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BOARD SIZE AND FINANCIAL PERFORMANCE OF FIRMS LISTED AT NAIROBI SECURITIES EXCHANGE IN KENYA

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Abstract: Financial health and sustainability ensure that businesses meet their financial responsibilities on time and increase stakeholder loyalty. The size of the board plays an important role in ensuring that firms maintain financial health and sustainability. However, some of the firms listed at NSE have been having financial distresses, making losses and issuing profit warnings leading to collapsing of some of them. It was therefore important to examine how board size affects financial performance of the firms listed in Nairobi Securities Exchange. The study adopted an explanatory research design. The target population was 58 firms listed in Nairobi Securities Exchange. The unit of observation was heads of finance departments of Nairobi Securities Exchange-listed firms. The study employed census approach and hence included all the 58 heads of finance departments in listed firms at the Nairobi Securities Exchange. Moreover, the researcher employed primary and also secondary data. Moreover, secondary data was obtained from yearly reports of NSE-listed firms. Primary data was obtained using semi-structured questionnaires which generated quantitative and also qualitative data. Additionally, thematic analysis was employed to analyze qualitative data and findings were given in form of a narrative. Inferential and also descriptive statistics were employed in analyzing quantitative data with the support of SPSS version 24, statistical software. Moreover, descriptive statistics composed frequencies, mean, percentages and also standard deviation. Inferential data analysis will be done using linear regression and also Pearson correlation coefficient analysis. The study found that board size has a significant and positive effect on the financial performance of firms listed in Nairobi Securities Exchange. The study recommends that the management of firms listed in Nairobi Securities Exchange should select at least nine members of board in order to benefit from a wider range of professionals' counsel and opinion from members with diverse experience, skills, gender, and ethnicity.

Key Words: Board Size, Financial Performance, Firms

Introduction

Globalization, fast technological progress, and market liberalization have created a highly competitive and unstable business environment for today's industries (Ruwa, 2016). Furthermore, globalization has increased the level of uncertainty in the business sector, exposing businesses to external repercussions, dynamic changes, and non-continuous flow of resources. Furthermore, buyers are more knowledgeable, sophisticated, and flexible to switch to competitors offering high-quality items owing to dynamic competition in business sector (Onofrei, Firtescu and Terinte, 2019). As a result, in order to thrive in today's turbulent as well as competitive business environment, companies must maintain consistent growth in financial performance (Njogu, 2015). Good financial performance of a company helps to increase its market value and contributes to overall industry growth, which leads to economy's overall success.

Financial performance assesses investment efficiency and profitability, the security of creditors' accusations against assets, and possibility that derivative tools would safeguard investors from diverse market risks (Fayezi, O'Loughlin and Zutshi, 2012). Companies' financial performance varies over time as profits range from one year to another and from one single company to the next. Some businesses realize gains in profits, while others usually record falls or losses (Eyenubo, 2013). Several corporate committees and also organizations around the world have been pressed to produce reports as well as establish rules that can assist in monitoring and also controlling management systems due to business failures and bankruptcies in large companies including Enron, Worldcom, and Paramalat (Donaldson and Davis, 2020).

Board Size (BS) denotes the total number of directors on the board of each sample firm for each accounting year, including the Chief Executive Officer (CEO) and Chairman (Khidmat, Khan, and Ullah) (2020). The term "board size" refers to the number of directors on a board of directors. Furthermore, it is an important factor in evaluating the board's success. The code of Kenya corporate governance necessitates Boards' of NSE-listed companies to have sufficient sizes. The Boards should be of such a number that enables necessities of company's business to be attained (Goyal, Kakabadse and Kakabads, 2019). In addition, the board size ought not to be too large to prevent interactive debate during board meetings, nor should it be too small to prevent the inclusion of broader experience and abilities to increase the Board's efficacy.

In Romania, Pintea, Pop, Gavriletea and Sechel (2020) established that board size influenced Tobin's Q, return on equity significantly. According to Olayiwola (2018), board size had significant inverse correlation with Net Profit Margin (NPM). In addition, Okoye, Olokoyo, Okoh, Ezeji and Uzohue (2020) revealed that board size and firm size influence financial performance among commercial banks in Nigeria significantly. In Kenya, Kariuki and Ocharo (2021) showed board size negatively and significantly affect performance. Among, commercial and services firms quoted in NSE, Njenga (2017) observed that board size adopted influences NSE-listed commercial and services firms' financial performance significantly. Also, Munga (2019) found that number of board subcommittees affect insurance firms' financial performance positively. The board size and number of dependent directors, on other hand, had an adverse impact on financial performance.

