International Journal of Economics, Commerce and Management
United Kingdom ISSN 2348 0386 Vol. VII, Issue 11, November 2019

http://ijecm.co.uk/

EFFECT OF LOCAL OWNERSHIP STRUCTURE ON NON PERFORMING LOANS OF COMMERCIAL BANKS IN NAIROBI CITY, KENYA

Leonard Oyoo Omboto
Jomo Kenyatta University of Agriculture and Technology, Kenya
leonardomboto@gmail.com

Ombaba K.B. Mwengei
Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract

Banks are seeking for means to gain competitive advantage over each other. One key parameter of attaining competitive advantage is to achieve and maintain efficient performance. To achieve this, banks need to check and compare the amount of nonperforming loans in their portfolios. The purpose of this study was to determine the effect of local ownership structure on non performing loans of commercial banks in Nairobi city. This study was guided by stewardship theory and, cross-sectional research design was adopted. The target population for this study comprised the employees of 39 commercial banks in Nairobi city, Kenya. The respondents were 117 employees who include 39 branch managers, 39 operation managers and 39 credit officers. The study adopted census study. Questionnaire was used for collecting primary data. The study used Cronbach alpha coefficient to determine the reliability of data collection instrument. Simple regression and Pearson moment of correlation were used for the data analysis. The empirical findings indicated that local ownership structure ($\beta = .128$; $p < 0.05$) was a significant factor that influence non performing loans of commercial banks in Kenya. The study recommends that government infuse private sector-like management systems and progress the divestiture program to attract more private individuals and institutions to co-own the local corporations. It should retain ownership in foreign and local firms to enhance shareholders confidence,

Licensed under Creative Common

protect investments and monitor management. Policy makers should also create a conducive environment to attract foreign investors who possess firm-specific advantages to grow faster in size.

Keywords: Ownership Structure, Local Ownership Structure, Non-Performing Loans, Commercial Banks

INTRODUCTION

Commercial banks play very important role in the economic development of nations as they largely wield control over the supply of money in circulation and are the main stimuli of economic progress (Malakolunthu & Rengasamy, 2012). Commercial banks all over the world act as the life blood of modern trade and economic development and through being a major source of finance to the economy (Ongore & Kusa, 2013). Commercial Banks are the channels used to transmit effective monetary policy of the central bank of the economy thus it is considered that they also share the responsibility of stabilizing economy of their country (Siddiqui & Shoaib, 2011).

Commercial banking plays a major role in saving, mobilizing and allocating the various institutions' financial resources. Business banks can mobilize and allocate the funds to productive investment through that role. Commercial banks provide loans and advances to different individuals, corporations and government agencies to allow them to invest and undertake various development activities in order to contribute to their overall growth (Hsu, Venezia & Schrader, 2015). Despite, the crucial role played by the commercial banks in economic development, they face serious challenges of non-performing loans in their operation. Kohler (2012) defines non-performing loans (NPLs) as undesirable outputs or costs to the bank, which decrease the bank's performance, expected revenues and profitability (Altunbas, Manganelli & David, 2011). The emergence and accumulation of nonperforming loans (NPLs) can become a systemic problem by affecting a considerable part of the financial system, threatening its stability and/or impairing its core financial intermediation function. A significant increase in NPLs throughout the system can have a negative impact on the resilience of the banking sector to shocks, thus increasing systemic risk (Ombaba, 2013). NPLs may be associated with higher funding costs and a lower supply of credit to the real economy. This may result from negative market sentiment towards banks with high levels of NPLs, thereby decreasing banks' ability to access liquidity and capital markets (potentially leading to credit supply constraints (Khemraj & Sukrishnalall, 2010).

