LITERATURE REVIEW

Corporate Characteristics

Corporate characteristics espouse the components that relate to a company's financial health, growth potential, and operational efficiency. In most circumstances, these features are integral in shaping an organization's development to achieve its goals. Seeking to invest in new markets is challenging incredibly when a company does not understand the corporate indicators well (Petry, Koddenbrock&Nölke, 2023). Discussing these corporate characteristics, such as firm size, age, financial leverage, and capital intensity ratio, will enhance understanding of market dynamics and operational necessities.

Firm size encompasses the company's assets, the number of employees, and the revenue generated (Doğan, 2013). These factors influence the firm's ability to establish itself and gain a larger market share. Larger firms generate high total business profit, with small-scale businesses having to fight the small market share and low profitability (Dian, 2018). The ability to control a more significant percentage of revenue ensures stability and promotes growth. Larger capital base enhances the firm's performance through ease of marketing and outreach. Further, employing top-notch talents becomes possible. Subsequently, firm size through established networks builds relationships that sustain its growth and market dominance. Such networking promotes collaborations with suppliers and customers, leading to better firm performance.

The firm's age is another aspect that characterizes a greater growth potential. Most new startups fail within the first 5 years after establishment. The challenges that ensue to an extent such firms fail is the testing of too many innovative ideas, which disrupts their stability in the market (Mallinguh, Wasike&Zoltan, 2020). These, coupled with a lack of experience in the market, characterize the reasons for their failure. What is more, investors have to understand the length of time a company has operated before committing their finances. If a business is capable of surviving throughout all those market fluctuation turbulences and growing, it has the ability to command a significant market share. As a result, the age of a firm is a vital indicator because it demonstrates the potential to grow and survive.

Financial leverage is associated with debt financing, and this is common, especially when pursuing investments and covering operational costs. According to Javed, Rao, Akram and Nazir (2015) financial leverage is the ratio of a firm's debt to its total asset value. Company's debt-to-equity ratio depends on its size, growth potential, and niche. Some sectors, especially those that attract high risk, tend to lack the ability to grow or expand because of limited capital. A business has to demonstrate its ability to finance its debt before convincing a financial institution to provide a loan. If the financial leverage is too high, the company is at high risk of bankruptcy because of many loan obligations. Alternatively, lower financial leverage insinuates a firm's ability to comply with debt repayment and, as a result, can pursue new ventures.

The capital intensity ratio refers to fixed assets and sales. This is an important aspect when determining firms' efficiency and expenditure capacity. If a company has a high capital intensity ratio, it has invested more in assets than short-term activities (Takahashi, Mashiyama&Sakagami, 2012). Even though this ensures a company

has a strong capital base, its ability to invest in other businesses becomes hard. According to a Dian (2018), the capital intensity ratio varies across industries depending on the rate of capital investment required to operate. Many technological entities invest less in assets as compared to manufacturing firms. These reasons prove why it is essential to understand the capital intensity ratio.

In summary, the size of a firm, the period it has operated, financial leverage, and the capital intensity ratio play an integral role in helping investors and the management to make informed decisions. Investment strategies made out of having such information ensure profitability. A firm size will prove to the investors that the firm has market dominance, and their invested capital will certainly be paid off. Additionally, financial leverage demonstrates that a company can finance its debt, reducing the risk of jeopardizing investors' capital. Further, the capital intensity ratio indicates that a company can finance its investments. This increases investors' trustworthiness because they believe they can explore new markets. These characteristics will continue to play a major role in investment as the business landscape changes. New business models keep emerging, attracting high risks, which means investors will grow nervous about where to stake their funds.

Company Performance

Fujianti (2018) explore two aspects of company performance as financial performance and market performance. Financial performance connotes to the company's success in bringing about company profitability. The measure of profitability can be measured through the return of equity, and returns made on assets. The set policies and decisions made within firms significantly affect profitability. Market performance, on the other hand, refers to the perception investors have on company success determined by company stock price. High company stocks signify the market sphere believes in the performance of the management in managing the company. Issues such as stock returns, market to book value, and price to book value are some of the proxies that companies can use to measure market performance (Brigham & Houston, 2006).

