SIXTH ANNUAL DEVELOPMENT FINANCE CONFERENCE (ADFC 2024)

CONFERENCE PROGRAM

Theme:

HARNESSING RESEARCH IN FINANCE FOR RESILIENCE AND SUSTAINABILITY

Venue:

University of Nairobi Tower, 4th Floor, Faculty of Business and Management Sciences, Kenya

VIRTUAL LINK:

https://us02web.zoom.us/j/89597350124?pwd=GkqWAL0oDt3qRHK2Rzz5jW0mDq4b7u.1

or

https://tinyurl.com/mwmnftep

Date: OCTOBER, 30th & 31st 2024

Registration

Visit: https://researchweek.uonbi.ac.ke/index.php/6th-annual-development-finance-conference-adfc-2024/

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DEVELOPMENT FINANCE INSTITUTE OF KENYA
Soar Higher

The conference theme is '**Harnessing Research in Finance for Resilience and Sustainability**'. The topics of interest include but are not limited to the following:

1. Agricultural Value Chain Finance
2. Alternative Investment Opportunities, Avenues and Assets
3. Capital Formation in Developing Markets
4. Capital Market Theory and Development
5. Country Competitiveness and Foreign Direct Investments
6. Credit Markets and Development
7. Development Accounting and Standards
8. Development Finance Systems
9. Digital Finance Services (DFS), Platforms and Eco - systems
10. Emerging Financial Technologies (Fintech) for Development
11. Environmental/Climate/Sustainable/Green Finance
12. External Aid, Trade and Development
13. Financial Development Pyramid Index
14. Financial Markets Microstructure
15. Financing Government Big 4 Agenda
16. Health Care Financing
17. Infrastructure Finance
18. Manufacturing Finance
19. Micro Finance Practices and Schemes
20. Public Accounting and Standards
21. Public Financial Management Reforms and Development
22. Taxation and Development

Participation Fee

University of Nairobi Undergraduate Students	**Ksh. 600**
University of Nairobi Staff	**Ksh. 1,000**
University of Nairobi Postgraduate Students	**Ksh. 1,000**
Students from East Africa Community	**Ksh. 2,000**
International Students	**$30**
Participants from East Africa Community	**Ksh. 3,000**
International Participants	**$50**

Conference Committee

1. Prof. Cyrus Iraya Mwangi – Chairman, Department of Finance and Accounting
2. Dr. Duncan Elly Ochieng – Convener, Annual Development Finance Conference (ADFC) & Editor in Chief, African Development Finance Journal (ADFJ) – ISSN 2522-3186
3. Dr. Kennedy Okiro – Department of Finance and Accounting, Nairobi
4. Dr. Nixon Omoro – Department of Finance and Accounting, Kisumu Campus
5. Dr. Ziporah Onsomu - Department of Finance and Accounting, Mombasa Campus
6. Dr. Hellen Wairimu Kinyua - Department of Finance and Accounting, Nairobi
7. Dr. Patrick Kimaku – Taita Taveta University
8. Dr. Joab Ooko – Koitalel Samoei University College
9. Mr. Duncan Ndegwa – Development Finance Institute of Kenya (DFIK)
10. Ms. June Kivinda – Development Finance Institute of Kenya (DFIK)
11. Ms. Pauline Muthoni – Columbia Global Centers, Nairobi

Vice Chancellors Remarks

Welcome to the Sixth Annual Development Finance Conference (ADFC), proudly hosted by the Department of Finance and Accounting at the Faculty of Business and Management Sciences. This conference brings together scholars, practitioners, and policymakers to engage in critical discussions on the role of finance in driving economic development, particularly in the context of the Sustainable Development Goals, Vision 2030, the Big 4 Agenda, County Integrated Development Plans, and private sector enterprise development.

In developing countries, finance professionals have a unique responsibility to contribute to shaping effective policies that promote sustainable development. The focus on financial development policies and sound financial management practices is essential to addressing the complex challenges that arise from both theory and practice in economic development.

This conference highlights the University of Nairobi's efforts to build capacity and develop competencies in identifying, analyzing, and proposing solutions to some of the key development challenges facing Kenya. These include the financing needs for climate change adaptation, youth unemployment, digital and energy poverty, and infrastructure development.

Throughout the conference, I encourage you to explore the pivotal role of development finance in both micro and macroeconomic contexts. The discussions are expected to offer valuable insights that can inform policies aimed at prioritizing financial resources for development initiatives.

I wish you all fruitful deliberations as we work together to shape the future of development finance.

Prof. Margaret Hutchinson Chesang,

Vice Chancellor, University of Nairobi

Deputy Vice Chancellors Remarks

Dear Participant,

Welcome to the 6th Annual Development Finance Conference. Whether you are a policymaker, development professional, civil society representative, student, or an engaged citizen, this conference offers a platform to explore key trends in development finance and the innovative approaches required to meet the evolving global development agenda.

As development needs grow, so does the demand for creative financing solutions. There is a rising emphasis on mobilizing private finance through innovative strategies like impact investing, crowdfunding, and private equity, with public resources playing a critical role in leveraging these private sector contributions. This conference provides a space to discuss how Sub-Saharan Africa can enhance the effective use of domestic public resources and development assistance to address pressing challenges.

Developing countries must build capacity to transform ideas into financially viable, long-term solutions that uplift communities and improve lives. The thematic areas highlighted at this conference—climate and environmental finance, financial inclusion, financial reforms, and financial technology—are both timely and essential in addressing our current development needs.

Thank you for your participation and continued support of the University of Nairobi's research agenda. I look forward to the valuable insights and collaborative solutions that will emerge from our discussions.

Warm regards,

Prof. Francis Jakim Mulaa

Deputy Vice Chancellor, Research, Innovation and Enterprise

Director Research Remarks

This week, the University of Nairobi is proud to host a series of conferences as part of University Research Week. The Faculty of Business and Management Sciences presents the 6th Annual Development Finance Conference (ADFC), under the theme, 'Harnessing Research in Finance for Resilience and Sustainability'.

This year's conference has attracted high-quality papers covering a wide range of topics aligned with the conference theme. I encourage all participants to engage with the research findings and explore the valuable insights they offer. We are also honored to have a lineup of distinguished Guest Speakers who bring deep expertise and experience to the discussions. Their presentations will undoubtedly add significant value to the conference.

I would like to extend my sincere gratitude to the Dean of the Faculty of Business and Management Sciences, the departmental chairs, faculty members, students, and the planning committee for their dedication and support. A special thank you to our Guest Speakers for graciously joining us. Your contributions are highly valued, and we hope this marks the beginning of a long-lasting collaboration. We look forward to welcoming you again in future conferences and other initiatives where your expertise will be invaluable.

Thank you, and I wish everyone an enriching and productive conference experience.

Prof Justus M Munyoki (PhD)

Professor of Marketing and Director Research

Deans Remarks

Greetings from the Faculty of Business and Management Sciences,

It is my pleasure to extend a warm welcome to all our esteemed participants, guests, and paper presenters who have joined us for this week's conferences. These events form part of the University of Nairobi's annual Research Week, where we gather to explore, share, and advance cutting-edge research. Your presence and participation are invaluable, and we look forward to identifying opportunities for collaboration and building networks that can lead to mutually beneficial partnerships.

