# THE EFFECT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE OF INSURANCE COMPANIES IN KENYA

BY

NDUNGU SIMON MAIGUA

A RESEARCH PROJECT SUBMITTED FOR PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION DEGREE, UNIVERSITY OF NAIROBI

OCTOBER, 2013

# DECLARATION

I declare that this research project is my original work and has not been submitted to any other university for award of a degree.

Signed …… Date ……..

Simon Maigua Ndungu: (Adm. No: D61/68167/2011)

This project has been submitted for examination with my authority as the university supervisor

Signed …… Date ……..

Mr. Cyrus Iraya

Lecturer, Department of Finance &Accounting

# ACKNOWLEDGEMENT

I wish to sincerely thank my supervisors Mr. Cyrus Iraya who was there closely monitoring the progress and ensuring I get the best out of me. This work would not have been successful without his contribution and the explanations that were given every time I needed it.

# DEDICATION

I dedicate this work to my family for every support they have given me. I would also like to dedicate this work to my son Mike Owen for bearing with me during my ups and down as I conducted this research. To my supervisor for helping me get out the best of what the intension of this research was. To all my friends, who gave their all in ensuring the best of this research is achieved. For your support and contribution, my mind and soul was enriched during the discussions and the impact of each of you was felt and will always be felt forever.

# ABSTRACT

The main objective of this study was to investigate the effect of corporate governance on financial performance of insurance companies in Kenya. Specifically, the study examined the size of board, number of board sub-committees, number of board meetings, CEO duality, number of independent directors, number of dependent directors, age of the company and size of company in terms of asset value and how they affect the financial performance of insurance Companies in Kenya.

The performance of firms was measured using Return on Assets (ROA). The study adopted descriptive research design. The population included all the insurance Companies which were operating as at December 2012. The study made use of secondary data which documentary information from Company annual accounts for the period 2007 to 2012 both years included was collected from 49 firms. Data was analyzed using a multiple linear regression model.

The study found that a weak relationship exist between the Corporate Governance practices under study and the firms' financial performance. The number of Board sub-committee members, number of dependent directors and the age of the company were found to affect the financial performance of insurance companies positively. The financial performance was however affected negatively by the Board size, number of Board meetings, number of independent directors and the asset value of the firms. Insurance firms should therefore put in place adequate board sub committees as well as ensure a higher number of dependent directors in order to enhance financial performance. Board size should also be reduced as much as possible since a larger size reduces the financial performance immensely.

# TABLE OF CONTENTS

## LIST OF TABLES



## LIST OF FIGURES

# LIST OF ABBREVIATIONS

| | |
|---|---|
| AGECOMP | Age of Company |
| AIDS: | Acquired Immunodeficiency Syndrome |
| ASSETV | Asset Value |
| BOM | Board Meetings |
| BOS | Board Size |
| BOSC | Board Sub-Committee |
| CEO: | Chief Executive Officer |
| CEOD | C.E.O Duality |
| CGI: | Corporate Governance Index |
| DD | Dependent Directors |
| EAC: | East African Community |
| HIV: | Human Immunodeficiency Virus |
| ID | Independent Directors |
| OECD: | Organization for Economic Cooperation and Development |
| R&D: | Research and Development |
| ROA | Return on Assets |

| | |
|---|---|
| SACCO: | Savings and Credit Cooperative Organization |
| SME: | Small and Medium Enterprises |
| UK: | United Kingdom |
| WOCCU: | World Council of Credit Unions |

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the Study

The modern business environment poses a number of challenges that require sound decision making and appropriate corporate governance practices. According to Edwards & Clough (2005) recent failures in corporate governance have led to the proliferation of corporate governance codes which emphasize, in particular, accountability and conformance measures in organizations. The essence of these codes is to determine what entails good corporate governance in an organization. For any organization to succeed in achieving good performance, it must be able to embrace conventional good corporate governance attributes as stipulated in codes such as the Cadbury code in the United Kingdom (UK) (Edwards & Clough, 2005).

Maher and Anderson (1999) assert that corporate organizations have a responsibility to various parties such as shareholders and other stakeholders such as employees, suppliers and even the society. They further argue that the corporate governance practices in an organization are very significant in determining the incentives and disincentives faced by all the above stakeholders who potentially contribute to firm performance. Corporate governance is primarily concerned with how effective different governance systems are in promoting long term investment and commitment amongst the various stakeholders. Kester (1992) indicates that the central problem of governance is to devise specialized systems of incentives, safeguards, and dispute resolution

processes that will promote the continuity of business relationships that are efficient in the presence of self-interested opportunism.

Corporate governance practices dictate the means through which performance is achieved and measured. According to Yacuzzi (2005), in every organization there are always forces that oppose change. Corporate governance ensures that there exist policies that can encourage performance. It is the work of the governing body to ensure that corporate performance is measured appropriately. This involves putting in place the measures that the organization will adopt in measuring or evaluating the level of performance.

### 1.1.1 Corporate Governance

A large number of definitions of corporate governance have been advanced through the years. The traditional definition is related to the protection of shareholder's interests (Tirole (2001) and has roots in the issue of separation between management and control. Monks and Minow (1995) maintain that corporate governance studies the relationship among various participants in determining the direction and performance of corporations. For Kawakami et al. (1994), corporate governance is a generic term that describes the ways in which rights and responsibilities are shared among the various corporate participants, especially the management and the shareholders.

Corporate governance is therefore a concept of higher order than management, as it is related to setting the firm's objectives and checking that managers are behaving accordingly. According to Kawakami et al (1994) assert that the meaning of governance and the reasons for its existence

can be better understood by looking at the main characteristics of corporations. Corporate governance ensures stockholders have limited responsibility and that they are not necessarily managers. This assists in avoiding conflicting interests between owners and managers, among different owners, and the weak consciousness of the activities that happen in the firm. Thus, some of the issues a governance system has to tackle include the criteria to be used to appoint the management of an organization; the responsibilities to be taken upon by the people who appoint the management; the appointment of the team responsible for checking management; the criteria to be used to promote the group of candidates to management posts and hoe to dismiss management (Kawakami et al., 1994).

Apreda (2003) gives a working definition of governance that encompasses a number of perspectives. He defines corporate governance as the governance within corporations and nearly alike organizations that brings to focus a number of subjects. The concept of corporate governance stems from a number of theories that explain the concept such as the Agency theory, the stewardship theory, and resource based theory and the stakeholder theory. This study adopts the definition fronted by Edwards & Clough (2005) that indicates that corporate governance is the full set of relationships among a company's management, its board, its shareholders and other stakeholders. It provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance determined. This definition is more appropriate for this study since it also incorporates the concept of performance which is key to the study.

### 1.1.2 Financial performance

A firm's financial performance is a measure of how well a firm uses its assets from its core operations and generates revenues over a given period of time. This measure is thus compared to some given industrial average standard of similar firms in the same industry. Brealey, Myers and Marcus (2009) indicate that financial performance can be measured in terms of profitability, liquidity, solvency, financial efficiency and repayment capacity. Profitability is the measures of the profit generated by a firm through the use of its productive assets; liquidity measures the ability of a firm to meet its obligations when they fall due; solvency measures a firm ability to pay all its financial obligations if all of its assets are sold. Therefore, a firm financial performance can be measured using net income or net operating income, its assets performance or even its cash flows.

Kaplan (2001) asserts that accountability is very significant in ensuring that organizations achieve the level of performance that is in line with the strategic objectives of the organization. Kaplan further indicates that most organizations traditionally measured performance using financial performance. However companies have recently recognized that financial measurements by themselves are inadequate for measuring and managing their performance. Financial reports measure past performance but communicate little about long-term value creation. Kaplan and Norton (1996) came up with the Balanced Scorecard to assist in measuring performance for private sector organizations. Their new system retained financial measurements but complemented these with measures from three other perspectives: that of the customer, the internal process, and learning and growth.

Yacuzzi (2005) also agrees that performance measures have traditionally been financial. However, more and more they are being considered insufficient by themselves. One of the strongest concerns is that financial reporting often does no support investment in new technologies and markets, and this investment is required for enterprise advancement. Corporate balances measure historical issues, but they do not indicate potential yield of future technological and commercial opportunities. When financial measures were developed, corporate markets and products were much simpler than today's. Finally, financial measures tend to focus on the short term: the short length of employment of top executives and the practice to manipulate accounting figures do strengthen short term expectations.

In order to be useful, a performance measurement system has to be in line with corporate policies and must be applied consistently to realize strategy. It has also to be multidimensional, in order to capture the many aspects of an enterprise, its products and services. Approaches such as the balanced scorecard and the multiple dimensions of quality were introduced to deal with the complexity of measuring efficiency and effectiveness (Enrique, 2005).

### 1.1.3 Relationship between Corporate Governance and performance

The governance structure of any corporate entity affects the firm's ability to respond to external factors that have some bearing on its performance. The concept is gradually warming itself to the top of policy agenda in the African continent like in Ghana and South Africa. Indeed, it is believed that the Asian crisis and the seemingly poor performance of the corporate sector in Africa have made the concept of corporate governance a catch phrase in the development debate

(Berglof and Thadden, 1999). Empirical studies have provided the nexus between corporate governance and firm performance. Bebchuk, Cohen and Ferrell (2004) indicate that well-governed firms have higher firm performance.

Maher & Anderson (1999) indicate 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. While some systems are characterized by wide dispersed ownership others tend to be characterized by concentrated ownership or control. In outsider systems of corporate governance the basic conflict of interest is between strong managers and widely-dispersed weak shareholders. In insider systems, on the other hand, the basic conflict is between controlling shareholders and weak minority shareholders. These conflicts are likely to dictate the number of directors, their education background and the frequency with which they hold their meeting. The end result from all these developments will be an effect on the financial performance of the organization.

It is assumed that a larger board will make it difficult for organizations to arrive at decisions faster while a leaner board of directors will be faster in making decisions that are likely to improve on the financial performance of the organization. If the board of any company has subcommittees that can address various specific issues, there is potential for such an organization to perform better financially. The CEO duality in an organization has also been linked to poor financial performance. If a CEO assumes two roles there may be lack of focus and commitment and this is likely to hurt the financial performance of the organization (Guze, 2012).

