CORPORATE BOARD OF DIRECTORS' ACTIVITIES AND PROFITABILITY OF AGRICULTURAL FIRMS LISTED ON THE NAIROBI SECURITIES EXCHANGE, KENYA

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International Academic Journal of Economics and Finance (IAJEF) | ISSN 2518-2366

Received: 14th May 2024

Published: 21st May 2024

Full Length Research

Available Online at: https://iajournals.org/articles/iajef_v4_i2_59_89.pdf

Citation: Kieti, W. M., Aluoch, M. O. (2024). Corporate Board of Directors' Activities and Profitability of Agricultural Firms Listed on the Nairobi Securities Exchange, Kenya. *International Academic Journal of Economics and Finance*, *4*(2), 59-89.

ABSTRACT

Growing concerns among different stakeholders about the need for increased value in companies that they own stakes in have affected not just a single company or region but also multinational corporations, giving them a worldwide reach. Most firms have been forced to liquidate in situations where there are prolonged periods of decreased profits and eventually the management loses control. The crucial socioeconomic significance played by agricultural firms is visible worldwide. However, their ability to survive is hindered by numerous barriers, which negatively impacts their profitability. The purpose of this study was to investigate how the corporate board of directors' activities affect the profitability of agricultural firms listed on the Nairobi Securities Exchange. The study's precise goals were to assess how corporate board meetings, committees, ownership, and tenure influence the profitability of agricultural firms listed on the Nairobi Securities Exchange. The study was based on four primary theories: agency theory, stewardship theory, stakeholder theory, and resource dependency theory. The study followed a causal research strategy. A data collection schedule was used to survey the six agricultural companies, to obtain information. This survey specifically targeted this small population. The acquired data underwent analysis utilizing both descriptive and inferential methodologies. The research findings were presented using tables and figures. To guarantee that ethical norms were followed, research permission from the National Commission for Science, Technology, and Innovation was required, as well as a letter of authorization from Kenyatta University. According to the study, both board meetings and board committees have a favorable and considerable impact on the profitability of agricultural firms listed on the Nairobi Securities Exchange. In addition, the study discovered that board tenure and share ownership have a positive and minimal impact on the profitability of agricultural firms listed on the Nairobi Securities Exchange. Recommendations of the study are, that the management should encourage the scheduling of regular and organized board meetings to ensure consistent oversight and strategic decision-making processes within the agricultural firms. These meetings should be properly planned to allow for thorough discussions and decision-making processes. Additionally, the study recommended that the firms should establish well-functioning board committees with members who are qualified and experienced in their respective fields of specialization. This is mostly applicable to those committees which are focused on strategic planning, finance, audit, and risk management. Further, while board share ownership and board tenure have a positive association with profitability, their insignificant effect suggests that governance efforts should not overly prioritize these factors. Instead, boards should diversify their focus to include other critical aspects such as strategic planning, risk management, and operational efficiency.

Keywords: Board meetings, Board ownership, Board committees, Board tenure, Profitability.

INTRODUCTION

Worldwide, agriculture-based firms have a crucial role in any economy such as food production and security, employment opportunities, economic growth and Gross Domestic Product (GDP), foreign exchange earnings, rural development, and innovation and technology adoption, be it for developed economies or the undeveloped ones (Franken and Cook, 2015). China's agricultural industry has been severely constrained by its small population, slow expansion, inadequate growing capacity, comparatively low rationality, and uneven regional distribution of listed agricultural enterprises (Wagan, Memon, Dong, and Luan, 2018). In 2018, the agricultural sector had a total output value of 6,145.26 billion Yuan, accounting for 7.04% of the overall Gross Domestic Product (GDP) as pinpointed by China's National Bureau of Statistics (Liu, Xu, and Shang, 2020). Within the United States of America, although the number of agricultural firms such as cooperatives has dropped, their gross volume has gone up from $118.9 billion to $191.1 (Singh, Misra, Kumar, and Tiwari, 2019) implying how paramount the sector is in the state.

