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ABSTRACT NO. 16

Mediation Effects of Firm Characteristics on the Relationship between Corporate Restructuring and Financial Performance of Commercial Banks in Kenya

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ABSTRACT

Investigating the effects of firm characteristics is important for improving the efficiency of firms. The study investigated the mediation effects of firm characteristics on the relationship between corporate restructuring and financial performance of 39 commercial banks in Kenya using secondary data from 2009 to 2019. Production theory model with corporate restructuring variables as factor inputs and financial performance measures as factor outputs mediated by firm size were utilized. The study established that firm size had a positive mediating effect on the relationship between corporate restructuring and ROA and a negative effect on ROE. Bank management need to take into consideration firm size for accurate restructuring policy decisions to improve performance. Our study expands the literature on the mediation role played by firm characteristics on the relationship between corporate restructuring and the survival of commercial banks. We propose that similar study be carried out on other sectors of the Kenyan economy.

Key Words:

Corporate Restructuring, firm characteristics, Performance of Commercial Banks, Kenya.