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COMPARATIVE ANALYSIS OF THE FACTORS INFLUENCING LISTED FIRM'S PERFORMANCE: A CASE OF DAR ES SALAAM STOCK EXCHANGE (DSE) AND NAIROBI SECURITIES EXCHANGE (NSE)

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ABSTRACT

Purpose: This paper analyses the factors influencing the performance of an organization. The study attempted to examine factors like; board size, board composition, CEO duality, Firm size, Leverage, and firm age as independent variables and Tobin Q and ROA as dependent variables.

Methodology: The study used a quantitative research approach and applied secondary data collected from annual reports. Using the ordinary least square regression method, the study analyzed 39 non-financial firms listed at Dar Es Salaam Stock Exchange (DSE) and Nairobi Securities Exchange (NSE) for the period from 2016 through 2020. For the data analysis computer software, STATA was used to evaluate the factors influencing listed firms' performance.

Findings: The findings of the study revealed that the board size is positive but insignificantly correlated to return on assets. However, the board size is positive and significantly correlated to Tobin Q. The study also found out that the board structure (CEO Duality) had a significant positive impact on the performance of firms. In addition, the firm size and leverage had a significant negative impact on the performance of the firms. The study revealed that there is a significant impact in both countries as measured using both ROA and TOB. However, the correlation was negative for Tanzania and positive for Kenya.

Recommendations: The study recommended that firms must keep their board sizes within the limit of 5 to 8 but more analysis should be done to come up with an optimal size. It was also recommended that the responsibility of stock marketers to firm performance should be re-affirmed.

Keywords: *Board Size, Board Composition, CEO Duality, Firm Size, Firm Age, Firm Performance, DSE, and NSE*

1.0 INTRODUCTION

It is widely known that a firm's performance is being affected by many factors like board size, board composition, CEO duality, Firm size, Leverage, firm age, and other factors (Suwaidan & Khalaf 2020). It is widely believed that good corporate governance is an important factor in improving the value of a firm in both developing and developed financial markets. However, the relationship between corporate governance and the value of a firm differs in developing and developed financial markets due to disparate corporate governance structures in these markets resulting from the dissimilar social, economic, and regulatory conditions in these countries. Salvioni *et al.*, (2016) suggest that one of the most striking differences between countries' corporate governance systems is the difference in the ownership and control of firms that exist across countries. Systems of corporate governance can be distinguished according to the degree of ownership and control and the identity of controlling shareholders.

Sáenz González and García-Meca (2014) argue that many of the differences in corporate governance systems around the world stem from varying regulatory and legal environments. For example, in less developed countries, corporate governance mechanisms may be non-existent and, where they do exist, are often particularly weak and ineffective. In recent years, the recognition of a need for changes in the way public companies are governed began with a number of spectacular and well-publicized corporate scandals and failures. The need for strong governance is evidenced by the various reforms and standards developed not only at the country level, but also international level (e.g., The Sarbanes-Oxley Act (SOX) in the US, enhanced listing requirements, and the Corporate Governance Code in Kenya). According to Nyaki (2013), the main regulatory framework for corporate governance in Tanzania is provided under the 1992 public corporations Act, the 1994 Capital Markets and Securities Act, and the 2002 companies Act which came into force on 1st March 2006. The capital markets and Securities Act states that the guidelines on corporate governance practice by public listed companies have been developed. The CG framework in Kenya started in 1999 when the Center for Corporate Governance (CCG) developed a framework, which was voluntary for companies to adopt. The Capital Markets Authority (CMA) further took up the framework in 2000 as draft Corporate Governance practices for listed companies in Kenya. In later years, the CMA made it mandatory for the listed companies to adopt those Corporate Governance practices (Outa & Waweru 2016).

Some of the factors affecting a firm's performance include; board size, board composition, CEO duality, Firm size, Leverage, and firm age (Suwaidan et al., 2020).

