CORPORATE GOVERNANCE, FIRM SIZE AND PROFITABILITY OF ENERGY AND PETROLEUM FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE, KENYA

Jeniffer Masaa Venza.
Master of Business Administration Student, Department of Accounting and Finance School of Business, Economics and Tourism, Kenyatta University, Kenya.
Dr. Moses Odhiambo Aluoch (PhD).
Lecturer, Department of Accounting and Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya.

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ABSTRACT

Corporate governance is a key determinant of the sustainability and profitability of firms, especially in energy and petroleum sector that face particular challenges. Energy and Petroleum firms must implement customised governance solutions due to sector-specific issues such as infrastructure constraints, volatile global oil prices, and regulatory restrictions. Even though corporate governance is becoming more and more important in Kenya, listed energy and petroleum firms still exhibit uneven compliance and enforcement. Through empirical data, this current knowledge gap was addressed by probing into corporate governance practices impacts (board size, board tenure, board remuneration, board committees and board meetings) on profitability of listed Nairobi Securities Exchange energy and petroleum firms, proxied by Return on Equity and Return on Assets with examination of firm size's moderating effect. Financial statements of Nairobi Securities Exchange listed energy and petroleum firms was the main sources of data for the years 2015-2024. The study employed descriptive research with panel data was analysed using fixed effect or random effect. The review's target populace was the 4 energy and petroleum listed firms as at December 2024. Diagnostic tests of stationarity, multicollinearity and hausman were undertaken. Results were presented by tables and figures. Ethical considerations were upheld throughout the examination. Utilizing correlation and multiple regression model, the review established that board size positively and significantly influenced profitability, while board tenure had a significant negative effect. Board remuneration and board meetings showed positive but statistically insignificant relationships with profitability. Board committees could not be tested due to data non-stationarity. Additionally, firm size significantly moderated corporate governance's relationship with profitability, particularly for board size and board meetings. The study concludes that larger boards enhance oversight and strategic input, while extended board tenure may hinder adaptability and monitoring. Remuneration and meeting frequency alone do not guarantee improved performance. Finally, firm size is concluded to strengthen governance mechanisms' effectiveness in larger organizations, highlighting vitality of scale-sensitive governance structures. From the results, the study recommended that management should determine optimal board size that is necessary for effective operation and decision-making to ensure the listed firms at Nairobi security exchange obtain higher returns. In additional, the management should determine the length of board of director to earn stakeholders trust hence gaining interest on the commitment hence output ensuring higher returns for the shareholders.

Key words: Corporate Governance, Board Size, Board Tenure, Board Remuneration, Board Meetings Board Committees, Firm Size and Profitability.

INTRODUCTION

Energy and petroleum industry, globally, is key driver of economic growth and industrialization, accounting for a significant portion of global GDP and energy consumption. The sector supports transport, industry and home energy needs. Worldwide spending on power systems according to International Energy Agency (IEA) may surpass 2 trillion USD each year by 2030 in order to handle the rising consumption witnessed when people and companies are actively shifting to cleaner sources which are more sustainable. Furthermore, there are concerns about supply stability, fluctuating prices and output of greenhouse gases which still drive these global debates. Consequently, the significance of exercising corporate governance regulations when dealing with renewable and fossil fuel energy industries is stressed. Regionally, the strategic weight and economic potential by the energy sector holds great value. Africa, according to the African Energy Chamber, possesses large oil and gas deposits. It ranks nations such as Nigeria, Angola and Algeria among the key exporters. However, millions across Africa still lack access to power as IEA (2022) notes. This shows that many are struggling with energy poverty. Therefore, despite having abundant resources, this limited energy access has sparked demands for better funding, rules that are clear and oversight that is stronger which is specifically aimed at fair and sustainable development. Furthermore, how African energy companies function and govern themselves according to Eberhard et al. (2016) is frequently faced by challenges of fragile systems, regulations that are always shifting and political pressures.

In Kenya, the discoveries of oil in Turkana, increased geothermal capacity and significant investment in electricity generation and transmission (Energy and Petroleum Regulatory Authority [EPRA], 2024), has greatly contributed to the sector's growth. The sector is mainly led by listed companies at the Nairobi Securities Exchange (NSE) like Kenya Electricity Generating Company (KenGen), Kenya Power and Lighting Company (KPLC and Total Kenya. These players deliver power and fuel/petroleum products to homes and factories, consequently supporting economic activity. However, issues like rising operating expenses, shifting regulations, volatility in international prices and also pressure from citizens because some are partly owned by the government is still faced by these companies. Corporate governance is key in determining a company outcome because the current environment keeps on changing and becomes unpredictable. Further, in industries that rely heavily on funding or government involvement, effective practices such as independent boards, transparency and accountability tend to align with stronger firm outcomes and greater trust from investors (Ochido & Njoroge, 2023; Eke, Adebayo, & Okoye, 2019). However, implementation of these practices still proves to be a challenge even though rules like the Capital Markets Authority's Code of Corporate Governance Practices (CMA CCG, 2015) exist. Therefore, there is increasing value, when we examine how these organizational setups (organization structure) affect profitability in such an important country. Therefore, this review endeavored to ascertain corporate governance impacts on listed Nairobi Securities Exchange energy and petroleum firms' profitability. It majorly purposed to provide insights that were fact-based to investors, regulators and policymakers by examining governance indicators at the company-level and financial outcomes that spanned over the period 2015–2024.

Profitability

Profitability shows how financially healthy a company is by measuring how much profit it makes after paying expenses. For energy and oil companies, strong profits according to Rasheed, Rehman, & Afzal (2019) suggest that operations are both efficient and are adaptable to shifts in market conditions like price swings or new regulations. Common financial metrics used to assess this are return on assets (ROA), return on equity (ROE) and net profit margin. They each show how well resources of the firm generate earnings. The energy projects of these firms are normally heavily funded and have extended development times. It is for this reason that energy firms are often into re-investments, loan repayments and shareholder payouts (dividends). Therefore, for companies to cover all these, it should be highly profitable. Moreover, earnings power shapes how well a company can keep running under strict rules and shifting prices which as Mupa (2024) mention, are the two typical conditions in Kenya's energy sector and worldwide. Further, for public firms, consistent profits boost stock worth, attract confidence from investors and improve access to financing channels.

In Kenya, profits of these energy firms have followed different paths lately in the past decade. For instance, although Total Kenya enjoys steady returns that are backed by wide reach and customer trust, others struggle. Firms like Kenya Power and KenGen according to Ochido & Njoroge (2023) and EPRA (2024), deal with heavy borrowing, power leaks during delivery and slow policy progress that hurt results. Such gaps call for companies to take a closer look at company-specific factors like how firms are governed internally which shape profit. This analysis looked at ROA patterns across ten years from 2015-2024 to evaluate how profitable Nairobi Securities Exchange-listed energy and fuel companies have been. Rather than just measuring profits, ROA reflects how well a company turns its assets into income. A firm that spends smartly and operates effectively shows that it's ROA is high. However, mismanagement or structural issues are indicated by a low ROA. The table 1.1 displays yearly ROA data for the four operating firms of KenGen, KPLC, Total Kenya Limited and Umeme Limited. Consequently, this information helps compare the profit consistency between state-run utilities and privately owned power suppliers.

Table 1.: Profitability Trend of the Listed Firms.

Year	KenGen (ROA %)	KPLC (ROA %)	Total Kenya (ROA %)	Umeme (ROA %)
2015	4.69	-0.92	8.06	6.73
2016	7.28	2.88	5.7	4.77
2017	6.29	2.33	6.46	4.29
2018	5.69	-0.15	6.83	8.27
2019	3.7	-0.27	7.28	8.35
2020	3.7	-0.27	8.93	7.64
2021	3.26	0.22	6	5.37
2022	6.9	1.1	7.57	4.44
2023	5.71	0.73	7.96	7.08
2024	6.19	0.16	5.23	5.98

Source: Compiled by the researcher from annual financial reports of KenGen, KPLC, Total Kenya, and Umeme Ltd (2015–2024); Nairobi Securities Exchange (NSE) disclosures; and Energy and Petroleum Regulatory Authority (EPRA) publications.

Total Kenya from table 1 maintains solid profit levels over time as ROA typically falls within 5% to 10%. These signals steady work in the delivery of fuel, market presence that is strong and cost control that is effective. On the other hand, KenGen's ROA lies between 3% and 7%. This means that it achieves mid-level returns. However, the progress of KenGen is limited by rules and high investment needs for infrastructure. This is despite its leading power production in Kenya with gains coming from energy investments that are renewable and support from the government. 4% and 8% is the steady range within which Umeme Ltd ROA's lies. This is proof that its operations are reliable across Uganda's power network. Furthermore, its profit strength is likely stemming from practices of private-sector management that support consistency over time. However, KPLC is seen to really struggle of all these firms because its ROA swings are wide from even 0% and dropping to below zero at times. Therefore, issues like high transmission losses, growing financial obligations, inconsistent customer invoicing and interference tied to government decisions form part of these low performances.

The clear differences in profit levels displayed in the table across the companies, shows how a firm's structure and governance matter when understanding financial results. Therefore, this research will use real data patterns to see how this corporate governance makes sense for Kenya's energy and fuel sector profits. Recent studies have pointed to this connection. For instance, board size, composition and audit mechanisms as per Eke *et al*., (2019), affected profits in Nigeria's oil companies. Furthermore, when evaluating Pakistan's energy sector, Rasheed et al. (2019 stressed how management rewards together with control systems shaped their financial results. These findings therefore imply that governance is not left behind as is market forces or running efficiency when company earnings is assessed. Therefore, given how ROA shows how well energy and petroleum companies turn assets into earnings this review used ROA as the main indicator of profitability. The study sought practical insights on how financial performance can be increased.