The Faculty of Business and Management Sciences is one of the eleven faculties within the University of Nairobi. Over the years, the Faculty has made significant contributions through research, producing graduates who have risen to leadership roles in Kenya and beyond. We offer highly sought-after graduate and postgraduate programs in finance, accounting, business administration, management science, and project planning and management.

This year, the Faculty is proud to host the 6th Annual Development Finance Conference (ADFC), alongside other conferences under the theme: 'Harnessing Research in Finance for Resilience and Sustainability.' This theme is both timely and thought-provoking, focusing on contemporary issues that I am confident will resonate with all participants.

I would like to extend a special welcome to our distinguished Chief Guests, who will deliver keynote addresses on various topical issues aligned with the conference theme. Their insights promise to enrich our discussions and inspire new perspectives. I wish you all an enriching and productive experience throughout the conferences.

Prof James Muranga Njihia, PhD

Dean, Faculty of Business and Management Sciences

Chairman of Department Remarks

Dear Participants

The 6th Annual Development Finance Conference, held as part of the University of Nairobi's Research Week, reflects the department's commitment to providing quality education in Finance and Accounting while fostering research and innovation. The conference aligns with the department's vision of becoming a world-class provider of accounting and finance education with a distinctive African perspective. It offers a platform for scholars to present their research and collaborate with industry partners.

As one of the largest and oldest departments within the Faculty of Business and Management Sciences, the Department of Finance and Accounting has a strong track record of producing high-quality research, featured in academic journals and conferences both locally and internationally. The department continues to support the University's broader goal of maintaining academic excellence.

This year's conference, held virtually, focuses on the theme: 'Harnessing Research in Finance for Resilience and Sustainability,' addressing timely issues that are relevant across the financial sector. Special recognition is given to Dr. Duncan Elly and the Faculty Conference Planning Committee for their hard work in organizing the event, as well as to the Vice Chancellor and University Management for their leadership and commitment to academic success.

Participants are encouraged to engage in meaningful discussions throughout the conference.

Prof. Cyrus Iraya, PhD

Chairman, Department of Finance and Accounting

Conference Conveners Remarks

Dear Conference Participants,

The 6th Annual Development Finance Conference, hosted by the Department of Finance and Accounting at the University of Nairobi, aims to bring participants together to showcase their research, foster networking, and encourage collaboration. This conference is part of the University's broader 2024 Research Week initiative, which supports a culture of innovation and outreach. The event emphasizes the importance of efficient financial systems in driving economic growth, improving opportunities, distributing income more fairly, and reducing poverty. It calls for developing countries to closely examine the unresolved finance-development nexus debate.

The organizers express their appreciation to participants for submitting papers and registering for the conference, and extend special thanks to the keynote speakers for their willingness to contribute insights from industry practice. The University of Nairobi's leadership and faculty are also recognized for creating an environment conducive to hosting the event. Additionally, the success of the conference is credited to the financial and technical support from partners, including Columbia Global Centres Nairobi and the Development Finance Institute of Kenya. Participants are warmly welcomed and encouraged to enjoy the hospitality and environment of the conference.

Duncan Elly Ochieng' (PhD, FFA, CPA)

Chairman – Annual Development Finance Conference (ADFC) Committee

Conference Itinerary

Date	30.10.2024		
Time	**Topic**	**Presenter**	**Moderator**
8.00 – 8.30 AM	Arrival and Registration		Daniel Shikuku
8.30 – 9.00 AM	Official Opening Ceremony	Chief Guest	Dr. Duncan Elly
9.00 – 9.30AM	**Key Note:** Systematic Literature review	Prof. Joseph Magali, Open University of Tanzania (OUT)	Dr. Duncan Elly
9.30 – 9.45 AM	**Q&A**		
9.45 – 10.15 AM	**Key Note:** Research Publication and Dissemination Opportunities	Prof. Roseline Wanjiru, University of Northumbria, Newcastle	Dr. Duncan Elly
10.15–10.30 AM	**Q&A**		
10.30–10.45 AM	**Key Note:** Generative Artificial Intelligence (AI) in Accounting Education and Practice	Prof. Atanasko Atanasovski, Faculty of Economics, University Ss. Cyril and Methodius in Skopje.	Dr. Ziporah Onsomu
10.45–11.00 AM	**Q&A**		
11.00–11.30 AM	**Health Break**		
11.30–1.00 PM	Academic paper presentations, plenary discussions and Reviewers Comments		Conference Committee
1.00–2.00 PM	**Lunch Break**		
2.00 PM	**Departure**		

Date	31.10.2024		
Time	**Topic**	**Presenter**	**Moderator**
8.00 – 9.00 AM	Arrival and Registration		Daniel Shikuku
9.00 – 9.30AM	**Key Note:** Climate Finance	Prof. Paul DeNoon- Senior Advisor, Executive Education, Columbia Climate School	Dr. Duncan Elly
9.30 – 9.45 AM	**Q&A**		
9.45 – 10.15 AM	**Key Note:** Development Finance: Industry Practitioners Perspective	Anthony Muthusi Makenzi – Partner, KPMG Kenya	Dr. Duncan Elly
10.15–10.30 AM	**Q&A**		
10.30–11.00 AM	Academic paper presentations, plenary discussions and Reviewers Comments		Conference Committee
11.00–11.30 AM	**Health Break**		
11.30–1.00 PM	Academic paper presentations, plenary discussions and Reviewers Comments		Conference Committee
1.00–2.00 PM	**Lunch Break**		
2.00 PM	**Departure**		

Academic Paper Presentations

Date	30.10.2024		
Time	**Topic**	**Presenter**	**Moderator**
11.30 – 11.45 AM	#1 Venture Capital Managerial Support, Venture Capital Financing Model and Financial Growth of Funded Small and Medium Enterprises in Nairobi City County, Kenya	Dancan Sagwe Maragia and Dr. James M. Gatauwa	Conference Committee
11.45 – 12.00 PM	#2 Simulation Study of Extended Geometric Brownian Motion Model's parameters	Onyegbuchulem, Chialuka Adline, Onyegbuchulem, Besta Okey and Nwobi, Felix Noyanim,	
12.00 – 12.15 PM	#3 Effect of Information Asymmetry on Stock Performance of firms listed at the NSE	Janet Okwiri & Dr. Zipporah Onsomu,	
12.15 – 12.30 PM	#4 Business Education Lecturers' Job Performance and Quality Programme in Public Colleges of Education in Kwara State	ABDULRAHEEM, Ismail Kunmi	
12.30 –12.45 PM	#5 The Illusion of Free Will in Economic Behavior: A Theoretical Exploration	Michael Ndwiga	
12.45 – 1.00 PM	#6 Artificial Intelligence as a Driver of Organizational Effectiveness: An Analysis of SMEs in Oyo State	Ojutalayo, S.T., Raji, M.A., Ojutalayo, O.A., Arilesere, J.I., Joseph, K.B. and Mustapha, B.H.	