Communication is an integral component of any performance improvement approach. Organizations eager to accomplish strategic goals establish well-defined communication strategies. A well-defined process engages employees and aligns with the organization's business goals. According to Inglis, Morley andSammut (2006) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment), product market performance (sales, market share), and shareholder return (total shareholder return, economic value added). Al-Matari, Al-Swidi and Fadzil (2014) argues that performance measures could include result-oriented behavior criterion-based and relative normative standards, education and training, concepts and instruments, including management development and leadership training, which were the necessary building skills and attitudes of performance management (Kibe, 2014). Hence, from the above literature review, the term "performance" should be broader-based, including effectiveness, efficiency, economy, quality, consistency behavior, and normative measures.

Return on Assets

Return on assets (ROA) is a financial ratio that shows its profit to its comprehensive resources. It is commonly defined as net income divided by total assets (Mutai, 2020). Net income is derived from the income statement of the company and is the profit after taxes. The investments are read from the balance sheet. They include cash and cash-equivalent items such as receivables, inventories, land, capital equipment as depreciated, and the intellectual property's value such as patents. Companies that have been acquired may also have a category called "goodwill," representing the extra money paid for the company over and above its actual book value at the time of acquisition. Because assets will tend to have swung over time, an average of support over the period to be measured should be used. Thus, the ROA for a quarter should be based on net income for the quarter divided by average assets in that quarter. ROA is a ratio but usually presented as a percentage.

Unlike other profitability ratios, such as return on equity (ROE), ROA measurements include all of a business's assets-; those which arise out of liabilities to creditors as well capital paid in by investors (Suardana, Astawa& Martini, 2018). Total assets are used rather than net assets. Thus, for instance, a company's cash holdings have been borrowed and balanced by a liability. Similarly, the company's receivables are an asset but are balanced by its payables, a liability. For this reason, ROA is usually of less interest to shareholders than some other financial ratios; stockholders are more interested in return on their input. But the inclusion of all assets, whether derived from debt or equity, is of more interest to management, which wants to assess the use of all money put to work.

ROA is used internally by companies to track asset-use over time, to monitor the company's performance in light of industry performance, and to look at different operations or divisions by comparing them one to the other. For this to be accomplished effectively, however, accounting systems must be in place to allocate assets accurately to different operations. ROA can signal both effective use of support as well as under-capitalization. Suppose the ROA begins to grow to the industry as a whole, and management cannot pinpoint the

unique efficiencies that produce profitability (Suardana, Astawa& Martini, 2018). In that case, the clear signal may be harmful: investment in new equipment may be overdue.

Another everyday internal use for ROA involves evaluating the benefits of investing in a new system versus expanding a current operation. The best choice will increase productivity and income and reduce asset costs, resulting in an improved ROA ratio.

Return on Equity

Return on Equity (ROE) shows the extent to which companies manage their own capital (net worth) effectively, measure the profitability of the investment that has been made owners of their own capital or shareholders of the company. A higher the ratio Return on Equity (ROE) will increase the profit growth. Return on Equity (ROE) indicates the profitability of own capital or often referred to as business profitability (Mutai, 2020).

The debt to equity ratio (DER) reflects the company's ability to meet all its obligations, which is indicated by the proportion of equity capital used to pay the debt. In other words, this ratio is used to determine what portion of any equity capital as collateral for an overall corporate debtor to assess the amount of debt used by the company. According to Al-Matari, Al-Swidi and Fadzil (2014) "Debt to equity ratio (DER) is a ratio that shows the percentage of the provision of funds by the shareholders of the lender." The greater the debt-to-equity ratio (DER), the greater the loan capital that would cause the more extensive the debt burden (interest cost) that must be borne by the company. The growing debt burden of the company's profits will be reduced. Thus the debt-to-equity ratio (DER) has a high impact on the size of the company's ability to distribute or make a profit.