Corporate Governance

These are the practices, framework of principles and procedures that shape how an institution is directed and controlled. They cover the systems that companies use to define goals, track results and still maintain accountability toward their stakeholders (OECD, 2015). Therefore, board structure, executive compensation, ownership concentration, disclosure practices and stakeholder engagement form the key components of this corporate governance. Industries such as energy and oil demand very heavy investment, faces regulations that are strict and is very key to a country's economy in terms of value. Consequently, this is where corporate governance stands out. Therefore, within these fields, effective governance according to Mallin (2019), becomes more about how public confidence will be maintained when choices are made clearly and intentionally rather than just matching shareholder and executive goals.

In Kenya, company governance follows the CMA Code of Corporate Governance (2015) which all public companies should adhere to. This framework sets rules on how boards should be structured like independent members, varied representation, distinct roles for chair and chief executive, risk controls that are clear and requirements needed for disclosure. However,

political interference and differing goals especially in part-time state firms such as KenGen and KPLC as Ochido and Njoroge (2023) notes, affect the application of these principles negatively and therefore consequently undermine governance that is effective. Empirical research shows clear links between solid governance and better results in energy firms. For example, Nigerian oil businesses as per Eke et al. (2019) performed better when they used independent audits and open financial reporting. Furthermore, Mupa's 2024 work revealed that effective boards were tied closely to higher returns on equity in South Africa's power industry. Therefore, efficiency is boosted, investors' trust is increased and firm value enhanced when a company uses proven governance methods. In conclusion, how an energy company moves strategically and the manner in which its fiscal performance is influenced, is clearly shaped by corporate governance. Moreover, clear duties, open practices and responsibility help build lasting success and competition in Kenya's energy market. The study used Board Size, Board Tenure, Board Remuneration, Board Meetings and Board Committees as measures of corporate Governance.

Firm Size

This factor significantly shapes what organizations can do, their strength in the market, also how profitable they become. The work demands of energy and oil industries are usually heavy investment and large assets. Therefore, as Penrose (1959) notes the size of a company usually shows how big its spending is, how many customers it serves, or whether it can shift market trends. Bigger companies as Schumpeter (1942) say generally tap into varied financial channels, gain cost advantages through volume efficiency (economy of scale) and strengthening negotiation leverage across suppliers, authorities and stakeholders. Such traits frequently help them handle economic ups and downs better and is able to support extended infrastructure development. Empirically, assets, market value or sales are usually the gauges of company size. However, its results tend to show gains but only to a limit drawing attention to it. The sheer scale of these large firms according to Acs and Audretsch (1988) normally brings about delays when it comes to making choices and rigidity within the organization, although their fixed costs are usually lower for every unit and that research innovation is always boosted.

Company scale matters a lot especially when it comes to Kenya's energy and petroleum industry. Some of the biggest companies nationally that are able to manage vast networks and reaches many users include KenGen and Kenya Power which are publicly quoted. These businesses can gather funds more easily and expand operations faster because they are large. However, government meddling, poor use of resources and/or tangled workflows as Ochido and Njoroge (2023) state, are some of the issues bigger size brings. Moreover, firm size could affect how well governance works. Bigger companies often use organized setups like board subgroups or clear reporting rules which help monitoring. However, without proper execution, Eke et al., (2019) notes that firms risk weakening responsibility. Therefore, how governance links to profit may be affected by size though not directly but by altering the effect based on whether the governance systems fit the business's size. Therefore, this study examined firm size as a moderating variable to evaluate how it shapes the effectiveness of corporate governance in improving profitability.

Energy and Petroleum Firms Listed at the Nairobi Securities Exchange

Nairobi Securities Exchange groups four firms in the "Energy & Petroleum" category, each serving a unique function in Kenya's energy chain. Among them are Total Kenya Ltd (TOTL), KenGen (KEGN), which focuses on production of electricity and KPLC which handles delivery to homes and businesses. Umeme Ltd (UMME) also contributes by providing energy that is localized across regions. Their combined efforts of importing fuels to supplying end users and supporting the national grid stability ensure that essential utilities throughout the country are constantly accessed. Total Kenya Ltd handles the importing, storage, distribution and sale of fuel products used for energy throughout Kenya. In addition to majorly providing lubricants and liquefied petroleum gas (LPG), the company also manages its extensive chain of service stations. The company is owned privately. Therefore, its oversight is not public and can focus their performance now through competitive strategies. Consequently, the operations of Total Kenya, show a quality that is consistent rather in terms of efficiency and brand image since it uses an approach that is market driven.

Kenya's main power producer is KenGen. The company delivers 60% of the nation's electricity demand and this is possible through geothermal, hydro, wind and thermal means. Furthermore, KenGen stands out across the region and has become a regional leader because it has centered renewable energy in its operations. Moreover, the ownership by government and private interests according to EPRA (2024) shapes how KenGen's decisions are made which in this case, balances transparency with competitive goals. KPLC is another company which is owned partly by the Kenyan government. It ensures that there is smooth flow of electricity through transmission networks, regional distribution lines and direct retail services. Furthermore, it supplies energy to vast numbers of users in cities and also in rural areas because it is the country's main power grid. Therefore, KPLC is key in helping shape Kenya's economic strategies because of its large size and role in public infrastructure. However, according to KNBS (2024), challenges like technical inefficiencies, financial strain, make its performance to be scrutinized every now and then. Although Umeme Ltd is headquartered in Uganda, the company also trades on the NSE as being cross-listed. Therefore, Kenyan investors are able to access the East Africa's power sector. Furthermore, it supports broader regional energy connectivity given the fact that it is Uganda's top electricity distributor. Moreover, similar to Total Kenya, Umeme functions independently as it is a private firm and thereby also follows global standards for corporate governance.

In earlier years, KenolKobil Ltd fell into this group but after Rubis Energie took it over through acquisition, it exited the NSE (CMA, 2019). Consequently, this analysis now covers only the four active, energy companies during the timeframe of 2015-2024. These companies offer useful differing value when evaluating the dynamics of corporate governance since they vary in scale and ownership structure. Therefore, although KenGen and KPLC face stricter rules because they're state-owned, Total Kenya together with Umeme show private setups adapting to identical regulations or market conditions. Consequently, such contrasting views enable deeper comparisons between the companies. Annual reports and regulatory disclosures formed the basis from which the study obtained the firm-level (company-specific) data. The aspects of

board composition, ownership concentration and audit committee structures were obtained here. Financial outcomes indicators like ROA and ROE were also be analysed over the ten-year period.

Statement of the Problem

The energy and petroleum industry shape Kenya's economy by boosting factories, creating jobs and improving public infrastructure. However, even so, uneven results across ten years have been recorded by companies that are listed in the Nairobi Securities Exchange. Some were steady and others less predictable. According to Ochido & Njoroge (2023) and EPRA (2024), Total Kenya and Umeme maintain consistent profits. However, KPLC is revealed to face shrinking gains, rising costs plus growing debt. This gap in business performance brings up key doubts about what really drives profits especially the part which company governance plays. In industries needing high capital intensity and facing greater scrutiny, several studies like that of Eke et al. (2019 and Mallin (2019) show that governance can really shape organizational success. However, even though global findings generally back this link, there's little data from Kenya's energy sector. This is because local analyses tend to look at single companies or brief periods.

Furthermore, companies use rules like the CMA Code differently from the other. This is seen clearly when we compare firms that are partially stated-run like KenGen and KPLC and private ones like Total Kenya and Umeme. Consequently, such differences explain why a one-size-fits-all method might miss how governance truly affects profit. Therefore, given the key role the energy sector plays in the Kenyan economy, complex regulations and diversity in ownership, it became essential to carry out a full analysis looking at how corporate governance structures affect Kenya's listed petroleum and energy firms' financial performance. This review remedied this void by examining firm-level governance indicators and profitability outcomes over a ten-year period (2015–2024), thereby contributing to a more informed comprehension of governance effectiveness.

Objectives of the Study

There are both general objective and specific objectives of the study. The general objective of the study was the examination majorly aimed at ascertaining corporate governance impacts on profitability of Kenya's listed Nairobi Securities Exchange energy and petroleum firms. While the specific objectives were:

(i) To assess board size effect on profitability of Kenya's Nairobi Securities Exchange-listed energy and petroleum firms
(ii) To investigate board tenure effect on profitability of Kenya's Nairobi Securities Exchange -listed energy and petroleum firms
(iii) To evaluate board remuneration effect on profitability of Kenya's Nairobi Securities Exchange-listed energy and petroleum firms
(iv) To analyze board meetings effect on profitability of Kenya's Nairobi Securities Exchange-listed energy and petroleum firms.
(v) To ascertain board committees' effect on profitability of Kenya's Nairobi Securities Exchange-listed energy and petroleum firms.

(vi) To examine firm size moderation effect on corporate governance link with profitability of Kenya's Nairobi Securities Exchange-listed energy and petroleum firms.

Research Hypotheses

(i) Board size does not significantly affect Kenya's Nairobi Securities Exchange listed energy and petroleum firms' Profitability.
(ii) Board tenure does not notably affect Kenya's Nairobi Securities Exchange listed energy and petroleum firms' Profitability.
(iii) Board remuneration does not significantly affect Kenya's Nairobi Securities Exchange listed energy and petroleum firms' Profitability.
(iv) Board meetings do not notably affect Kenya's Nairobi Securities Exchange listed energy and petroleum firms'
(v) Board Committees does not substantially affect Kenya's Nairobi Securities Exchange listed energy and petroleum firms' Profitability.
(vi) Firm size does not significantly moderate the relationship between corporate governance and Kenya's Nairobi Securities Exchange listed energy and petroleum firms' Profitability.

Scope of the Study

This review majorly purposed to probe into corporate governance practices impacts (board size, board tenure, board remuneration, board committees and board meetings) on profitability of listed Nairobi Securities Exchange energy and petroleum firms, proxied by Return on Equity, Return on Assets and net profit margin, with examination of firm size's moderating effect. The scope is defined across three dimensions: subject scope, geographical scope, and time scope.