Date	31.10.2024		
Time	**Topic**	**Presenter**	**Moderator**
10.30 – 10.45 AM	#7 Effects of Income generating Activities and Donor Funds Liquidity of Public Universities in Kenya	Hillary Ngugi Mbugua, Dr. James M. Gatauwa and Dr. Fredrick Warui Waweru	Conference Committee
10.45 – 11.00 AM	#8 Effect of Shareholders Value Creation on Financial Performance of Manufacturing Companies in Nigeria (2007-2022)	Josiah, Faith Onyinyechi, Dr. Uguru, Leonard Chukwuma and Dr. Nkwagu, Louis Chinedu	
11.00 - 11.30 AM	**Health Break**		
11.30 – 11.45 AM	#9 Effect of Enterprise Development Programs on Sustainable Economic Development: An assessment of the Orange Economy in Kenya	Edwin Mutoro Situma & Dr. Abraham Rotich	
11.45 – 12.00 PM	#10 Climate Derivatives and Risk Transfer Mechanisms in Investment Decision-Making in Developing Economies.	Ndirangu Ngunjiri	
12.00 – 12.15 PM	#11 Effect of Accounting, Audit and Assurance on Corporate Value in Emerging economies: A case of Companies listed at the East Africa Community Securities Exchanges	Dr. David Onguka	
12.15 – 12.30 PM	#12 The Economic Impact of Climate Change on Nigeria's Agriculture and Food Security	Ihugba, Okezie A., Ihugba, Uchechi E. and Eches, Eberechi E.	
12.30 –12.45 PM	#13 Financial Deepening and Sustainability of Youth Owned Enterprises in Western Region, Kenya	Busolo Hassan, Dr. Muli Maingi, Dr. Oseno Ben and Prof. Willis Otuya	
12.45 – 1.00 PM	ATM Digital Financial Transactions and Stock Market Liquidity in Nigeria: Shall we continue to do it the same way and expect a different result?	Gbenga Festus BABARINDE	
1.00 – 1.30 PM	Closing Remarks, Entertainment and Departure		Dr. Duncan Elly

Date	31.10.2024		
Time	**Topic**	**Presenter**	**Moderator**
10.30 – 10.45 AM	#15 Application of DEA Model in Universities Entrepreneurial and Innovation Ecosystems Ranking in Kenya	Dr. Duncan Elly	Conference Committee
10.45 – 11.00 AM	#16 Effect of Having Monitoring and Evaluation skills in the Board of Directors for Savings and Credit Cooperative Organizations in Nairobi County, Kenya	June Nduku Kivinda	
11.00 - 11.30 AM	**Health Break**		
11.30 – 11.45 AM	#17 Debt Financing and Financial Performance of Small and Medium Enterprises in Kisumu County, Kenya	Eliver Okoth and Dr. Nixon Omoro	
11.45 – 12.00 PM	#18 Effect of financial risk on performance of listed energy and petroleum firms at the Nairobi Securities Exchange.	Dr. Onesmus Mutunga	
12.00 – 12.15 PM	#19 The Influence of Selected Macro economic variables on the Financial Performance of Mutual Funds in Kenya	Patrick Gladson Kupaza and Dr Kennedy Okiro	
12.15 – 12.30 PM	#20 Influence of Company's Growth Rate on Financial Performance of State-Owned Sugar Manufacturing Corporation Projects in Western Region, Kenya	Elijah Kawuor & Prof. Charles Rambo	
12.30 –12.45 PM	#21 Credit Risk Management and Financial Performance of Deposit Taking SACCOs in Kenya	Damaris Mwende Mwangangi, Dr. Johnbosco Kisimbi & Dr. Kennedy Okiro	
12.45 – 1.30 PM	Closing Remarks, Entertainment and Departure		Dr. Duncan Elly

Key Note Speakers Profiles

Paul DeNoon- Senior Advisor, Executive Education, Columbia Climate School

Paul DeNoon is a Senior Advisor to the Columbia Climate School bringing the knowledge and experience of the financial markets gained over a 35-year career as an analyst, portfolio manager and leader in corporate responsibility. He is also an advisor to the Coalition for Rainforest Nations, helping advance their mission of making rainforests worth more alive than dead. During a 28-year career at Alliance Bernstein, he built the firm's efforts in emerging market debt and lead its global, multi-sector, fixed-income investing team. After being named to the firm's first Partner Class, Paul was asked to oversee the firm wide efforts in corporate responsibility, including Diversity & Inclusion, responsible investing, and corporate philanthropy. In that role he played an instrumental part in creating the partnership between Columbia and Alliance Bernstein, which led to his former firm being the founding member of the Corporate Affiliate Program. In his current roles, Paul is focused on carbon markets and climate finance, hoping to bring healthy skepticism to the debate on how financial markets can help address the climate emergency. He received a BA in Economics from Union College and MBA from the New York University Stern School of Business.

Prof. Joseph Magali - Open University of Tanzania

Professor Joseph Magali is an academic staff from the Faculty of Business Management at the Open University of Tanzania. He holds a Ph.D. in Business Administration specializing in Financial Management from the Dongbei University of Financial Economics in China. Professor Magali graduated with a Master of Business Administration in Marketing from the Open University of Tanzania and a Bachelor of Science in Agricultural Economics and Agribusiness from Sokoine University of Agriculture. He has published articles in finance, marketing, research and general management. With an extensive portfolio of over 40 scholarly articles, his work resonates across academia and practice, leaving an indelible mark. Professor Magali's contributions to microfinance illuminate the transformative potential of financial services for marginalized communities. His research sheds light on the mechanisms that empower these groups, particularly women entrepreneurs, facilitating sustainable economic advancement. Within financial economics, his investigations delve into the intricate dynamics of Economic Empowerment, financial development and economic growth. His insights bridge theoretical frameworks with pragmatic solutions. Professor Magali's research probes the intricacies of fostering customer relationships in marketing. His work examines customer satisfaction and internal customer care service, offering actionable insights for businesses committed to customer-centric approaches. In the field of open and distance learning, Professor Magali's dedication to education becomes evident. His research embraces the role of financial and human resources in enhancing open and distance learning. Professor Magali is not only a finance researcher but also a tutor in research methodology. He will be a keynote speaker at the Development Finance Conference, where he will enlighten participants on identifying contextual, empirical, and methodological research gaps.

Prof. Atanasko Atanasovski - University Ss. Cyril and Methodius in Skopje

Mr. Atanasko Atanasovski is Full-time Professor in Accounting at the Faculty of Economics, University Ss. Cyril and Methodius in Skopje. Mr. Atanasovski is ACCA affilitate and has public practice experience with Deloitte as well as academic experience in teaching financial accounting and reporting courses since 2007.

His research interests are related to accounting quality, international financial reporting standards, corporate disclosure and transparency, corporate governance and internal controls, new disruptive technologies in accounting etc.

He supported World Bank ROSC activities and REPARIS program in Macedonia, implementing CPD and professional certification program for the local Institute of Certified Auditors of Republic of Macedonia (ICARM) and updating the translation of IFRS and ISA into Macedonian. In addition, Mr. Atanasovski has participated in the design and delivery of several roundtables and workshops of Vienna based World Bank Center for Financial Reporting Reform, including the completion of regional accounting education benchmarking study for the Western Balkans region. Mr. Atanasovski has been a senior key expert for reform of accounting legislation in Macedonia within the EU funded Strengthening of internal market project. He also served as coordinator for ICARM's examination program.

Prof. Roseline Wanjiru – Northumbria University, Newcastle Business School

Roseline Wanjiru is Associate Professor (Reader) of International Business and Economic Development at Newcastle Business School. She is the Head of Strategy and International Business within the EIS department. Roseline has previously held a number of leadership roles as the Faculty Director of Student Engagement, Director of Education, Programmes Leader within the Faculty of Business and Law.