Debt to equity ratio (DER) is a financial ratio that indicates the proportion of relationships (relativity) between debt and equity used to finance its assets. The more significant the debt's balance is for a company's capital structure, the greater its obligations (Maulita& Tania, 2018). Companies with a debt-to-equity ratio (DER) is high will have difficulties to obtain additional funds from outside. Commitment, not something terrible if it can provide benefits to its owner and is used effectively, and earned enough income to pay interest periodically.

With a Debt-To-Equity Ratio (DER) that bears the company's high risk of high losses and the opportunity to earn increased profits. Debt to equity ratio (DER) high impact on improving earnings changes, meant to affect the company's profits. Inglis, Morley &Sammut (2006) in his research, found that the results Debt to equity ratio (DER) adverse effect on earnings growth. Agbeja, Adelakun and Akinyemi (2015) found that the higher the DER identified high total debt, it can generate income.

The success of an organization depends on issues such as synergy, interdependence, and interrelations within various subsystems within the firm. Employees stand out as critical components of a company (Mele&Polese, 2010). Firms need to ensure departments, workgroups, and business units coordinate to ensure company success. Managers exercising professional management ought to evaluate patterns in their companies, essential in determining the best management approach. The theory suggests that experienced managers should encourage members to collaborate on different programs to achieve the common company goal rather than working as isolated units.

Conceptual Framework

The diagram below shows a diagrammatic relationship between corporate characteristics and firm performance. The independent variable was corporate characteristics, while dependent variable firm performance. Indicators of corporate characteristics are firm size, age of the firm, financial leverage and capital intensity ratio. Indicator for firm performance was Return on Assets (ROA).