Statement of the Problem

Companies listed in NSE play an essential role in economic growth by promoting savings as well as investment. In addition, these companies provide services and manufacture products as they operate in different sectors including financial sector, manufacturing, agriculture and investment among others (Kariuki and Ocharo, 2021). Therefore, financial health and sustainability ensure that businesses meet their financial responsibilities on time and increase stakeholder loyalty. According to Yilmaz, (2018), the adoption of corporate governance in terms of board size ensures that firms maintain financial health and sustainability. However, some of the firms listed at NSE have been having financial distresses, making losses and issuing profit warnings leading to collapsing of some of them.

In the last five years, companies that made losses include EAPCC, Kenya Airways (KQ), National Bank of Kenya (NBK), Kenya Power, Uchumi Supermarkets and Mumias Sugar Company. In the year 2020, 25.9% (14 companies) of the firms at NSE issued profit warnings, denoting that their net earnings would be 25% below the profit obtained in the previous year. In addition 17.4% of the firms listed at NSE made losses in the year 2020 leading to negative ROA and ROE. Therefore, despite the increase in board size, firms listed at NSE are still making losses and experiencing a decrease in their profitability. It is therefore important to understand how board size affects firms' financial performance.

Various researches have been performed in Kenya on influence of board size on financial performance. For instance, Shunu, Bii and Ombaba (2017) conducted a study to establish whether board size influences the NSE-listed firms' performance and Ogada, Achoki and Njuguna (2016) assessed the impact of BS on merged institutions' performance. However, these studies covered the period between 2007 and 2016, which is still five years ago and there has been changes in the macroeconomic environment in Kenya. As a result, the purpose of this study is to assess the effect of board size on the financial performance of companies listed on the Nairobi Securities Exchange.

The following is the null hypothesis that was tested in this study;

$H_0$1: Board diversity has insignificant effect on financial performance of companies listed in NSE.

Literature Review

Theoretical Review

Thus study was anchored on agency theory. Agency theory was propagated in 1976 by Jensen and also Meckling. The theory describes managers as agents and shareholders as principals because various decisions that impact principal financially are made by agents. However, problem on principal-agent takes place when the interests and also priorities of principals and agents differ (Fayezi, O'Loughlin & Zutshi, 2012). The agent may act on their personal interests for instance meeting their needs economically and psychologically, which is against the principals' needs who would aspire for more dividends (Phelan, 2018). The assumption of Agency theory is that agents are rational, self-interested and differ from principals in risk-taking preferences and in their goals.

The principals as well as agents' interests require to be lined up so as to overcome their diverse preferences pertaining to firm activity and diverse attitudes towards risk exposure (Chen, Wang & Wang, 2021). Because the principle and agent have different levels of information (typically, the agent has more knowledge than the principal), it is difficult and expensive for the principal to supervise the agent's activity (Phelan, 2018). Agency problems are also caused by risks because principals and agents often examine risk differently (Fayezi, O'Loughlin & Zutshi, 2012). Because of the higher returns, shareholders may be ready to take on more risk than managers. Managers who do not see same benefits from taking risks may be more cautious. Managers who do not see similar returns from risky changes may be much cautious. Other types of agency problems develop from different agendas. Managers may embrace policies that benefit them rather than maximizing interests of shareholders.

Agency theory was employed to examine effect of board size on NSE-listed companies' financial performance. Managers are considered as agents and shareholders as principals because many decisions that affect principal financially are made by agents. BD in terms skills, experience, nationality and gender is more likely to be connected with larger boards. Very tiny boards do not have benefit of having a wider distribution of professional counsel and opinion that larger boards provide.

Conceptual Framework

This is diagrammatic representation of ideas as well as interrelationships between the study variables. The independent and dependent variables are explained using a conceptual framework. In this study, the independent variable was board size while the dependent variable was financial performance of NSE-listed companies.

Board Size
- Number of the directors
- Executive committee
- Audit committee
- Nominating committee

Independent Variables

Financial Performance
- Return on Equity (ROE)
- Return on Asset (ROA)
- Net Profit Margin (NPM)
- Return on Investment (ROI)

Dependent Variable

Figure 1: Conceptual Framework

Empirical Review

Vaidya (2019) examined whether board size influences the financial performance of the firms in India. The research was carried out for the BSE 100 firms in the year 2018-2019. The research used ROA, PBIT, ROE, EPS, DPS, and Tobin's Q as measures of financial performance, by employing BS as independent variable Organizations with a board size of eight to ten had greater ROA, ROE, and Tobin's Q, according to the findings. Furthermore, medium-sized boards outperform boards that are either incredibly small or extremely large. According to the findings, the impact of BS on corporate performance is statistically insignificant for ROE, PBIT, EPS, ROA, DPS, and Tobin's Q.