The geographical focus was confined to Kenya's NSE listed Energy & Petroleum Sector firms. These firms include Kenya Electricity Generating Company (KenGen), Umeme Ltd, Total Kenya Ltd and Kenya Power and Lighting Company (KPLC). Although Umeme is headquartered in Uganda, its inclusion is justified by its cross-listing on the NSE and relevance to the Kenyan investment environment. The analysis encompassed the years 2015 to 2024, forming a ten-year scope. This period enabled evaluation of regulatory shifts over time which was around the time CMA's governance code was rolled out. Furthermore, there were major economic swings and changes in energy sector which affected the potential of making profits.

LITERATURE REVIEW

Theoretical Review

This segment introduces the theories underpinning variables which includes; agency theory, stakeholder theory, stewardship theory and the theory of the firm size.

Agency Theory

Advanced in 1976 by Jensen and Meckling, agency theory looks at relationships between company owners called principals and managers who are known as agents. It focuses on how handing over control might lead to tensions due to differing goals. However, agents could be

tempted to chase aims that are personal instead of the principal's priorities resulting in a situation often labeled an agency issue. Agency theory starts from the idea that managers act based on personal aims and not company needs. Therefore, without systems that exist to align their actions with owners' interests they are more probable to chase private gains. When goals differ, expenses arise. These are noted by Jensen & Meckling (1976) as money spent by managers proving loyalty (bonding costs), funds used by shareholders to supervise decisions and losses which arise when priorities are mismatched. This is further illustrated by a case where executives are pushing for quick profits for bonus reasons instead of building lasting worth for investors.

Furthermore, tools like performance-linked pay, governance setups and monitoring processes are suggested when these agency issues arise. Moreover, reward systems that are tied to results help push managers to meet goals of the owners by aligning their personal gains with company outcomes. Additionally, solid oversight bodies like boards as Fama & Jensen (1983) state, help steer decisions and check the company actions in order to maintain responsibility. Finally, when clear disclosures and consistent updates are put in place information asymmetry is reduced which is usually the main cause behind misaligned interests. Agency theory, despite its flaws is key to understanding relationships between principals and agents, while also shaping approaches to tackle governance and responsibility challenges. Companies may reduce inefficiencies, increase openness and boost results when they use tools that match goals. Consequently, a stronger confidence across both parties is built.

Stakeholders Theory

Stakeholder theory, introduced by Edward Freeman in Strategic Management: A Stakeholder theory was advanced by Edward Freeman in 1984. It suggests that companies should consider everyone that is affected by their actions. It goes on further to say that it promotes attention to workers, clients, vendors, local areas and public institutions rather than just focusing only on investor profits. Furthermore, when we compare it to classic models which normally prioritize financial returns for owners, this approach values balance across multiple groups. These parties are key as Freeman (1984) notes how they shape, react to and are being shaped by choices of the company. Therefore, cooperation moves from being optional to essential because firms rely on these kinds of relationships just as much as others do. The theory as Freeman et al., (2010) states, focuses on generating value for everyone that is involved, which basically supports lasting success over time. Furthermore, this view suggests that companies should ethically weigh the needs of their different stakeholder instead of focusing only on quick profits. Therefore, doing so encourages openness, consistency and responsibility which further build confidence and enhance its image to the public. Moreover, when firms consider these varied viewpoints, Freeman, Harrison, & Wicks (2007) say that they gain better insights, reduce tensions, and shape plans which are aligned with long-term sustainability.

Stakeholder theory is used widely in areas like corporate governance, sustainable development, government operations and managing projects. In business leadership, for example, Donaldson & Preston (1995) establishes that it helps recognize which key parties are involved enabling linking of goals from social and ecological needs. However, the theory is not without some

flaws. Critics like Jenssen (2002) say it's too vague when deciding who counts most when it is particularly under pressure to perform financially. Moreover, when making decisions practicality maybe difficult at times since meeting conflicting demands may be such a complicated process. However, the theory even with such critiques is still very important tool for understanding how groups interact within organizations. Furthermore, it ensures that companies follow choices that are ethical and create value benefits. Therefore through this, firms are led towards greater adaptability, lasting achievement, stakeholder trust and responsible actions. Freeman's stakeholder theory states companies must embrace a wider lens, considering concerns of every group engaged in decision-making process. This is based on management theory and advocates for a broader perspective that considers workers, consumers, suppliers, and the community. The theory strikes a balance between these competing interests and financial goals in order to encourage moral behavior and long-term sustainability. Through innovative product development, efficient resource management, and improved stakeholder relations through the integration of stakeholder considerations into strategic planning, businesses can achieve greater profitability (Simon, 2023). Freeman's idea is rooted in management thinking, it supports attention to employees, buyers, vendors, and local areas. Instead of choosing sides, this approach balances economic aims with social needs. Finally, organizations may increase earnings as Simon (2023) notes when they create new products, use resources wisely and strengthen ties with stakeholders via strategy design.

Stewardship Theory

Stewardship theory was introduced by Donaldson and Davis in 1991. It contrasts agency theory by showing the unity that exists between leaders and owners. It is where decision-makers support aims of the organization willingly. Therefore, this perspective sees individuals as those motivated by duty and who act for the broader benefit instead of assuming self-interest. Consequently, the actions of these stewards align with the goals of the company. In stewardship theory, people feel rewarded when they help an organization succeed or meet job duties. The theory emphasizes inner motives like loyalty, confidence and feeling connected to the company which are rooted in psychology and sociology are the key motivators for responsible actions. Therefore, stewards focus on lasting organizational outcomes as Donaldson & Davis (1991) rather than seeking quick personal gains. Consequently, a teamwork that is grounded on mutual trust is built.

Furthermore, this theory supports light supervision instead of strict rules which is the trademark for agency theory. This is because it posits that too much checking can weaken the confidence of people and reduce their inner drive. Therefore, it suggests that giving leaders should be given freedom, involving them in choices and that superiors should offer them guidance. Moreover, Davis & Donaldson (1997) say that the health of the company is boosted when this support happens as they help match goals of the leaders with owner interests. The theory promotes setups based on trust and teamwork instead of tight oversight therefore becoming very key in how companies are governed. Like for instance, this idea shows clearly in firms that are run by family as leaders usually focus more on lasting success and heritage than quick financial gains. Furthermore, the valuing of employee growth and company health is enhanced when it supports models like transformational or servant leadership. However, the theory due to its optimistic

assumptions on conduct, has faced several critiques. Opponents are seen to argue that motivation isn't always internal because some leaders, especially under pressure, favor self-interests. Moreover, in vast firms, execution of shared goals becomes difficult since goals are tough to sync as they depend on trust and delegation.

Theory of the Firm Size

This theory was introduced by Penrose in 1959. It looks at factors that are tied to company size which include benefits and constraints. It also notes how it helps shape performance of the firm, strategy and industry patterns. Furthermore, it is rooted in the view that larger firms often see shifts in efficiency, choices, edge over competitors and their response to change. Moreover, it draws its insights from classical and modern economics, organizational behavior and strategic management. Further, company's size depends on its own strengths and available assets according to this view. This is in addition to demand shifts and competition. When business use existing capacities wisely, Penrose states that growth will happen and paths to move forward will also be spotted. However, when leadership ability lags or the company runs short of key inputs, expansion becomes limited. The agility in smaller companies make them adjust fast when markets shift or when clients demand new things. These businesses usually reach customers big corporations usually ignore because of their ability to focus on products that are niche. However, having less funding and paying more per unit costs especially where heavy investment is needed according to Acs and Audretsch (1988) makes it difficult for these firms to keep up with bigger rivals.

The theory further looks at how company size links to innovation. Bigger firms according to Schumpeter (1942) often innovate more because they have greater resources, handle risk better and still invest heavily in research. However, in fast moving sectors, empirical studies like that of Acs and Audretsch (1988) show that even smaller businesses may also drive strong innovation since their compact structure allows testing to be quicker testing. However, even though firm size theory offers very useful ideas, its ability to oversimplify complex aspects of company growth and results is highly questioned. Furthermore, some say that relying only on size doesn't clarify performance gaps since factors like industry setting, workplace values or management matter just as much. Moreover, the model might miss key details of today's businesses in digital markets, where scaling is rapid and that users who are interconnected weaken the clear lines that used to exist between big and small organizations. Therefore, in some, firm size theory offers a framework to help people understand how firm size affects strategy, results and industry patterns. Moreover, this perspective reveals key compromises in organizational growth because size of the firm may gain it certain advantages and also encounter new difficulties.

Empirical Review

This analysis critiques previous evidence-based research on corporate governance practices impacts on firm's profitability. It mainly aimed at determining the recurring results, research methods, environmental variations and research voids in the literature that support and contribute to this study focusing on listed NSE energy and petroleum firms.

Board Size and Profitability

Yakubu, Okwoli, and Jugu (2024) ascertained how corporate board characteristics (border independence and gender diversity) influenced Nigerian deposit money banks' (DMBs) profitability, specifically board independence, size and gender diversity between 2009 and 2022. The research utilizes purposive sampling to select thirteen DMBs from a population of fourteen, focusing on secondary panel data collected from relevant bank databases. The Feasible Generalized Least Square (FGLS) regression was applied for data analysis and issues such as multi-collinearity and heteroskedasticity were addressed. Outcomes indicate that corporate board characteristics positively associate with profitability which was measured by profit after tax (PAT). The findings demonstrate that optimal board size which balances different expertise and decision-making that is efficient is very important. It was therefore recommended regulatory frameworks should adhere to board independence and gender diversity even in leadership positions.

Shaba and Yaaba (2023) investigated large shareholders relationship with Nigerian Listed Oil and Gas Firms' monitoring efficacy. Corporate governance such as board size positive relationship with firms' performance was established. This stems from the notion that a larger board can enhance corporate performance through broader expertise and governance capacity as measured increase in net profit margin. Large board size enables a range of knowledge, expertise and experience that add value by bringing new ideas and different perspective to the table translating to superior performance of the companies. However, large board rooms may reduce performance as its slowdown decision-making hence negatively affecting performance. The study recommended establishment of new strategies capable of anchoring corporate best practices that usher in the expected performance of energy companies in Nigeria and world all over.