In support of the role agriculturally based firms play in ensuring food security, the African Union portrayed that this sector continues to be a major component of the paradigm for human growth and potential, the sustainable development goals, and the development agenda of the (UNDP UN, report 2020; FAO, report 2020 and African Union Commission 2020). In Ethiopia, agricultural-oriented organizations are cooperatives and they provide the following; provision of inputs, processing, and marketing of outputs. Agricultural cooperatives have been pushed as a tool for policy over the past ten years to achieve the nation's agricultural transformation (Abate, 2018). Tanzania does small-scale exporting of agricultural products which earns the country some foreign income (World Bank, 2017).

Due to Kenya's reliance on agriculture, which accounts for around 33% of the country's GDP, the country's economy is particularly vulnerable to rising input costs (primarily oil) and unpredictable weather conditions. This susceptibility is worsened by the fact that the combined sales of tea and coffee contribute to over 20% of the total export earnings (ILO, 2013). So apart from tourism, trade, and telecommunication, the agricultural sector in Kenya holds undeniable significance, making a substantial contribution to the country's economic expansion and providing a livelihood for a substantial portion of the population. Aquaculture, fisheries, forestry, and crop and livestock production are all incorporated into agriculture for the production of both food and non-food items. It is a source of employment for more than 40% of the entire population and 70% of those living in rural areas (Mitullah, Kamau, and Kivuva, 2017). Agriculture remains a prominent sector in Kenya's economy, maintaining its dominance over other industries despite its diminished real GDP contribution.

Agricultural markets in Africa are typified by elevated consumer food prices and reduced farmer revenues. Many find it concerning because imperfect competition among intermediaries is contributing to this wedge (Bergquist and Dinerstein, 2020). Growth in the agricultural sector is that which brings about lucrative farming and environmentally sustainable solutions, hence transforming the industry (Kathula, 2023). However, the sector grapples with a range of challenges, from market volatility to climatic uncertainties. In this context, by extension, the profitability level is still wanting (Roudaki, 2018; Zhan, 2021).

Globally, Alkurdi, Hamad, Thneibat, and Elmarzouk (2021) examined how ownership structure impacts the firm performance in Jordan. Data from every primary market company listed between 2012 and 2018 on the Jordanian Amman Stock Exchange was assessed. A multiple regression model was employed, using fixed regression variables. The study found no relationship between management ownership and Tobin's Q, nevertheless, there existed an inverse correlation between ownership by management and ROA. Corporate governance elements and their impact on the success of businesses in New Zealand's vast agricultural industries were investigated by Roudaki (2018). The study employed board characteristics, including external auditor remuneration, board compensation, and board gender diversity in 80 agricultural companies for the period between years 2012 to 2015, and found that board compensation is not correlated with the performance of agricultural companies.

Regionally, Okolie and Uwejeyan (2022) conducted a study to inspect the influence of board features on the financial success of Nigerian conglomerates. The study employed a panel data regression model to explore the connection between financial success, as measured by ROA, from 2011 to 2020 and several factors related to the board, including its size, independence, committees, meetings, and shareholdings. It discovered that independence, audit committees, and shareholdings have a substantial impact on financial success. Tesfaye, Mthokozisi, and Tendai (2020) on the other hand studied the South African evidence regarding board compensation, directors' ownership, and company performance. The analysis examined 1,736 instances of company-year data from publicly traded firms on the Stock Exchange market of Johannesburg from the year 2005 up to the year 2018. The investigation indicated an unambiguous connecting element between a company's financial success and its directors' compensation. According to the data, companies that offer their directors larger or even excessive incentives typically have better financial results; companies can use director compensation as a governance tool to increase board effectiveness.