Using mixed methodology research design, Ogada, Achoki and Njuguna (2016) assessed the impact of BS on merged institutions' performance. All 51 combined financial service institutions in Kenya were included in the study. Purposive sampling was utilized in this study. Questionnaires were employed to collect primary data, and secondary data collection template was also used. The data was analyzed using quantitative methods by the researcher. BS had substantial impact on amalgamated institution's performance.

Uwuigbe and Fakile (2012) assessed impact of BS on banks' performance in Nigeria. NSE fact book (2008) was used to compile a set of data for this study. When performance is compared to BS, banks with boards smaller than thirteen are more feasible than banks with boards larger than 13. Additionally, the study found that banks comprising larger boards of directors had lower earnings compared to banks with lesser boards. As a result, the researcher suggests that the size of a bank's board of directors has considerable inverse impact on its financial success.

In Nigeria, Oludele, Oloko and Tobiah (2016) study looked into the effect of BS on quoted manufacturing companies' financial performance. There are 74 enterprises in Nigeria's manufacturing industry, of which 34 were purposefully chosen. Primary and also secondary data were employed during the investigation. Secondary data was acquired from selected firms' financial statements, whilst primary data from 170 respondents drawn from 34 companies was obtained using a questionnaire. According to the findings, there is significant positive linear link between board size and financial success of Nigeria's listed manufacturing firms.

Shunu, Bii and Ombaba (2017) conducted a study to establish whether board size influences the NSE-listed firms' performance. The study was conducted using an exploratory research design. The study used a panel technique across a ten-year period, from 2006 to 2015. The target population included all 68 companies registered on the NSE. Secondary data was gathered from yearly reports and NSE bulletins for this study. The study discovered significant positive impact of BS on firms' performance.

Using cross-sectional approach, Rwakihembo, Kamukama and Nsambu (2020) compared corporate BS and private companies' financial performance. Quantitative data was gathered by the researchers from 394 firms in Western as well as Central Uganda. Administration of open questionnaire to board members and executives in companies was done. The study found positive association between firms' performance and board size among private companies.

Research Methodology

In this research, explanatory research design was used. The focus of this research was to determine the cause and effect relationship between corporate governance and financial performance of firms listed on the Nairobi Securities Exchange, hence an explanatory research method was the best choice. Unit of analysis was all the NSE-listed firms that are currently operational. There are 58 NSE-listed firms (NSE, 2020). The unit of observation was heads of finance departments of NSE-listed firms. The heads of finance were selected in this study was they have information on financial performance as well as corporate governance information as they deal with the board members severally during compensation. Target population was therefore 58 heads of finance departments in NSE- listed firms. Since the target population of this research was small, the study used a census approach hence included all 58 Finance department heads in NSE-listed firms.

Primary and also secondary data was used in this study. Secondary data was obtained from yearly reports of the firms quoted in NSE. Primary data was gathered by employing semi structured questionnaires. A data collection letter was obtained from the University before embarking on data collection. The researcher used drop off and pick up later technique when administering questionnaires among the participants. Where the respondents were not comfortable to use printed questionnaires due to Covid 19 measures, the study used online data collection methods, specifically Google forms. The questionnaires generated quantitative as well as qualitative data. Qualitative data was analyzed by employing thematic analysis which is a qualitative data analyzing method. Inferential and also descriptive statistics were employed in analyzing quantitative data with assistance of the SPSS version 24, statistical software. Descriptive statistics included mean, standard deviation, frequencies and percentages. Inferential statistics included Pearson correlation coefficient and linear regression analysis.

Regression model was expressed as follows;

$$FP = \beta_0 + \beta_2 BS_2 + \varepsilon \text{ ……………………………………………………………….. } (1)$$

FP_{it} denotes dependent variable, B_0 denotes y intercept (Constant), β_1- β_4 denotes coefficients of determination, BS denotes Board Size, and ε denotes error term.