Identifying an appropriate board size that affects its ability to function effectively has been a matter of continuing debate (Ma'aji, *et al.*, 2021). Some scholars have been in favor of smaller boards suggesting that larger boards face problems of co-ordination and free riding (Arora & Sharma 2016; Kao *et al.*, 2019; Süsi & Lukason, 2019; Norman, & Haron, 2020; Huang *et al.*, 2020; Ahmed, 2021; Dissanayake, *et al.*, 2021; Juhmani, 2020; Ford, & Ihrke, (2020). However other scholars supported larger boards on the ground that they would provide greater monitoring and advice (Karim *et al.*, 2019; Nasih *et al.*, 2019). According to Mnzava and Kato (2014), the larger boards lead to poor communication and coordination, which affect the corporate decision and lead to poor performance, however, they find a positive relationship between the proportion of non-executive directors and corporate performance as measured by ROA. Mhando, (2019) acknowledged the importance of the corporate board of directors but argues that corporate growth in Tanzania has suffered from a lack of effective corporate

governance practice and this subject has not yet received appropriate attention among researchers.

Board composition is also another factor that affects the firm's performance. Board composition is made up of many parts like skills and qualifications, independence, diversity, etc. According to Jebran *et al.,* (2020), having good board composition of different gender, age, tenure, and education will help the firm to perform well.

CEO duality is also another factor that affects firms' performance. Just like what the agency theory proposes, CEO duality has negative effects on firms' performance (Alves 2021, Uyar *et al.*, 2021, Mubeen *et al.*, 2021). This is contrast to other scholars (Pham & Pham 2020) who argued that CEO duality has a positive effect on firms' performance at the, this was also supported by Stewardship theory which argues that CEO duality is good at the growth stage of the firms. It is this mixture of results about the presence of different factors influencing listed firms' performance that prompted this study to be done. Therefore, this study intends to examine the factors which influence the listed firm's performance at the Dar-es-salaam Stock Exchange in Tanzania and Nairobi Securities Exchange in Kenya. Thus, the findings of this paper explain the potential benefits of having a board composition of different skills, gender, age, tenure, as well as having a small board size, CEO duality, here the CEO of the company should not be the chairperson of the board so as to enhance corporate governance by reducing unethical managerial practices in corporations, hence increasing the firm's performance.

2.0 MATERIAL AND METHODS

2.1 Research design and sampling procedure

The study employed cross-sectional and descriptive research designs. The study adopted this approach in order to sort out the existence and magnitude of causal effects of one or more independent variables upon a dependent variable of interest at a given point in time. Quantitative research approach and applied secondary data collected from annual reports. Using the ordinary least square regression method, the study analyzed 39 non-financial listed firms from DSE and NSE for the period from 2016 through 2020. For the data analysis computer software, STATA was utilized to evaluate the factors influencing listed firms' performance.

2.2 Data Collection and Analysis

The researcher used data from a secondary source that was obtained from the published annual reports, financial statements, and company sources spanning five years from 2016 to 2020. The use of the listed firms and secondary data is primarily due to data availability and reliability because these companies are required by law to provide end-of-year Financial Statements. Data collected were processed through editing, coding, classification, tabulation, validating, and checking for any errors and omissions. Later the data were processed through STATA software. The results were presented in the table for further clarification.

2.3 Model specification

This study used a modified version of the econometric model as adopted from Cheng (2008). The study adopted this because it has been used in similar studies in other countries such as Pakistan, Malaysia, and Ghana among others in international Journal Publications.

The model used was:

$$Y = \alpha_0 + \alpha_1 ln\,(BDS) + \alpha_2\,(BDC) + \alpha_3\,(CEO) + \alpha_4 ln\,(SZE) + \alpha_5\,(LEV) + \alpha_6\,(AGE) + \varepsilon$$

Where:

Y = Dependant variable (Financial performance depicted by Tobin's Q (TOB) and (ROA)

α_0 = Intercept Coefficients

$\alpha_1, \alpha_2 \ldots \alpha_n$ = Coefficient of each of the Independent Variables.