Almashhadani and Almashhadani (2023) in Oman explored how corporate governance, specifically board size and management ownership, influences firm profitability. The study's methodology involves a thorough analysis of a diverse sample of Omani businesses. The results indicate that an optimal board size is crucial for enhancing financial performance and extreme large or small boards may hinder decision-making. Similarly, managerial ownership positively influences profitability by syncing manager incentives and goals of the shareholders. This research therefore shows the significance of sound corporate governance practices in maintaining business stability and attracting investment in Oman's growing economy.

Board Tenure and Profitability

Azzam and Alhababsah's (2022) explored tenure and age of board chairs' connection with China's R&D investments. It is based on A-share manufacturing firms listed on the Shanghai and Shenzhen stock exchanges from 2009 to 2018, uses Ordinary Least Squares (OLS) regressions to analyse the data. It addresses self-selection bias and endogeneity through instrumental variable techniques. Findings reveal that longer chair tenure is inversely related to R&D investment, indicating that longer-serving board chairs may be untoward long-periods investments such as R & D. In contrast, the study finds no meaningful link between the variables. These insights may help companies reconsider the length of their chair tenure when

making such decisions. Therefore, it is concluded that limiting chair tenure may be an effective governance reform ensuring that innovation is sustained and that decision making is strategic.

Bonini et al. (2021) explored long-tenured independent directors (LTIDs) link and United States firm's profitability using data of 1,500 S&P firms for 15 years, challenging the common agency view that such independent directors may become too friendly and closer to CEOs goals. This therefore makes their role in monitoring less effective. The study uses a novel instrumental variable approach on directors' age at the time of hire to resolve possible endogeneity issues. The researchers establish LTIDs can enhance board effectiveness and firm performance especially for firms that are more complex and mature. This is also true for firms who may have had multiple CEOs during the LTID's tenure. The benefits are more significant when the management, is well established confirming the stability and expertise that is relevant when it comes to LTIDs. Furthermore, firms with these people tend to encounter fewer efforts of shareholder activism and litigations that are class action. Moreover, when they die the capital markets is affected negatively sentimentality because valuable skills and knowledge is also lost.

Livnat, Smith, Suslava, and Tarlie (2020) examines board tenure's relationship with United States 3,800 companies publicly listed companies' performance, exploring how the length of directors' service influences market valuations and future returns. They argue that longer board tenure signals that a firm is stable. This is because it shows that owners are pleased with performance of the board which reflects that there are effective oversight and guidance. Longer board tenure is found to be associated with higher abnormal returns in the future which however, cannot be translated into increased expected returns when we base it on the price forecasts of an analyst forecasts. The study's findings suggest that investors tend to misprice board tenure where longevity is given too much thought. At the same time, they forget that management oversight also experiences diminishing returns. Furthermore, long serving directors have experience and better comprehension of how a firm operates. They therefore, may offer sound advice which in turn increases firm value.

Board Remuneration and Profitability

Rousseau *et al.,* (2023) examined board remuneration through director compensation on financial performance of 15,398 listed firms from multiple countries whereby majority were based in Europe, Australia and United States, found negligible positive notable impact on return on asset, however to determine the appropriate directors' remuneration is problematic as it depends on market results. The study employed longitudinal design with primary data which was analysed using random-effect model. The study opined that delayed compensation demoralizes directors hence tend to divert focus and attention from improving the profitability of these firms. Board remuneration should be structured and entrenched in the constitution of the company as it aids in shaping the profitability of the company. The board and remuneration committee need to design the remuneration for the directors and align it to shareholder's long-term interest. The results of the study advocated for adequate and timely remuneration of board members so that they can concentrate on improving the profitability of the listed companies.

Nwafor (2022) explores corporate governance (CG) practices impacts on Nigeria's quoted agricultural firms' productivity. It examines the roles of directors' remuneration, board gender, board duality and board size in driving firm productivity, measured by sales growth. Employing a casual-comparative research design, the study uses multiple regressions, descriptive statistics and correlation analysis to analyse data. Corporate governance practices are revealed to positively impact productivity of agricultural firms. Specifically, directors' remuneration and board size positively influence productivity by optimizing decision-making. However, although board gender and duality show similar findings, their effects are not statistically significant. This positive influence by corporate governance increases national GDP and boosts performance of exports. The remuneration of directors' remuneration is advised to be optimized so as to balance incentives and costs. Furthermore, the study advises that an appropriate board size should be maintained to ensure that governance is efficient without compromising firm performance. This research emphasizes the critical function of governance in enhancing the productivity of a key sector in Nigeria's economy.

Zhou, Li and Fang (2021) investigated board remuneration impacts on 121 listed global energy firms' corporate performance for a period between 2010 and 2019 and found a strong positive connection between compensation of executive and profitability. This indicates that there a significant role the remuneration of board plays in ensuring profitability of the companies. Good remuneration gives incentive and potentially influencing financial performance of energy companies. This motivates the board to manipulate strategies to improve the profitability of the company. Therefore, there is need to structure the compensation to shape financial performance. Quantitative research design with panel data from 121 listed global energy firms was analysed using random effect panel regression model. The study recommended that companies need to carry out reforms on board remuneration structures and revisit incentive-based pay so as to align with long-term performance of the company. Further, there is need to strengthen governance and oversight mechanisms through conducting frequent audits and internal control measures for better performance.

Board Meetings and Profitability

Sahoo, Srivastava, Gupta, Mittal, Bakhshi and Agarwal (2023) "Board meeting, promoter and firm performance", in India explored connections between board members' traits and business performances. Investigation was mainly modifications implemented in legal framework after enactment of 2013 Indian Companies Act. Researchers utilized fixed panel data estimation approach to analyze data from 113 firms, culminating into 904 observations spanning from 2012–2013 to 2019–2020. Additionally, subsample analysis was conducted. Outcomes demonstrated favorable correlation is present between regularity of board meetings attendance rate and business performances. The study utilized a fixed panel data estimation approach but a design based on descriptive statistics was used for this study.

Agustia *et al.,* (2022) examined joint board-management meetings connection with listed Indonesia's firms' profitability. Results of the research suggest that joint board-management meetings held frequently improve firm performance. This improvement in performance was due to information sharing and knowledge level. However, the meetings were most effective

when they are held between 10 and 12 annually. Non-experimental research design was employed with panel data from the firms spanning from 2012-2017 using financial data. The variables of the research include the number of top management board, board of director, committee meetings and return on assets. The fixed effect panel regression analyzed data. The review recommended that more joint board-management meetings be held to promote performance of these firms as it ensures adequate information sharing among the management of the firms.

Taluka, Verma and Sharma (2022) studied board meeting frequency and Indian public sector banks' performance between 2015 and 2019. Drawing from agency theory, frequent board meetings are posited to enhance oversight, reduce agency costs, and foster collaborative exchange among directors. These gatherings also equip board members with information that is timely and relevant which at the end improves profitability. Utilizing secondary data, panel regression analysis was conducted to evaluate corporate governance variables influence, including board meeting frequency, audit committee activity and the number of governance committees, on institutional profitability. According to this study, there is no meaningful corporate governance variable impacts on the banks' ROA. This examination zeroed in on Kenya's NSE listed energy and petroleum firms.

Board Committees and Profitability

Ampah (2023) assessed corporate governance effects on Ghana's listed banks' financial performance. Board committee was found to notably positively associate with banks' profitability. Causal research design of quantitative methods was applied with purposive sampling techniques selecting nine banks. Fixed effects panel regression was used to analyse data collected for a period of 11 years ranging from 2010-2020. The key variables of the research are board diversity, board structure and board size as explanatory variables while the explained variable ROA. Study outcomes recommended that consistently evaluate and optimize board committee to increase firms or company's effectiveness and efficiency. In addition, firms or financial institutions need to prioritize and promote board diversity based on gender through bringing non-executive directors to contribute immensely to robust decision-making in the framework of board mandate for better financial performance.

Mihail, Dumitrescu, Micu and Lobda (2022) ascertained board diversity, CEO characteristics and board committees' impacts on Romania's Bucharest Stock Exchange listed companies' fiscal outcomes. Comprehensive data on more than 70 companies was amassed for a period of six years (2016–2020), and detailed regression models were approximated to test the effect of these characteristics. Findings ascertain that enhanced board diversity, particularly through independent directors' inclusion, positively influences firm performance. Additionally, audit committee demonstrates a constructive role in governance efficacy. Notably, 10% rise in independent board members' proportion correlates with 0.93% increase ROE. These outcomes suggest that strengthening corporate governance frameworks links with boosted profitability and enhanced enterprise value. This study was based on board committees and Kenya's NSE listed energy and petroleum firms' profitability.

Ararat and Yurtoglu (2020) studied Female directors, Board committees and firm performance on publicly listed firms in Turkey, particularly in the context of gender diversity in Turkish corporate governance. From the findings, female directors in corporate boards does not predict value of the firm value or even profitability. However, when female directors are actively integrated into board committees, especially in audit and risk management roles, they positively influence firm outcomes. The study highlights that female board members enhance financial reporting quality, reduce regulatory violations and lower stock price crash risk when they hold key positions in committees. However, how well women directors perform depends on reaching enough numbers in leadership roles. The results highlight why board makeup matters in company oversight as it shows that diversity efforts should aim at real inclusion instead of just filling seats.

Corporate Governance, Firm Size and Profitability

Halidu, Uyagu, and Uba (2024) examined whether firm size moderates corporate governance characteristics relationship with Nigerian industrial goods companies' financial reporting quality (FRQ). Drawing on 13 listed firms' data between 2012 and 2022, the review utilizes an ex-post facto research framework and uses regression analysis via STATA 15. From the findings, board independence and board size were concluded to favorably relate to higher FRQ. Additionally, firm size exerts a meaningful moderating impact specifically on the board size–FRQ link. Therefore, shareholders are advised to support bigger boards since balancing executive and non-executive roles helps avoid bias while strengthening choices. Moreover, findings also reveal that when these board qualities are strong, quality of disclosures and stakeholder confidence are increased.