Licensed under Creative Common

According to Ikram, Su, Ijaz and Fiaz, (2016) a loan is classified as non-performing if interest or principal payment s are past due date by 90 days, or interest payments equal to 90 days have been capitalized, delayed by agreement or refinanced however there are other good reasons such as the borrower filing for bankruptcy hence there is doubt that payments will be made in full. If a loan is classified as nonperforming it is removed either when it is written off or the interest or principal payment has been made. Bhattacharya and Sen (2010 stated that bad loans may considerably rise due to abrupt changes in interest rates. Makri, Tsagkanos and Bellas, (2014) indicated that high interest rates increase Non-Performing loans. Salas and Saurian (2012) stated that the major risk s include credit risk , liquidity risk , politically connected risks, market risks, foreign exchange risks and interest rate risk. Credit risk ha s emerged as a new challenge to financial institutions given that market risk can be managed through hedging activities (Karumba & Wafula, 2012).

Commercial banks operate according to their ownership structures (Akhtar, 2010). Jiang (2015) argue that a typical feature of ownership structure in modern corporate governance is the separation of company ownership and management. In order to better the development of firms, business owners take the companies operating rights to professional managers to manage and only retain the power of the residual value of the company to obtain rights. There are various ownership structures which include government ownership, foreign ownership, institutional ownership and local ownership structures (Qui, 2012).

Local ownership refers to the commercial banks owned by locals and can be viewed in terms of diverse ownership and institution ownership. Diverse ownership refers to companies owned by local individuals with no single controlling shareholder (Ongore, K'Obonyo & Ogutu, 2011). Czarnitzki (2015) observed that local ownership structure affects banks performance indicators such as non performing loans, which suggest that there might be some other factors affecting firm's performance other than ownership structure. Kiruri (2013) concluded that higher local ownership concentration lead to lower profitability in commercial banks as indicated by the banks non-performing loans.

STATEMENT OF THE PROBLEM

Commercial banks' sustainability and growth is undoubtedly relevant to industrial development, this is because the banking sector is one of the very few sectors that contribute in various dimensions to economic growth (Kariuki, 2016). Banks provide access to credit facilities in the form of loans as an anchor of growth for other sectors of the economy. Furthermore, banks contribution to any country's growth is enormous in that they are the main intermediaries between depositors and those in need of funds for their viable projects (creditors) thereby

Licensed under Creative Common

ensuring that the money available in the economy is always used well. Commercial banks in Kenya recorded Sh 63 billion in non-performing loans in the 2017/2018 financial year owing to poor performance by manufacturers and traders during the 2017 general election (CBK, 2018). The value of bad loans was more than 80 per cent of the profit before tax made cumulatively by commercial banks, with the ratio of non-performing loans doubling from six per cent in 2015 to 12 per cent in 2018. Central Bank of Kenya (CBK) data indicates non-performing loans went up from Sh234.6 billion in June 2017 to Sh298.4 billion recorded as at June 2018 with the manufacturing, trade and real estate sectors leading in the losses. During the period under review, eight out of the 11 economic sectors registered increased non-performing loans (NPLs) (CBK, 2018). A high level of non-performing loans leads to further borrowing by the bank in order to meet its depositors demands this eventually affects the capital of the bank which leads to a high debt equity ratio and therefore the bank is unable to maintain an optimal capital structure (Anees, 2012). Non-performing loans tend to decrease the liquidity position of banks since payment problems occur (Kozaric and Zunic, 2015). Bad loans tend to not only limit the financial growth of banks as a result of the lower liquidity but also reduce the ability of the bank to make credit facilities available to individuals. Due to these bad loans banks will experience a drop in their revenues and this translates to reduced financial performance (Tengey, 2014). In addition, limited attention has been accorded NPLs in empirical studies of ownership in the literature therefore leaving a gap which this study seeks to fill by assessing the effect of local ownership structure on the non performing loans of commercial banks in Kenya.

RESEARCH OBJECTIVES

To determine the effect of ownership structure on non performing loans of commercial banks in Nairobi City, Kenya

RESEARCH HYPOTHESES

H_{01}: Local ownership structure has no significant effect on the non performing loans of commercial banks in Nairobi City.