Roseline is an expert advisor on international trade policy to governments and business organisations. Her research projects explore the links between international business and development impacts. Ongoing research projects investigate foreign direct investment spillovers, investment and trade incentives; learning and knowledge transfer; with a focus on institutions, employment and innovation impacts.

Roseline currently serves as an expert advisor to the UK Secretary of State for International Trade and is a member of the Export Guarantees Advisory Council (EGAC). This Council advises on the operations of UK Export Finance (UKEF). The Council monitors adherence to UK business principles including environmental, social and human rights impacts. The Council does not advise on official support for individual export projects and instead carries out reviews following UKEF support.

Roseline is a Fellow of the Institute for Trade and Innovation (Offenburg), the Royal Geographical Society, a member of the Academy of International Business and a Fellow of the Higher Education Academy. Prior to joining Northumbria University, she was previously at University of Leeds, University of Huddersfield. Outside of academia, Roseline worked in international development organisations. Roseline teaches and supervises projects in International Business, International Trade and Economics at undergraduate, postgraduate and doctoral levels.

Anthony Muthusi Makenzi – Partner, KPMG Kenya

Anthony has over 22 years of experience gained working with the Big Four that covers restructuring and turnaround planning, mergers and acquisition, financial due diligence, business valuation and private equity advisory. He is a licensed insolvency practitioner and a Certified Trustee from College of Insurance of Kenya.

Anthony holds an MBA from Warwick Business School and a Bachelor of Commerce from the University of Nairobi. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and has served as a board member at Endeavor and the British Chamber of Commerce.

Abstracts

Venture Capital Managerial Support, Venture Capital Financing Model and Financial Growth of Funded Small and Medium Enterprises in Nairobi City County, Kenya

By: Dancan Sagwe Maragia & Dr. James M. Gatauwa – Department of Accounting and Finance, Kenyatta University

Abstract

Purpose: The growth of the venture capital business globally has encouraged innovation and entrepreneurship, which has sparked the creation of wealth and jobs in several nations. By fostering wealth creation, economic growth, and job creation in their respective economies, SMEs become central in socioeconomic development. Despite their dominance and significance in developing nations like Kenya, these SMEs still have limited and fragmented access to sustainable finance that is necessary for their survival and growth. This study examined how venture capital managerial support and venture capital financing model affect the financial growth of selected SMEs in Nairobi County, Kenya.

Methodology: Both a descriptive research design and quantitative research methods were applied. The target population for the analysis consisted of 139 SMEs that have received venture capital funding. Data was analyzed using descriptive and inferential statistics.

Findings: Results indicated that venture capital managerial support had a positive and significant effect on SMEs' financial growth (β=0.106, P=0.044), and venture capital financing model has a positive and significant effect on SMEs' financial growth (β=0.133, P=0.003).

Conclusion and Recommendations: The study concluded that venture capital managerial support and venture capital financing model are essential in enhancing financial success of SMEs. The study recommended that entrepreneurs should take advantage of venture capital managerial support. The study further recommended that entrepreneurs should review their venture capital financing model to achieve higher financial growth.

Keywords: *Venture Capital Managerial Support, Venture Capital Financing Model, Financial Growth, Funded Small and Medium Enterprises.*

Simulation study of extended Geometric Brownian Motion model's parameters

By: Onyegbuchulem, Chialuka Adline, Onyegbuchulem, Besta Okey & Nwobi, Felix Noyanim - Alvan Ikoku Federal University of Education, Imo State Polytechnic & Imo State University

Abstract

This study explores the impact of additional parameters controlling skewness and kurtosis in the Extended Geometric Brownian Motion (EGBM) model, an extension of the old Brownian motion. Our previous research introduced the EGBM model, demonstrating its potential for improved options pricing. This follow-up study examines the sensitivity of the EGBM model to its skewness and kurtosis parameters, analyzing their impact on options pricing, volatility smile, and risk management. Using numerical simulations and empirical data, we assess the model's performance under various market conditions. Our findings provide valuable understandings into the role of these parameters in capturing complex market dynamics, contributing to the development of more accurate and robust options pricing models.

Keywords: *Extended Geometric Brownian Motion (EGBM), Options Pricing, Volatility Smile, Risk Management*

Effect of Information Asymmetry on Stock Performance of firms listed at the Nairobi Securities Exchange

By: Janet Okwiri & Dr. Zipporah Onsomu, Department of Finance and Accounting, University of Nairobi

Abstract

The fundamental objective underlying stock market investments is to achieve a satisfactory return on investment, a goal that proves to be exceedingly challenging in the absence of substantial information for predicting stock performance. This study delves deeply into the intricate relationship between information asymmetry and stock performance of firms listed on Nairobi Securities Exchange. Employing a descriptive research design, the study utilized secondary daily share price data obtained from the NSE and annual financial reports of NSE listed companies for the year 2022. Key methodologies included descriptive statistics, correlation analysis, and regression analysis, which were employed to examine connections and pinpoint noteworthy indicators of stock performance. The results indicate that the overall regression model holds statistical significance, given the F-statistic of 5.818, which is associated with a remarkably low p-value (Sig. = 0.000). The regression model further discloses a statistically significant moderating effect of information asymmetry on stock performance,

with an R value of 0.654 and an R Square value of 0.427. This suggests that 42.7% of the variability in Stock Performance can be accounted for by Information Asymmetry. Conversely, bid-ask spread and volume traded show no statistically significant associations with stock performance, as evidenced by their coefficients (B = 0.000 and -2.859E-010, respectively) and corresponding p values (Sig. = 0.297 **and 0.427, respectively).In contrast, stock volatility emerges as a noteworthy predictor, with a** positively significant relationship (B = 0.103), signifying a 0.103 change in stock returns for a one-unit change in volatility. The low p-value (Sig. = 0.000) confirms its statistical significance. Conversely however, both market capitalization and the P/E ratio do not demonstrate statistically significant relationships with stock performance, as indicated by (B = 5.029E-007 and 1.500E-005, respectively) and associated p-**values (Sig. = 0.672 and 0.154, respectively). In conclusion, the study provides** empirical evidence of the varied effect of information asymmetry on stock performance at the Nairobi Securities Exchange. The findings emphasize the significance of stock volatility in influencing stock performance, while bid-ask spread, volume traded, market capitalization, and the P/E ratio do not demonstrate statistically significant relationships. Building on these findings, the study offers several recommendations. Firstly, market participants are advised to maintain a keen awareness of the impact of share volatility on stock performance, recognizing that investments in stocks with higher volatility may result in more favorable returns. Secondly, to address challenges stemming from information asymmetry in Nairobi Securities Exchange, it is crucial to enhance market transparency through the real-time dissemination of corporate news and financial disclosures, thereby levelling the playing field for all investors. Lastly, regulatory bodies should strengthen oversight, imposing strict penalties for insider trading and market manipulation to discourage unethical practices. Moreover, maintaining stringent standards for corporate disclosures and governance practices is essential to ensure that listed companies provide comprehensive and accurate information. In addition, prioritizing investor education initiatives is necessary, empowering investors with the skills to critically assess information. Promoting independent research and analysis, encouraging institutional participation, and facilitating whistle-blower protection are vital steps in promoting market integrity.