Sulaiman and Khalid (2023) investigated firm size moderation effect on debt capital connection with listed Nigerian agricultural firms' financial performance from 2013 to 2022. Using causal-comparative research design and reliable fixed effects with Drisc/Kraay standard errors, they examine total debt, long-term debt and short-term debt in relation to return on assets (ROA). Results reveal that both short- and long-term debt negatively impact ROA, while total debt shows a positive association. When firm size is introduced as a moderating variable, it weakens short-term debt effects (though insignificantly) and strengthens long-term and total debt impacts. Notably, the moderation model yields a much higher R-squared (0.9978) compared to base model (0.3992), highlighting firm size as a strong moderator in debt–performance relationship. Therefore, the authors from the findings recommend that investors and managers should consider firm size when they are making decisions to finances and expanding. Moreover, future research might also need investigate similar effects in other markets.

Mutunga and Owino (2017) investigated how micro factors shape financial performance in Kenyan manufacturing firms, emphasizing firm size's moderating effect. Drawing on Wealth Maximization, Resource Based and Agency theories, the review utilized descriptive framework. Data were was collected from 180 firms in Kenyan manufacturing sector, with a response rate of 95%, via self-administered questionnaires. Statistical analyses revealed that micro factors, operational practices, production capacity and management practices, positively and significantly affect financial performance. Further, firm size strengthens this relationship, indicating that larger firms benefit more from operations, productions and managerial strategies

that are more boosted. They recommend that managers should account for firm size in strategic decision-making, underscoring its potential to enhance overall outcomes and contribute to sustainable growth in Kenya's manufacturing sector.

Conceptual Framework

The conceptual model comprised of corporate governance dimensions as independent variables which include board size, committees, remuneration, meetings and tenure; and profitability is a dependent variable as a financial performance measure. Figure 2.1 shows the conceptual framework.

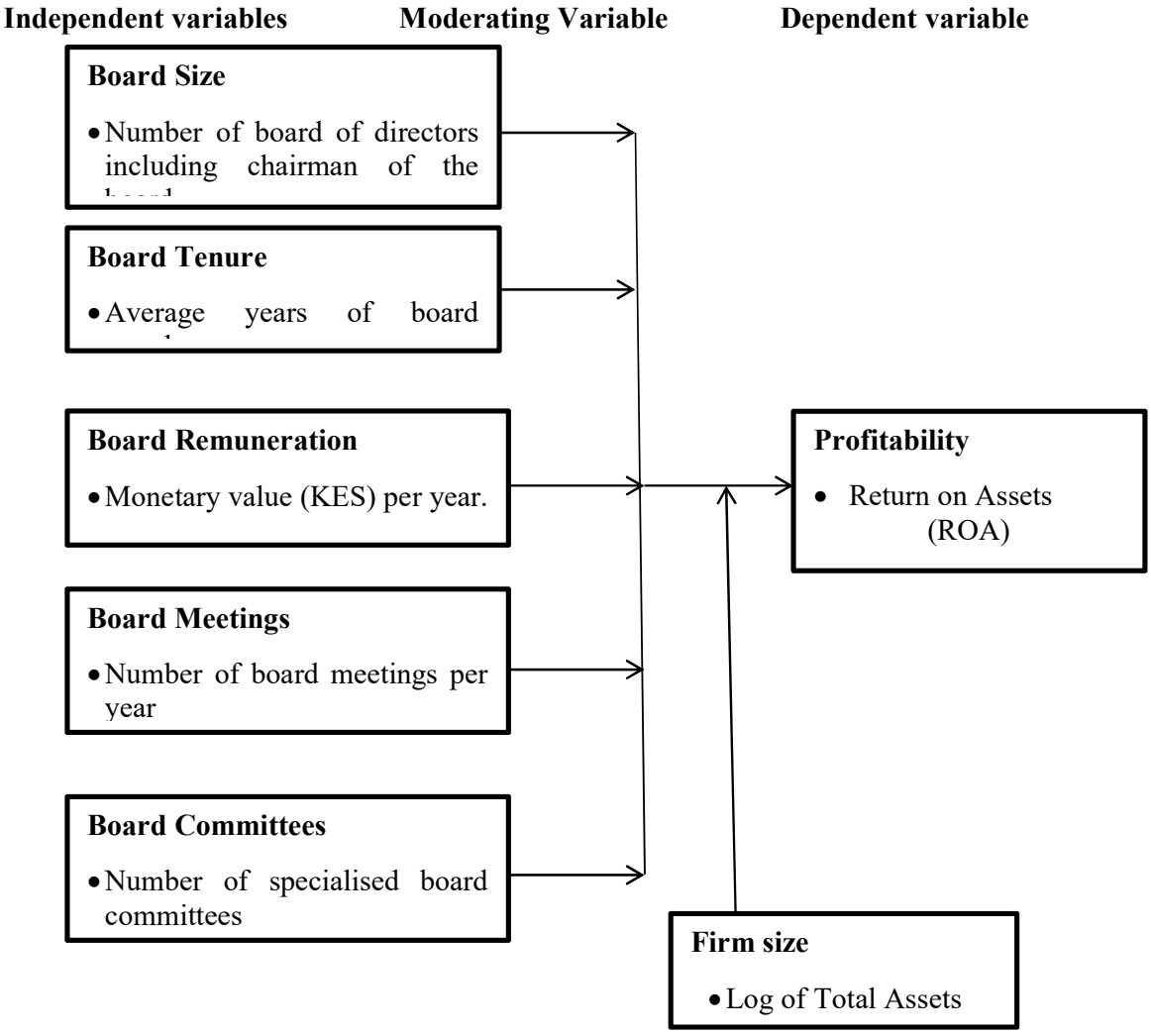

Figure 1: Conceptual Framework
Source: Researcher (2026)

RESEARCH METHODOLOGY

Research Design

This denotes the element that directs and guides the study process. Protocols and procedures that the general framework or plan specifies will be utilized for data collection and analysis (Khanday & Khanam, 2023). Using a descriptive research design, the study looked into

corporate governance connection with Kenya's NSE listed energy and petroleum firms' profitability. The descriptive study design helps the investigator to systematically explain current and present governance structures and profitability level across firms and look into association between governance variables and firm profitability.

Model Specification

The first objective of the study focused on examining how specific board characteristics; size, tenure, remuneration, committees and meetings impact Kenya's NSE listed energy and petroleum firms' profitability. Previous studies highlight governance attributes association with firm performance, with corporate governance mechanisms serving as critical predictors of profitability (Jensen & Meckling, 1976; Freeman, 1984). To achieve the first objective, the linear regression model was utilized to quantify board characteristics link with profitability (Indrati & Aulia, 2022). The dependent variable is profitability, measured by Return on Assets (ROA), while the independent variables include board size, tenure, remuneration, meetings, and committees.

$$PR_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BT_{it} + \beta_3 BR_{it} + \beta_4 BM_{it} + \beta_5 BC_{it} + \beta_6 FS_{it} + Ɛ \text{……..3.1}$$

Where: PR = Profitability (ROA), BS = Board size, BT = Board tenure, BR = Board remuneration, BM = Board meetings, BC = Board committees, FS = Firm size (moderator) while β0–β6 are the Coefficients and ε = Error term

Moderation Effect Model

The last objective sought to establish whether and how firm size influences corporate governance practices connection with profitability. Theory of firm size posits that firms larger in size benefit from cost advantages, which may influence the effectiveness of corporate governance mechanisms (Penrose, 1959; Schumpeter, 1942).

Step one

$$PR_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BT_{it} + \beta_3 BR_{it} + \beta_4 BM_{it} + \beta_5 BC_{it} + \beta_6 FS_{it} + Ɛ \text{……..3.2}$$

Step two

$$PR_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BT_{it} + \beta_3 BR_{it} + \beta_4 BM_{it} + \beta_5 BC_{it} + \beta_6 FS_{it} + \beta_7 BSFS_{it} + \beta_8 BTFS_{it} + \beta_9 BRFS_{it} + \beta_{10} BMFS_{it} + \beta_{11} BCFS_{it} + \varepsilon \text{ …… 3.3}$$

Where; FS= Firm Size (moderating variable), BS*FS= Interaction between Board size and firm size, BT*FS= Interaction between board tenure and firm size, BR*FS= Interaction between Board remuneration and firm size, BM*FS= Interaction between board Meetings and firm size, BC*FS= Interaction between board committees and firm size, it = energy and petroleum firms i at time t. This model captures interaction effects to assess firm size moderating role on governance variables.

Operationalization and Measurement of Variables

The Table 2 Indicates the operationalization and measurement of variables; it also indicates scale of measurement and hypothesized direction.

Table 2: Operationalization and Measurement of Variables

Variable	Type	Operationalization	Measurement	Scale of Measurement	Hypothesized direction
Board committees	Independent	Number of specialized board committees	Log of number of board committees	Ratio	Positive
Board size	Independent	Total number of directors on the board	Log of number of Board members	Ratio	Positive
Board tenure	Independent	Average length of time directors serves on the board	Log of term limits for Board members	Ratio	Positive
Board Remuneration	Independent	Total annual compensation to board members	Amount paid to board members	Ratio	Positive
Board Meetings	Independent	Frequency of board meetings	Log of number of meetings	Ratio	Positive
Profitability	Dependent	Ratio of net profits to total assets	Net earnings/ Total assets	Ratio	N/A
Firm size	Moderating	Total assets or market capitalization of the firm	Log of total assets	Ratio	Moderates CG-Profitability

Source: Researcher (2026)

Target Population

This denotes to a precise collection of entities or people where research aims to examine, describe or draw conclusions about. It represents the larger broader group to which the review's outcomes will be pertinent or relevant. In this study, the target group comprised of four Kenya's NSE listed energy and petroleum firms as at December 2024. This study aimed at collecting information from energy and petroleum companies' financials, published yearly reports from the CMA and NSE, Kenya. The study was restricted to NSE listed energy and petroleum firms because reliable data was more accessible from listed firms, making them a more practical choice than private ones.