Research Findings and Discussions

The 58 firms quoted in NSE comprised the sample size. The researcher distributed questionnaires to the 58 heads of finance departments in all 58 firms listed in NSE. Out of the 58 questionnaires, 51 questionnaires were dully filled and then returned hence providing response rate of 87.93%. Tariq (2019) claims that 75 percent response rate is enough for statistical analysis, drawing conclusions as well as inferring on study population. Furthermore, according to Price (2018), response rate of 60% or higher is appropriate for purposes of data analysis. This denotes that 87.93% response rate was adequate for data analysis.

Board Size

The respondents were asked to indicate their level of agreement on statements regarding the impact of board size on the NSE-listed companies' financial performance. The participants agreed that the boards have appointed the executive committees (mean=3.941, SD=0.645). Moreover, they agreed that the board members hold regular meetings as indicated by mean=3.706 (SD=0.672). However, they were neutral with mean of 3.333 (SD=0.973) that the boards are comprised of less than 9 members. These findings are contrary with Price (2018) arguments that ROE, ROA, and Tobin's Q is more for companies with BS between 8 and 10. The respondents disagreed that the board members engages in less meaningful discussion (mean=2.216, SD=0.832).

The respondents agreed with mean of 4.118 (SD=0.683) that audit committees are comprised of experienced members. Moreover, the participants agreed that the executive committees facilitates decision-making between board meetings (mean=3.765, SD=0.737). The respondents also agreed that the audit committees meet separately with external auditors (mean=3.628, SD=0.979). These findings conform to Gitonga, Baimwera and Kithinji (2019) arguments that involvement of external audits by audit committees increases the chances of uncovering potential compliance risks. Moreover, the respondents agreed that the executive committees meets regularly (mean = 3.588, SD=0.698)

The respondents agreed that size of audit committees is reasonable (mean=3.706, SD=0.756). Nonetheless, the respondents were neutral that the nominating committees conducts training and development of new directors (mean=3.471, SD=0.924). Moreover, the respondents were neutral with a mean of 3.412 (SD=1.043) that nomination committees conducts annual examination of the board's competence. Moreover, they were neutral that nominating committees review and change companies' policies on regular basis (mean=3.412, SD=0.920). These findings disagree with Shakir (2020) discoveries that nominating committees should review company policies on regular basis to ensure that the company continues to comply with federal and state laws and the needs of the organization.

Table 1: Aspects of Board Size

	Mean	Std. Deviation
The board is comprised of less than nine members	3.333	0.973
The board members engages in less meaningful discussion	2.216	0.832
The board members hold regular meetings	3.706	0.672
The board has appointed the executive committee	3.941	0.645
The executive committee meets regularly	3.588	0.698
The executive committee facilitates decision-making between board meetings	3.765	0.737
Audit committee is comprised of members with experience	4.118	0.683
Audit committees meet separately with external auditors	3.628	0.979
The size of audit committee is reasonable	3.706	0.756
Nominating committee conducts training and development of new directors	3.471	0.924
Nominating committee review and change company policies on regular basis	3.412	0.920
Nomination committee conducts annual examination of the board's competence	3.412	1.043

The respondents were further requested to indicate how else BS influences NSE-Listed Companies' financial performance. According to the respondents, when boards have too many members, agency problems can arise as a result of free-riding directors. A huge board may also give rise to less relevant conversation, as expressing viewpoints in large group is usually time consuming and also difficult, and typically leads to lack of board cohesion. The respondents further revealed that the coordination challenge outweighs benefits of more directors. Moreover, the respondents revealed that having many directors on the boards can be disadvantageous and costly to manage. With many board members, planning, coordination of work and also conducting frequent meetings can be challenging. Furthermore, the respondents revealed that BD in terms of skills, gender, experience and nationality is more likely to be connected with larger boards. Respondents, on the other side, stated that very tiny boards lack benefit of spread professional counsel and opinion than larger boards have.

Financial Performance of Companies Listed in NSE

The financial performance of NSE-listed companies was the dependent variable in this study. ROA, ROE, NPM, and ROI were used to assess the financial performance of companies listed on the NSE.

Aspects of Financial Performance of NSE-Listed Companies

The respondents were asked to rate their level of agreement on the financial performance of NSE-listed companies. As depicted in Table 1, The overall cost of the enterprises is always lower than the ROA, according to the respondents (mean=3.706, SD=0.832). Furthermore, the respondents agreed that the firms' ROA had increased with time as shown by mean of 3.647 (SD=0.770). Furthermore, they agreed that they are satisfied with the current ROA in the firms (mean=3.529, SD=0.924).