Business Education Lecturers' Job Performance and Quality Programme in Public Colleges of Education in Kwara State

By: ABDULRAHEEM, Ismail Kunmi - Al-Hikmah University Ilorin, Nigeria

Abstract

This study aimed to investigate Business Education lecturers' job performance and quality programme in public colleges of Education in Kwara State, Nigeria. Two (2) research questions guided the study. A survey design was adopted. The population was 41 Business Education lecturers across public Colleges of Education in Kwara State. Since the population is manageable the researcher adopted census sampling technique. A-14 item structured questionnaire was validated by four (4) experts in the Department of Business Education, Al-Hikmah University, Ilorin which was used for data collection. The pilot study conducted yielded a reliability coefficient of 0.92 which was high enough for the instrument to be considered reliable. Mean and the standard deviation was used to analyze the research questions raised. The findings revealed that classroom management technique and availability of instructional material are highly required by Business Education lecturers for quality programme. Based on the findings, it was recommended among others that government should ensure that the right quality of instructional materials to promote teaching and learning are provided for business education lecturers to operate.

Key words: *Education, Business Education, Job performance, Quality programme*

The Illusion of Free Will in Economic Behavior: A Theoretical Exploration

By: Dr. Michael Ndwiga (University of Nairobi, Department of Economics and Development Studies)

Abstract

This paper explores the concept of free will in economic behavior through a theoretical framework that argues an omnipotent divine being predetermines human decisions. Building on theological, philosophical, and economic theories, the model suggests that from the moment of birth, every individual's life path, including economic decisions, follows a trajectory that is preordained by an omnipotent divine being. Using deterministic equations, the paper demonstrates how choices regarding consumption, investment, and utility, which are typically perceived as results of rational free will, are instead governed by a predesigned path. This theoretical exploration challenges classical economic models that assume autonomous decision-making, offering a new perspective that integrates divine omnipotence into human behavior. The paper discusses the philosophical and

economic implications of a predetermined decision-making process, including its effect on rational choice theory, moral responsibility, and the predictability of economic outcomes. By rethinking free will in the context of economics, this paper aims to open new avenues for understanding human behavior within a deterministic framework.

Key Words: *Free will, Rational Behavior, Investment Decisions*

Artificial Intelligence as a Driver of Organizational Effectiveness: An Analysis of SMEs in Oyo State

By: Ojutalayo, S.T., Raji, M.A., Ojutalayo, O.A., Arilesere, J.I., Joseph, K.B. and Mustapha, B.H. - Federal College of Animal Health and Production Technology, Ibadan

Abstract

Recent advancements in computer science, particularly in the domains of machine learning, robotics, and data mining, have significantly facilitated the integration of sophisticated technologies into business operations. Among these, Artificial Intelligence (AI) has attracted considerable attention across various sectors, including societal, industrial, and commercial domains. This study examines the impact of AI on organizational performance. A sample of fifty (50) owner-managers of business enterprises was analyzed. Data were examined using the Pearson product-moment correlation coefficient, and the significance of the results was tested using t-statistics at a 5% significance level to determine the acceptance or rejection of the hypotheses. The findings indicate that AI has a significant positive effect on the organizational performance of enterprises within the Ibadan metropolis. The study highlights the transformative potential of AI in the workplace, emphasizing its broad acceptance and the numerous opportunities it presents for enhancing business operations.

Key words: *Computer Science, Machine Learning, Robotics, Artificial Intelligence, Organizational performance and Data mining*

Effects of Income generating Activities and Donor Funds Liquidity of Public Universities in Kenya

By: Hillary Ngugi Mbugua, Dr. James M. Gatauwa and Dr. Fredrick Warui Waweru – Department of Accounting and Finance, Kenyatta University

Abstract

Financial challenges being faced by public universities is a worldwide problem. The study on liquidity of public universities has to be key to know how well our universities are equipped to perform better. How universities finance their operations is a key concern to stakeholders who are eager to solve the financial difficulties faced by public universities. The study had a general objective which was to assess the effects of Income generating activities and donor funding on liquidity of public universities in Kenya. The study was advised by two theories: Resource dependency theory and General systems theory. The study used Causal research design. Population of the study comprised of all 31 Chartered public universities in Kenya and covered a period of five years from 2016-2020 financial years. A census of all public universities was undertaken due to the small population size. The data was analysed using descriptive analysis and inferential analysis using panel data regression model. The study used secondary data which was quantitative in nature and collected from the Office of the Auditor-General. The study obtained permits for research from NACOSTI and ensured that all data collected was only used for the study. The study found that Income generating activities and donor funding though they contribute largely to the universities finances, they have minimal effect on liquidity of these universities. The study recommends that universities should enhance donor engagement initiatives to cultivate long-term relationships and secure sustainable funding sources. They should also prioritize streamlining their methods for generating revenue and in need to alleviate future liquidity issues, universities should diversify revenue streams, investigate creative income-generating activities, and improving resource utilization efficiency.

***Keywords**: Income Generating Activities, Liquidity, Public Universities, Donor Funding*

Effect of Shareholders Value Creation on Financial Performance of Manufacturing Companies in Nigeria (2007-2022)

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(Strathmore University)

Abstract

This study examined the effect of shareholders' value creation on financial performance of selected listed manufacturing firms in Nigeria with emphasis on the effect of cash flow on investment, cash value added, market value added and economic value added on financial performance of selected listed manufacturing firms. The study employed the ex-post facto research method and generalized method of moment (GMM) least squares technique to analyze the data. The study showed that cash flow on investment, cash value added, market value added has significant and positive effect on return on assets of selected listed manufacturing firms in Nigeria. The implication of the findings is that the shareholders' value creation components form strong profitability policy for the firm's management decisions. Based on the findings, the study recommended that the manufacturing firms should adopt a cash flow management strategy that will its return on investment and further boost the return on assets and the overall performance of the manufacturing activities; the firms should adopted additional cash value additions to the shareholders wealth, this will trigger demand for shares of the firms and improve performance; and there is need for the firms to further improve the economic value added as it is the most significant indicator of the shareholders' value and the life wire of capital base of the firms; this will improve the performance of the firms in terms of the return in assets.

Keywords: *Shareholders, Value Creation, Financial Performance, Manufacturing Companies, Nigeria*

Effect of Enterprise Development Programs on Sustainable Economic Development: An assessment of the Orange Economy in Kenya

By: Edwin Mutoro Situma and Dr. Abraham Rotich - KCA University

Abstract

The growth of small and medium-sized enterprises in developing economies is undoubtedly a contributor to economic growth and development. As such, governments need to put in place systems and policies that support the development and growth of SMEs in their quest to improve standards of living and reduce the levels of unemployment. The general objective of the study was to determine the impact of enterprise development programs for the creative industry businesses towards Sustainable Economic Development in Kenya. The specific objectives were to determine the effect

of market access support, management training and linkages to finances and alternative financing models on the performance of orange economy businesses and its impact on sustainable economic development in Kenya. This study analyzed the importance of enterprise development programs, their impact on the performance of SMEs in the orange economy and their effect on sustainable development. The research methodology employed was qualitative and relied on primary data to build the argument for this study. This study employed the descriptive research design as well as inferential statistics using the SPSS to analyze data and obtain information regarding the effect of enterprise development programs focusing on the orange economy and their contribution towards sustainable economic development in Kenya. The study employed the use of a questionnaire as the primary data collection tool. A census was used to select 100 SMEs in the orange economy that formed the population for the study. The findings indicated that market access support, business management training, and linkages to finances and alternative financing are statistically significant predictors of the performance of businesses in the Orange Economy in Kenya. Their respective p-values are all less than 0.05, indicating a less than 5% chance that the observed relationships are statistically significant. Therefore, these enterprise development programs have a positive and statistically significant impact on sustainable economic development, as measured through the performance of businesses in the Orange Economy. The study recommends targeted efforts to enhance market access support, implement high-quality business management training, and expand financial linkages and alternative financing options for businesses in Kenya's Orange Economy. These strategic interventions are crucial for boosting individual business performance and contributing to broader, sustainable economic development in the country.