### 1.1.4 Insurance Companies in Kenya

According to the Insurance Regulatory Authority (2012) there are 49 licensed insurance companies n Kenya. According to the Business Monitor (2012) Kenya's insurance industry is resilient even though the country has been going through various economic and political problems. This resilience is evidenced by the determination of the industry to survive and thrive. The local life assurance industry is which accounts for about a third of total premiums in the insurance industry. Local groups are engaged in insurance, as are foreign insurers to a lesser extent. The industry is represented by a well organized trade body and overseen by a relatively new and empowered regulator. The non-life segment has moved beyond motor insurance. Micro-insurance products are developing and are ready for the regulatory and economic environment to improve their selling potential. Insurance companies in Kenya are also grouping themselves with the main aim of enhancing economies of scale.

There are however a number of challenges that face the insurance industry in Kenya. For instance there is no insurer that is large, except in a local context, and there are few actual economies of scale. Past restrictions and a generally challenging business environment in a small economy have limited the involvement of foreign insurers. Poverty and lack of awareness appear to be major constraints (Business Monitor, 2012). State-owned enterprises, potentially substantial users of insurance, have financial problems. A disease such as HIV/AIDS limits the potential for health insurance and life insurance. Insurers have been overly dependent on traditional products and distribution channels According to the Insurance Regulatory Authority, fraud and corruption have been significant problems. Micro insurance sales are also limited by

the regulatory authority and this denies many people the opportunity of taking insurance cover. However, there are opportunities such as investment by and partnerships with Indian and South African insurers indicate that Kenyan insurers have access to foreign capital and know-how. The East African Community (EAC) common market, which came into effect in July 2010, may provide opportunities for Kenyan insurers (Business Monitor, 2012).

## 1.2 Research Problem

Corporate governance concerns are old. Traces of the concept have been found in Shakespeare's The Merchant of Venice and in Adam Smith's The Wealth of Nations (Tricker, 2005). In recent decades, particularly since the 90's, the study of corporate governance has seen an unprecedented impulse: it is, indeed, a subject in the news. Scandals such as Enron's just gave further strength to an existing wave. In the past few years, however, the interest in corporate governance has spread to smaller organizations (Steger, 2004). More recently researchers have focused on the effect of corporate governance on the performance of organizations.

The insurance industry in Kenya faces a number of governance challenges despite the tight regulatory framework that has been put in place. According to Mukanyi (2011) corporate governance continues to deteriorate even though there is a tight regulatory framework. Muriithi (2009) asserts that many companies in Kenya have been characterized with scandals of different levels and magnitudes. The Insurance regulatory authority also identified poor corporate governance as a challenge to achievement of strategic plan 2008-2012. A study conducted by Guze (2012) on the effect of corporate governance on performance of public corporations in

Kenya established that corporate governance plays a major role in determining the level of performance.

In spite of the large number of works published during the past decades, there are important areas of corporate governance still unexplored, such as the application of corporate governance in determining performance of insurance companies that are under tight regulation currently. Governance issues in Latin American and Argentine firms have been studied (OECD (2003), Apreda (2001), and Agosin et al. (2003)), but there is much room for further contributions to this topic especially when focusing on insurance companies in developing countries such as Kenya. This study will seek to provide the required knowledge that can be able to fill this gap.

### 1.3 Research Objective

To determine the relationship between corporate governance and financial performance of insurance companies in Kenya.

### 1.4 Value of the Study

Upon completion, the findings of this study will be important to a number of groups of people. For instance the academic fraternity will be able to get additional materials for reference for those interested in studying corporate governance and financial performance of organizations. It will also assist in bridging the existing research gap in this area. The suggestions for further research will also be an important source of future research activity.

Insurance companies in Kenya will also get a more elaborate understanding of the relationship between corporate governance and performance of organizations. They will also be able to

benchmark on the best practices in corporate governance that are necessary in steering an organizations towards achieving certain levels of performance.

There are other companies that may not necessarily be in the insurance industry but can also benefit from the findings of the study. It will be easy for them to get an overview of how corporate governance affects their performance.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

This chapter deals with a comprehensive review of the literature on past studies that have been conducted on corporate governance and financial performance of organizations. The chapter discusses the theories upon which corporate governance is founded; the relationship between corporate governance and financial performance of organizations; a review of empirical studies on corporate governance and financial performance as well as a summary of the literature.

## 2.2 Theoretical Framework

The topic of corporate governance was mainly developed within financial literature, but a bibliographic research reveals that it has become of great interest to law researchers, economists, political scientists, sociologists and management sciences specialists. The wide range of literature reflects a strong diversity of theoretical grids. These theories attempt to explain how managers in an organization are governed and not how they govern (Gerard, 2004). There are three main theories that describe corporate governance in institutions. They include: The Agency Theory; The stewardship Theory and the Stakeholder Theory.

### 2.2.1 Agency Theory

The Agency theory was first proposed by Jensen and Meckling (1976) in a theory of the firm based upon conflicts of interest between various contracting parties such as shareholders, corporate

managers and debtors. However since then, the finance theory has developed both theoretically and empirically to allow a fuller investigation of the problems caused by divergences of interest between shareholders and corporate managers. The Agency theory indicates that agency problems arise because of the impossibility of perfectly contracting for every possible action of an agent whose decisions affect both his own welfare and the welfare of the principal, Brennan (1995b). The main challenge that arises from the agency conflict is how to induce the agent to act in the best interests of the principal. Jensen and Meckling (1976) suggest that this can be achieved through incentive schemes for managers which reward them financially for maximizing shareholder interests. Such schemes typically include plans whereby senior executives obtain shares, perhaps at a reduced price, thus aligning financial interests of executives with those of shareholders.

McColgan (2001) also asserts that argues that the scope of each type of agency conflict will differ from one firm to another, as will the effectiveness of governance mechanisms in reducing them. As has been proved, and then often questioned again, each type of governance mechanism can be important in reducing the agency costs of the separation of ownership and control. What is required is a more detailed understanding of what makes these mechanisms important for some firms and ineffective for others. Managerial awareness of the threat of takeover perhaps leads to entrenchment at lower levels, as does the potentially ineffective market for corporate control in disciplining management.

### 2.2.2 The Stewardship Theory

According to Arthurs (2003) the Stewardship theory addresses the underlying agency theory assumption that there is a tension between the risk propensity of principals and their agents whereby agents focus their actions upon mitigating their personal risk at the expense of

principals. The stewardship theory indicates that there is no misalignment between the interests of managers and owners because steward managers believe the pursuit of what is best for the organization is what is best for their constituents and themselves. Actions that benefit the organization and their owners are taken even if such actions are not in the steward's immediate self-interest. This underlying assumption of commonality between managers and owners runs counter to the assumption of the individualistic, self serving, opportunists that organizational economists have offered as the model of firm management in a market system (Arthurs, 2003). Stewardship theory also argues that individuals can abandon self-interest. In this case, the managers are not motivated by personal or individual goals but rather by the firm interests (Wesley, 2010).

### 2.2.3 The Stakeholder Theory

The stakeholder theory is based on the argument that other than shareholders there are several agents with an interest in the actions and decisions of companies. Stakeholders are groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by corporate actions. In addition to shareholders, stakeholders include creditors, employees, customers, suppliers, and the communities at large. Stakeholder theory asserts that companies have a social responsibility that requires them to consider the interests of all parties affected by their actions. Management should not only consider its shareholders in the decision making process, but also anyone who is affected by business decisions. In contrast to the classical view, the stakeholder view holds that "the goal of any company is or should be the flourishing of the company and all its principal stakeholders (Freeman et al., 2004).

Some of the problems with stakeholder theory lie in the difficulty of considering voiceless stakeholders such as the natural environment and absentee ones such as future generations or potential victims (Capron, 2003). The difficulty of considering the natural environment as a stakeholder is real because the majority of the definitions of stakeholders usually treat them as groups or individuals, thereby excluding the natural environment as a matter of definition because it is not a human group or community as are, for example, employees or consumers (Buchholz, 2004). Phillips and Reichart (2000) argue that only humans can be considered as organizational stakeholders and criticize attempts to give the natural environment stakeholder status.

### 2.2.4 Resource Dependency Theory

The origins of the resource dependency theory can be traced to the open system theory. The theory suggests that organizations have varying degrees of dependence on the external environment, particularly for the resources they require to operate. Because of this dependence on the external environment, organizations face uncertainty in acquisition of resources (Grewal and Dharwadkar, 2002). The theory further posits that when an organization depends on external resources, there is reduced managerial discretion as well as interference with the achievement of organizational goals which may to some extent threaten the existence of the organization. Confronted with the costly situation of this nature, management actively directs the organization to manage the external dependence to its advantage. Organization success is defined as organizations maximizing their power (Allaire and Firsirotu, 1989; Ulrich and Barney, 1984).

Within this perspective, an organization can manage increasing dependency by adapting to or avoiding external demands, by executing suitable strategies. The essence of this perspective is that if superior financial performance results primarily from managing dependencies and uncertainty. Choosing the appropriate strategies in which to proactively influence and thereby control the environment to its advantage should be a consideration in strategic decision-making. As this would then open an option for the firm to contribute or withhold an important resource or input which can then be used as leverage in bargaining with its customer (Allaire and Firsirotu, 1989).

## 2.3 Measures of Corporate Governance and Financial Performance

### 2.3.1 Corporate Governance

Absence of governance controls would allow managers to pursue interests that are likely to deviate from that of the corporate owners. According to the WOCCU report (2005) internal governance defines the responsibilities and accountability of the general assembly, the board of directors, management and the staff. These responsibilities include achieving an appropriate governing structure of the credit union, preserving the continuity of future credit union operations, creating balance within the organization and remaining accountable for their actions.

Boards of Directors are widely recognized as an important mechanism for monitoring the performance of managers and protecting shareholders' interests and hence an important component of internal governance (Fama and Jensen, 1983).

The board control is challenged when faced with lack of know how among the members leading to weak policies and weak supervision of management. Some stakeholders do not know their rights and have no adequate financial literacy (Kyazze, 2010). The WOCCU report (2005) recommends that all board members should have basic financial literacy, or commit to acquiring these skills through education or training. Shaw (2006) also asserts that emergence of a better educated membership in the board is very essential since skilled directors can assist the organization to meet its financial performance objectives. According to the WOCCU report (2002) the board must be independent and able to question management about issues they do not understand or are unclear.