THEORETICAL REVIEW

The study was based on Stewardship theory developed by Donaldson and Davis in 1991 as an alternative to the agency theory. Donaldson and Davis in (1991) argued from the view of managerial motivation by stating that management far from being an opportunistic shirker essentially wants to do a good job, to be a good steward of the corporate assets. The basic idea behind the stewardship theory is that it states humans to be in greater needs than the neo

Licensed under Creative Common

classical view in the sense of them to be opportunistic, untrustworthy and focused on personal gains. Therefore, it is considered that the manager's behaviour is organization centered (Arthurs & Busenitz, 2003), whose main aim is to improve the organizations performance by satisfying its principals. (Arthurs & Busenitz, 2003). The theory assumes that agents are opportunistic but that human motives are more than just self-actualization. Therefore agents that are driven by organizational and collectivistic motives have a higher utility by aiming for goals that are the best for the business which often align with the interest of its principal (Bender, 2011). This situation is attained more readily where the CEO is also chair of the board.

Further the stewardship theory states that monitoring and controls that are proposed by the agency theory interfere with the motivation of the steward. This could lead to a loss of productivity and incite opportunistic behaviour. Since there is no conflict between the principal and the steward the theory suggests that the agents receive empowerment and autonomy from their principals. This leads to an increase in productivity, and in this form they can create an environment where the agents could proceed effectively (Bender, 2011). If both parties decide for a stewardship relationship, this would be a true stewardship relationship. Here no agency costs occur because the stewards act in the interest of its principal (Bender, 2011).Thus, stewardship theory focuses on facilitating, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance effectiveness and produce, as a result, superior returns to shareholders than separation of the roles of chair and CEO.

Stewardship theory will be adopted in this study to enable analyze how foreign and local ownership structures have put in place, facilitating and empowering structures rather than monitoring and controls, that are proposed by the agency theory which interferes with the motivation of the steward instead of ensuring that both the principal and the steward interests are aligned to enhance effectiveness of agent in pursuit of improved firms financial performance in the long-term. Although stewardship has become a very prominent idea, there have also been criticisms of it. It is stated that stewardship theory does not have a strong biblical basis; nowhere is humanity explicitly given the role of stewards of creation. It gives humanity a 'managerial' role as if they were 'left in charge' by an absentee landlord. It regards the world as a 'natural resource', to be managed well for human benefit. Finally, it is highly anthropocentric (human-centered), putting humans in a unique and privileged position. See Humans and (other) animals for some alternatives (Bender, 2011).

EMPIRICAL REVIEW

Azam and siddiqui (2012) analyzed and compared the profitability of domestic (Public & Private) and foreign banks operating in the Pakistan Banking market between 2004 and 2010 on

Licensed under Creative Common

quarterly basis. The study found that foreign banks were more profitable than all domestic banks regardless of their ownership structure by applying regression analysis. This may suggest that it is better for a multinational bank to establish a subsidiary/branch rather than acquiring an "existing player" in the host country. They also found that domestic and foreign banks have different profitability determinants, that is, factors that are important in shaping domestic banks' profitability are not necessary important for the foreign banks and vice versa. Empirical results showed that foreign banks were less affected by the macroeconomic factors of the host country than domestic banks and they had a higher profitability margin in Pakistan. This study left gaps since it was specific to profitability while the current study deals with non performing loans.

Kim, Rasiah and Rahayureview (2012) reviewed corporate governance in relation to ownership structure of domestic owned banks in terms of government connected ownership and foreign ownership of commercial banks in Malaysia. This research gave a brighter insight into corporate governance and bank performance in selected Malaysian commercial banking institutions. The findings have also provided useful information to investors, bankers and regulators pertaining to the importance of the role of corporate governance practices in the Malaysian banking system and its performance. Different types of bank ownership have had different concerns about implementing corporate governance practices among commercial banks in Malaysia. This study left gaps since it was done in Malaysia and the results might not be generalized to the Kenyan setting.

Muhammad (2012) analyzed and compared the profitability of domestic banks operating in the Pakistan Banking market between 2004 and 2010 on quarterly basis. A total 36 Commercial Banks of Pakistani Industry have represented our sample. This study also finds that it is better for a multinational bank to establish a subsidiary/branch rather than acquiring an existing player in the host country. The study also found that domestic and foreign banks have different profitability determinants, i.e. factors that are important in shaping domestic banks' profitability are not necessary important for the foreign banks and vice versa. Empirical results show that foreign banks are less affected by the macroeconomic factors of the host country than domestic banks and they have a higher profitability margin in Pakistan. This study left gaps since it was done in Pakistan banks with regard to performance.