BDS = Board size

BDC = Percentage of independent directors

CEO = CEO Duality

SZE = Firm size

LEV = Financial leverage

AGE = Firm Age

ε = Error term which accounts for other possible factors that could influence Y that are not captured in the model

3.0 DISCUSSION OF FINDINGS

3.1 The Relationship between Determinants of Performance and Firm Performance.

Table 1, reports the summary of regression results; the data sample is 39 listed firms from DSE and NSE for the period 2016-2020. Board size is defined as the total number of directors who are elected to represent shareholders in order to ensure the management act in the best interest of the shareholders labeled BDS. Board independence (BDC) is calculated as the ratio of independent directors and board size measured in percentage. CEO Duality is a dummy variable that takes the value of one of the CEO combines as the board chairman and 0 if there are different people occupying the two positions of CEO and board chairman. Leverage is the ratio between the long-term debt (LTD) and total asset (TA) and is labeled as LEVERAGE. Firm size is the total asset (TA) and denoted as SZE and the firm age as AGE. Ydum is the year dummying variables that measure the changes in the economy.

The general regression results show that there is no significant impact of Board Size (BDS) on the performance of firms as measured using ROA. This was evidenced by the *t-value* being less than 1.67 (0.61) and the *p-value* is greater than 0.1(0.54). The other variables that did not show a significant impact either at 0.1, 0.05, or 0.01 level of significance were the firm age (AGE) and the percentage of board independence (BDC). The study findings show that there is a significant impact of CEO Duality, Firm size, and leverage on the performance of firms as measured using ROA. However, the firm size and leverage ratio had a negative significant impact on the performance of firms. A one percent increase in leverage will reduce ROA by 0.32 percent when all other variables are kept constant. A one percent increase in CEO Duality will increase firms' performance by 0.29 percent when all other variables are kept constant. The ydum15 was omitted because of the collinearity problem. A one percent increase in firm size reduces performance by 1.83E-14 percent when keeping all other variables constant. Its p-value was 0.098 and the t-statistic was -1.67.

Table 1: Relationship between Determinants of Performance and Firm Performance (ROA)

		Robust				
ROA	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
BDS	0.004108	0.006686	0.61	0.54	-0.00911	0.017325
CEO	0.28671***	0.027314	10.5	0	0.23272	0.340701
AGE	0.000235	0.000401	0.59	0.558	-0.00056	0.001027
SZE	-1.83E-14*	1.10E-14	-1.67	0.098	-4.00E-14	3.39E-15
BDC	9.65E-06	0.000802	0.01	0.99	-0.00158	0.001596
LEVERAGE	-0.31966***	0.078105	-4.09	0	-0.47405	-0.16527
ydum11	0.053997	0.045641	1.18	0.239	-0.03622	0.144216
ydum12	0.033287	0.04814	0.69	0.49	-0.06187	0.128444
ydum13	0.002753	0.048946	0.06	0.955	-0.094	0.099504
ydum14	0.011264	0.049964	0.23	0.822	-0.0875	0.110027
ydum15	(omitted)					
_cons	0.112478*	0.067773	1.66	0.099	-0.02149	0.246444

*** P< 0.01, **P< 0.05,*P< 0.1 level of significance

3.1.1 Reliability and Multicollinearity Test

Table 2, reports the summary of reliability and multicollinearity tests, the data sample is 39 listed firms for the period 2016-2020. It shows different factors influencing listed firms' performance which are; board size, board independence, CEO duality, Firm size, Firm Age, and leverage. The data sample of board size is defined as the total number of directors who are elected to represent shareholders in order to ensure the management activities to the best interest of the shareholders. Board independence is calculated as the ratio of independent directors and board size measured in percentage and labeled as BDC. CEO Duality is a dummy variable that takes the value of one of the CEO combines as the board chairman and 0 if there are different people occupying the two positions of CEO and board chairman. Leverage is the ratio between total liability (TL) and total asset (TA) and is labeled as LEVERAGE. Firm size is the total asset (TA) and is denoted as SZE and the firm age is denoted as AGE. Y dum is the year dummying variables that measure the changes in the economy year dummies are also used to control for industry and year effects respectively.