According to Rural SPEED (2007), independence of elected board members vis-à-vis full time staff and management is critical for effective controlling and supervising of management. Bald (2007) noted that elected officers should not be financially dependent on management and that often, independence of board members may be compromised once an elected officer became monetarily interested in attending board meetings, because the person would depend on management to call meetings in order to earn fees and would no longer be free to occasionally hold opposing views to management. The report further argues that financial compensation for elected officers and committee members should be a reimbursement of incidental costs only, not be a financial incentive or quasi-salary.

John & Senbet (1998) assert that large boardrooms tend to be slow in making decisions, and hence can be an obstacle to achieving good financial performance as opposed to small board size. WOCCU report (2005) observes that a board constituted by fewer than five members, may find it difficult to adequately represent its diverse member body, just as a board constituted by

more than nine members may make consensus achieving difficult and may increase logistical problems. The report suggests that the board may be composed of an odd number of members, no less than five and no greater than nine. The purpose of this structure is to prevent tied votes.

The CEO duality can also cause a governance problem in an organization. Duality occurs when one individual holds the two most powerful posts of Chief Execute Officer (CEO) and Board chairman (Weir & Laing, 2001). Board members may not serve as an effective device for decision control when too heavily influenced by CEOs as there won't, be a safety valve to guard against any misjudgment by the CEOs. The separation of the two roles provides essential check and balances over management's performance. In situations where a CEO doubles as a board chairman, conflict of interest and agency costs increase therefore stifling performance (Coleman & Osei, 2007). However, Dahya, Lonie & Power (1996) claim that duality role enhances the effectiveness of boards. They base their arguments upon stewardship theory which states that the separation of roles is not vital, since many companies are well run with combined roles and have strong boards fully capable of providing adequate checks. In addition, combining the two roles may enable the CEO to be able to shape the company to achieve stated objectives due to less interference.

### 2.3.2 Financial Performance

Financial performance is part of financial management in organizations which involves the art and science of managing financial resources of an organization (Jacobs, 2001). This is an area that requires knowledge, skills and experience and whose goals include: maximising profits,

sales, capturing a particular market share, minimising staff turnover and internal conflicts, survival of the firm, and maximising wealth((Jacobs, 2001). For any organization to measure financial performance there is need to conduct performance measurement. Performance measurement can be separated into two categories: financial performance measurement and non financial performance measurement.

Financial performance measurement generally looks at a firm's financial ratios which are usually calculated using the accounting figures obtained from financial statements of an organization such as liquidity ratios, activity ratios, profitability ratios, and debt ratios. On the other hand Non-financial performance measurement is more subjective and may look at customer service, employee satisfaction, perceived growth in market share, perceived change in cash flow, and sales growth (Haber & Reichel, 2005).

## 2.4 Empirical Literature

There is evidence of research on the role of corporate governance in the financial performance of organizations. For instance Okwee (2011) carried out a study on corporate governance and financial performance of saccos in Lango sub region of Uganda. The study involved a sample size of 63 SACCOs that were drawn from a population of 75 SACCOs in Lango sub region. The study made use of questionnaires that were distributed to each of the SACCOs, through drop and pick method. The findings from the analyzed data revealed that a significant number of SACCOs were found to comply less with corporate governance guidelines, risk was found to be weakly and negatively correlated with corporate governance and financial performance where as corporate governance and financial performance were found to be strongly positively correlated.

The study also outlined a number of corporate governance practices that are likely to impact on the financial performance of organizations. These practices include CEO dualism, board size and the skills of the board members.

Another study was also carried out by Oskar (2012) in Poland. The aim of the study was to establish the relationship between corporate governance and a firm's performance and dividend payouts during the financial crisis in Poland. Corporate Governance was measured using the Corporate Governance Index (CGI). The study also sought to construct a comprehensive measure of the corporate governance for 298 non-financial companies listed on Warsaw Stock Exchange from the year 2006-2010. The findings from the study confirm that there is a positive relationship between corporate governance and performance of an organization. It was also evident that higher corporate governance leads to an increase in cash dividends. The study was also able to establish a link between corporate governance and with return on assets during the global financial meltdown that also affected Poland. The study revealed that during the financial crisis, companies with good corporate governance still managed to pay dividends less generously than firms with lower corporate governance standards.

According to a study conducted by the Australian Treasury (2009) on corporate governance and financial performance in an Australian context, it was noted that corporate governance is such a very important concept in most contemporary organizations. The aim of the study was to examine the relationship of a company's adoption of the corporate governance principles and best practice as outlined by the Australian Securities Exchange and the financial performance of Australia's top listed 300 companies. The study findings revealed that companies that implemented the corporate governance principles and best practice as outlined by the Australian

Securities Exchange had a better performance than companies that had poor implementation of the same. The study therefore concludes that corporate governance is a very significant input into the financial performance of organizations.

Maher and Anderson (1999) also conducted an evaluation of the effects of corporate governance on firm performance and economic growth. The aim of the study was to examine the various countries and the corporate governance structures available and how they affect performance. The study revealed that the corporate governance framework can impinge upon the development of equity markets, R&D and innovative activity, entrepreneurship, and the development of an active SME sector, and thus impinge upon economic growth. The study suggests that there is no single model of corporate governance and each country has through time developed a wide variety of mechanisms to overcome the agency problems arising from the separation of ownership and control. The study also considered the various mechanisms employed in different systems (e.g. concentrated ownership, executive remuneration schemes, the market for takeovers, cross-shareholdings amongst firms, etc.) and examines the evidence on whether or not they are achieving what they were intended to do. It was revealed that for instance one of the benefits of concentrated ownership is that it brings more effective monitoring of management and helps overcome the agency problems arising from the separation of ownership and control. Some of the costs, however, are low liquidity and reduced possibilities for risk diversification. While dispersed ownership brings higher liquidity it may not provide the right incentives to encourage long-term relationships that are required for certain types of investment. Therefore, one of the challenges facing policy makers is how to develop a good corporate governance framework which can secure the benefits associated with controlling shareholders acting as

direct monitors, while at the same time ensuring that they do not impinge upon the development of equity markets by expropriating excessive rents (Maher and Anderson, 1999).

Otieno (2011) carried out an investigation into the effect of corporate governance on financial performance of commercial banks in Kenya. The study involved a cross sectional research design of the 44 commercial banks in Kenya. Both secondary and primary data was used for the study. The findings from the study reveal that corporate governance plays an important role on bank stability, performance and bank's ability to provide liquidity in difficult market conditions. The results also indicate that corporate governance factors (CGPR, CGPO, DPP and SRR) accounts for 22.4 % of the financial performance of commercial banks.

Liech (2011) also conducted a study on the relationship between corporate governance practices and financial performance of local airlines in Kenya. The aim of the study was to establish how corporate governance practices affect the financial performance of local airline companies. The study measured corporate governance by using a corporate governance index (GCI), which is a score of various corporate governance questions derived from the various corporate governance codes of the Capital markets authority. The codes were grouped into four sub indices namely: Shareholders rights, Directors composition and structure, Ownership structure, Disclosure and audit and compensation policy. The study used a census approach to collect data from all the 30 local airlines. The findings indicate that there is a significant relationship between corporate governance practices and financial performance of airlines. It was also evident that airlines with strong corporate governance practices also have better financial performance

## 2.5 Summary of Literature

The area of corporate governance and organizational performance has attracted many researchers in the recent past. It is evident that most studies that have so far been conducted have largely focused on corporate governance and general performance of an organization. This general performance includes the financial, social and environmental performance of an organization. There are few studies that have examined the relationship between corporate governance and financial performance of organizations more especially in the life assurance section.

Extant literature on corporate governance and financial performance of organizations is available. The theoretical literature has divergent views on corporate governance and performance of organizations. The agency theory suggests that managers pursue their own interests at the expense of the shareholders whereas the stewardship theory indicates that managers are reasonable people who can pursue actions that can benefit the organizations and the owners. Empirical literature both global and local, show evidence of some relationship between corporate governance and financial performance of organizations. But despite the existence of lots of studies in this area, the insurance industry has not be investigated to find out how corporate governance affects financial performance of insurance industries in the country. There have been a number of changes in Kenya in the last five years including promulgation of the new constitution in 2010 which has a number of effects on various aspects of business. Also, the regulator issued corporate governance guidelines in 2011 which compel the insurance companies to adhere to them. The fact that there is no study that has attempted to establish the relationship between corporate governance affects financial performance of insurance industries in Kenya leaves a research gap that needs to be filled. This is the gap this study seeks to bridge.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter presents a discussion on the research methodology that was adopted. Among the pertinent issues that are discussed include the research design the researcher employer; the target population for the study; the techniques that were employed to arrive at the sample size for the study; the type of data collection methods; and techniques to be employed in data analysis.

## 3.2 Research Design

According to Kothari (2004) research design is defined as framework that shows how problems under investigation will be solved. A descriptive survey is a design that involves establishing what is happening as far as a particular variable is concerned. This was a descriptive survey of all the insurance companies that are operating in Kenya. It was considered to be appropriate for this study since it allowed the researcher to use both qualitative and quantitative data in trying to establish the effect of corporate governance on the financial performance of insurance companies in Kenya.

## 3.3 Population of the Study and sample

This study was about the effect of corporate governance in all the insurance companies that are operating in Kenya. The population of this study included a census of all the insurance companies. According to the Insurance Regulatory Authority, there were 49 insurance companies in Kenya at the time of the study. A census of all the 49 companies was undertaken.

### 3.4 Data Collection Methods

The study made use of secondary data. The secondary data was collected from the 49 insurance companies in Kenya. The secondary data was quantitative in nature and included data on profitability of the companies. This data was obtained from published company reports as required by the Companies Act. The data collected covered six years from 2007 to 2012 both years included.