Ayyagari and Kosov (2010) analyzed the impact of FDI on domestic firms in the Czech Republic. They found that larger foreign presence stimulates the entry of domestic firms to the same industry, indicating the existence of positive horizontal spillovers from FDI. They also noted evidence of significant vertical entry spillovers-FDI in the downstream (upstream) industries initiate entry in upstream (downstream) sectors. They further show that service

Licensed under Creative Common

sectors experience significant entry spillovers which cannot be found in manufacturing industries.

Naima and Attia (2015) did a study on the impact of domestic and state ownership on banking risk. Panel data regression analysis was applied to a sample of 171 commercial banks from the MENA region during the 2006–2012 period. Two-stage least-squares analysis is conducted. The study findings showed that State ownership encourages banks to take more risks while foreign ownership reduces risk-taking. In addition, state-owned banks tend to increase capital adequacy ratio to hedge against high level of risk. The finding also indicates that all categories of shareholders take a prudent attitude that influences risk reduction after the 2008 crisis. However this study left gaps since it adopted the use of Panel data regression analysis was applied to a sample of 171 commercial banks from the MENA region, but the current study will adopt multiple regression analysis.

Benson (2011) conducted a study on the relationship between individual ownership structure and financial performance of companies listed at the Nairobi Securities Exchange. The variables under study were: foreign investors, local institutional, local individual. The study used a descriptive research design with a target population of all the firms listed in the Nairobi stock Exchange between 2010 and 2014. Local individual shareholding and return on assets were found to have a weak negative relationship; the relationship was not statistically significant. Also the percentage of shareholding by local institutional investors had a negative effect on return on assets. However, the result of t-test indicated that the result was not statistically significant at 5% level of significance. Concluded that ownership distribution had a negative relationship with financial performance of firms listed on the Nairobi Securities Exchange but the relationship was not statistically significant. It also concluded that ownership distribution did not have a significant effect on the financial performance of listed companies. Further, the study concluded that variations in ownership distribution, assets turnover and leverage had a moderate explanatory on the financial performance of companies listed on the Nairobi Securities exchange. This study used panel data to carry panel data diagnostic tests, however the current study will adopt multiple regression analysis.

RESEARCH METHODOLOGY

Research Design

The study adopted a cross-sectional survey design for obtaining data. Cross sectional studies data are usually collected at once perhaps over a period of days, weeks or months in order to answer research questions (Namusonge, 2010). A cross sectional study design is concerned primarily in establishing whether there is a relationship among the variables by comparing the

Licensed under Creative Common

particular characteristics of a specific population of subjects, either at a fixed point in time or at varying times for comparative purposes. The design was chosen since it was deemed to be the most effective to significantly contribute of to the depth and specificity of the study (Mbuvi, 2016).

Target Population

The target population for this study comprised the 39 commercial banks is categorized as Tier 1, Tier 2 and Tier 3 banks as shown in appendix II: Accessible population consists of all the individuals who realistically could be included in the sample (Salkind, 2010). Accessible population for this study will be 117 respondents who include branch managers, operation managers, and credit officers from the banks head quarters. This is indicated in table 1.

Table 1 Accessible Population

Respondents	Target population
Branch Managers	39
Operations Managers	39
Credit officers	39
Total	**117**

Census Design

This study used census survey method. A census is a survey conducted on the full set of observation objects belonging to a given population or universe. The researcher interviewed all the 117 respondents who include 39 branch managers 39 operations mangers and 39 credit officers from the selected commercial Banks. The census approach is justified since the data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions in the study population on a study problem (Musau, 2015).

Research Instruments

The study used self-designed questionnaires in order to collect data. Questionnaires give respondent adequate time to give well thought out answers. Bias from the respondents and researcher is also eliminated (Orodho, 2009). This method collects a lot of information over a short period of time. The method is suitable when the information needed can be easily described in writing and there is limited time. Primary data was collected by use of self administered semi structured questionnaires.