Locally, Kaijage, Iraya, and Ogutu (2018) examined the performance and board activity of the NSE-listed agricultural firms. The design utilized in the study was longitudinal and panel data, spanning from 2002 to 2016. The study demonstrated that the duration of a board member's tenure has a substantial and favorable influence on financial success. Ombaba and Kosgey (2018) investigated the connection between board tenure and financial distress in 57 NSE-listed companies from 2007 to 2016. The length of a board member's tenure and profitability were discovered to be adversely and significantly associated with the study. This conclusion was reached through the use of exploratory research techniques, panel regression analysis, pooled regression, and random effects. By analyzing the influence of tenure on profitability and revising the existing empirical research from developing countries, the study adds value to the theory. It also gives evidence to policymakers on how the makeup of a board affects financial distress. The study specifically examined two dependent variables: financial performance and financial distress.

It is well known that an organization's profitability serves as a crucial gauge of the effectiveness of its economic operations. The creation of an innovative agricultural model and the efficient and stable operation of agricultural enterprises are contingent upon their profitability. Agricultural firms' technological and technical re-equipment is largely dependent upon their profitability (Dziamulych, Shmatkovska, Krupka, Yastrubetska, Vyshyvana, and Derevianko, 2021). Agribusiness enterprises can become more competitive in domestic and international markets by increasing their production of agricultural products based on general improvements in quality, environmental friendliness, and technological excellence, all of which are facilitated by profitability. Furthermore, it is critical to recognize that the socioeconomic growth of rural areas is largely dependent on the profitability of agricultural operations. There is little doubt that prosperous farmers allocate resources towards the establishment of crucial social infrastructure within the specific geographical regions where their businesses are located, and they also significantly alleviate the employment issues facing the rural populace. That is to say, businesses that practice social responsibility also need access to resources that come from high profitability. The majority of agricultural enterprises worldwide face structural challenges in maintaining profitability given its provision for most businesses. For example, although agricultural enterprises in Ukraine have been more profitable overall over the last ten years, approximately 40% of them have struggled to maintain appropriate levels of profitability, which has reduced their financial stability and led to bankruptcy (Shmatkovska, Dziamulych, Vavdiiuk, Petrukha, Koretska, and Bilochenko, 2022). However, in the system of internal factors impacting profitability, managerial quality is particularly crucial. Consequently, board operations at all levels have the chance to demonstrate originality and inventiveness employed in manufacturing and business under the framework of economic and legal autonomy (Melnyk, 2015).

Corporate Board of Directors' Activities

The corporate board of directors' activities encompass a set of tasks, responsibilities, and functions carried out by a governing board within an organization. This serves as a gauge for the efficiency with which the board is performing its oversight role over management (Vafeas, 1999, Brick and Chidambaram, 2010). The BOD serves a crucial and indispensable function in overseeing and managing corporate governance and is tasked with overseeing a company's management and strategic trajectory. The board of directors serves an essential role in a company's internal governance practices, as highlighted by Hau and Mat Zin (2007), Lefort and Urzua (2007), and Arosa, Iturralde, and Maseda (2010). In addition, their significance lies in their ability to address the agency problem arising from ownership and control division (Fama, 1980). These days, to make sure that the owner's best interests are being met, the board of directors is in charge of monitoring the efficacy of senior management (Marwa, Hadia, & Xiahui, 2017). The present investigation will be centered on the four major components of the corporate board of directors' activities that can change based on the size, sector of the business, and corporate governance practices. These components include; corporate board meetings; corporate board committees; corporate board ownership and corporate board tenure.

Corporate board meetings are sittings by the board members which can either be statutory or non-statutory. Firms have to designate a chairperson or board chair who may have various responsibilities, including leading board meetings, representing the board to external stakeholders, and facilitating communication among board members. The frequency and structure of board meetings are important components. Boards typically meet regularly to discuss and make decisions on strategic matters. A company's profitability increases with the frequency of its board meetings. Infrequent board meetings are allied to the poor performance of firms. However, the meetings should be effective to help in deliberating meaningful issues of the firm and not window dressing to earn sitting allowances. This will be measured by the frequency of corporate board meetings (Ngwenze, 2017). Corporate board committees are constituent boards instituted for specific activities out of the main board. They focus on specific areas such as finance, audit, compensation, governance, and nominating. These committees allow for an in-depth examination of particular aspects of a firm's operations. Corporate board committees rely on the number of corporate board committee meetings where they deliberate on specific duties. The profitability of a firm normally depends on how many board committees there are and how often they meet. Finance audit and risk committees play a major role in directing resources toward achieving the firm's financial goal. This will be determined by the number of corporate board committees inside a board (Aluoch, 2020).