Table 2: Reliability and Multicollinearity Test

Number of obs	=	154
F (9,143)	=	.
Prob > F	=	.
R-squared	=	0.247
Root MSE	=	0.15124
Variable	**VIF**	**1/VIF**
ydum11	1.94	0.516693
ydum13	1.88	0.53 2124
ydum12	1.87	0.533431

ydum14	1.79	0.558285
SZE	1.56	0.642723
BDS	1.48	0.674967
LEVERAGE	1.14	0.880216
AGE	1.1	0.912221
BDC	1.08	0.928061
CEO	1.05	0.955538
Mean VIF	1.49	

The r square of 0.247 indicates that 24.7% of the firm performance is explained by the variables in the model (see Table 2). This is because the VIF of each variable is below two and according to the rule of thumb, the variable needs correction when the VIF is above 10. The average VIF was 1.49 therefore; it indicates the absence of a multicollinearity problem.

3.2 Relationship between Determinants of Performance and Firm Performance (TOB)

The findings show that the relationship between the board size and the performance of firms is significantly positive as measured using the Tobin Q at a 5 percent level of significance. A one percent increase in board size (BDS) will increase the performance of firms by 0.139. Furthermore, CEO Duality and the firm size showed significant relationship. The firm age, the percentage of board independence (BDC), and the leverage did not show any significant relationship.

Table 3: Relationship between Determinants of Performance and Firm Performance (TOB)

		Robust				
TOB	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
BDS	0.139257**	0.063671	2.19	0.03	0.013399	0.265116
CEO	2.919596***	0.981404	2.97	0.003	0.979662	4.859529
AGE	0.004204	0.003775	1.11	0.267	-0.00326	0.011666
SZE	-1.98E-13**	8.88E-14	-2.23	0.027	-3.73E-13	-2.24E-14
BDC	0.004368	0.006324	0.69	0.491	-0.00813	0.016869
LEVERAGE	-0.89414	0.656513	-1.36	0.175	-2.19187	0.403579
ydum11	-0.81974*	0.424913	-1.93	0.056	-1.65966	0.020185
ydum12	-0.68674	0.446828	-1.54	0.127	-1.56998	0.196506
ydum13	-0.49461	0.457279	-1.08	0.281	-1.39851	0.409289
ydum14	-0.13857	0.49048	-0.28	0.778	-1.1081	0.830955
ydum15	(omitted)					
_cons	0.295421	0.695134	0.42	0.671	-1.07864	1.669487

*** P< 0.01, **P< 0.05,*P< 0.1 level of significance

3.2.1 Reliability and Multicollinearity Test

Table 4, reports the summary of reliability and multicollinearity tests, the data sample is 39 listed firms for the period 2016-2020. It shows board size, board independence, CEO duality, Firm size, Firm Age, and leverage. The data sample of board size is defined as a total number of directors who are elected to represent shareholders in order to ensure the management

activities to the best interest of the shareholders. Board independence (BDC) is calculated as the ratio of independent directors and board size measured in percentage. CEO Duality is a dummy variable that takes the value of one of the CEO combines as the board chairman and 0 if there are different people occupying the two positions of CEO and board chairman. Leverage is the ratio between total liability (TL) and total asset (TA) and is labeled as LEVERAGE. Firm size is the total asset (TA) and denoted as SZE and the firm age is denoted as AGE. Y dum is the year dummying variables that measure the changes in the economy.