Licensed under Creative Common

Data Processing and Analysis

For statistical analysis, Pearson moment correlation was used to determine the linear relationship between the local ownership structure and non performing loans of commercial bank. Simple Regression model was used to assess the association between local ownership structure and non-performing loans among commercial banks. Regression Analysis is a statistical modeling technique used to identify meaningful, stable relationships among sets of data. The application of analytical procedures is based on the premise that, in the absence of known conditions to the contrary, relationships among information may reasonably be expected to exist. Regression measures the causal relationship between one dependent and one independent variable. Multiple regression analysis measures the effects of multiple independent variables on one dependent variable.

The regression model was as follows:

$Y=\beta_0+\beta_1X_1+\varepsilon$**……………………………..………..Equation 1**

Where:

Y represents Non-performing loans

β_{01}, β_1, are regression coefficients to be estimated

X_1 represents local ownership structure

ε represents the Error term

RESEARCH FINDINGS AND DISCUSSIONS

Correlation Analysis

The study sought to determine the correlation between the variables. The study findings are presented in Table 2. The measures were constructed using added scales that were from the independent and dependent variables. The decision rule for correlation was in accordance to Saunders (2003) who postulated that that r=1 shows a Perfect linear correlation, 0.9 < r < 1 indicates Positive strong correlation, 0.7 <r < 0.9 Positive high correlation 0.5 < r < 0.7 Positive moderate correlation, 0< r < 0.5 Weak correlation r=0 No, relationship and -1 <r = < 0 Negative relationship.

Table 2 Relationship between local ownership structure and non performing loans

		Non performing loans
Local Ownership S	Pearson Correlation	.896**
	Sig. (2-tailed)	.000

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

Licensed under Creative Common

From the study the results indicate that local ownership structure r=0.896 and $p < 0.01$ had positive high correlation with non performing loans. This implies that when local ownership positive, non performing loans in commercial banks are also positive hence, they lead to enhancement of nonperforming loans. From the study it will be noted, the above table was at 99% level of confidence (significant at the 0.01 level (2-tailed), since a unit change in a unit change in local ownership leads to 0.896 unit change in nonperforming loans of commercial banks in Nairobi City. This is because local owned banks control of the owners on the management is strong thus enhancement of nonperforming loans.

Multiple Regression Analysis

The study sought to establish a combined effect of local ownership and non performing loans of commercial banks in Nairobi City, Kenya. The results of multiple regression analysis are shown in Table 3.

Table 3 Multiple Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786[a]	.618	.614	.47536

a. Predictors: (Constant), Local ownership,

b. Dependent Variable: Non performing loans

From Table 3, R-Squared is used to evaluate the goodness of fit of a model. In regression, the R square coefficient of determination is a statistical measure of how well the regression line approximates the real data. It measures the proportion of the variation in dependent variable in this case non performing loans of commercial banks, explained by independent variable. The adjusted R-squared is a modified version of R-squared that has been adjusted for the number of predictors in the model. The adjusted R-squared increases only if the new term improves the model more than would be expected by chance. It decreases when a predictor improves the model by less than expected by chance while the standard error of the estimate is a measure of the accuracy of predictions.

From the results on model summary R= 0.786, R- square = 0.618, adjusted R- square= 0.614, and the SE= 0.47536. The coefficient of determination also called the R square is 0.618. This implies that the effect of the predictor variables (Local ownership) explains 61.8% of the variations non performing loans of commercial banks in Nairobi City. This implies that a 1 unit change local ownership structure has a strong and a positive effect on non performing loans of

Licensed under Creative Common

commercial banks in Nairobi City. This study therefore assumes that the difference of 38.2% of the variations is as a result of other factors not included in this study. The standard error(S) of the regression provides the absolute measure of the typical distance that the data points fall from the regression line. S is in the units of the dependent variable. The standard error is an important indicator of how precise an estimate of the population parameter. As presented in table 4.15 (S=.47536) which is 4.8%. This indicates that the regression model is precise using the units of the dependent variable.