The respondents agreed with mean of 3.882 (SD=0.683) that the firms have witnessed increased ROE over the years due to corporate governance. In addition, they agreed that the Net Profit Margin in the firms have been increasing over the years due to corporate governance (mean=3.706, SD=0.672). The respondents agreed that the total cost of the firms is always lower than the Net Profit Margin (mean=3.588, SD=1.152). However, the respondents were neutral that the ROI in the firms have reduced over the years. This is shown by a mean of 3.353 (SD=1.036).

Table 2: Aspects of Financial Performance of NSE-Listed Companies

	Mean	Std. Deviation
ROA in our firm has been increasing over the years	3.647	0.770
Am satisfied with the current ROA in our firm	3.529	0.924
The total cost of the firm is always lower than the ROA	3.706	0.832
Our firm has witnessed increased ROE over the years due to corporate governance	3.882	0.683
The Net Profit Margin in our firm has been increasing over the years due to corporate governance	3.706	0.672
The total cost of the firm is always lower than the Net Profit Margin	3.588	1.152
The ROI in our firm has reduced over the years	3.353	1.036

Return on Assets

ROA of NSE-listed companies in for the last 5 years (2016-2020) was as shown in Figure 4.5. As indicated in Figure 4.5, the ROA of NSE-listed companies were 2.43 percent in the year 2016. This figure decreased to 2.21 percent in the year 2017 and later increased to 2.52 percent in the year 2018 before decreasing to 2.19 in the year 2019 and further decreasing to 1.92 percent in the year 2020. These findings concur with NSE (2019) findings that ROA of listed firms has been decreasing for the last three years.

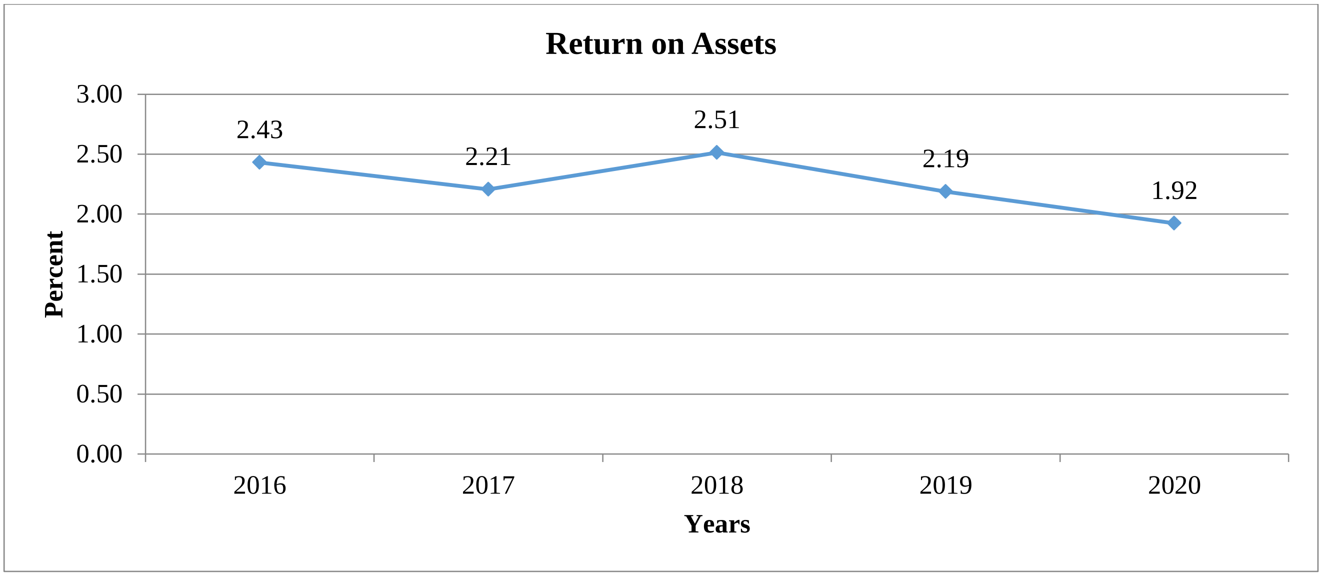

Figure 2: Trend of ROA for the Period between 2016 and 2021

Return on Equity

ROE of NSE-listed companies for the last 5 years (2016-2020) was as shown in Figure 4.6. As indicated in Figure 4.6, the ROE of NSE-listed companies was 23.67% in the year 2016. This figure increased to 25.22% in the year 2017 and further increased to 26.78% in the year 2018. Nonetheless, this figure decreased to 22.94% in the year 2019 and further decreased to 21.17% in the year 2020. These findings are in line with Nairobi Securities Exchange (2020) discoveries that 17.4% of the firms listed firms at NSE made losses in the year 2019 and 2020 leading to negative ROE.

