

## **Implications of firm ownership identity and managerial discretion on financial performance: empirical evidence from Nairobi Stock Exchange**

### **Abstract:**

Research on the implications of ownership identity and managerial discretion on firm performance has yielded mixed results. Further, there is scanty literature, if any, on studies combining these variables in a single research. yet there is near-convergence in literature that ownership identity impacts managerial discretion in decision making processes. this paper presents results of a study that shows the intrrelationships between ownership identity and managerial discretion and their impact on financial performance as measured by ROA, ROE and DY. State ownership of firms is particularly indicated for poor stewardship, whereas foreign, insider, diverse and institutional ownership gave the best results. The results also show significant positive relationship between managerial discretion and performance. Collectively, these results are consistent with pertinent literature with regard to the implications of government, foreign manager( insider) and institutional ownership forms, but significantly differ concerning the effects of diverse ownership on firm performance