Assessing the Fit of the Multiple Regression Model

Multiple regression analysis was conducted to test the influence among predictor variables on non performing loans of commercial banks in Nairobi City. All the four null hypotheses were tested using F statistic. The test results are shown in Table 4.

Table 4 ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.302	4	11.576	321.519	.000[b]
	Residual	3.600	100	.036		
	Total	49.902	104			

a. Dependent Variable: non performing loans

b. Predictors: (Constant), Local ownership

The findings showed that there was a statistically significant relationship between the independent variables and the dependent variable (F= 321.52; $p<0.05$). This therefore indicates that the multiple regression model was a good fit for the data. It also indicates that Local ownership influence non performing loans of commercial banks in Nairobi City.

Individual Regression Coefficients

The study employed multiple regression analysis to test the hypotheses. Simple regression analysis was conducted to test the effect of the study variables Local ownership, on non performing loans of commercial banks in Nairobi City. This was done with a significance level of 0.05, such that when the significance value is less than the 0.05 the null hypothesis is rejected and when it is above 0.05 it is accepted. These results were presented in the Table 5.

Licensed under Creative Common

Table 5 Individual Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.224	.119		1.875	.064
Local ownership Structure	.128	.060	.136	2.128	.036

a. Dependent Variable: nonperforming loans

Thus the regression equation becomes;

$Y= 0.224+ 0.263 X_1$ ....Equation 4.1

From the study, Hypothesis one stated that;

H01: Local Ownership Structure has no Significant Effect on the Non Performing Loans of Commercial Banks in Nairobi City.

The study findings also indicated that (β = .128; p< 0.05), indicating a positive and significant effect of local ownership structure on non performing loans of commercial banks in Nairobi City. These findings meant that the null hypothesis that local ownership structure has no significant effect on the non performing loans of commercial banks in Nairobi City was rejected at 95% significance level. This implies that local ownership structure affect non-performing loans. This is because local owned banks control of the owners on the management is strong thus enhancement of nonperforming loans. It was also indicated that for each unit increase in local ownership structures there is 0.136 unit increase in nonperforming loans.

These findings concur with Kim, Rasiah and Rahayu (2012) reviewed non performing loans in relation to ownership structure of domestic owned banks in terms of government connected ownership and foreign ownership of commercial banks in Malaysia. The findings have also provided useful information to investors, bankers and regulators pertaining to the importance of the role of ownership structures in the Malaysian banking system and its performance. Furthermore, Benson (2011) conducted a study on the relationship between individual ownership structure and non performing loans of companies listed at the Nairobi Securities Exchange and concluded that ownership distribution had a negative relationship with non performing loans of firms listed on the Nairobi Securities Exchange but the relationship was not statistically significant.

CONCLUSIONS

From the findings, it was concluded local ownership structure positively and significantly influences non performing loans of commercial banks in Nairobi City. This implied that local

Licensed under Creative Common

ownership structure would significantly influence the non performing loans of commercial banks in Nairobi City.

RECOMMENDATIONS

Recommendations for Policy and Practice

The government should initiate measures that would control the bank ownership structure which would be more appropriate in order to reduce the level of non-performing loans in the banks. In addition, the ownership structure in Kenya should be restructured to control the effect that it has on nonperforming loans further to pass more control and decision making to investors.

The study therefore recommends that the government and policy makers should ensure that strategies adopted are directed at ensuring that firms' growth and that ownership does not grow among few owners but rather spread out to many as a way of attracting more skills and competencies among the shareholders that can be tapped to improve firm performance.

Recommendations on Theories

From the stewardship theory, it is indicated that organizations stewards or agents can incite opportunistic behaviour. If both parties decide for a stewardship relationship, this would be a true stewardship relationship, no agency costs will occur because the stewards act in the interest of its principal. Thus, stewardship theory focuses on facilitating, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance effectiveness and produce, as a result, superior returns to shareholders.