Sampling Design

It denotes to choosing a representative segment from a broader population to enable focused investigation or analytical insight. The sampling design chosen depends on study objectives, type of the population, time constraints and available resources. As a result of the small population size, the research used census where all the four NSE listed energy and petroleum firms as at 31 December 2024 were examined.

Data Collection Procedure

Secondary data amassing methods obtained data for this investigation. NSE-listed energy and petroleum firms' financials, corporate governance reports, auditor evaluations, and public disclosures will be the main sources of data for the years 2015–2024. Profitability was assessed using the net interest margin metric, governance factors including the board committees, board tenure, board remuneration, board meetings, board size will be examined. Firm size was taken into account in the study as a moderating factor in these relationships. Regression analysis and hypothesis testing have a strong basis thanks to the methodical gathering of secondary data, which guarantees precision and dependability

RESULTS AND DISCUSSIONS

Descriptive Statistics Results

Data was assessed using measures of central tendencies such mean, standard deviation, minimum and maximum. The results are presented in table 3

Table 3: Descriptive Statistics

Variables	Level	Mean	Std. dev	Minimum	maximum	Observation
Board Size	Overall	10.1778	3.8629	6	23	N=45
	Between		2.8731	7.2	12.93	n=3
	Within		3.0486	6.244	20.24	T=15
Board tenure	Overall	4.2667	2.9029	1	9	N=45
	Between		2.7153	2.6	7.4	n=3
	Within		1.8439	-0.1333	9.667	T=15
Board remuneration	Overall	1.27E+08	1.81E+08	3960000	6.29E+08	N=45
	Between		9.90E+07	3.19E+07	2.29E+08	n=3
	Within		1.61E+08	-9.49E+07	5.26E+08	T=15
Board Meeting	Overall	9.5111	7.285	4	42.00	N=45
	Between		5.872	4.0667	15.733	n=3
	Within		5.437	0.7778	35.778	T=15
Board Committee	Overall	5.5333	0.588	4	7	N=45
	Between		0.503	5	6	n=3
	Within		0.416	3.933	6.933	T=15
Firm Size	Overall	4.24E+09	1.12E+10	1.03E+07	5.79E+10	N=45
	Between		1.97E+09	2.49E+09	6.38E+09	n=3
	Within		1.11E+10	-2.13E+09	5.57E+10	T=15
Return on Asset	Overall	8.153	4.216	2.340	18.000	N=45
	Between		1.807	6.70	10.177	n=3
	Within		3.944	0.996	17.653	T=15

Source: Study Data

The results in Table 3 show that the data was collected from 3 Nairobi Security Exchange-listed energy and petroleum firms for 15 years giving a sample size of 45. The examination is done on overall, between and within the components.

Board size has an overall mean of 10.18 members with standard deviation of 3.86 which ranges from 6 to 23. Differences across firms show that average board size ranges from 7.2 and 12.93. however, difference over time within the same firm ranges from 6.24 to 20.24 implying that

board sizes changed over time for each individual firm. This means that although firms have mean board size of 10 members, there is a significant fluctuation every year within the firm while some experience larger board sizes of up to 23 members. Board tenure has an overall mean 4 years with standard deviation of 2.9, while the board members serve between 1 year to 9 years. Between mean ranges from 2.6-7.4 meaning that tenure differs across firms moderately. within variation ranging from -0.13 to 9.67 shows fluctuations in board tenure over the years within the firm. Overall, board tenure is about 4 years with high turnover with the longest one being 9 years for instant in Kenya Power and Lighting Company.

Board members were remunerated on average Kshs. 127 million per year, remuneration across firms ranging from 3.96 million to 629 million per year for all board members. Variation across firms is wide indicated total amount ranging between 31.9- 229 million per year. The figures also show extreme fluctuations indicating rapid growth or drop over time. The wide variations imply that board remuneration varies drastically both across firms and over time reflecting difference in firm profitability, size and governance policies.

The results further show that the board had meeting on average of 9.5 meeting per year with the standard deviation of 7.29, ranging from 4-42 meetings per year. The results show that the difference between firms ranges from 4.07-15.73 implying that some firms hold more meeting than others. Within a firm, number of meetings vary from 1-36 in a year, implying that some boards are very active while others are a bit dormant. Frequency of the meetings vary strongly within the firms, this may be due to crises or regulatory requirements. Some firms have committees of 6 on average with standard deviation of 1, however, committees were ranging between 4-7. It is important to note that, most firms have relatively stable number of committees given by a range of 5-6. The low variation exhibited is due to stability in the number of committees across firms.

Most firms had a total asset worth Kshs.4.24 billion on average with high variability given by standard deviation of Kshs. 11.2 billion and a range between 10.3 million to 57.9 billion. The wide variation between 2.49 billion to 6.38 billion, this indicates that firms have different size. Variation within an individual firm ranges between -2.13 billion to 55.7 billion, this that the growth of an individual firm fluctuates greatly over time. The wide and varying growth indicates that firms experience rapid expansions or contractions across yearly, this can be driven new investments, acquiring new markets or market shocks. The return on assets (ROA) which measures the profitability of firms had an overall mean of 8.15 percent with standard deviation of 4.22 and ranging between 2.34 percent to 18 percent. Variation between firms ranges between 6.7percent to 10.18 percent indicating moderate differences in average profitability across firms, however, variation within a firm range between 1 percent to 17.65 percent strong fluctuations over time within firms. On overall, the results show that firms make moderate profits on average, it is also important to note that profit level of the firms significantly fluctuates across years. This is very consistent with macroeconomic shocks and level of performance cycle of firms.

Correlation Analysis

The research explored how the study variables were interrelated. The study used Spearman Moment of Correlation to ensure that all the variables were highly correlated. The Spearman Moment of Correlation was also a tool used to identify any presence of multi-collinearity in the dataset. However, if any two or more variables are found to be highly correlated, then the variables are omitted from the analysis or are not used the same estimation model in order to achieve the study objectives. Further, the strength of the association between the regressors and regress and was also investigated and the outcomes are delineated in table 4

Table 4: Correlation Analysis results

	Firm Size	Log ROA	Board Committee	Board Meeting	Board remuneration	Board Tenure	Board Size
Firm Size	1.000						
Log ROA	-0.0774	1.000					
Board Committee	0.2558	0.0807	1.000				
Board Meeting	-0.0806	0.1984	-0.5375	1.000			
Board remuneration	-0.0820	-0.0248	0.3485	-0.3132	1.000		
Board Tenure	-0.0366	0.1622	-0.4449	0.4759	-0.2367	1.000	
Board Size	-0.1878	0.3110	-0.4731	0.5879	-0.2811	0.3585	1.000

Source: Study Data

The analysis was undertaken at 5% significance level, with results showing that some variables were positively correlated while others were negatively correlated. In addition, the Spearman Correlation coefficients did not exceed 0.8, which, based on conventional thresholds, suggests that variables are not strongly correlated hence could be used to conduct the analysis to examine corporate governance impacts on Kenya's NSE-listed energy and petroleum firms' profitability. Further, the presence of correlation between any two variables lead to the omission of such variables from the estimation model. However, since the results indicate that the variables were not highly correlated then all variables were used in the analysis.

Regression Analysis

Panel regression was used to examine corporate governance effects on profitability of Kenya's NSE-listed energy and petroleum firms. In addition, moderating effect was also employed to scrutinize firm size's influence on the association between corporate governance and profitability of NSE-listed energy and petroleum firms. The study pursued six core objectives, each aimed at examining relationship between corporate governance constructs and profitability of NSE-listed energy and petroleum firms. Specifically, it sought to: to assess board size influence; to investigate board tenure influence; to evaluate board remuneration impacts; to analyze board meetings effects; to ascertain board committees' impacts and to examine firm size moderation effects on corporate governance link with their profitability. To achieve the objectives, the study carried out panel regression estimation technique with moderating effect of firm size on corporate governance practices and depicted the outcomes in table 5.

Table 5: Panel Regression Results

Dependent Variable: Profitability (ROA)				
Variables	**Coefficients**	**Standard Deviation**	**t-Statistics**	**P-Value**
Board Size	0.06595	0.019259	3.4245	0.000
Firm Size	2.73e-12	7.12e-13	3.83	0.001
Board Meeting	0.00143	0.00105	1.36	0.184
Board tenure	-0.97153	0.08942	-10.86	0.000
Board Remuneration	0.00256	0.003267	0.78	0.441
Log (Board size*Firm size)	13.7021	0.6603	20.75	0.000
Log (Board tenure*Firm size)	0.01943	0.02504	0.78	0.444
Log (Board remuneration*Firm size)	0.000617	0.00604	0.10	0.919
Log (Board meeting*Firm size)	0.07894	0.02544	3.10	0.002
Log (Board committee*Firm size)	-0.02261	0.08282	-0.27	0.787
Constant	1.9238	0.17434	11.03	0.000
F (2, 28)	**32.07**	**Probability>F**		**0.000**
Sigma u	**0.082157**	**Wald Chi-Square**		**231.01**
Sigma e	**00.03480**	**Probability Chi-Square**		**0.0000**
Rho	**0.84714**	**R-Square**	**Within** **Between** **Overall**	**0.8997** **0.8961** **0.8982**

Source: Study Data

The results show that the value of F-statistics is 32.07 with the P-value of 0.000 which is less than 0.05 at 5 percent level of significance. This means that the model is statistically fit and overall significant. In addition, the value of Wald Chi-Square was 231.01 with a P-value of 0.000 also less than 0.05 significance level indicating strong significant for the independent variables or the predictors. Further, the results indicate that the overall value for R-squared is 0.8982, indicating that about 89.82 percent of the changes in profitability is determined by the changes in corporate practices the study considered and only 10.18 percent of the changes are determined by other factors that are beyond the scope of this study. Lastly, Rho value was 0.8471 suggesting strong effect of unobserved panel effects, implying about 84.71 percent of the variation in profitability among firms is due to differences across firms rather than within firms over time. The coefficient of the constant term was 1.9238 with significance confirmed at the 0.05 level, indicating that without the corporate governance practices the study considered, profitability of the listed firms would just be 1.924 percentage points.