### 3.5 Data Analysis Techniques

The researcher made use of regression analysis to establish the relationship between corporate governance and financial performance of insurance Companies in Kenya. The following analytical model was used in analyzing the relationship between the dependent and independent variables: $Fp = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b6X6 + b7X7 + b8X8 + e$

Where:

Fp is the financial performance of insurance companies measured by return on asset (ROA).

x1 is the size of the board;

x2 is the number of board sub committees that are available in the company;

x3 is the number of board meetings and

x4 is the CEO duality

X5 is the number of independent directors

X6 is the number of dependent directors

X7 is the age of the company and

X8 is the size of the company in terms of Asset value

# CHAPTER FOUR

# DATA ANALYSIS, RESULTS AND DISCUSSION

## 4.1 Introduction

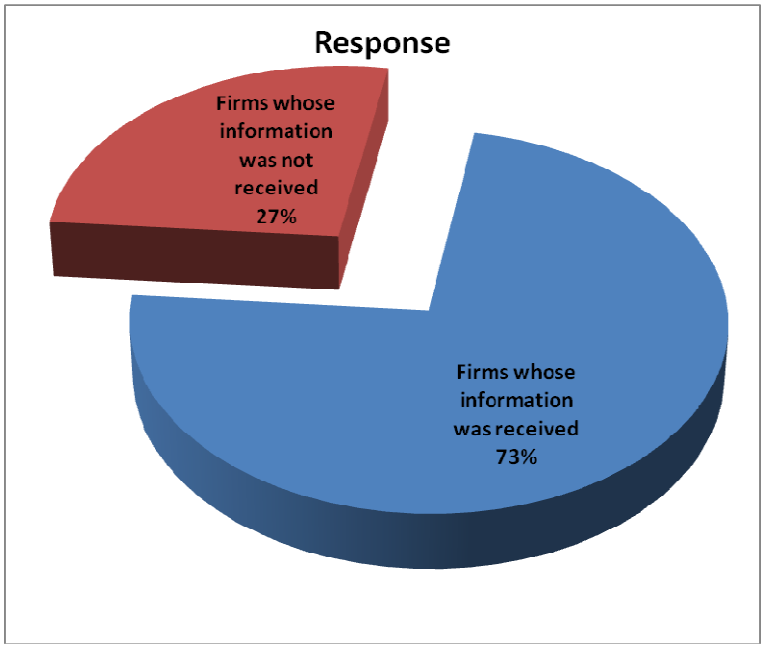
This chapter analyzes the findings of the research and presents the data in line with the objectives of the study. The data collected and analyzed is presented in tabular form showing percentages, totals and interpretations diagrammatically through graphs, figures and text description.

## 4.2 Data Analysis and Presentation of Results

### *4.2.1 Response Rate*

In a bid to establish the actual number of responses who actively participated in the study, analysis of the response rate was conducted. Out of the 49 insurance companies targeted, financial information for only 36 insurance companies was available at the time of the study making a response rate of 73%. This is in agreement with Cooper and Schindler (2003) who indicated that a response rate of between 30 to 80% of the total sample size can be generalized to represent the opinion of the entire population. This can be illustrated in details as shown in figure 4.1 below;-

***Figure 4.1: Response Rate***

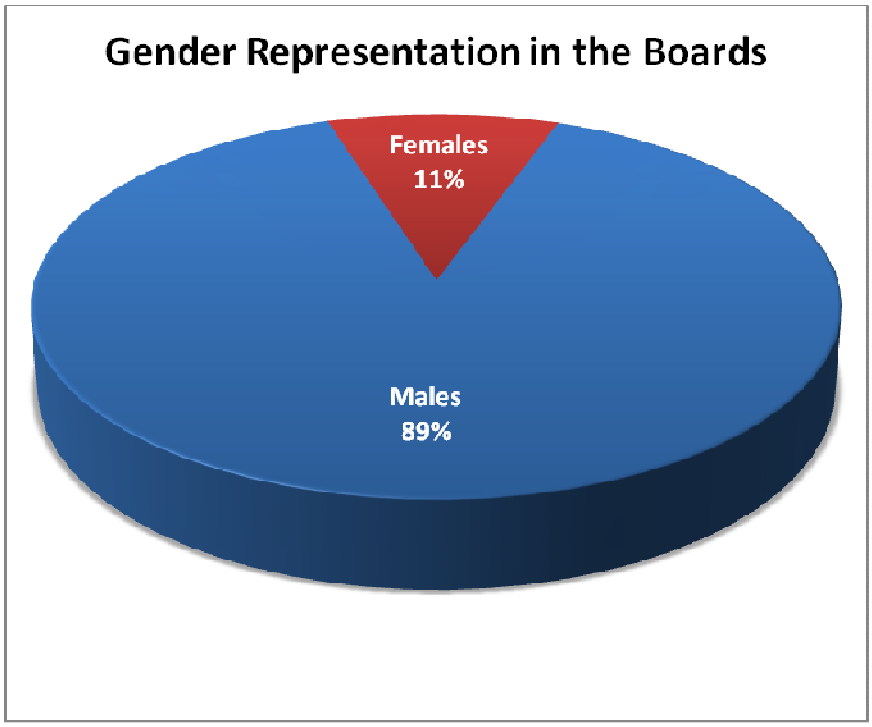



Source: Author (2013)

### *4.2.2 Gender Representation in the Boards*

The study also sought to determine the extent of gender representation in the boards of the insurance companies in which it revealed that a majority were found to be male constituting 89% of the board members for all the insurance companies studied while only 11% were females. This can as well be illustrated in details as shown in the figure 4.2 below;-

*Figure 4.2: Gender Representation in the Boards*




Source: Author (2013)

### 4.3 Descriptive Analysis

Secondary data was collected from the firms' financial statements and report for the six year period between 2007 and 2012 both years included. The study collected data on Return On Assets which was measured as amount of net income returned as a percentage of total assets, the various independent variables were Board Size which was measured by the number of directors, Board Sub-Committees which was measured by number of persons serving in the sub-committees of the Board, Board meetings which was measured by the number of meetings held by the board per year, CEO Duality which was measured as dummy variable 1 if CEO and Chairman are the same person; and 0 if CEO and Chairman are different persons, Independent

Directors which was measured by the number of non-executive directors in the board, Directors which was measured by the number of executive directors, age of the company was measured by the year of incorporation of the insurance company and finally the assets value which was measured by the value of total assets.

### 4.4 Correlation Analysis

In order to test for multicollinearity the researcher conducted a Pearson Product Moment correlation.

***Table 4.1: Correlations coefficient***

| | | ROA | BOS | BOSC | BOM | CEOD | ID | DD | AGECOMP | ASSETV |
|---|---|---|---|---|---|---|---|---|---|---|
| ROA | Pearson Correlation | 1 | -.046 | .116 | -.071 | .[a] | -.056 | .035 | .224** | -.009 |
| | Sig. (2-tailed) | | .520 | .102 | .319 | . | .429 | .619 | .001 | .898 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| BOS | Pearson Correlation | -.046 | 1 | -.026 | .097 | .[a] | .899** | -.021 | -.010 | .301** |
| | Sig. (2-tailed) | .520 | | .711 | .171 | . | .000 | .764 | .892 | .000 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| BOSC | Pearson Correlation | .116 | -.026 | 1 | -.025 | .[a] | -.155* | .299** | .112 | .143* |
| | Sig. (2-tailed) | .102 | .711 | | .725 | . | .029 | .000 | .114 | .043 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| BOM | Pearson Correlation | -.071 | .097 | -.025 | 1 | .[a] | -.139* | .515** | -.149* | -.174* |
| | Sig. (2-tailed) | .319 | .171 | .725 | | . | .049 | .000 | .036 | .014 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| CEOD | Pearson Correlation | .[a] | .[a] | .[a] | .[a] | .[a] | .[a] | .[a] | .[a] | .[a] |
| | Sig. (2-tailed) | . | . | . | . | | . | . | . | . |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| ID | Pearson Correlation | -.056 | .899** | -.155* | -.139* | .[a] | 1 | -.457** | -.020 | .297** |
| | Sig. (2-tailed) | .429 | .000 | .029 | .049 | . | | .000 | .773 | .000 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| DD | Pearson Correlation | .035 | -.021 | .299** | .515** | .[a] | -.457** | 1 | .027 | -.067 |
| | Sig. (2-tailed) | .619 | .764 | .000 | .000 | . | .000 | | .703 | .344 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **AGECOMP** | Pearson Correlation | .224** | -.010 | .112 | -.149* | .a | -.020 | .027 | 1 | .329** |
| | Sig. (2-tailed) | .001 | .892 | .114 | .036 | . | .773 | .703 | | .000 |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| **ASSETV** | Pearson Correlation | -.009 | .301** | .143* | -.174* | .a | .297** | -.067 | .329** | 1 |
| | Sig. (2-tailed) | .898 | .000 | .043 | .014 | . | .000 | .344 | .000 | |
| | N | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | | |
| a. Cannot be computed because at least one of the variables is constant. | | | | | | | | | | |

Source: Author (2013)

On the correlation of the study variables, the researcher conducted a Pearson Product Moment correlation. From the findings on the correlation analysis between Return On Assets and the other study variables, the study found that there was positive correlation coefficient between Return On Assets and the number of board sub-committees by correlation factor of 0.116, the study also found a positive correlation between ROA and number of dependent directors as well as age of the company with correlation factors of 0.035 and 0.224 respectively. However, ROA and Board Size, number of board meetings, number of independent directors as well as asset value were found to have negative correlation with correlation coefficients of -0.046, -0.071, -0.056 and -0.009 respectively.

### 4.5 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The researcher used Statistical Package for Social Sciences (SPSS) to code, enter and compute the measurements of the multiple regressions

***Table 4.2: Model fitting information***

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.267 | 0.071 | 0.042 | 0.0653 |

Source: Author (2013)

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the above table, the value of adjusted R squared was 0.042, an indication that there was variation of 4.2% on the financial performance (ROA) of insurance companies due to changes in Board Size, number of Board Sub-Committees, number of Board Meetings, CEO duality, number of Independent Directors, number of Dependent Directors, Age of the Company and the Assets Value. This shows that only 4.2% changes in return on assets of insurance companies could be accounted for by Board Size, number of Board Sub-Committees, number of Board Meetings, CEO duality, number of Independent Directors, number of Dependent Directors, Age of the Company and the Assets Value. R is the correlation coefficient which shows the relationship between the study variables. The findings however show that there was a weak positive relationship between the study variables as shown by 0.267.