Corporate board ownership relates to the ratio of shareholding of board members to the overall issued shares. This normally has an impact on the commitment of the board member and the returns in the form of dividends earned by the board member. A higher shareholding ratio relates to a higher return and better decision-making by the board. In most cases, board members would not make decisions to reduce their shareholding which affects their wealth, and independence in monitoring. This normally influences financial management decisions about investments, financing, dividends, and liquidity. This will be measured using stock ownership by board members (Roudaki, 2018). Corporate board tenure refers to how long a member of the board serves. This is normally determined by the company law and the Corporate Governance Act. Longer board tenures are associated with high profitability as compared to shorter board tenures.

This is related to inherent experience brought by a longer duration on the board relative to monitoring mechanisms, ownership, and performance of board members. This will be measured using term limits for board members (Aluoch, Iraya, Kaijage & Ogutu, 2020).

Profitability

Profitability is a metric that quantifies the effectiveness and financial success of a company about the capital it has invested. Stated differently, it is a company's or an institution's capacity to make a profit or a quality or state of being profitable which is a measure of performance and a determinant of financial sustainability (Apalia, 2017). As stated by Al-Matari, Al-Swidi, and Fadzil (2014), profitability is the capacity of an organization to achieve specific financial goals, such as financial performance. Paller (2022) posited that the aspect of profitability of a firm is its capacity to generate revenue and achieve profit once all expenses have been settled. The profitability of a firm is the extent to which it has met or surpassed its financial goals. It demonstrates the level of accomplishment of financial goals. In line with Baba and Nasieku (2016), profitability exhibits how a business utilizes its resources to produce income, hence it is relevant to the parties involved in their decision-making. Nzuve (2016) argues that a company's well-being mainly depends on its profitability or the power to generate revenue which is used as an indicator of the strengths and weaknesses of individual firms.

Profitability is an indicator of the financial gains that a company may generate by effectively utilizing its available resources. It is a quantitative measure employed to assess the success of a business relative to its size, ultimately indicating its level of success or failure. Regardless of the industry, a substantial proportion of management decision-making pertains to operating and strategic management revolving around evaluating a company's productivity and profitability. A business's total performance can be assessed based on this kind of evaluation, and numerous expert studies and writers have addressed the definition and measuring techniques for this purpose (Schader et al., 2016; Vastola et al., 2017; Ssebunya et al., 2019) for some years now. Based on the aforementioned assertions, it can be inferred that profitability is a component of financial success that quantifies the degree to which a company has successfully met or surpassed its financial objectives.

Even though there has been a noticeable bias in performance measurement that has recently favored indicators that prioritize a business's market value and consider economic and environmental sustainability, rather than traditional accounting-based indicators, in practice, more importance is given to rate of return indicators. This is because they are essential for evaluating a business's overall efficiency (Aulová, Pánková and Rumánková, 2019). Therefore, profitability ratios are normally based on the profits, that is, how the board is using the assets to generate revenues and profits. There are several profitability measures which include but are not limited to; ROE, ROA, and ROI. This study utilized ROA as a metric for measuring profitability as it relates to how the boards are using the assets of listed agricultural firms to generate profits. Apart from measuring operating profits, ROA is one of the essential measures of efficiency of management of the firm towards its profitability. ROA will be ascertained by dividing firms' net income by the average total assets owned by a firm (Odalo et al., 2016).