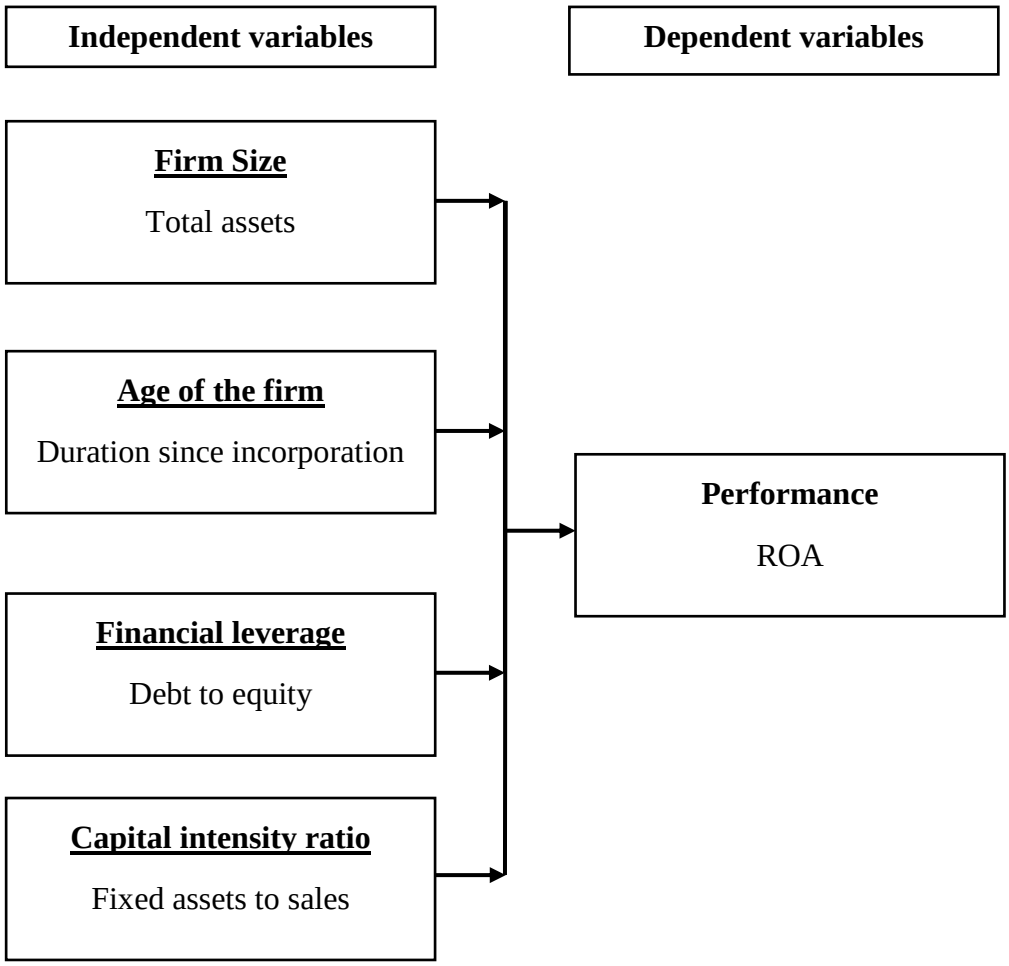

Figure 1: Conceptual framework

III. Methodology

Research Design

The research design was descriptive. Siedlecki (2020) define descriptive designas a branch of statistics that deals with the collection, organizing, summarizing, and presentation of sample data. Descriptive research design is, therefore, essential in drawing conclusions and describing characteristics associated with the subject population from which the sample will be drawn. It is used to establish and measure cause and effect relationships among variables (Cooper, Schindler& Sun, 2001). The descriptive research design was used to determine the corporate characteristics in the Nairobi Securities Exchange among the selected companies listed therein.

Population

The target population included all63 companies that have been listed for the last 5 years at the Nairobi Securities Exchange as of January 2017 to December 2022. The year 2020 was excluded as trading was suspended due to Covid-19 outbreak.

The NSE has classified the listed companies into five categories, known as sectors. These sectors are; Agriculture sector, Finance and Investment sector, Industrial and Allied sector, and Alternative Investment Market segment. The study used a purposive sampling method to get targeted companies from the NSE trading market. The population was selected from the listed companies in the NSE 20 share index for companies which had issued rights issue within the sampling period.

Target population

The target population in research connotes to the specific community under study. Researchers use the target population to make inferences in the study (Kothari, 2004). The research population provides the desired information essential for providing the required data for concluding. However, the total number was reduced to 58 due suspension of 5 firms from trading due to various reasons. These firms comprised of: Nairobi Business Ventures, Deacons, Athi River Mining, Kenya Airways, National Bank of Kenya and Mumias Sugar Company.

Type of Data and Data collection instruments

The research utilizedsecondary data from annual reports of the selected firms. Particular data to be collected comprised of corporate characteristics as the independent variable, and performance as the dependent variable. Indicators of corporate characteristics comprise of financial leverage, age of the firm, firm size and capital intensity ratio. Firm size was measured via Log of Total Assets, financial leverage was measured via debt to equity ratio, age of the firm via log of the number of years has been operational, while capital intensity was measured via ratio of fixed assets to sales and finally, performance was measured via ROA. The data collected ranged from 1st January 2017 to December 2022, a five-year period of trading. The annual reports are available from the selected firm's respective website.

Data Analysis Plan

In analyzing the data collected from the research, the study utilized the descriptive statistics and inferential statistics to analyze data.Descriptive statistics involved summarizing basic features of a data set in a meaningful way. These dataset was presented via mean, standard deviation and tables.

Inferential statistics involved the use of analytical tools to make predictions about large group of population based on a representative sample of the population. Inferential statistics was applied through correlation analysis and regression statistics.

Analytical model

= $\boldsymbol{Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$

Where:

Y = Performance was measured via ROA

$\mathbf{X_1}$ =Financial leverage measured by debt to equity ratio

$\mathbf{X_2}$ = Age of the firm measured by log of the number of years has been operational

$\mathbf{X_3}$ = Firm size was measured via log of total assets

$\mathbf{X_4}$ = Capital intensity ratio was measured via ratio of fixed assets to sales

IV. RESULTS AND DISCUSSION

Descriptive Statistics

The study employed descriptive statistics to help summarize the data in a meaningful way. These statistics map out relationship presented in firm's characteristics investigated which included firm age, firm size, firm leverage and capital intensity ratio of 58listed firms. Findings from the study are as presented in terms of natural logarithm and are shown in the tables (Appendix 1).