***Table 4.3 ANOVA Analysis of the Return on Assets***

| | *Df* | *Sum of Squares* | *Mean Square* | *F* | *Significance F* |
|---|---|---|---|---|---|
| **Regression** | 8 | 0.054793158 | 0.006849145 | 2.161672 | 0.031904 |
| **Residual** | 202 | 0.853368565 | 0.004224597 | | |
| **Total** | 210 | 0.908161722 | | | |

Source: Author (2013)

From the ANOVA statistics in the table above, the processed data, which is the population parameters, had a significance level of 0.032 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The calculated was greater than the critical value (1.98 <2.162) an indication that Board Size, number of Board Sub-Committees, number of Board Meetings, CEO duality, number of Independent Directors, number of Directors, Age of the Company and the Assets Value were significantly influencing financial performance (ROA) of insurance firms in Kenya. The significance value was also less than 0.05, an indication that the model was statistically significant.

***Table 4.4: Coefficients Analysis of the Model***

| | ***Coefficients*** | ***Standard Error*** | ***t Stat*** | ***Sig.*** |
|---|---|---|---|---|
| Intercept | 0.035205 | 0.0379 | 0.9280599 | |
| Board Size | 0 | 0 | 65535 | 0.264 |
| No. of Board Sub-Committees | 0.00642 | 0.0042 | 1.517209099 | 0.868 |
| No. of Board Meetings | -0.00703 | 0.0080 | -0.881331405 | 0.231 |
| CEO Duality | 0 | 0 | 65535 | 0 |
| Independent Directors | -0.00033 | 0.0031 | -0.107713105 | 0.431 |
| Dependent Directors | 0.001155 | 0.0081 | 0.143523637 | 0.691 |
| Age of Company | 0.000667 | 0.0002 | 2.777763892 | 0.550 |
| Assets Value | -9.4E-10 | 7.69568E-10 | -1.223376243 | 0.949 |

Source: Author (2013)

From the data in the above table the established regression equation was;-

$$Fp = 0.035 + (0)X_1 + (0.006)X_2 \quad (0.007)X_3 + (0)X_4 \quad (0.001)X_5 + (0.001)X_6 + (0.001)X_7 \quad (207048)X_8$$

$$Fp = 0.035 + (0.006)X_2 - (0.007)X_3 - (0.001)X_5 + (0.001)X_6 + (0.001)X_7 - (207048)X_8$$

From the above regression equation it was revealed that Board Size, number of Board Sub-Committees, number of Board Meetings, CEO duality, number of Independent Directors, number of Directors, Age of the Company and the Assets Value at constant zero would amount to financial performance of insurance companies to be at 0.035. It further indicated that a unit change in Board Size as well as that of CEO duality would not affect the financial performance (ROA) of insurance companies while a unit increase in Sub-Committee members, number of dependent directors as well as the age of the company would lead to increase in financial performance of insurance companies by factors of 0.006, 0.001 and 0.001 respectively. A unit increase in the number of Board Meetings, number of independent directors as well as the asset value on the other hand would lead to decrease in financial performance (ROA) of insurance companies by factors of 0.007, 0.001 and 207048 respectively.

At 5% level of significance and 95% level of confidence, Board Size had a 0.264 level of significance, number of Board Sub-Committees showed a 0.868 level of confidence, number of Board Meetings had 0.231, CEO duality had a significance of zero while number of Independent Directors had 0.431, the number of Dependent Directors had significance level of 0.691, age of the Company had 0.55 while the assets value had a significance level of 0.949. Overall assets value had the greatest effect on the financial performance of insurance companies followed by number of board sub-committees, then number of dependent directors then age of the company

followed by number of independent directors, then size of the board and finally number of board meetings had the least effect to the financial performance of insurance companies.

### 4.6 Discussion of Results

According to the findings of the study, the Boards of insurance companies were found to be dominated by male members taking a proportion of about 89% while the female board members constitute only 11% of the total board members.

It further revealed that all the insurance companies studied had zero CEO duality in which case the CEO and Chairman were different persons. It also shows that the age of the companies varied with the oldest one being eighty eight years old at the time of the study while the youngest was three years old at the time of the study.

The study revealed that there was positive correlation between Return on Assets (ROA) and the following variables, namely; number of board sub-committees, number of dependent directors and age of the company. It however showed a negative correlation between ROA and the Board Size, number of board meetings, number of independent directors as well as asset value.

On overall, assets value of insurance companies were found to have the greatest effect on the financial performance of insurance companies followed by the number of board sub-committees, then the number of dependent directors followed by the age of the company and then the number of independent directors, then size of the board and finally number of board meetings had the least effect to the financial performance of insurance companies.

The findings however showed that there was a weak positive relationship between the study variables as shown; the correlation coefficient R which was 0.267.

# CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents and discusses a summary of the findings of the study, conclusions drawn from the data analysis undertaken in chapter four, implications drawn and its impact on policy and professional practice and establishes recommendations reached.

## 5.2. Summary of findings

According to the findings of the study, the Boards of insurance companies were found to be dominated by male members taking a proportion of about 89% while the female board members constitute only 11% of the total board members.

According to the findings of the study, all the insurance companies studied had zero CEO duality in which case the CEO and Chairman were different persons. It also shows that the age of the companies varied with the oldest one being eighty eight years old at the time of the study while the youngest was three years old at the time of the study.

On the correlation of the study variables, the study found that there was weak positive correlation coefficient between Return On Assets and the number of board sub-committees, the number of dependent directors as well as age of the company with the strongest of all being the age of the company followed by the number of board sub-committees and finally the number of dependent directors.

There was however weak negative correlation coefficient between ROA and the Board Size, the number of board meetings, number of independent directors as well as asset value of the

companies with the weakest of all being the number of board meetings followed by the number of independent directors, then board size and finally the asset value.

Given the value of coefficients obtained, it was revealed that holding Board Size, number of Board Sub-Committees, number of Board Meetings, CEO duality, number of Independent Directors, number of Directors, Age of the Company and the Assets Value at constant zero would amount to financial performance of insurance companies to be at 0.035.

In addition, the results of the coefficients further indicated that a unit change in Board Size as well as that of CEO duality would not affect the financial performance (ROA) of insurance companies while a unit increase in Sub-Committee members, number of dependent directors as well as the age of the company would lead to an insignificant increase in financial performance of insurance companies by factors of 0.006, 0.001 and 0.0001 respectively. However, a unit increase in the number of Board Meetings, the number of independent directors as well as the asset value would on the other hand lead to decrease in financial performance (ROA) of insurance companies by factors of 0.007, 0.001 and 207048 respectively.

In as much as the asset value had a negative effect on the financial performance of insurance companies, it was found to have the greatest effect on the financial performance of insurance companies followed by the number of board sub-committees, then the number of dependent directors followed by the age of the company and then the number of independent directors, then size of the board and finally number of board meetings had the least effect to the financial performance of insurance companies.

The findings however showed that there was a weak positive relationship between the study variables as shown the correlation coefficient R which was 0.267.

## 5.3 Conclusion

From the findings on the effects on the financial performance of insurance companies in Kenya, the study found that number of board sub-committees affects the financial performance of insurance companies to a great extent. From the regression analysis, asset value was found to negatively affect the financial performance of insurance companies. On the effects of the number of dependent directors on the financial performance of insurance companies, the study established that a large number of dependent directors as opposed to independent directors in composing of the board affect the financial performance positively to a great extent. The study thus concludes that composition of the board and the board sub-committees positively influence the financial performance of insurance companies to a great extent. From the findings on effects of number of board meetings on the financial performance of listed insurance firms, the study found that it negatively influenced the financial performance of insurance firm to a great extent. Reduction of the number of board meetings positively influenced the financial performance of insurance firms listed to great extent. From the findings on effects of the age of the company on the financial performance of insurance firms, the study established that age of the company positively influenced the financial performance of insurance companies in Kenya. In as much as the study showed that there was a weak positive relationship between the study variables, it concluded that longer an insurance company operates while governed effectively the more positive its financial performance. Thus the study therefore concludes that overall, the variables had no significance impact on the performance of insurance companies.

## 5.4 Future Research

From the findings, the researcher recommends that there is need for further research seeking to establish the variables with strong relationship with the return on assets in insurance companies in Kenya.

# REFERENCES


Allaire, Y., & Firsirotu, M. E. (1989). *Coping With Strategic Uncertainty*. Sloan Management Review, 30(3), 7.

Apreda, R. (2003, September). *A Code of Good Practices to reshape Corporate Governance in Argentina*. Paper presented at the Central Bank of Uruguay in the 5th International Meeting, Montevideo.

Byalor University. (2003). *The Boundaries and Limitations of Agency Theory and Stewardship Theory in the Venture Capitalist/Entrepreneur Relationship: Entrepreneurship Theory and Practice.* Texas, USA: Arthurs, J.

Australian Treasury. (2012). *Corporate governance and financial performance in an Australian context.* Treasury working paper 2009-02, Government of Australia.

Bebchuk, L., Cohen, A. and Ferrell, A. (2004). *What Matters in Corporate Governance?.* Working paper, Harvard Law School, Cambridge, MA.

Berglof, E. and Von Thadden, E. L. (1999). *The Changing Corporate Governance Paradigm: Implications for Transition and Developing Countries.* Paper presented at the annual World Bank Conference on Development Economics, Washington, DC.

Brealey, R.A., Myers, S.C & Marcus, A J. (2009). *Fundamentals of Corporate Finance* (6th ed). McGraw –Hill

Brennan, M. J. (1995). *A Plain Man's Response to Professor Jensen.* Working Paper, Andersen Graduate School of Management, University of California.

Buchholz, R. A. (2004). *The natural environment: Does it count? Academy of Management Executive,* 18 (2), 130-133.

Business Monitor. (2012). *Kenya Insurance Industry Report Quarter One 2012.* Business Monitor Industry Report Series.

Clarkson, M. B. E. (1995). *A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. Academy of Management Review,* 20 (1), 92-117.

Coleman, A.K., & Osei. K. A. (2007). *Outreach and profitability of Microfinance Institutions: the role of governance Journal of Economic Studies,* 35 (3), 236-248.