Table 4: Reliability and Multicollinearity Test

Number of obs	=	154
F (9,143)	=	.
Prob > F	=	.
R-squared	=	0.2242
Root MSE	=	1.3377
Variable	VIF	1/VIF
ydum11	1.94	0.516693
ydum13	1.88	0.532124
ydum12	1.87	0.533431
ydum14	1.79	0.558285
SZE	1.56	0.642723
BDS	1.48	0.674967
LEVERAGE (lev)	1.14	0.880216
AGE	1.1	0.912221
BDC	1.08	0.928061
CEO	1.05	0.955538
Mean VIF	1.49	

The r square of 0.224 reveals that 22.4% of the data fit the regression model. (See table 4). This is because the VIF of each variable is below two and according to the rule of thumb, the variable needs correction when the VIF is above 10. The average VIF was 1.49 therefore; it indicates the absence of a multicollinearity problem.

3.3 Relationship Between the Determinants of Performance and Firm Performance at DSE Compared to that of NSE.

3.3.1 DSE Firm's Performance Using ROA

The performance of firms in Tanzania as measured by ROA is affected by the Board Size (BDS). The board sizes significantly affect ROA. The *t-value* is -2.07 and the *p-value* is 0.047. A one percent increase in Board Size will significantly reduce the DSE firms' performance by 0.078 percent when keeping other variables constant.

The other variable that had a significant impact on the performance of firms was the leverage ratio. A one percent increase in leverage ratio reduced the performance by 0.64 percent when keeping other variables constant.

The CEO Duality, firm age, firm size, and the percentage of board independence had no significant impact on the performance of DSE firms.

Table 5: DSE Firm's Performance Using ROA

		Robust				
ROA	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
BDS	-0.07832**	0.037832	-2.07	0.047	-0.1557	-0.00095
CEO	0.05709	0.075167	0.76	0.454	-0.09664	0.210825
AGE	0.003375	0.00216	1.56	0.129	-0.00104	0.007793
SZE	3.98E-15	3.48E-14	0.11	0.91	-6.73E-14	7.52E-14
BDC	-0.00117	0.001338	-0.87	0.39	-0.0039	0.00157
LEVERAGE	-0.63532***	0.122211	-5.2	0	-0.88527	-0.38537
ydum11	0.094501	0.079845	1.18	0.246	-0.0688	0.257803
ydum12	0.049676	0.076627	0.65	0.522	-0.10704	0.206396
ydum13	(omitted)					
ydum14	0.04555	0.08274	0.55	0.586	-0.12367	0.214773
ydum15	-0.02273	0.093641	-0.24	0.81	-0.21425	0.168788
_cons	0.768432**	0.293626	2.62	0.014	0.167899	1.368964

*** P< 0.01, **P< 0.05,*P< 0.1 level of significance

3.3.1.1 Reliability and Multicollinearity Test

Table 6 reports the summary of reliability and multicollinearity tests, the data sample is eight DSE listed firms for the period 2016-2020. It shows board size, board independence, CEO duality, Firm size, Firm Age, and leverage. The data sample of board size is defined as the total number of directors who are elected to represent shareholder in order to ensure the management act in the best interest of the shareholders. Board independence is calculated as the ratio of independent directors and board size measured in percentage and labeled as BDC. CEO Duality is a dummy variable that takes the value of one of the CEO combines as the board chairman and 0 if there are different people occupying the two positions of CEO and board chairman. Leverage is the ratio between total liability (TL) and total asset (TA) and is labeled as LEVERAGE. Firm size is the total asset (TA) and is denoted as SZE and the firm age is denoted as AGE. Y dum is the year dummying variables that measure the changes in the economy.

Table 6: Reliability and Multicollinearity Test

Number of obs	=	40
F (9, 29)	=	.
Prob > F	=	.
R-squared	=	0.66
Root MSE	=	0.16119
Variable	VIF	1/VIF
BDS	5.7	0.175302
SZE	5.65	0.177097
AGE	2.94	0.340473
BDC	2.1	0.475831
ydum15	1.73	0.577692
ydum12	1.71	0.584218

ydum14	1.69	0.591239
ydum11	1.66	0.602826
LEVERAGE	1.58	0.633554
CEO	1.32	0.759839
Mean VIF	2.61	

The r square of 0.66 indicates that 66% of the firm performance is explained by the variables in the model. This is because the VIF of each variable is below two and according to the rule of thumb, the variable needs correction when the VIF is above 10. The average VIF was 2.61 therefore, it indicates the regression was good.