Findings from the study indicated in Appendix I (Table 1: Descriptive Statistics) that the Firm leverage had a mean of 0.544 and a standard deviation of 0.93, firm's age based on natural logarithm of years of operation was 3.602 with a standard deviation of 0.167. The firm's size had a mean of 26.71 and a standard deviation of 0.681. Firm liquidity had a mean of 1.115 and a standard deviation of 0.28 while the firms return on asset had a mean of 0.049 and a standard deviation of 0.007.

Correlation Analysis

In a bid to assess the strength of relationship between the variables the study carried out a correlation analysis. Correlation analysis are useful in measuring the strength and direction of relationships between variables. The study employed the use of Pearson correlation whichmeasures correlation with a correlation coefficient r. The r is gives numerical values between -1 and 1 that are used to quantify the linear relationship between variables. If r value is between 0 and 0.5 then the two variables have a weak positive relationship. If r value is between 0.5 and 1 then there is strong positive relationship. If r is between 0 and -0.5 then there is a weak negative relationship. If the value of r is between -0.5 and 1 then there is a strong negative relationship. Findings from the study are shown in table Appendix 1 (Table 2: Correlations).

Findings from the table reveal that size and ROA were positively and weakly correlated as indicated by the r value of 0.168. Leverage and ROA also had a weak positive relationship as shown by the r value of 0.359 while leverage and size were weakly negatively correlated as indicated by the r value of -0.321. Liquidity was negatively correlated with ROA and size as indicated by the respective r values of -0.453 and -0.2 while liquidity and leverage were positively correlated as shown by the r value of 0.422. Age was negatively correlated with ROA, size, leverage as indicated by the respective values of -0.006, -0.581 and -0.478. Age was however, positively correlated with liquidity as indicated by the r value of 0.288.

Regression Analysis

The study carried out a regression analysis to assess the relationship between the dependent and independent variables. The findings of the study were as presented in the model summary, Anova table and coefficients table (Appendix I: Table 3: Model Summary).

From the model summary table, it was deduced that R square was 0.52. This implies that 52% of the variation in ROA is explained by the factors fitted as predictors in the model (that is, firm size, firm age, leveraging and capital intensity ratio).

From the Table 4: Anova(Appendix I) it was established that the F value was 3.371 and the level of significance was also found to be 0.010. Since the level of significance was less than the p value of 0.05 then it was determined that the fitted model was statistically significant to predict ROA base of firm age, size, leverage and capital intensity ratio.

From Table 5: Coefficients(Appendix I) it was established that the regression model is as follows;

$Y=0.311-2.309X_1+0.105X_2-0.057X_3+0.233X_4$

Where Y= ROA (measured as Net Income/Total assets)

X_1= Age (number of years in operation, taken as natural log)

X_2=Size (taken as natural log of total assets)

X_3= Liquidity (Total assets/total liability)

X_4=Leverage (Total debt/Total assets)

From the findings it was determined that the constant was 0.311. This meant that if all the characteristics of the firm were held constant, performance would have a value of 0.311. Age had a beta value of -2.309. This meant that a unit increase in age of the firms would result in -2.309 decrease in performance of the firms. Size had a beta value of 0.105. This implies that an increase in size of a firm would lead to 0.105 increase in the performance of the firms. Liquidity had a beta value -0.057. This was an indication that a unit increase in liquidity would result to a decrease in performance by a value of -0.057. Leverage had a beta value of 0.233. This implied that for every unit increase in leverage, performance went up by a value of 0.233.

Discussion of Research Hypothesis and Findings

The general objective of this study was to establish the relationships between corporate characteristics and firm performance. The discussion of the results and the test of the hypothesis are presented in this section.