LIMITATIONS

As a result of the time and resource limitations, the study was limited to commercial banks in Capital City of Kenya, Nairobi. However this research provides an opportunity for further research within other financial institutions using a similar methodology or a different one with the aim of adding to the knowledge regarding ownership structures and non performing loans so that the findings are comparative to either confirm or dispute existing literature. The study experienced an initial slow response from the respondents who complained of the lengthy questionnaires. This was alleviated by physical follow up to the respondents' offices by using research assistants who offered help in understanding of the questionnaire and how to respond to questions which were not well understood by the respondents

Licensed under Creative Common

REFERENCES

Altman, I. Edward, Gabriele Sabato, and Nicholas Wilson. *The value of qualitative information in SME risk management.* Leed University Business School, UK, 2009.

Andersen, K, and A Terp. "Perspectives on Strategic Risk Management." *Business School Press*, 2006: 44-45.

Bierens, Herman J. "The logit model: Estimation, Testing and Interpretation." 2008.

Akhtar, M. H. (2010). X-Efficiency Analysis of Pakistani Commercial Banks. International Management Review, 6(1), 12-23.

Altunbas, Y., Manganelli, S., & Marques-Ibanez, D. (2012). Bank Risk During The Great Recession: Do Business Models Matter. Bangor Business School Research Paper, (12/003).

Arouri, H., Hossain, M., & BadrulMuttakin, M. (2014). Effects of Board and Ownership Structure on Corporate Performance: Evidence from GCC countries. Journal of Accounting in Emerging Economies, 4(1), 117-130.

Ayyagari, M., & Kosová, R. (2010). Does FDI Facilitate Domestic Entry? Evidence from the Czech Republic. Review of International Economics, 18(1), 14-29.

Benson, S. M. (2015). The Relationship Between Ownership Structure And Financial Performance Of Companies Listed At The Nairobi Securities Exchange. Procedia-Social and Behavioral Sciences, 2(4), 131-144

Bhattacharya, C. B., & Sen, S. (2010). Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication. International Journal of Management Reviews, 12(1), 8-19.

Central Bank of Kenya, (2017) Bank Supervision Annual Report: Kenyan Banking Sector for the Period Ended 2017. Nairobi: Central Bank of Kenya

Claessens, S., & Huizinga, H. (2008). Forecasting Bank Loans Loss-Given-Default. Journal of Banking &

Czarnitzki, D., Doherr, T., Hussinger, K., Schliessler, P., & Toole, A. A. (2015). Individual Versus Institutional Ownership of University-Discovered Inventions. ZEW-Centre for European Economic Research Discussion Paper, (15-007).

Detragiache, E., & Gupta, P. (2006). Foreign Banks in Emerging Market Crises: Evidence from Malaysia. Journal of Financial Stability, 2(3), 217-242.

Espinoza, R.and Prasad, A. (2010). “Non Performing Loans in GCC Banking system and their Macro Economic Effects”,I.M.F. Working paper, Wp/10/224.

Hsu, H. E., Venezia, C., & Schrader, C. (2015). Relationships between Institutional Ownership, Capital Structure and Research and Development Investment. Accounting & Taxation, 7(2), 75-82.

Ikram, A, Q. Su, F. Ijaz, M. Fiaz, (2016) Determinants of Non-Performing Loans: An Empirical Investigation of Bank - Specific Microeconomic Factors. The Journal of Applied Business Research 32(6) 17-33

Karumba, M., & Wafula, M. (2012). Collateral Lending: Are There Alternatives For The Kenyan Banking Industry. Nairobi: KBA Centre for Research on Financial Markets and Policy Working Paper Series.

Khemraj, T., & Pasha, S. (2012). Analysis of an Unannounced Foreign Exchange Regime Change. Economic Systems, 36(1), 145-157.

Kim, D., & Santomero, A. M. (1988). Risk in Banking and Capital Regulation. The Journal of Finance, 43(5), 1219-1233.

Kim, P. K., Rasiah, D., & Tasnim, R. B, (2012) A Review of Corporate Governance: Ownership Structure of Domestic-owned Banks in Term of Government Connected Ownership, and Foreign Ownership of Commercial Banks in Malaysia. Journal of organizational management studies, 2012, 1.