3.3.2 DSE Firm's Performance Using TOB

From table 7, the performance of firms in Tanzania as measured by Tobin Q (TOB) is affected by the Board Size (BDS). The board size significantly affects TOB. The *t-value* is -2.24 and the *p-value* is 0.033. A one percent increase in Board Size will significantly reduce the DSE firms' performance by 0.73% when keeping other variables constant. The other variable that had a significant impact on the performance of firms was the leverage ratio. A one percent increase in leverage ratio reduced the performance by 2.12% when keeping other variables constant. The CEO Duality, firm age, firm size, and the percentage of board independence had no significant impact on the performance of DSE firms.

Table 7: DSE Firm's Performance Using TOB

		Robust				
TOB	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
BDS	-0.73089**	0.325821	-2.24	0.033	-1.39726	-0.06451
CEO	1.311143	0.816864	1.61	0.119	-0.35953	2.981817
AGE	0.026167	0.018755	1.4	0.174	-0.01219	0.064525
SZE	3.99E-13	3.33E-13	1.2	0.241	-2.82E-13	1.08E-12
BDC	-0.00867	0.010703	-0.81	0.425	-0.03056	0.013223
LEVERAGE	-2.12563**	1.001905	-2.12	0.043	-4.17476	-0.0765
ydum11	-0.67962	0.546864	-1.24	0.224	-1.79808	0.438846
ydum12	-0.68866	0.546876	-1.26	0.218	-1.80715	0.429827
ydum13	(omitted)					
ydum14	0.777883	0.731717	1.06	0.297	-0.71865	2.274413
ydum15	0.915335	0.946899	0.97	0.342	-1.02129	2.851961
_cons	6.581755***	2.353831	2.8	0.009	1.767629	11.39588

*** P< 0.01, **P< 0.05,*P< 0.1 level of significance

3.3.3 NSE Firm's Performance Using ROA

Table 8 reports the summary of regression results; the data sample is 31 NSE-listed firms for the period 2016-2020. Board size is defined as the total number of directors who are elected to represent shareholders in order to ensure the management activities to the best interest of the shareholders labeled BDS. Board independence (BDC), is calculated as the ratio of independent directors and board size measured in percentage. CEO Duality is a dummy variable that takes the value of one of the CEO combines as the board chairman and 0 if there are different people occupying the two positions of CEO and board chairman. Leverage is the

ratio between the long-term debt (LTD) and total asset (TA) and is labeled as LEVERAGE. Firm size is the total asset (TA) and denoted as SZE and the firm age as AGE. Ydum is the year dummying variables that measure the changes in the economy.

The performance of firms in Kenya as measured by ROA is affected by the Board Size (BDS). The board sizes significantly affect ROA. The *t-value* is 3.01 and the *p-value* is 0.003. A one percent increase in Board Size will significantly increase the NSE firms' performance by 0.014 percent when keeping other variables constant. The other variable that had a significant impact on the performance of firms was the percentage of Board Independence. A one percent increase in BDC reduced the performance by 0.00265 percent when keeping other variables constant. The CEO Duality, firm age, firm size, and leverage had no significant impact on the performance of DSE firms.