Climate Derivatives and Risk Transfer Mechanisms in Investment Decision-Making in Developing Economies

By: Ndirangu Ngunjiri - University of Nairobi

Abstract

The global economy faces a substantial obstacle in the form of climate change, with developing nations experiencing a disproportionate burden of its consequences. This paper examines the intricate dynamics of climate derivatives and the methods through which risks are transmitted, examining their significant impact on investment decision-making in developing nations. The study seeks to assess the current state of climate risk management by a comprehensive examination of existing literature, in-depth analysis of case studies, and meticulous evaluation of regulatory measures, all within a comprehensive framework. The research integrates both qualitative and quantitative data via the use of a mixed-methods approach. The findings illustrate the intricate and varied character of climate risk in developing nations, underscoring the pressing need for resilient risk management strategies. Regulatory frameworks have a crucial role in influencing the adoption and effectiveness of risk transfer mechanisms in the investment environment. The study emphasizes the critical significance of climate derivatives in enhancing resilience against uncertainties arising from climate change. This paper provides pragmatic recommendations for policymakers, investors, and stakeholders to efficiently integrate climate derivatives into their investment strategies. The study highlights essential findings and promotes the use of flexible regulatory frameworks, urging the integration of climate risk management techniques into policy deliberations. These observations enhance the ability to make well-informed policy choices, promoting a more robust and sustainable investment climate in emerging countries. To summarize, this study highlights the significant impact of climate derivatives and risk transfer mechanisms on investment decision-making in emerging countries. The paper provides a holistic viewpoint on sustainable and resilient development by combining theoretical ideas, practical applications, and regulatory issues.

Effect of Accounting, Audit and Assurance on Corporate Value in Emerging economies: A case of Companies listed at the East Africa Community Securities Exchanges

By: Dr. David Onguka - University of Nairobi

Abstract

The main objective of this study is to explore the roles and challenges of accounting, audit, and assurance in emerging economies of East African Countries specifically - Kenya, Uganda and Tanzania. As these economies continue to grow and integrate into the global market, the demand for robust financial reporting, transparency, and accountability becomes critical. Therefore, this study aims to examine the current landscape of accounting standards, audit practices, and assurance frameworks in emerging economies. It will identify the key challenges faced by stakeholders, including regulators, businesses, auditors, and investors, in ensuring reliable financial reporting and effective audit processes. Additionally, the research will explore opportunities for innovation and improvement in accounting, audit, and assurance practices, leveraging technological advancements and global best practices. Strategic initiatives will be proposed to enhance the quality of financial reporting, strengthen audit independence, and promote ethical conduct within emerging markets. By employing a mixed-methods approach, combining qualitative and quantitative data, the research will provide a

comprehensive insights into the barriers and opportunities faced by accountants and auditors. The findings will highlight the implications of effective accounting, audit, and assurance practices on economic development, corporate governance structures, and investor confidence. This research is significant in promoting economic stability, investor confidence, and sustainable growth in emerging markets.

Keywords: *Accounting, Audit, Assurance, Sustainable Corporate Growth, Emerging Economies*

The Economic Impact of Climate Change on Nigeria's Agriculture and Food Security

By: Ihugba, Okezie A., Ihugba, Uchechi E. and Eches, Eberechi E - Alvan Ikoku Federal University of Education, Owerri

Abstract

Climate change poses a significant threat to Nigeria's agriculture and food security, impacting the nation's economy, environment, and the livelihoods of its population. As the most populous country in Africa, Nigeria relies heavily on rain-fed agriculture, making it particularly vulnerable to changing climate patterns, such as rising temperatures, altered rainfall, and extreme weather events. Inadequate infrastructure, limited access to modern farming methods, and a growing population exacerbate these challenges. This paper provides a comprehensive analysis of the economic impacts of climate change on Nigeria's agricultural sector, focusing on the implications for food security. It evaluates existing policies, identifies gaps, and suggests improvements while applying metrics to measure the effects on food availability, access, utilization, and stability. The findings highlight the urgent need for climate-smart agricultural practices, effective policy interventions, and investment in sustainable technologies to mitigate the adverse effects of climate change. Recommendations include enhancing adaptation and mitigation strategies, strengthening institutional frameworks, and promoting public awareness to build a climate-resilient agricultural sector and ensure long-term food security in Nigeria.

Keywords: *Climate Change, Agriculture, Government Policy, Food Availability, Mitigation*

Financial Deepening and Sustainability of Youth Owned Enterprises in Western Region, Kenya

By: Busolo Hassan, Dr. Muli Maingi, Dr. Oseno Ben and Prof. Willis Otuya - Masinde Muliro University of Science and Technology

Abstract

Youth owned enterprises in Kenya represent a significant share of employment generation and economic growth potential but, their financial sustainability is declining due to financial inclusion related challenges like financial deepening. Financial deepening implies the ability of financial institutions to effectively mobilize savings for investment purposes, improved financial infrastructure, broader financial market activity and improved access to financial products/services. This also provides enabling environment for financial sustainability of firms through diversified finance options, access to capital, financial services and strengthened financial institutions. In terms of resilience, financial deepening influences economic resilience (improved capital allocation, stronger financial instruments and markets) and firm level resilience (financial flexibility, diverse financing options, effective financial risk management tools). However, financial deepening also requires careful risk management due to its complexities, systemic risks and robust regulatory frameworks as mitigation measures. This study aimed at establishing influence of financial deepening on sustainability of youth owned enterprises in Western Region, Kenya. The study was guided mainly by financial intermediation theory, pragmatism paradigm and a descriptive survey design. The target population was 443 consisting of chairpersons/owners of the registered and established youth owned enterprises in Kakamega, Vihiga, Busia and Bungoma counties. A sample size of 210 respondents was selected using stratified and purposive sampling techniques. Structured questionnaires were used to collect quantitative data, while semi structured questionnaires-interviews were used to collect qualitative data. Secondary data collection sheet was used to collect financial data. A pilot study was conducted; content and construct validity was used to instrument validity while a Cronbach's alpha was used to test instrument reliability. Analysis was done using descriptive and inferential statistics. Descriptive analysis such as percentages, means, and standard deviation were utilized to summarize data whereas inferential statistics assessed nature and the strength of the relationships using correlation and regression analysis. The study found that financial deepening had significant influence on sustainability of youth owned enterprises (grand mean=3.3943, β = 0.366 (0.053) at $p<0.05$). The study concluded that understanding of financial deepening parameters such as ratio of money supply to GDP, price indices, scope of financial services provision and related challenges can enhance sustainability of youth owned

enterprises. The study recommended that owners of youth owned enterprises should always access information and get financial literacy on financial deepening challenges so as to adopt prudent risk management and robust regulatory frameworks to mitigate potential risks and complexities.
Keywords: *financial deepening, financial sustainability, youth owned enterprises*

ATM Digital Financial Transactions and Stock Market Liquidity in Nigeria: Shall we continue to do it the same way and expect a different result?