The first hypothesis stated that there is no significant relationship between the company (firm) size and performance among the selected listed companies at the NSE.The outcome of the analysis revealed that there is an insignificant relationship between financial leverage and performance. This was seen as the significance level was 0.189>0.05. The second hypothesis stated that there is no significant relationship between the firm age and performance among the selected listed companies at the NSE. The outcome of the analysis revealed that there is a significant relationship age of the firm and performance (ROA). The significant level was 0.045<0.05. The third hypothesis was that there is no significant relationship between the firm size and performance among the selected listed companies at the NSE. The analysis of variance table revealed an insignificant relationship between firm size and performance (ROA). Significance level was 0.349>0.05. Hypothesis four stated that there is no significant relationship between the capital intensity ratio and performance among the selected listed companies at the NSE. The analysis report show that there is a significant relationship between capital intensity ratio and performance (ROA). The analysis of variance table show that α is 0.04 <0.05. From the above discussion, we conclude that based on individual significance age of the firm and capital intensity ratio are crucial in enhancing performance of the firm.

Discussions of the Findings of General Objective

Findings from the correlation revealed that ROA was positively correlated with size of the firm and firm leverage as indicated by the r values of 0.168 and 0.359 respectively. Firm'scapital intensity ratio and firms age was negatively correlated with ROA as indicated by the r values of -0.453 and -0.006 respectively.

From the regression analysis it was also revealed that there is a significant relationship between ROA and corporate characteristics. This is an indication that the model can be used to predict the relationship between ROA and corporate characteristics. Size of the firm and the leverage of the firm were significant positive

predictors of performance as shown by the beta values of 0.105 and 0.233 respectively. The age of the firm and the firm liquidity were found to be negative predictors of performance as shown by the beta value of -2.309 and -0.057 respectively. Findings of these study concur with those of Malik (2011) who set out to investigate determinants of performance in insurance companies in Pakistan. From his study he concluded that size of the firm was a positive predictor for profitability of the firms. However, age was not found to be a significant indicator for the performance of the insurance firms.

Results of this study also agree with those of Abdulkadir (2016) who assessed how leverage, liquidity and firm size affected the financial and non-financial performance of firms in Kenya between the period 2009 and 2013. Findings from his study revealed that leverage and firms size were significant predictors of the performance of those firms.

V. CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the results of the study it was concluded that corporate characteristics was a significant predictor of performance. Firm age and capital intensity ratio were significant predictors of performance. Further deduction made was that firm size was an insignificant positive predictor for performance of the companies listed in NSE.The study also concluded that there was a negative relationship between firm age and performance. This relationship was further confirmed by the fact that firm age was found to be a significant negative predictor for firms listed on the NSE.

The study also concluded that firm leverage was had a positive linear relationship with performance. Leverage was also found to be a positive insignificant predictor for the firms listed in the NSE. This finding is in agreement with Javed, Rao, Akram and Nazir (2015) on the effect of financial leverage on performance of the firms. It was also concluded that capital intensity ratio was a significant negative predictor for performance of the firms listed in the NSE.

Implications of the Study

The findings of these research also have direct implications for policy and research. The study provides regulatory authorities and management with aspects of corporate characteristics that can be used to improve firm performance. The study established that an increase in firm size and leverage enhanced firm performance. While Age of the firm and capital intensity ratio had a negative influence on firm performance. Therefore, management should consider the firm size and financial leverage as a way of enhancing performance.

Recommendations

The study recommends that the firms listed in the NSE should increase their size base. This can be done by increasing the value of their assets. By increasing their sizes, the firms would increase their competitive edge thus making them remain profitable.

The study also recommends that firms listed in the NSE should set up sound policies around liquidity of the firms. It is advisable that the firms use debt financing to the point where additional debt financing has a cost implication to the firms. This would ensure that the working capital always remains positive.

Suggestion for Further Research

The study established that the factors it investigated only accounted for 52% of variation in the performance of the firms. It is imperative for other studies to conduct investigations as to what other firm characteristics help explain the other variation of performance in those firms.The study was also limited to firm characteristics. It is important for other studies to look into other micro and macro-economic factors that could affect performance of the firms listed in the NSE.

This study looked into the top eight best performing firms in the NSE. Thus it is suggested that other studies look into a broader listing of firms in the NSE and for a longer period of time. This would help establish a knowledge of exactly how different firm characteristics have an influence of firm listed in the NSE.

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