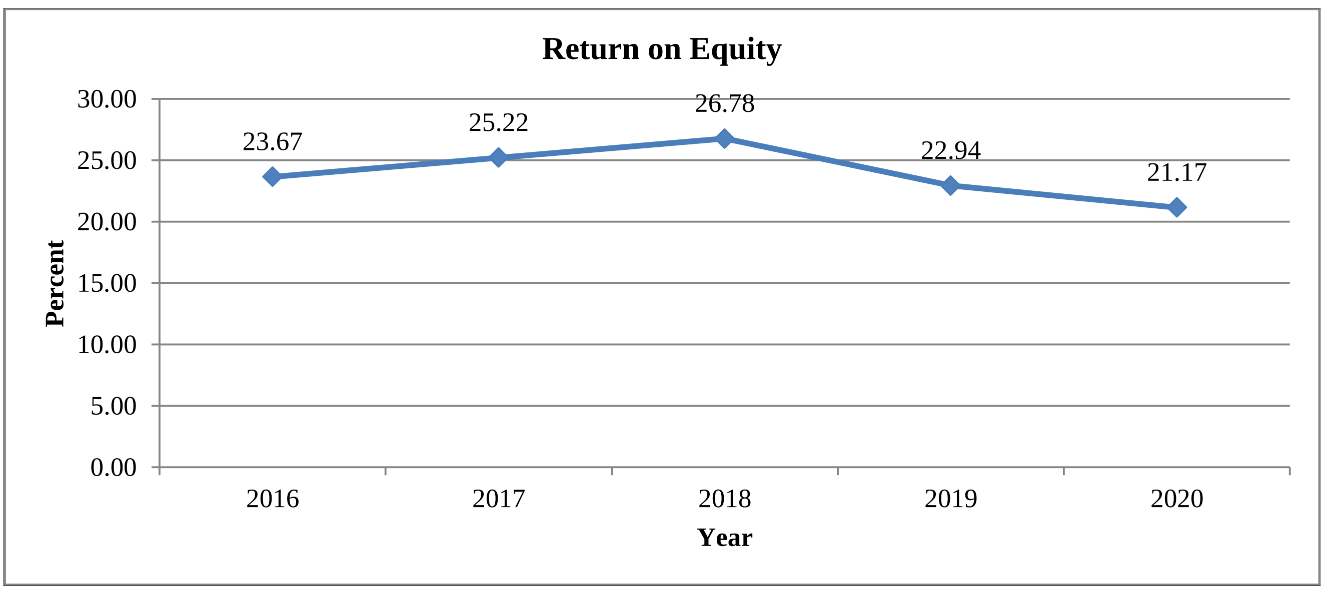

Figure 3: Trend of Return on Equity for the Period between 2016 and 2021

Net Profit Margin

Net profit margin of NSE-listed companies for the last 5 years (2016-2020) was as shown in Figure 4.7. As indicated in Figure 4.7, the net profit margin of NSE-listed companies was 2.49% in the year 2016. This figure increased to 2.68% in the year 2017 before decreasing to 2.38% in year 2018. This figure further decreased to 2.22% in the year 2019 before increasing to 2.58% in the year 2020. These findings conform to Wanyama and Tobias (2016) discoveries that in year 2018, 25.9% (14 companies) of the firms at NSE had net profit margin less than 2.5% below the profit obtained in the previous year.