The coefficient of board size was positive and significant at 5 percent significance level since the P-value is less 0.05. An increase in board size by one member leads to an increase in profitability of the firms by 0.066 percentage points. This means than as board size increases, the profitability of the firms also increases indicating that larger board sizes are strongly associated with higher profitability of the firms due to diverse expertise and broader resource networks contributed by the board. The finding corroborates with Awan and Jamali (2016) that found a direct relationship between board size and profitability of firms listed in Karachi stock exchange, similar results were also exhibited Shaba and Yaaba (2023) that board size positively affect the performance of firms listed in Nigeria. This is because large board size enables a

range of knowledge, expertise and experience that add value to the firms by bringing new ideas and different perspective of managing firms.

The coefficient of board tenure is negative (-0.9715) and significant at 5 percent level of significance. This implies that an additional year in board tenure corresponds to a 0.9715 percentage point decline in firm profitability. The finding validates Azzam and Alhababsah's (2022) that found that longer board tenure inversely related to research and development leading to a decline profit level of firms. However, the finding negates Bonini *et al.,* (2021) that found a positive association between board tenure and profitability of the firm, this is because of stability, experience, less activism efforts and class action litigations resulting in enhanced firm performance hence more profits. This is so because the board get used to shareholders and other stakeholders of the firm therefore, the board exerts less effort leading to negative outcomes such as profits of the firm. Further, the finding contradicts Livnat *et al.,* (2020) that established board tenure's positive association with profitability of firms. The positive association is due to the fact that extended tenure is mostly associated with elevated market valuations with higher abnormal returns.

The coefficient of board meeting is positive (0.00143) but insignificant, implying that an increase board meeting by one percent leads to an increase in profitability by 0.001 percentage points. Though the coefficient is positive, it negligently affects profitability, meaning that frequent meetings do not significantly boost profitability hence quantity of meetings conducted may not matter to the firm but it is the quality of meetings that matter to the firm. The finding disagrees with Agustia *et al.,* (2022) that found a positive significance association of between board meetings and profitability of firms, this is because joint board management meetings held frequently improves firms' performance. However, the finding agrees with Taluka *et al.,* (2022) that found no meaningful association or relationship with profitability, since profitability of the firm is realized from other inputs such as market share, customer base and costs. Therefore, more meetings lead to more costs being incurred reducing profits of the firm.

Board remuneration exhibited a positive coefficient of 0.00256 but statistically insignificant at 5% threshold. This means that board remuneration has a positive association with profitability of the firm, though the association is not important to the firm. This is because better remuneration may not translate to better performance of the board members to improve revenue of the firm hence raising profitability of the firm. The finding invalidates Nwafor (2022) that found remuneration of the board positively and significantly influence profit levels of firms as adequate remuneration motivates the board to work hard and get more committed to boost the profit levels of the firms for the beneficial of stakeholders. On the other hand, the finding confirms Rousseau *et al.,* (2023) that found negligible positive insignificant influence of board remuneration on firm's profitability.

Firm size's co-efficient which is the moderator variable is positive (2.73e-12) and significant at 5 percent level of significance. This indicates that there is a strong positive association between firm size and profitability. The positive coefficient implies that an increase in firm size by one scale leads to an increase in profitability by 2.73e-12 percentage points. The finding

confirms Almashhadani and Almashhadani (2023) that found firm size to moderate for profitability. Larger firms enjoy economies of scale and stronger market power enhancing firm's profitability. The positive significant coefficient signifies that firm size fully moderates for profits of the firm hence firm size is more important to a firm's profit levels.
The study also analyzed the interaction effect with the firm size. Outcomes depict that the coefficient of log board size moderated by firm size is 13.702 and significant at 5% significance-level. This means that firm size significantly moderate board size since the coefficient magnitude has increase and remains significant, then it implies that firms is full moderator of board size. The strong positive significant coefficient means that larger boards as especially beneficial in larger firms, indicating that size moderates the value of the board. The finding confirms Yakubu *et al.,* (2024) that found size of banks to be a significant moderator of board size hence influences profitability of the firm. It also moderates for board independence, size and gender as more independent board with gender diversity contribute to higher profit in the banking sector. Therefore, there is need to have optimal board size that balances expertise diversity with efficient decision-making.

The coefficient of log of combined board tenure and firm size is positive and insignificant at 5 percent level of significance. This means that board tenue even if combined with firm size insignificantly influence or improves profitability of the firm. Similarly, the coefficient of log of combined board remuneration and firm size is positive (0.000617) and insignificant meaning that remuneration even if it is tied to, firm size, it insignificantly influences NSE-listed energy and petroleum firms' profitability. Conversely, coefficient for the interaction between board meetings and firm size was positive (0.7894) and statistically significant at the 5% level. This implies that in larger firms, frequent board meetings contribute meaningfully to profitability. Complexity of operations in large organizations necessitates regular coordination and increased meeting frequency likely enhances strategic alignment and oversight, thereby improving financial performance.
Lastly, board committees-firm size interaction coefficient was negative (-0.02261) and statistically insignificant. This suggests that the number of board committees, even when adjusted for firm size, does not significantly enhance profitability within the sector.

Moderating effect Model

Following the approach outlined by Penrose (1959) and Schumpeter (1942), the modelling procedure involved examining firm size moderation effect on corporate governance link with profitability of Kenya's NSE-listed energy and petroleum firms. The objective was to determine firm size's significance in influencing this relationship and to assess whether progression to the subsequent analytical steps was warranted. The outcomes are delineated in table 6

Table 6: Moderating effect model

Dependent Variable: Log Firm Size				
Variables	**Coefficients**	**Standard Deviation**	**t-Statistics**	**P-Value**
Board Size	-0.0496	0.00535	-9.28	0.000
Board Meeting	-0.001529	0.00106	-1.45	0.158
Board tenure	0.00543	0.00742	0.73	0.470
Board Remuneration	4.61e-11	4.19e-11	0.78	0.441
Moderator 1	0.74288	0.07673	9.68	0.000
Moderator 2	-0.006254	0.02573	-0.24	0.810
Moderator 3	-0.007785	0.005778	-1.35	0.188
Moderator 4	0.01377	0.01735	0.79	0.434
Moderator 5	0.25597	0.06839	3.74	0.001
Constant	-1.4950	0.14042	-10.65	0.000
F (2, 30)	**15.18**	**Probability>F**		**0.000**
Sigma u	**0.061678**	**Wald Chi-Square**		**146.53**
Sigma e	**0.035685**	**Probability Chi-Square**		**0.0000**
Rho	**0.874920**	**R-Square**	**Within** **Between** **Overall**	**0.8997** **0.8980** **0.8990**

Source: Study Data

The results show that the overall R-squared is 0.8990. In step one, board size, board meeting, board tenure and board remuneration had P-values 0.000, 0.158, 0.470 and 0.441 respectively. Instep two, the corresponding P-values were 0.000, 0.810, 0.188 0.434 and 0.001. According to the Penrose (1959) and Schumpeter (1942) approach, these findings, exclude the board committee indicate firm size function as a moderating rather than explanatory variables. This confirms that firm size moderates corporate governance's relationship with profitability among the listed firms in NSE in Kenya. In addition, firm size positively moderates board size and board meeting while it also board tenure and board remuneration. This means that corporate governance along with firm size influence profitability of the listed firms in NSE in Kenya.

Hypothesis Testing

The hypothesis **H_{01}, H_{02}, H_{03}, H_{04}** and **H_{05}** were based on corporate governance mechanisms and their respective influence on profitability of Kenya's NSE-listed energy and petroleum firms. Besides, the firm size moderating effect on the connection between corporate governance mechanisms and profitability was tested. The study hypotheses were evaluated using a 0.005 significance level to determine whether they were accepted or rejected.

H_{01}: Board size does not significantly affect profitability of Kenya's NSE-listed energy and petroleum firms.

The study assessed board size effects on profitability of Kenya's NSE-listed energy and petroleum firms. A statistically significant positive relationship (coefficient = 0.06595) between board size and profitability was established, indicating that larger boards were associated with improved profitability among energy and petroleum firms. Almashhadani and Almashhadani (2023) argued that optimal board size is crucial for enhancing financial

performance and that excessively large and small boards normally hinders decision-making process. In addition, managerial ownership is seen to synchronize managerial incentives with shareholder priorities, positively influencing profitability. Yakubu *et al.,* (2024) argued that larger more independent boards with diverse gender representation contribute to higher profitability in the sector of energy petroleum sector. Given that the P-value is less than 0.05 at 5 percent level of significance leading to the rejection of null hypothesis inferring that a unit increase in board size leads to 0.0660 units increase in firms' profitability. This signifies that an increase in board size which is diverse, experienced and knowledgeable in diverse discipline ultimately contributes to the profitability of the energy and petroleum firms listed in NSE in Kenya. Consequently, the findings revealed that board size negligently contributes to the profitability of the firms hence a significant predictor variable for profit making in these firms. Generally, an increase in board size increase its ability to monitor and conduct oversight role of the board hence high profits for the firms. The study results revealed a significant correlation between board size and profits of the firms. Therefore, more focus must be exerted on ensuring optimal board size for effective oversight to ensure higher profits for the firms. However, Shaba and Yaaba (2023) opined that large board rooms may reduce performance as it slowdowns decision-making process hence reducing profit making by the NSE-listed firms, thereby calling for the need of optimum board size capable of anchoring best corporate practices that guarantees higher profits for the listed firms.

H_{02}: Board tenure does not significantly affect Kenya's NSE listed energy and petroleum firms' Profitability.