Table 1.1: Profitability of Agricultural Firms Listed on NSE, Kenya
Source: (NSE & CMA)

Companies	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Eaagads Limited	-0.12	0.04	0.03	0	0.01	-0.07	0	-0.07	0	0.01
Kapchorua Tea Kenya Plc	0.11	0.06	-0.01	0.11	-0.02	0.07	-0.06	0.01	0	0.1
Limuru Tea Plc	0	0	0.01	-0.06	-0.08	0.01	0.01	-0.02	-0.04	0.05
Kakuzi PLC	0.08	0.04	0.13	0.12	0.11	0.08	0.12	0.09	0.05	0.12
Sasini PLC	0.01	0	0.07	0.05	0.03	0.02	0.02	0	0.04	0
Williamson Tea Kenya PLC	0.07	0.09	-0.03	0.05	-0.03	0.06	-0.02	0.02	-0.02	0.07

From Table 1.1, there is erratic profitability behavior for agricultural firms listed on the NSE, Kenya from year 2013 to 2022. This may be caused by various factors, including; corporate board of directors' activities among others.

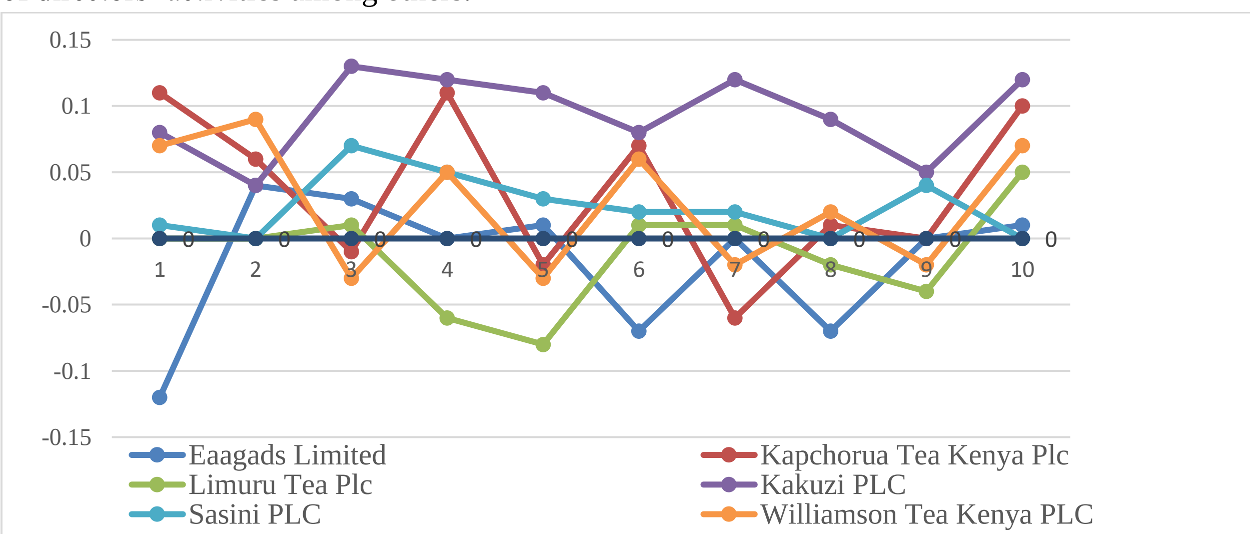

Figure 1.1: Profitability of Agricultural Firms Listed on NSE, Kenya
Source: (CMA, 2023)

Figure 1.1 shows the inconsistent profitability pattern of Kenyan agricultural companies listed on the NSE between 2013 and 2022. The corporate board of directors' actions, among other things, could be the cause of this.

Agricultural Firms Listed on the Nairobi Securities Exchange (NSE), Kenya

The foundation of the Kenyan economy is the agricultural sector. But of the sixty-three companies listed at the NSE, only six are in the agriculture sector. Following Rea Vipingo Limited's delisting in 2014, the six agricultural companies presently listed on the NSE include; Eaagads Limited (NSE, 2016), Kapchorua Tea PLC, Limuru Tea PLC, Kazuzi PLC, Sasini PLC and Williamson Tea PLC. The Capital Markets Act (Cap 485) gives guidelines for Kenyan public firms' corporate governance practices. The CMA's corporate governance procedures address issues such as shareholder rights, equitable treatment of shareholders, roles of individuals or groups with a vested interest in the firm, board structures, transparency and candor, and responsibilities of the board. For NSE-listed firms, the CMA Code of Best Practice prescribes mandatory onboarding requirements (Ngwenze, 2017).