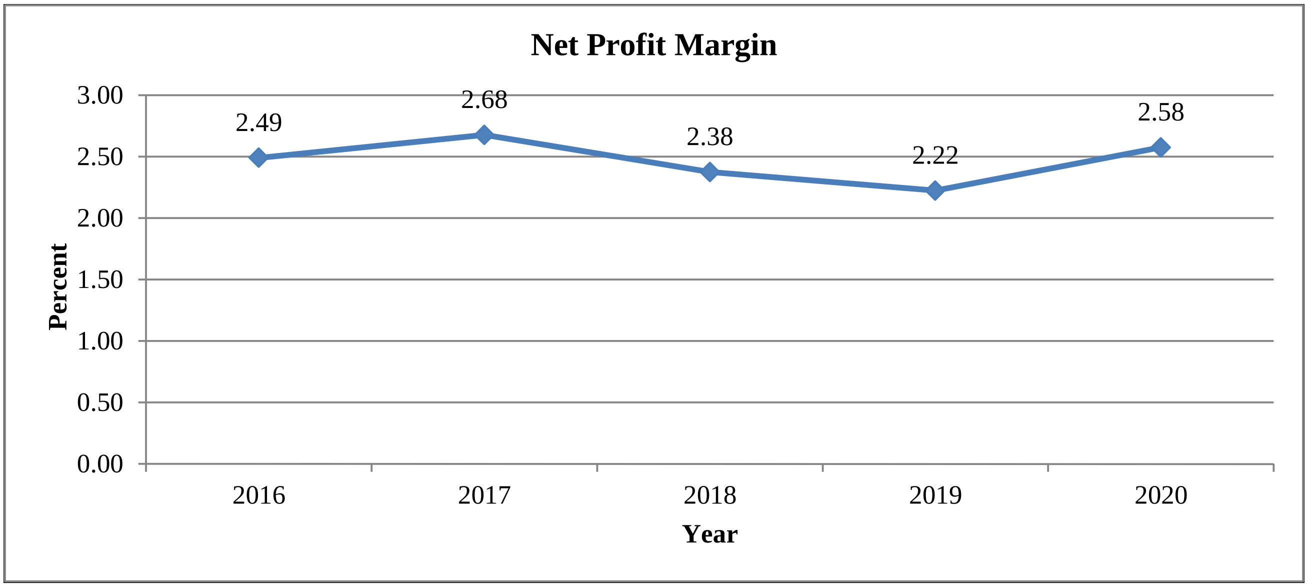

Figure 4: Trend of Net Profit Margin for the Period between 2016 and 2021

Return on Investment

The ROI of NSE-listed companies for the last five years (2016-2020) were as depicted in Figure 4.8. As indicated in Figure 4.8, the ROI of NSE-listed companies was 25.81% in the year 2016. This figure increased to 27.54% in the year 2017 before decreasing to 24.48% in the year 2018. Moreover, the figure dropped to 22.87% in the year 2019 and further decreased to 21.22% in the year 2020. These finding conform to Njenga (2017) findings that the ROI for the firms listed in NSE has been decreasing for the last three years.