By: Gbenga Festus BABARINDE - Department of Banking and Finance, Modibbo Adama University, Yola,

Doing the same thing in the same way and expecting a different result is a mirage and shall we continue to employ Automated Teller Machine (ATM) majorly for non-stock market transactions and expect the stock market in Nigeria to improve? In response to this question, this study investigated the effect of ATM digital financial transactions on liquidity of the Nigerian stock market. The chosen period of the study was 2012 to 2021 and the monthly data for this period was fetched from Central Bank of Nigeria's statistical bulletin, World Bank's World Development Indicators, Statistics, as well as the Monthly Economic Reports of the Central Bank of Nigeria. Having applied the Fully Modified Ordinary Least Squares (FMOLS) regression techniques to the data, the study found that ATM transactions had negative and significant effect on stock market turnover ratio in Nigeria ($\beta = -0.2301$, $p<0.01$). This implies that for every 10% changes in ATM transactions, there was a decrease in stock market turnover ratio by 23.01% in the study period. This confirms the ATM-Stock Market Liquidity Negativity situation in Nigeria. This may not be unconnected with the use to which ATMs are put to use in Nigeria, which is mostly for consumption purposes. The study argues therefore that we cannot expect to employ ATM transactions in the same manner in Nigeria and expect a turnaround in the ATM-stock market liquidity negativity situation. The finding that ATM digital financial transactions did not enhance the liquidity of the stock market in Nigeria, calls for the need for the ATM to be re-engineered to enhance stock market liquidity by giving certain rebates to users of ATM in executing their stock market transactions and the source of funding this rebate should be a Special Stock Market Fund created by Public-Private Partnership.

Keywords: *Digital Finance, Automated Teller Machine, ATM, Stock Market Liquidity, Special Stock Market Fund*

Application of DEA Model in Universities Entrepreneurial and Innovation Ecosystems Ranking in Kenya

By: Dr. Duncan Elly Ochieng' – University of Nairobi

Abstract

Universities are pivotal in fostering entrepreneurial and innovation ecosystems that significantly impact national and regional economic development. This study applies the Data Envelopment Analysis (DEA) model to assess and rank universities based on their effectiveness in nurturing entrepreneurial and innovation ecosystems. The DEA model, a non-parametric method used in operations research and economics, enables efficiency measurement by comparing multiple input and output variables. In this context, universities are evaluated on inputs such as research funding, faculty expertise, partnerships with industry, infrastructure, and policy frameworks. The outputs include the number of start-ups, patents, industry collaborations, and successful innovations generated by university-related activities. This study focuses on a sample of universities within Kenya, exploring how their entrepreneurial ecosystems contribute to economic growth and innovation. It utilizes the DEA model to determine which institutions operate most efficiently in converting their resources into meaningful entrepreneurial outcomes. The ranking results provide insights into the strengths and weaknesses of each university's ecosystem, offering recommendations for enhancing efficiency and fostering more robust innovation networks. By applying the DEA model, this research bridges a gap in the literature on the quantitative evaluation of entrepreneurial ecosystems within academic institutions. The findings aim to guide policymakers, university administrators, and stakeholders in improving strategies for innovation-driven entrepreneurship, ultimately leading to stronger synergies between universities, industries, and governments in shaping vibrant entrepreneurial ecosystems.

Keywords: *Entrepreneurial and Innovation Ecosystems, Data Envelopment Analysis, Efficiency*

Effect of Having Monitoring and Evaluation skills in the Board of Directors for Savings and Credit Cooperative Organizations in Nairobi County, Kenya

By: June Nduku Kivinda (Development Finance Institute of Kenya – DFIK)

Boards of Directors in the public sector, private sector, Savings and Credit Cooperative Organizations (SACCOs), Non-Governmental Organizations (NGOs), Small and Medium Enterprises (SMEs) and other organizations, in general, undertook several projects to enable their members and shareholders use their products and services with an aim of having a sustainable future. However at Board level, it is rare to find a Director with Monitoring and Evaluation (M&E) skills who can inform whether the

projects undertaken are progressing according to plan, if the outcomes are as was intended in the objectives and demonstrating impact to stakeholders. In recent years, an individual with a finance background has new approaches that bring value addition to a Board. Information from financial statements is being connected to an organization's strategy, governance, performance and prospects in the short, medium and long term. According to Rosenberg & Kotschy (2020), "Modern societies are looking at having a sustainable future. The growing awareness of climate change, development failures resulting in global poverty and unsafe migrations as well as pandemics like COVID-19 are creating new contexts in which a new look at monitoring and evaluation (M&E) and evaluator competence is required. New approaches to M&E means new skills for the M&E practitioner". M&E practitioners are not actively sought for to sit in the Board of Directors of organizations. Most studies done in the world and even Kenya have addressed M&E but there is none that has looked at the M&E practitioner skills that can be useful for a Board of Directors to aid the board blend its monitoring and advisory roles to varying degrees to support modern societies that are looking at having a sustainable future. This study investigated the effect of having M&E skills in the Board of Directors in SACCOs in Nairobi as its main objective. This study adopted a descriptive survey research design. The population was 26 Board of Directors. The sample size was 20 Directors giving a response rate of 70 per cent. A five-point structured Likert scale questionnaire was used to collect primary data. Qualitative analysis consisting of recombining, tabulating, categorizing and examining evidences was used to answer the research questions. The Statistics Package for Social Sciences (SPSS) Statistics version 23 was used in entry, coding and analysis of quantitative data collected through the questionnaire. Multiple linear regression analysis was used to assess the effect of the predictor variables on the dependent variable. This study sensitized the M&E practitioner on how their skills are explicitly useful in a board. The study findings were useful in exposing to boards the necessity of concrete discussions on the presence of M&E skills in a board. The study also contributed significantly to new knowledge and provoked researchers to evaluate new framings in which a new look at M&E and evaluator competence is required as there is a growing recognition of the complexity of development problems and contexts. It also provoked researchers to come up with theories that effectively describe how to champion having the presence of an M&E skill actively sought for in Boards of organizations in all sectors.

Keywords: *Monitoring and Evaluation skills, Board of Directors*

Debt Financing and Financial Performance of Small and Medium Enterprises in Kisumu County, Kenya

By: Eliver Okoth and Dr. Nixon Omoro - University of Nairobi

Abstract

The management of a firm is usually faced with a balancing act of deciding how much funds should be raised by owners and how much should be raised externally from non- owner. Debt ratios in large firms have been examined by a number of researchers while smaller firms have attracted less attention. The financial policies of large listed companies often differ from smaller firms because they raise funds by issuing debt or equity into capital markets. The main emphasis of this research is to empirically study the impact of debt financing on the firm performance of SMEs in Kisumu County. As such the objectives of the study will be to determine the effects of trade credits, short term and long-term loans on SMEs financial performance. The study was guided by optimal capital structure theories. The study target a population of 120,000 SMEs in Kisumu County. Stratified sampling technique will be used to select a sample size of SME firms operating within the seven sub counties in Kisumu County. The study will collect both qualitative and quantitative data from SMEs'. The study intends to use both descriptive and inferential statistics to analyse the data.