Kinyua, J.M. & Ali, A.I. (2016). The Role of Strategic Management Factors in Managing Growth of Small and Medium Enterprises – A survey of Small and Medium Enterprises in Mombasa county. The International Journal of Business and Management, 2(2), 129-156.

Kiruri, R. M. (2013). The Effects of Ownership Structure on Bank Profitability in Kenya. European Journal of Management Sciences and Economics, 1(2), 116-127.

Köhler, M. (2012), Which banks are More Risky? The impact of Loan Growth and Business Model on Bank Risk-Taking", Discussion Paper Deutsche Bundesbank, No 33/2012

Kombo, D. K., & Tromp, D. L. (2009). Introduction to Proposal Writing. Nairobi: Pauline Publications.

Licensed under Creative Common

Makri V., Tsagkanos A., & Bellas A. (2014). Determinants of Non-Performing Loans: The Case of Eurozone. Panoeconomicus, 61(2), 193-206.

Mang'unyi, E. E. (2011). Ownership Structure and Corporate Governance and Its Effects on Performance: A Case of Selected Banks in Kenya. International Journal of Business Administration, 2(3), 656-672

Merikas, A. G., & Merika, A. A. (2012). Concentrated Ownership and Corporate Performance Revisited: The case of shipping. Transportation Research Part E: Logistics and Transportation Review, 48(4), 843-852.

Muhammad, Q. A., (2012). Efficiency of Islamic and Conventional Banks in Pakistan: a Non-Parametric Approach. International Journal of Business and Management, 7(7), 40.

Namusonge, G. S. (2010). Business statistics: Concepts and applications. Beau Bassin, Mauritius: VDM Publishing House Ltd.

Nguyen, N. H., Tu, T. T. T., Cuong, D. X., Ngoc, L. A., & Khanh, P. B. (2015). Impact of Ownership Structure and Bank Performance-An Empirical Test in Vietnamese Banks. International Journal of Financial Research, 6(4), 123.

Ochieng, M.,& Ahmed, A,H. (2014). Privatization in Kenya -The Effects of Privatization on the Financial Performance of Kenya Airways, International Journal of Business. 5(3), 10-26.

Ongore, V. O. (201l). The Relationship between Ownership Structure and Firm Performance: An Empirical Analysis of Listed Companies in Kenya. African Journal of Business Management, 5(6), 2120-2128.

Onwe B. U. (2015). The Relationship between Liquidation and Banking Industry Stability in Nigeria. International Journal of Small Business and Entrepreneurship Research 3 (7)88-99

Qiu, Y. (2012). Empirical Study between CSR Financial Performance of Chinese Listed Companies. School of Business and Information, 1–57.

Rahman, N. A. A., &Reja, B. A. F. (2015). Ownership Structure and Bank Performance. Journal of Economics, Business and Management, 3(5), 483-488.

Salas, V., & Saurina, J. (2012). Credit Risk in Two Institutional Regimes: Spanish Commercial and Savings Banks, Journal of Financial Services Research, 22, 203–224.

Saleem. A., & Saeed, M. (2011). Ownership Structure and Performance of Firms: Empirical Evidence from an Emerging Market. African Journal of Business Management, 5(2), 515-523.

Ukaegbu, A & Oino, J (2014). Impact Of Foreign Bank Entry On Domestic Banking In A Developing Country The Kenyan Perspective. International Journal of Finance & Economics. 3(5),41-50

Uwalomwa, U., & Olusanmi, O. (2012). An Empirical Examination of the Relationship between Ownership Structure and the Performance of Firms in Nigeria. International Business Research, 5(1), 208-211.

Wahid,S, M., & Rahman, M. M. (2010). Foreign Capital Inflows-Growth Nexus and Role of Domestic Financial Sector: an ARDL Co-Integration Approach for Pakistan. Journal of Economic Research, 15(3), 207-231.

Xu, B. B., & Hu, H. A. (2013). The impact of Government Ownership on Performance: Evidence from major Chinese banks.

Young & Kang, S. (2008). A New Approach to Ownership Structure and Firm Performance in Postdoctoral Fellow, Department of Economics, Seoul National University.

Licensed under Creative Common