Board tenure effects on Kenya's NSE-listed energy and petroleum firms' profitability was analyzed by the study. Board tenure exhibited a negative coefficient (–0.9715) that was statistically significant on listed firms' profitability. The P-value was less than 0.05 at 5 percent level of significance. This shows that board tenure significantly and negatively affecting profitability of Kenya's NSE-listed energy and petroleum firms, hence rejecting the null hypothesis. The finding is consistent with Azzam and Alhababsah's (2022) that longer board tenure had an inverse effect on profitability of the listed firms as longer board tenure may make the board to be less inclined to prioritize investment in research and development that boost profitability of NSE-listed energy and petroleum firms. Therefore, there is need to constraint board tenure to effectively reform governance to ensure sustained innovation and strategic decision-making to boost profit levels of the firms. Similarly, the finding support Bonini *et al.,* (2021) argued that longer board tenure makes directors to less effective in carrying out their monitoring roles as age also catches up with ageing director hence giving room for endogeneity problems in the firm reducing the ability to make more profits. It was found that board tenure beyond 15 years have got performance issues due to the alignment with the CEOs interest hence less effective in discharging their monitoring duties. The results had shown board tenure negatively significantly affected NSE-listed firms' profitability; this suggests that boards with longer tenure are less likely to engage in active monitoring of the performance of the firms hence ensuring high profitability. Although the study has shown that extended board tenure is associated with elevated market valuations, however, it does not translate into heightened expected returns based on price forecasts.

H_{03}: Board remuneration does not significantly affect Kenya's NSE listed energy and petroleum firms' Profitability.

The study analyzed board remuneration effects on Kenya's NSE-listed energy and petroleum firms' profitability. Outcomes in table 4.6 regarding the hypothesis shows that the P-value (0.441) is more than 0.05 at 5 percent level of significance indicating that board remuneration was insignificant to profitability of Kenya's NSE-listed energy and petroleum firms hence the finding uphold the null hypothesis that board remuneration has insignificant effect on the profitability of the energy and petroleum firms listed in NSE. The insignificance indicates that inadequate or adequate remuneration does not translate to profits. The finding negates Nwafor (2022) a significant effect of board remuneration on profitability of the listed firms, this enhances the productivity of the board hence higher returns for the firms. Similarly, the finding confirms Rousseau *et al.,* (2023) that found a low magnitude in coefficient indicating that board remuneration contributes negligibly to the profits of the listed firms. This therefore calls for adequate and timely remuneration of the board of directors to allow them to concentrate on their duties hence improving the profitability of the listed firms at NSE. However, the hypothesis contradicts Zhou *et al.,* (2021) that found a strong positive significant connection between board remuneration and profitability of the listed firms. Adequate compensation motives the directors of the firms gives incentives and potentially influence firms' financial performance hence more profits. Further, there is need to structure compensation of the directors to shape the performance of the firms hence realizing higher profits for the firms listed in NSE.

H_{04}: Board meetings do not significantly affect profitability of Kenya's NSE listed energy and petroleum firms

As delineated in Table 4.6, coefficient for board meetings is positive (0.00143) but statistically insignificant ($p = 0.184$), indicating that p-value exceeds the 0.05 significance threshold. Consequently, the examination fails to reject the null hypothesis, suggesting that board meetings do not significantly affect profitability of Kenya's NSE listed energy and petroleum firms. Consequently, the assessment revealed that board meeting does not influence the listed-firms' profitability. The outcome disagrees with Sahoo *et al.,* (2023) who revealed significant correlation between board meetings and profitability of NSE-listed firms, similarly, the finding contradicts Agustia *et al.,* (2022) that found that joint board management meeting which are held frequently improves the performance of the firms hence profitability of the listed firms at NSE, the improvement of performance is due to information sharing and wider knowledge level. However, the level of effectiveness of the meetings is only realized when the meetings are held between 10-12 annually, hence there is a need to determine optimal number of meetings that is necessary for optimum profit levels of the listed firms.

H_{05}: Board Committees does not significantly affect profitability of Kenya's NSE listed energy and petroleum firms.

The results from table 4.6 does not capture board committee effects on Kenya's NSE listed energy and petroleum firms' profitability because the variable was not stationary and according to the rule of the thumb, variables which are not stationary at level or after first difference cannot be used in the analysis of study findings and at the same time cannot be used in any

estimation model due to the chances of obtaining spurious. Therefore, this hypothesis could not be tested by the study. However, reviewed studies reviewed such as Ararat and Yurtoglu (2020); Mihail *et al.,* (2022) showed insignificant effect of board committees on the profitability of the energy and petroleum firms listed at NSE. More committees allow for effective monitoring of the performance of each section of the firm. Therefore, the study fails to reject or reject the null hypothesis that board Committees does not significantly affect Kenya's NSE listed energy and petroleum firms' Profitability.

H_{06}: Firm size does not significantly moderate the link between corporate governance and profitability of Kenya's NSE-listed energy and petroleum firms.

The purpose of this objective was to ascertain whether firm size fully, partially or does not moderate link between corporate governance and profitability of NSE-listed energy and petroleum firms. In order to confirm the hypothesis or reject the hypothesis, the study interpreted the coefficient and significance level of the firm size. From the findings, the results show that the coefficient is positive and significant where (P-value<0.05), implying that the review rejects the null hypothesis which states that firm size does not significantly moderate the link between corporate governance and Kenya's NSE listed energy and petroleum firms' profitability. The finding confirms Si Halidu *et al.,* (2024) that found firm size to significantly moderate corporate governance practices with the profitability of the listed firms. From the findings in table 4.7, the results show that firm size fully moderates board size but has on moderation effect on board tenure, board remuneration, board meetings and board committee. Similarly, the result concurs with Sulaiman and Khalid (2023) introducing firm size into the model reduces the coefficient of board size but remains significant implying that the moderator fully moderates for board size and profitability of the listed firms at NSE hence strengthens long-term corporate governance on profitability. It is also important to note that firm size partially moderates since the coefficient of the constant term reduced but remains significant, therefore, the study concludes that firm size fully moderates for profitability but partially moderates for corporate governance practices.

CONCLUSIONS AND RECOMMENDATIONS

Study Conclusions

The study concludes that board size is critical in enhancing profitability among energy and petroleum firms listed on the Nairobi Securities Exchange. Larger boards contribute to improved oversight, strategic direction, and access to diverse expertise, which collectively strengthen financial performance. These boards are better positioned to guide complex operations and ensure accountability across departments. However, excessively large boards may introduce decision-making delays, underscoring the need for optimal board composition that balances diversity with agility. The study concludes that board tenure has a significant inverse relationship with profitability. While experience can offer continuity and institutional memory, extended tenure may reduce adaptability and weaken monitoring effectiveness. Long-serving directors may become less responsive to emerging market dynamics or overly aligned with management interests, which can hinder innovation and strategic renewal. Therefore, periodic board refreshment is essential to maintain governance vitality and ensure sustained profitability.

The study concludes that board remuneration, although positively associated with profitability, does not significantly influence financial outcomes on its own. Compensation alone may not drive performance unless it is strategically structured to align with firm goals and incentivize effective governance. While fair and timely remuneration is important for motivation, it must be coupled with performance metrics and accountability frameworks to yield meaningful financial impact. Inadequate linkage between pay and performance may dilute the intended governance benefits. The study concludes that board meetings, despite their potential to enhance coordination and oversight, did not significantly affect profitability within the firms studied. The frequency of meetings alone may not guarantee improved performance unless accompanied by strategic agenda-setting, actionable decision-making, and follow-through mechanisms. Effective board meetings require clarity of purpose and engagement to translate governance efforts into financial gains. Without this, meetings risk becoming procedural rather than impactful.

The study concludes that board committees could not be empirically tested due to data limitations, specifically non-stationarity of the variable. Nonetheless, literature suggests that well-functioning committees can enhance governance by focusing on specialized areas such as audit, risk, and strategy. Their effectiveness, however, depends on clarity of mandate, independence, and integration with broader board processes. The absence of empirical testing in this study highlights the need for improved data structures to evaluate committee performance in future research. The study concludes that firm size significantly moderates the relationship between corporate governance and profitability. Larger firms benefit more from structured governance practices due to their resource capacity, operational complexity, and strategic reach. Specifically, firm size was found to fully moderate the effect of board size and partially moderate the effect of board meetings. This suggests that governance mechanisms are more effective in larger organizations where scale demands formal oversight and coordination. However, firm size did not moderate the effects of board tenure, board remuneration, or board committees, indicating that some governance attributes operate independently of organizational scale.

Recommendation of the Study

The study sought to examine corporate governance practices effects on profitability of NSE-listed firms. At the same time the study considered the moderating role of firm size. The findings revealed important insights into how board attributes influence firm performance in the Kenyan corporate context. The study has revealed that board size has a positive and significant relationship was found between board size and profitability. This suggests that firms with moderately larger boards tend to perform better due to diverse expertise, improved decision-making and enhance strategic oversight. The board management should ensure that the board is large enough to accommodate diversity for expertise to improve profitability of Kenya's NSE-listed energy and petroleum firms. In addition, the management should ensure that there is optimal board composition and size regulations such as Capital Market Authority (CMA) and the Central Bank of Kenya (CBK) should continue enforcing guidelines that ensure boards are sufficiently large to provide diverse expertise but not excessively large to hinder

decision-making

In addition, the examination established that board tenure negatively and significantly affected profitability. This implying that longer board service reduces firm profitability. This may reflect complacency, reduced innovation or entrenched decision-making among long-serving board members. Therefore, the management should ensure that board of directors should ensure that the directors stay for long to win stakeholders trust to boost the performance of the firm hence higher profits for the firm. The board should put in measures to address term limits and succession planning policies to promote fresh ideas and maintain independence in board oversight. Lastly, the study has revealed that firm size is effective moderator for profitability, therefore, the management should establish corporate governance framework that is tailored to firm size and complexity. This is because larger firms may require enhanced audit committees, risk management structures and corporate governance reporting mechanisms.

Areas for further Research

The findings had shown that board size had a positive significant effect on profitability, therefore future research should be conducted to establish optimal board size that is necessary for firms' profitability. In addition, the findings had pointed to the fact that board tenure negatively significantly influenced profitability of NSE-listed firms, therefore, future research should be conducted to establish the frequency at which board members should be reshuffled or exchanged so as to ensure maximum contribution to the performance of the firm as well as to the beneficial to the members.

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