Dahya, J., Lonie, A.A. & Power, D.M. (1996). *The case for separating the roles of Chairman and CEO: An analysis of stock market and accounting data. Corporate Governance – an International Review,* 4, 71-79.

Donaldson, L., and Davis, J. H. 1991. *Stewardship theory or agency theory: CEO governance and shareholder returns. Australian Journal of Management.* 16**,** 49-64.

Edwards, M. & Clough, R. (2005). *Corporate Governance and Performance: An Exploration of the Connection in a Public Sector Context.* Corporate Governance ARC Project, Issues Series Paper No. 1.

Fama, E.F. and Jensen, M.C. (1983). *Separation of ownership and control.* CoopAFRICA Working Paper No.15

Freeman, R. E., Wicks, A. C. and Parmar, B. (2004). *Stakeholder Theory and The Corporate Objective Revisited. Organization Science,* 15 (3), 364-369.

Gerard, C. (2004). *Corporate Governance Theories: From Micro Theories to National Systems Theories.* FARGO Working Paper No. 1041202, Centre for Research in Finance.

Guze, P. (2012). *The effect of corporate governance on performance of Parastatals in Kenya.* An MBA Project submitted to the University of Nairobi.

Haber, S. & Reichel, A. (2005). *Identifying performance measures of small ventures-the case of the tourism industry. Journal of Small Business Management,* 43(3), 260.

IRA. (2012). *Licensed Members of the Insurance Industry.* A list Compiled by the Insurance Regulatory Authority.

Jacobs, A. 2001. *Financial Management IV (FMA 401-V): Study guide 1,* (3rd ed.). Pretoria: Technikon S.A.

Jensen, M.C. and W.H. Meckling. (1976). *Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure. Journal of Financial Economics,* 3 (4), 305 -360.

John, K., & Senbet, L. W. (1998). *Corporate governance and board effectiveness. Journal of Banking and Finance,* 22: 371–403.

Kaplan, R. S., and Norton, D. P. (1996). *The Balanced Scorecard: Translating Strategy into Action.* Boston: Harvard Business School Press.

Kawakami et al., (1994). *The Wisdom of Japanese Style Management.* PHP Kenkyuusho, Tokyo.

Kester, C. W. (1992). *Industrial groups as systems of contractual governance. Oxford Review of Economic Policy,* 8 (3), 24-44.

Kothari, C. R. (2004). *Research methodology. New Age International.* New Delhi. India.

Kyazze, L.M. (2010). *Cooperatives; the Sleeping Economic and Social Giants in Uganda. Journal of Law & Economics,* 26 (2), 301-28.

Liech, W. (2011). *The relationship between corporate governance practices and financial performance of local airlines in Kenya.* An MBA Project submitted to the University of Nairobi.

Maher, M. and Anderson, T. (1999). *Corporate Governance: Effects on Firm Performance and Economic Growth.* Organization for Economic Co-Operation and Development. Corporate Ownership & Control, 2 (2), 11-27.

McColgan, P. (2001). *Agency theory and corporate governance: a review of the literature from a UK perspective.* Department of Accounting & Finance, University of Strathclyde.

Okwee, A (2011). *Corporate Governance and Financial Performance of SACCOs in Lango Sub Region.* A Thesis submitted to Makerere University.

Oskar, (2012). *Does Corporate Governance Determine Corporate Performance and Dividends During Financial Crisis: Evidence from Poland. Kozminski Center for Corporate Governance.* Kozminski University.

Otieno, F. (2011). *The effect of corporate governance on financial performance of Commercial Banks in Kenya.* An MBA Project submitted to the University of Nairobi.

Phillips, R. A. and Reichart, J. (2000). *The Environment as a Stakeholder? A Fairness-Based Approach. Journal of Business Ethics,* 23 (2), 185-197.

Shaw, L. (2006). *Overview of Corporate Governance Issues for Co-operatives.* DISCUSSION PAPER Commissioned by the Global Corporate Governance Forum for the Working Meeting on Corporate Governance and Co-operatives.

Steger, T. (2004). *Corporate Governance of German SMEs – A review with special regards to the situation in East Germany.* Economic Commission For Europe Paper No. 6, Committee For Trade, Industry and Enterprise Development, Working Party on Industry and Enterprise Development, Expert meeting on Good Governance for SMEs, 1-2 April.

Tirole, Jean (2001). *Corporate Governance.* Econometrica, 69 (1)

Tricker, B. (2005). *Corporate Governance: A Subject whose Time Has Come.* Corporate Ownership & Control, Vol. 2 (2), 11-27.

Weir, C. & Laing, D. (2001). *Governance structures, Director Independence and Corporate Performance in the UK.* European Business Review, 13 (2), 86-94.

Wesley, C. (2010). *The Impact of Stewardship On Firm Performance: A Family Ownership And Internal Governance Perspective.* A thesis Submitted to Texas A & M University.

World Council of Credit Unions (WOCCU), report 2002.

World Council of Credit Unions (WOCCU), Statistics report 2005.

World Council of Credit Unions (WOCCU), Statistics report 2006.

Yacuzzi, E. (2005). *A Primer On Governance And Performance In Small And Medium-Sized Enterprises. Journal of Business Management*, 2, 22-34.