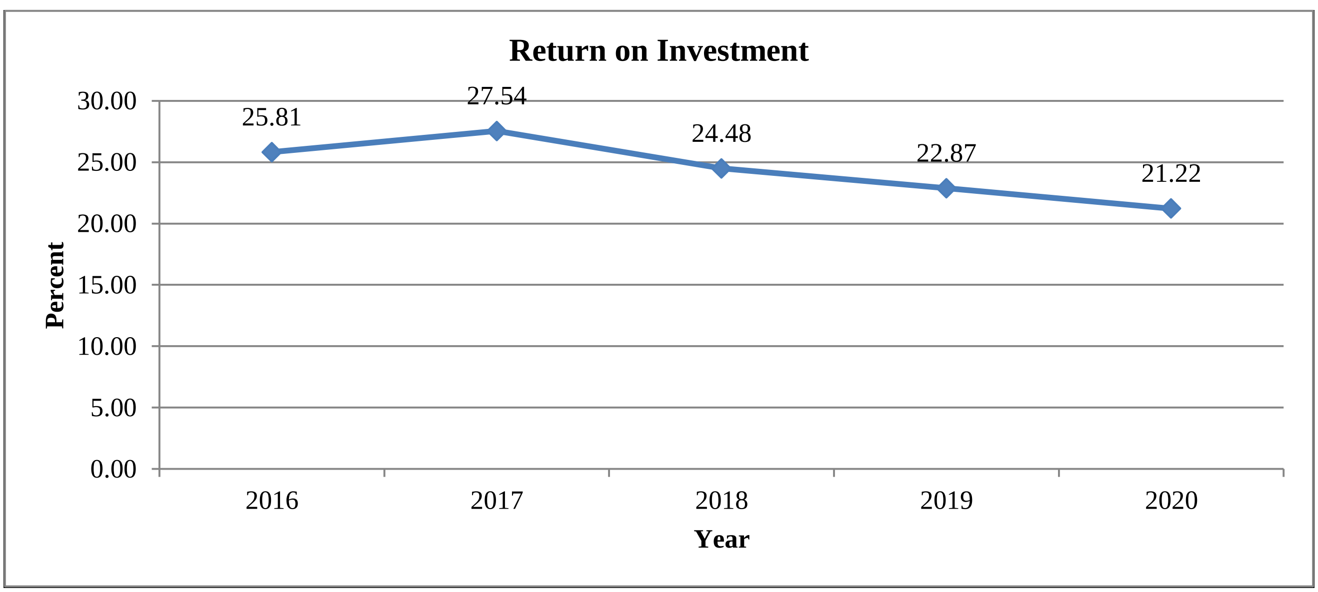

Figure 5: Trend of Return on Investment for the Period between 2016 and 2021

Inferential Statistics

Inferential statistics such as regression and correlation analysis were used to investigate the impact of board size on the financial performance of NSE-listed companies.

Correlation Analysis

Pearson product-moment correlation coefficient was utilized to assess the strength of association between independent variable (board size) and dependent variable (NSE-listed listed companies' financial performance). The findings demonstrated a strong and positive association between board size and financial success of NSE-listed companies (r=0.764, p-value=0.000). P-value=0.000 was below 0.05, thus the association was significant. Findings conform to Njogu (2015) arguments that BS had significant link with merged institutions' performance in Kenya.

Table 3: Correlation Coefficients

		Financial Performance	Board Size
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	51	
Board Size	Pearson Correlation	.764**	1
	Sig. (2-tailed)	.000	
	N	51	51

*. Correlation is significant at 0.05 level (2-tailed).
**. Correlation is significant at 0.01 level (2-tailed).

Regression Analysis

To assess the link between independent study variables in current study, regression analysis was performed between independent variable (board size) and dependent variable (NSE-listed companies' financial performance).

As depicted in Table 4, R-squared for the link between corporate governance and NSE-listed companies' financial performance of was 0.254 which means 25.4 percent of variation of dependent variable (NSE-listed companies' financial performance) could be explained by independent variable (board size).

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.504[a]	0.254	0.237	0.33359

a. Predictors: (Constant), Board Size

In this research, the ANOVA was performed to see if model was good fit for the data. F-calculated was 121.021, and the F-critical from the F-distribution table was 2.57, as shown in Table 5. Because the F-calculated was greater than F-critical and the p-value (0.000) was not greater than the significance level (0.05), the model was determined to be a satisfactory match for the data.

Table 5: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.643	1	12.643	121.021	.000[b]
	Residual	5.119	49	0.104		
	Total	17.762	50			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Board Size

Regression equation was;

$Y = 0.589 + 0.702X_1 + \varepsilon$

The study revealed that board size had a significant and significant effect on the financial performance of NSE-listed companies (β_1=0.702, p-value =0.000). Because the significant threshold (0.05) was greater than the p-value of 0.000, the link was significant. This means that an increase in board size will result in a 0.702 improvement in the financial performance of NSE-listed companies. The results contradict those of Uwuigbe and Fakile (2012), who found an inverse relationship between board size and bank performance.

Table 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.589	0.158		3.728	0.000
	Board Size	0.702	0.131	0.578	5.359	0.000

a. Dependent Variable: Financial Performance

Conclusions and Recommendations

The study further concludes that board size has a significant and positive effect on NSE-listed companies' financial performance. The findings indicated that number of directors, executive committee, audit committee and nominating committee influences NSE-listed companies' financial performance. This means that increasing the size of the board of directors (number of directors, executive committee, audit committee, and nominating committee) enhances NSE-listed firms' financial performance.

The study found that board size has a significant effect on financial performance, and some boards have as little as nine members. This study hence recommends that the management NSE-listed companies should select at least nine members of board in order to benefit from a wider range of professionals' counsel and opinion from members with diverse experience, skills, gender, and ethnicity. The Boards should not be too large to prevent interactive debate during board meetings, nor should it be too small to prevent the inclusion of broader experience and abilities to increase the Board's efficacy. The study recommends that policy makers through Capital Market Authority should develop policies to ensure standard number of board members in each of the companies listed at Nairobi Securities Exchange.

Recommendation for Further Research

The purpose of this research was to examine how board size affects the financial performance of companies listed on the NSE. However, because the study was limited to NSE-listed corporations, the findings cannot be applied to other Kenyan organizations. As a result, the researcher suggests that more research be done to determine the impact of board size on the financial performance of companies that are not listed on the NSE. Furthermore, the study discovered that board size can explain 25.4 per cent of the financial performance of NSE-listed companies. As such, more studies ought to be conducted to examine other factors affecting NSE-listed companies' financial performance.

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