Table 8: NSE Firm's Performance Using ROA

		Robust				
ROA	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
BDS	0.014347***	0.004771	3.01	0.003	0.004885	0.023808
CEO	(omitted)					
AGE	0.000221	0.000369	0.6	0.549	-0.00051	0.000953
SZE	-1.39E-14	1.28E-14	-1.08	0.281	-3.92E-14	1.15E-14
BDC	-0.00265***	0.000763	-3.47	0.001	-0.00416	-0.00113
LEVERAGE	-0.15945	0.119125	-1.34	0.184	-0.39568	0.076781
ydum11	0.04425	0.0405	1.09	0.277	-0.03606	0.124563
ydum12	0.028693	0.044382	0.65	0.519	-0.05932	0.116705
ydum13	0.016065	0.042362	0.38	0.705	-0.06794	0.10007
ydum14	-0.00326	0.044513	-0.07	0.942	-0.09153	0.085012
ydum15	(omitted)					

*** P< 0.01, **P< 0.05,*P< 0.1 level of significance

3.3.4 NSE Firm's Performance Using TOB

From table 9, the performance of firms in Kenya as measured by Tobin Q (TOB) is affected by the Board Size (BDS). The board size significantly affects TOB. The *t-value* is 5.18 and the *p-value* is zero (Table 9). A one percent increase in Board Size will significantly increase the NSE firms' performance by 0.26 percent when keeping other variables constant. The other variable that had a significant impact on the performance of firms was the firm age and firm size. A one percent increase in firm size reduced the performance by 2.96E-13 percent when keeping other variables constant. In addition, a one percent increase in firm age increases the performance of firms by 0.00785 keeping other variables constant. The CEO Duality was omitted because of the collinearity problem. The leverage and the percentage of board independence had no significant impact on the performance of NSE firms.

Table 9: NSE Firm's Performance Using TOB

		Robust				
TOB	Coef.	Std. Err.	T	P>t	[95% Conf.	Interval]
BDS	0.261827***	0.050564	5.18	0	0.161557	0.362098
CEO	(omitted)					
AGE	0.00785**	0.003777	2.08	0.04	0.00036	0.01534
SZE	-2.96E-13*	1.71E-13	-1.73	0.087	-6.36E-13	4.38E-14
BDC	-0.00934	0.005703	-1.64	0.105	-0.02065	0.001971
LEV	0.048247	1.445728	0.03	0.973	-2.81869	2.91518
ydum11	-0.35921	0.378764	-0.95	0.345	-1.11031	0.391897
ydum12	-0.20287	0.394963	-0.51	0.609	-0.98609	0.580359
ydum13	-0.03771	0.422665	-0.09	0.929	-0.87587	0.800448
ydum14	0.006213	0.438767	0.01	0.989	-0.86388	0.876306
ydum15	(omitted)					
_cons	-0.73128	0.747894	-0.98	0.33	-2.21438	0.751826

*** P< 0.01, **P< 0.05,* P< 0.1 level of significance

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

It is true that the board size, board composition, CEO duality, Firm size, Leverage, and firm age are the factors which determine the performance of the listed firms, at the Dar-es-salaam Stock Exchange in Tanzania and Nairobi Securities Exchange in Kenya. The board size in Kenya had a positive significant impact on firms' performance. The conclusion is that firm performance is likely to increase with the increase in board size but within a limited number of between 5 and 7. Above this number of board members, size performances begin to drop. The explanation may be that a reasonable size of board members makes an effective contribution of ideas and even expertise and skills resulting in good firm performance. However, as the number of board members grows beyond a reasonable size of 5 to 7 members, decision-making becomes difficult from poor communication and even a reduced sense of responsibility from individual board members. Furthermore, there is a significant impact of CEO Duality, Firm size, and leverage on the performance of firms.

4.2 Recommendations

Therefore, this study makes the following recommendations: a smaller number of board members below 5 would suffer inadequate decision making because of a lack of diverse idea contribution which is essential for effective decision making. However, having a too big number of the order of 8 and above would also cause irresponsibility of members when making decisions. It is because members would feel that others would do on their behalf. Absenteeism and long discussions without optimum fruits may be noticed in such large boards. Kenyan firms were found to have better performance scales than Tanzanians. One of the factors could be that DSE has not been strict in administering the practices of the firms. But when a listed firm fails to perform well it is the shareholders who suffer from the poor performance as the notion of shareholder investment value creation fails.

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