# APPENDIX I: SAMPLE DESCRIPTIVE DATA

| COMPANY | Year | ROA | Board size | N0. of Board Sub-Committees | No. of Board Meetings | CEO Duality | Independent Directors | Dependent Directors | Age of Company | Assets Value |
|---|---|---|---|---|---|---|---|---|---|---|
| Chartis/ AIG(K) | 2007 | 0.14 | 6 | 5 | 2 | 0 | 5 | 1 | 35 | 1590002 |
| | 2008 | 0.08 | 6 | 5 | 2 | 0 | 5 | 1 | 36 | 1811536 |
| | 2009 | 0.09 | 6 | 5 | 2 | 0 | 5 | 1 | 37 | 1944617 |
| | 2010 | 0.15 | 6 | 5 | 2 | 0 | 5 | 1 | 38 | 2462986 |
| | 2011 | 0.16 | 6 | 5 | 2 | 0 | 5 | 1 | 39 | 2596037 |
| | 2012 | 0.11 | 6 | 5 | 2 | 0 | 5 | 1 | 40 | 4186280 |
| AMACO | 2007 | 0.07 | 8 | 2 | 4 | 0 | 7 | 1 | 7 | 625056 |
| | 2008 | 0.09 | 8 | 2 | 4 | 0 | 7 | 1 | 8 | 851567 |
| | 2009 | 0.07 | 8 | 2 | 4 | 0 | 7 | 1 | 9 | 1412297 |
| | 2010 | 0.05 | 8 | 2 | 4 | 0 | 7 | 1 | 10 | 1861571 |
| | 2011 | 0.05 | 8 | 2 | 4 | 0 | 7 | 1 | 11 | 1777627 |
| | 2012 | 0.04 | 8 | 2 | 4 | 0 | 7 | 1 | 12 | 2310991 |
| APA | 2007 | 0.02 | 7 | 4 | 4 | 0 | 4 | 3 | 4 | 4490812 |
| | 2008 | 0.03 | 7 | 4 | 4 | 0 | 4 | 3 | 5 | 4936055 |
| | 2009 | 0.04 | 7 | 4 | 4 | 0 | 4 | 3 | 6 | 5555183 |
| | 2010 | 0.03 | 7 | 4 | 4 | 0 | 4 | 3 | 7 | 7069553 |
| | 2011 | 0.04 | 7 | 4 | 4 | 0 | 4 | 3 | 8 | 7643218 |
| | 2012 | 0.03 | 7 | 4 | 4 | 0 | 4 | 3 | 9 | 9288824 |
| British America (Britak) | 2007 | 0.05 | 7 | 6 | 4 | 0 | 5 | 2 | 42 | 10251754 |
| | 2008 | 0.03 | 7 | 6 | 4 | 0 | 5 | 2 | 43 | 12472893 |
| | 2009 | 0.02 | 7 | 6 | 4 | 0 | 5 | 2 | 44 | 14504080 |
| | 2010 | 0.04 | 7 | 6 | 4 | 0 | 5 | 2 | 45 | 21423167 |
| | 2011 | 0.03 | 7 | 6 | 4 | 0 | 5 | 2 | 46 | 20587829 |
| | 2012 | 0.04 | 7 | 6 | 4 | 0 | 5 | 2 | 47 | 29960754 |
| Cannon | 2007 | 0.04 | 6 | 3 | 4 | 0 | 5 | 1 | 43 | 1995073 |
| | 2008 | 0 | 6 | 3 | 4 | 0 | 5 | 1 | 44 | 2455316 |
| | 2009 | 0.08 | 6 | 3 | 4 | 0 | 5 | 1 | 45 | 2949450 |
| | 2010 | 0.09 | 6 | 3 | 4 | 0 | 5 | 1 | 46 | 3458812 |
| | 2011 | 0.04 | 6 | 3 | 4 | 0 | 5 | 1 | 47 | 3931206 |
| | 2012 | 0.12 | 6 | 3 | 4 | 0 | 5 | 1 | 48 | 4374562 |
| CFC Life | 2007 | 0.03 | 7 | 3 | 4 | 0 | 6 | 1 | 3 | 9146889 |
| | 2008 | 0.03 | 7 | 3 | 4 | 0 | 6 | 1 | 4 | 10199937 |
| | 2009 | -0.04 | 7 | 3 | 4 | 0 | 6 | 1 | 5 | 11258719 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 0.02 | 7 | 3 | 4 | 0 | 6 | 1 | 6 | 13964907 |
| | 2011 | -0.02 | 7 | 3 | 4 | 0 | 6 | 1 | 7 | 13403147 |
| | 2012 | 0.02 | 7 | 3 | 4 | 0 | 6 | 1 | 8 | 18091887 |
| Cooperative (CIC) | 2007 | 0.01 | 12 | 3 | 4 | 0 | 11 | 1 | 8 | 2438669 |
| | 2008 | 0.05 | 12 | 3 | 4 | 0 | 11 | 1 | 9 | 3028650 |
| | 2009 | 0.04 | 12 | 3 | 4 | 0 | 11 | 1 | 10 | 3489482 |
| | 2010 | 0.04 | 12 | 3 | 4 | 0 | 11 | 1 | 11 | 6565908 |
| | 2011 | 0.06 | 12 | 3 | 4 | 0 | 11 | 1 | 12 | 11113241 |
| | 2012 | 0.1 | 12 | 3 | 4 | 0 | 11 | 1 | 13 | 12729761 |
| East Africa Re | 2007 | 0.05 | 7 | 3 | 4 | 0 | 6 | 1 | 14 | 2402710 |
| | 2008 | 0.05 | 7 | 3 | 4 | 0 | 6 | 1 | 15 | 2392921 |
| | 2009 | 0.07 | 7 | 3 | 4 | 0 | 6 | 1 | 16 | 2617121 |
| | 2010 | 0.07 | 7 | 3 | 4 | 0 | 6 | 1 | 17 | 3152091 |
| | 2011 | 0.04 | 7 | 3 | 4 | 0 | 6 | 1 | 18 | 3802953 |
| | 2012 | 0.08 | 7 | 3 | 4 | 0 | 6 | 1 | 19 | 4697998 |
| Fidelity Shield | 2007 | 0.1 | 6 | 2 | 4 | 0 | 4 | 2 | 27 | 973895 |
| | 2008 | 0.03 | 6 | 2 | 4 | 0 | 4 | 2 | 28 | 1020996 |
| | 2009 | 0.12 | 6 | 2 | 4 | 0 | 4 | 2 | 29 | 1242949 |
| | 2010 | 0.14 | 6 | 2 | 4 | 0 | 4 | 2 | 30 | 1550657 |
| | 2011 | 0.05 | 6 | 2 | 4 | 0 | 4 | 2 | 31 | 1702948 |
| | 2012 | 0.08 | 6 | 2 | 4 | 0 | 4 | 2 | 32 | 2226088 |
| First Assurance | 2007 | 0.08 | 6 | 3 | 4 | 0 | 5 | 1 | 77 | 1344900 |
| | 2008 | 0.1 | 6 | 3 | 4 | 0 | 5 | 1 | 78 | 1637818 |
| | 2009 | 0.08 | 6 | 3 | 4 | 0 | 5 | 1 | 79 | 2102007 |
| | 2010 | 0.07 | 6 | 3 | 4 | 0 | 5 | 1 | 80 | 3252029 |
| | 2011 | 0.08 | 6 | 3 | 4 | 0 | 5 | 1 | 81 | 3807956 |
| | 2012 | 0.09 | 6 | 3 | 4 | 0 | 5 | 1 | 82 | 4811442 |
| Gateway | 2007 | 0.03 | 8 | 3 | 4 | 0 | 7 | 1 | 25 | 1057886 |
| | 2008 | 0.05 | 8 | 3 | 4 | 0 | 7 | 1 | 26 | 1171357 |
| | 2009 | 0.03 | 8 | 3 | 4 | 0 | 7 | 1 | 27 | 1429455 |
| | 2010 | 0.02 | 8 | 3 | 4 | 0 | 7 | 1 | 28 | 1335977 |
| | 2011 | 0.32 | 8 | 3 | 4 | 0 | 7 | 1 | 29 | 2105846 |
| | 2012 | 0.01 | 8 | 3 | 4 | 0 | 7 | 1 | 30 | 2033204 |
| Geminia | 2007 | 0.02 | 5 | 3 | 4 | 0 | 4 | 1 | 26 | 982020 |
| | 2008 | 0.03 | 5 | 3 | 4 | 0 | 4 | 1 | 27 | 1023455 |
| | 2009 | 0.26 | 5 | 3 | 4 | 0 | 4 | 1 | 28 | 1479461 |
| | 2010 | 0.05 | 5 | 3 | 4 | 0 | 4 | 1 | 29 | 1833984 |
| | 2011 | 0.07 | 5 | 3 | 4 | 0 | 4 | 1 | 30 | 2039012 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 0.14 | 5 | 3 | 4 | 0 | 4 | 1 | 31 | 2947764 |
| GA | 2007 | 0.12 | 7 | 2 | 4 | 0 | 5 | 2 | 28 | 1763548 |
| | 2008 | 0.08 | 7 | 2 | 4 | 0 | 5 | 2 | 29 | 1895181 |
| | 2009 | 0.07 | 7 | 2 | 4 | 0 | 5 | 2 | 30 | 2301877 |
| | 2010 | 0.05 | 7 | 2 | 4 | 0 | 5 | 2 | 31 | 4025039 |
| | 2011 | 0.06 | 7 | 2 | 4 | 0 | 5 | 2 | 32 | 4540414 |
| | 2012 | 0.08 | 7 | 2 | 4 | 0 | 5 | 2 | 33 | 5542595 |
| Heritage | 2007 | 0.1 | 7 | 6 | 4 | 0 | 5 | 2 | 31 | 2907637 |
| | 2008 | 0.04 | 7 | 6 | 4 | 0 | 5 | 2 | 32 | 2932953 |
| | 2009 | 0.04 | 7 | 6 | 4 | 0 | 5 | 2 | 33 | 3365432 |
| | 2010 | 0.07 | 7 | 6 | 4 | 0 | 5 | 2 | 34 | 4021461 |
| | 2011 | 0.12 | 7 | 6 | 4 | 0 | 5 | 2 | 35 | 3959224 |
| | 2012 | 0.14 | 7 | 6 | 4 | 0 | 5 | 2 | 36 | 4833748 |
| Heritage Life | 2007 | 0.05 | 7 | 6 | 4 | 0 | 5 | 2 | 31 | 1614527 |
| | 2008 | 0.06 | 7 | 6 | 4 | 0 | 5 | 2 | 32 | 1534317 |
| | 2009 | 0.06 | 7 | 6 | 4 | 0 | 5 | 2 | 33 | 1697666 |
| | 2010 | 0.08 | 7 | 6 | 4 | 0 | 5 | 2 | 34 | 1815986 |
| | 2011 | 0.08 | 7 | 6 | 4 | 0 | 5 | 2 | 35 | 2017762 |
| | 2012 | 0.14 | 7 | 6 | 4 | 0 | 5 | 2 | 36 | 4833748 |
| ICEALion Life (ICEA Ltd) | 2007 | 0.02 | 8 | 3 | 4 | 0 | 7 | 1 | 29 | 19205226 |
| | 2008 | 0.01 | 8 | 3 | 4 | 0 | 7 | 1 | 30 | 20419473 |
| | 2009 | 0.01 | 8 | 3 | 4 | 0 | 7 | 1 | 31 | 22784300 |
| | 2010 | 0.01 | 8 | 3 | 4 | 0 | 7 | 1 | 32 | 26173350 |
| | 2011 | 0.02 | 8 | 3 | 4 | 0 | 7 | 1 | 33 | 28285735 |
| | 2012 | 0.03 | 8 | 3 | 4 | 0 | 7 | 1 | 34 | 29570517 |
| Jubilee | 2007 | 0.03 | 7 | 2 | 3 | 0 | 6 | 1 | 70 | 12425158 |
| | 2008 | 0.03 | 7 | 2 | 3 | 0 | 6 | 1 | 71 | 13986960 |
| | 2009 | 0.04 | 7 | 2 | 3 | 0 | 6 | 1 | 72 | 17022657 |
| | 2010 | 0.05 | 7 | 2 | 3 | 0 | 6 | 1 | 73 | 22902011 |
| | 2011 | 0.04 | 7 | 2 | 3 | 0 | 6 | 1 | 74 | 27977811 |
| | 2012 | 0.03 | 7 | 2 | 3 | 0 | 6 | 1 | 75 | 34831175 |