Effect of financial risk on performance of listed energy and petroleum firms at the Nairobi Securities Exchange

By: Dr. Onsemus Mutunga - University of Nairobi

Abstract

The objective of this study was to examine the effect of financial risk on performance of listed energy and petroleum firms at the Nairobi Securities Exchange. Target population comprised four companies under the energy and petroleum at the NSE. A descriptive research design was adopted and a census survey was conducted using data from the year 2013 to 2022 due to the small size of target population. Data from published annual reports of the subject firms was obtained. Analysis facilitated using statistical package for social scientists. Regression analysis found $R = 0.556$ inferring positive relationship of financial risk and performance. Adjusted R-squared of 0.230 implied 23% variation in performance was instigated by variations in credit risk, market risk, liquidity risk and size of a firm. Regression coefficients revealed liquidity risk has a significant effect on performance of energy and petroleum companies ($p = 0.000 < 0.05$). Similarly, credit risk was found to have a significant effect on performance of listed energy and petroleum companies ($p = 0.037 < 0.05$). Also results showed

size of a firm has a substantial positive effect on performance of energy and petroleum companies (p = 0.023 < 0.05). However, market risk had an insignificant effect on performance of energy and petroleum companies (p=0.121>0.05).It was recommended that energy and petroleum companies should increase exposure to credit risk and liquidity risk while increasing firm size. However they should reduce their exposure to market risk. This would result in improving financial performance. Financial risk managers should attempt to identify optimal exposures to these types of financial risk in order to optimize financial performance. Investors in this sector at the NSE ought to consider the firms' liquidity risk, credit risk and market risk exposure in selecting investment stock among the energy and petroleum companies. Further researchers may extend this research to different.

The Influence of Selected Macro economic variables on the Financial Performance of Mutual Funds in Kenya

By: Patrick Gladson Kupaza and Dr Kennedy Okiro - University of Nairobi

Abstract

The mutual funds industry in Malawi is a subset of a small, shallow and relatively illiquid capital market that exist in a volatile macroeconomic environment and thus, it is most likely to experience shocks induced by changes in macroeconomic variables. Furthermore, owing to the small size of the industry in Malawi, there has been a noticeable absence of substantive literature on the subject of mutual funds. Therefore, the aim of the study was to examine the influence of key selected macroeconomic variables on the financial performance of mutual funds in Malawi. More specifically, the objective of the study was to establish the impacts of exchange rate, interest rates, inflation and GDP on the level of ROI of mutual funds. The study adopted a correlational research design and used secondary quarterly data of the only two licensed mutual funds in Malawi for the period March 2005 to December 2023. The study employed a panel FE model to estimate and analyze the relationship. The study documented significant positive impact of inflation and GDP and significant negative effects of interest rates on the financial performance of mutual funds in Malawi. However, the study failed to return any evidence that exchange rate variations have any bearing on returns of mutual funds as its coefficient was not statistically significant. The study adds to the sparse literature on mutual fund industry in Malawi and highlights the role that macroeconomic variables play in determining the financial performance of mutual funds and therefore, has the potential to act as guidance to investors and mutual fund managers alike in informing them of the appropriate macroeconomic environment to make optimal investment choices in. The study is also of paramount significance to the central bank as a regulatory authority in

influencing a conducive competitive macroeconomic environment and capital market for the mutual funds to thrive.

Influence of Company's Growth Rate on Financial Performance of State-Owned Sugar Manufacturing Corporation Projects in Western Region, Kenya

By: Elijah Kawuor & Prof. Charles Rambo - University of Nairobi

Abstract

The study investigated how Company's Growth Rate as capital structure decision influences financial performance of State-owned sugar manufacturing corporation projects in western region, Kenya. The research was anchored on capital structure Irrelevance theory denoted by Modigliani and Miller in 1958. The study emphasized on three most commonly used capital structure models mainly; (Trade-off; Pecking order and Agency cost theories). A combination of positivism and interpretivism (pragmatism paradigm) were used to ascertain the influence of company's growth rate as capital structure decision on performance of State sugar manufacturing corporation projects. Both descriptive survey and correlational designs were adopted to analyse data. A target population of 1145 drawn from employees of State sugar sectors was used. A sample size of 291 was obtained with the help of Krejcie and Morgan (1970) table. The main instrument used to collect data was structured questionnaire however it was supported by interview guide. The questionnaires were administered to employees of State sugar sectors and relevant government agencies, such as Ministry of Agriculture and Sugar Directorate, while interview guide was administered to opinion leaders within the sugar belt areas. Descriptive and inferential statistical approach was applied to analyse quantitative data while qualitative data was analysed using both descriptive and inferential statistical approach, aided by Statistical Package for Social Science version 23. Conversely, collection of qualitative data was done through narrative statements based on themes. Both Multiple Linear Regression and Pearson correlation Coefficient helped to establish the relationship among the study variables. Hypothesis Ho2 was tested at $a=0.05$ and since $p=0.000<0.05$, it was rejected and alternative (There is significant relationship between company's growth rate and financial performance) was accepted. The findings of the study were expected to help State-owned.

Keywords: *Capital structure decisions, Company growth rate, financial performance, State-owned sugar manufacturing corporation projects*

Credit Risk Management and Financial Performance of Deposit Taking SACCOs in Kenya

By: Damaris Mwende Mwangangi, Dr. Johnbosco Kisimbi & Dr. Kennedy Okiro - University of Nairobi

Abstract

In today's corporate landscape, characterized by rapid-paced operations and fierce competition, organizations had to adopt innovative approaches to managing their credit risk effectively and remaining agile in pursuit of organizational goals and decision- making. The financial performance of SACCOs in Kenya faces various challenges, as evidenced by statistical data. One significant issue is the high level of non-performing loans (NPLs), which adversely affects profitability and sustainability. Therefore, the study seeks to establish the effect of credit risk management on financial performance of savings and credit cooperative organizations in Kenya. The study was anchored on three theories; agency theory, Merton's structural model, and Modigliani-Miller theorem. The descriptive research design was applied in this study, which targeted 176 deposit taking SACCOs in Kenya. A sample of 90 SACCOs was obtained through the use of the Green's formula. Secondary data was used in the study. The analysis involved inferential and descriptive statistics. Descriptive statistics were analyzed using standard deviations and means. Inferential statistics were implemented in the investigation through linear regression and correlation analysis. The data was analyzed using SPSS software version 24, and the results were presented in tables. The research determined that there is a significant relationship between financial performance and credit risk management, both positive and negative. From the correlation analysis there is an indication that Loan portfolio as measured by NPL is negatively correlated with financial performance as measured by ROA ($r=-.463$, $p < 5\%$). Both liquidity and capital adequacy were positively correlated with ROA ($r=0.086$ and $r=0.135$, respectively). Also, there was a positive and statistically significant correlation between operational efficiency, asset utilization and ROA ($r=0.652$ and $r=0.404$). A regression analysis reveals that financial performance, particularly ROA, is enhanced by liquidity, loan portfolio, capital adequacy, operational efficiency and asset utilization found a favorable and statistically significant relationship. The ROA of DTS has been hit hard by nonperforming loans (NPLs). In this study, the independent variable that was analyzed, it explained the 59.9% of the change in the financial performance of deposit taking Sacco in Kenya as

represented by R square which is a coefficient of multiple determination. As a conclusion, this study found that non-performing loan amounts significantly affect the bottom lines of DTS. In order to ensure that Kenyan SACCOs can profit from the interest revenue generated by loan repayments, this research suggests that bank management should take steps to reduce the number of NPLs and improve loan loss provisioning.