| Kenindia | 2007 | -0.07 | 10 | 3 | 4 | 0 | 9 | 1 | 29 | 9039057 |
| | 2008 | 0.01 | 10 | 3 | 4 | 0 | 9 | 1 | 30 | 10064706 |
| | 2009 | 0.02 | 10 | 3 | 4 | 0 | 9 | 1 | 31 | 11508778 |
| | 2010 | 0.03 | 10 | 3 | 4 | 0 | 9 | 1 | 32 | 14468644 |
| | 2011 | -0.01 | 10 | 3 | 4 | 0 | 9 | 1 | 33 | 15511702 |
| | 2012 | 0.01 | 10 | 3 | 4 | 0 | 9 | 1 | 34 | 22053567 |
| Kenya Re | 2007 | 0.07 | 12 | 4 | 4 | 0 | 11 | 1 | 36 | 14710274 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 0.13 | 12 | 4 | 4 | 0 | 11 | 1 | 37 | 13665600 |
| | 2009 | 0.08 | 12 | 4 | 4 | 0 | 11 | 1 | 38 | 15000633 |
| | 2010 | 0.07 | 12 | 4 | 4 | 0 | 11 | 1 | 39 | 17816674 |
| | 2011 | 0.07 | 12 | 4 | 4 | 0 | 11 | 1 | 40 | 19096441 |
| | 2012 | 0.08 | 12 | 4 | 4 | 0 | 11 | 1 | 41 | 23787957 |
| ICEALION General(Lion of Kenya) | 2007 | 0.05 | 9 | 2 | 4 | 0 | 7 | 2 | 43 | 3721985 |
| | 2008 | 0.13 | 9 | 2 | 4 | 0 | 7 | 2 | 44 | 4572935 |
| | 2009 | 0.07 | 9 | 2 | 4 | 0 | 7 | 2 | 45 | 5123248 |
| | 2010 | 0.1 | 9 | 2 | 4 | 0 | 7 | 2 | 46 | 5880806 |
| | 2011 | 0.12 | 9 | 2 | 4 | 0 | 7 | 2 | 47 | 6295924 |
| | 2012 | 0.07 | 9 | 2 | 4 | 0 | 7 | 2 | 48 | 8950974 |
| Madison | 2007 | 0.01 | 6 | 2 | 4 | 0 | 5 | 1 | 19 | 2702708 |
| | 2008 | 0 | 6 | 2 | 4 | 0 | 5 | 1 | 20 | 2834292 |
| | 2009 | 0.02 | 6 | 2 | 4 | 0 | 5 | 1 | 21 | 3505183 |
| | 2010 | 0.03 | 6 | 2 | 4 | 0 | 5 | 1 | 22 | 4311016 |
| | 2011 | 0.01 | 6 | 2 | 4 | 0 | 5 | 1 | 23 | 4655419 |
| | 2012 | 0.02 | 6 | 2 | 4 | 0 | 5 | 1 | 24 | 5945158 |
| Mayfair | 2007 | 0 | 7 | 2 | 4 | 0 | 6 | 1 | 2 | 477501 |
| | 2008 | 0.04 | 7 | 2 | 4 | 0 | 6 | 1 | 3 | 544599 |
| | 2009 | 0.01 | 7 | 2 | 4 | 0 | 6 | 1 | 4 | 779304 |
| | 2010 | 0.03 | 7 | 2 | 4 | 0 | 6 | 1 | 5 | 1029697 |
| | 2011 | 0.03 | 7 | 2 | 4 | 0 | 6 | 1 | 6 | 1304732 |
| | 2012 | 0.02 | 7 | 2 | 4 | 0 | 6 | 1 | 7 | 2172568 |
| Occidental | 2007 | 0.07 | 7 | 2 | 4 | 0 | 6 | 1 | 20 | 842234 |
| | 2008 | 0.11 | 7 | 2 | 4 | 0 | 6 | 1 | 21 | 907223 |
| | 2009 | 0.12 | 7 | 2 | 4 | 0 | 6 | 1 | 22 | 1024588 |
| | 2010 | 0.05 | 7 | 2 | 4 | 0 | 6 | 1 | 23 | 1212743 |
| | 2011 | 0.07 | 7 | 2 | 4 | 0 | 6 | 1 | 24 | 1550739 |
| | 2012 | 0.08 | 7 | 2 | 4 | 0 | 6 | 1 | 25 | 1938521 |
| Phoenix | 2007 | 0.01 | 9 | 2 | 4 | 0 | 8 | 1 | 8 | 2302366 |
| | 2008 | 0.03 | 9 | 2 | 4 | 0 | 8 | 1 | 9 | 2146811 |
| | 2009 | 0.02 | 9 | 2 | 4 | 0 | 8 | 1 | 10 | 2001901 |
| | 2010 | 0.07 | 9 | 2 | 4 | 0 | 8 | 1 | 11 | 2077250 |
| | 2011 | 0.01 | 9 | 2 | 4 | 0 | 8 | 1 | 12 | 1767169 |
| | 2012 | 0.03 | 9 | 2 | 4 | 0 | 8 | 1 | 13 | 1961912 |
| Real | 2007 | 0.08 | 7 | 3 | 6 | 0 | 6 | 1 | 19 | 1107414 |
| | 2008 | 0.04 | 7 | 3 | 6 | 0 | 6 | 1 | 20 | 1218724 |
| | 2009 | 0.05 | 7 | 3 | 6 | 0 | 6 | 1 | 21 | 1512686 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 0.06 | 7 | 3 | 6 | 0 | 6 | 1 | 22 | 1696766 |
| | 2011 | 0.07 | 7 | 3 | 6 | 0 | 6 | 1 | 23 | 2074047 |
| | 2012 | 0.07 | 7 | 3 | 6 | 0 | 6 | 1 | 24 | 2712322 |
| Tausi | 2007 | 0 | 6 | 2 | 4 | 0 | 5 | 1 | 24 | 948941 |
| | 2008 | 0.01 | 6 | 2 | 4 | 0 | 5 | 1 | 25 | 1080409 |
| | 2009 | 0.01 | 6 | 2 | 4 | 0 | 5 | 1 | 26 | 1282375 |
| | 2010 | 0.1 | 6 | 2 | 4 | 0 | 5 | 1 | 27 | 1453342 |
| | 2011 | 0.06 | 6 | 2 | 4 | 0 | 5 | 1 | 28 | 1534998 |
| | 2012 | 0.11 | 6 | 2 | 4 | 0 | 5 | 1 | 29 | 1821756 |
| The Monarch | 2007 | 0.01 | 9 | 3 | 4 | 0 | 8 | 1 | 26 | 683189 |
| | 2008 | 0.01 | 9 | 3 | 4 | 0 | 8 | 1 | 27 | 837449 |
| | 2009 | -0.02 | 9 | 3 | 4 | 0 | 8 | 1 | 28 | 942527 |
| | 2010 | -0.01 | 9 | 3 | 4 | 0 | 8 | 1 | 29 | 989048 |
| | 2011 | 0.05 | 9 | 3 | 4 | 0 | 8 | 1 | 30 | 999872 |
| | 2012 | 0.01 | 9 | 3 | 4 | 0 | 8 | 1 | 31 | 1129670 |
| UAP Insurance | 2007 | 0.12 | 8 | 3 | 4 | 0 | 6 | 2 | 13 | 7245725 |
| | 2008 | 0.03 | 8 | 3 | 4 | 0 | 6 | 2 | 14 | 6547983 |
| | 2009 | 0.03 | 8 | 3 | 4 | 0 | 6 | 2 | 15 | 6464008 |
| | 2010 | 0.06 | 8 | 3 | 4 | 0 | 6 | 2 | 16 | 7179275 |
| | 2011 | 0.15 | 8 | 3 | 4 | 0 | 6 | 2 | 17 | 7739194 |
| | 2012 | 0.14 | 8 | 3 | 4 | 0 | 6 | 2 | 18 | 10668545 |
| Apollo Life | 2007 | 0.02 | 8 | 4 | 7 | 0 | 3 | 5 | 30 | 1774343 |
| | 2008 | 0.04 | 8 | 4 | 7 | 0 | 3 | 5 | 31 | 958994 |
| | 2009 | 0.06 | 8 | 4 | 7 | 0 | 3 | 5 | 32 | 1064253 |
| | 2010 | 0.06 | 8 | 4 | 7 | 0 | 3 | 5 | 33 | 1592363 |
| | 2011 | 0 | 8 | 4 | 7 | 0 | 3 | 5 | 34 | 1620366 |
| | 2012 | 0.04 | 8 | 4 | 7 | 0 | 3 | 5 | 35 | 2038926 |
| Metropolitan Life | 2007 | -0.05 | 6 | 3 | 4 | 0 | 5 | 1 | 2 | 436551 |
| | 2008 | -0.12 | 6 | 3 | 4 | 0 | 5 | 1 | 3 | 455595 |
| | 2009 | -0.18 | 6 | 3 | 4 | 0 | 5 | 1 | 4 | 450317 |
| | 2010 | -0.09 | 6 | 3 | 4 | 0 | 5 | 1 | 5 | 476278 |
| | 2011 | -0.22 | 6 | 3 | 4 | 0 | 5 | 1 | 6 | 567265 |
| | 2012 | -0.15 | 6 | 3 | 4 | 0 | 5 | 1 | 7 | 607453 |
| OLD Mutual | 2007 | -0.04 | 9 | 2 | 4 | 0 | 7 | 2 | 82 | 6447461 |
| | 2008 | 0 | 9 | 2 | 4 | 0 | 7 | 2 | 83 | 6077269 |
| | 2009 | -0.07 | 9 | 2 | 4 | 0 | 7 | 2 | 84 | 7565979 |
| | 2010 | -0.05 | 9 | 2 | 4 | 0 | 7 | 2 | 85 | 9498945 |
| | 2011 | 0.05 | 9 | 2 | 4 | 0 | 7 | 2 | 86 | 8587343 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 0 | 9 | 2 | 4 | 0 | 7 | 2 | 87 | 10962077 |
| Pan Africa Life | 2007 | 0.04 | 9 | 4 | 4 | 0 | 8 | 1 | 61 | 4718591 |
| | 2008 | 0.04 | 9 | 4 | 4 | 0 | 8 | 1 | 62 | 5113614 |
| | 2009 | 0.01 | 9 | 4 | 4 | 0 | 8 | 1 | 63 | 6422317 |
| | 2010 | 0.02 | 9 | 4 | 4 | 0 | 8 | 1 | 64 | 9261839 |
| | 2011 | 0 | 9 | 4 | 4 | 0 | 8 | 1 | 65 | 9702095 |
| | 2012 | 0.06 | 9 | 4 | 4 | 0 | 8 | 1 | 66 | 14686549 |
| Pioneer | 2007 | 0.01 | 7 | 3 | 4 | 0 | 6 | 1 | 18 | 507562 |
| | 2008 | 0 | 7 | 3 | 4 | 0 | 6 | 1 | 19 | 579883 |
| | 2009 | 0.04 | 7 | 3 | 4 | 0 | 6 | 1 | 20 | 823340 |
| | 2010 | 0.06 | 7 | 3 | 4 | 0 | 6 | 1 | 21 | 886595 |
| | 2011 | 0.04 | 7 | 3 | 4 | 0 | 6 | 1 | 22 | 1021167 |
| | 2012 | 0.04 | 7 | 3 | 4 | 0 | 6 | 1 | 23 | 997508 |
| UAP Life | 2007 | -0.07 | 8 | 3 | 4 | 0 | 6 | 2 | 13 | 917450 |
| | 2008 | -0.24 | 8 | 3 | 4 | 0 | 6 | 2 | 14 | 1215760 |
| | 2009 | -0.05 | 8 | 3 | 4 | 0 | 6 | 2 | 15 | 2133210 |
| | 2010 | -0.02 | 8 | 3 | 4 | 0 | 6 | 2 | 16 | 2647637 |
| | 2011 | -0.11 | 8 | 3 | 4 | 0 | 6 | 2 | 17 | 2927380 |
| | 2012 | 0.05 | 8 | 3 | 4 | 0 | 6 | 2 | 18 | 4667465 |
| Invesco | 2010 | 0.03 | 9 | 2 | 4 | 0 | 8 | 1 | 20 | 602459 |
| | 2011 | 0.05 | 9 | 2 | 4 | 0 | 8 | 1 | 21 | 1108183 |
| | 2012 | 0.03 | 9 | 2 | 4 | 0 | 8 | 1 | 22 | 1255679 |
| Takaful | 2011 | -0.26 | 7 | 3 | 4 | 0 | 6 | 1 | 1 | 508793 |
| | 2012 | -0.08 | 7 | 3 | 4 | 0 | 6 | 1 | 2 | 645899 |