Agricultural firms listed on the NSE have significantly contributed to economic development by generating output, paying taxes, and creating employment opportunities across the country (Kimencu, 2018). Despite their benefits to society, agricultural securities have exhibited subpar performance at the NSE during most of the year (Standard, 2022). The last ten years have also been difficult for agricultural companies, as seen by the departure of companies like Mumias Sugar owing to a persistent loss-making process. The companies have had to balance debt and equity, with some choosing fixed ratios and others choosing pure forms. For example, in 2020 and 2021, Kakuzi Plc had zero long-term debt and equity of Kshs. 5.57 billion and Kshs. 5.54 billion, respectively (Kakuzi, 2022). Conversely, Sasini Ltd had a two-year increase in equity, from Kshs. 8.5 billion in 2020 to Kshs. 8.7 billion in 2021 (Sasini, 2022). In Kenya, the idea of whether the corporate board of directors’ activities is crucial to a company's profitability or only one of many factors influencing performance is still developing and needs to be understood critically.

Statement of the Problem

Agricultural firms are crucial in advancing social and economic progress, especially concerning a nation's gross domestic product expansion and food self-sufficiency. Committee on World Food Security, 2020 defines food security as the state in which individuals have constant, unhindered economic, social, and physical access to a sufficient, secure, and healthy food supply that satisfies their dietary preferences and needs and permits them to lead active, healthful lives. Nevertheless, the financial sustainability of such firms in most countries, whether emerging or developed ones is wanting and the conceptual link between decision-making effectiveness and financial performance is still unresolved (Shmatkovska, et al. 2022 and Melnyk, 2015).

The majority of empirical research looked at how corporate boards of directors’ activities affected listed companies' performance, with conflicting results (Le, Wei, Qian, and Lam (2018); Okolie and Uwejeyan (2022); Josopandojo, Suhadak, Handayani, and Nuzula (2020); Xuan and Borhan

(2020); Kaijage, Iraya and Ogutu (2018). Reviewing the available literature revealed that limited studies have been done linking corporate boards of directors' activities to firm profitability, especially on listed agricultural firms at the NSE, Kenya. Different empirical studies employed different methodologies in determining the effect of board activities and financial performance. Some studies used descriptive research design, comprehensive regression models, and research surveys among others, giving different results (Zheng, (2021); Tesfaye, Mthokozisi and Tendai (2020); Mihail, Dumitrescu, Micu & Lobda (2022); Alkurdi, Hamad, Thneibat & Elmarzouk (2021)). Some studies were carried out outside NSE and some out of Kenya with different legal, corporate governance, and commercial frameworks giving different results (Jannah & Sartika (2022); Livnat, Gavin, Suslava & Tarlie (2020); Xuan & Borhan (2020).

It is based on the aforementioned backdrop that this study was focused on establishing the level to which corporate board of directors' activities influence the profitability levels of agricultural firms listed on the NSE. This study addressed the conceptual, methodological, and contextual gaps existing in the linkage between corporate board of directors' activities gauged in terms of corporate board meetings, corporate board committees, corporate board ownership, and corporate board tenure. These four explanatory variables were utilized to estimate the claimed variation of profitability, measured using ROA, of all agricultural companies listed on the NSE. ROA was more suitable for most of the agricultural firms that are capital-intensive as compared to other firms.

Objectives of the Study

Two categories of aims were used in this study: general objectives in addition to specific objectives.

General Objective

This study's overarching objective was to comprehensively establish the association between the corporate board of directors' activities and the profitability of agricultural firms listed on the Nairobi Securities Exchange.

Specific Objectives

(i) To determine the effect of corporate board meetings on the profitability of agricultural firms listed on the Nairobi Securities Exchange.
(ii) To examine the effect of corporate board committees on the profitability of agricultural firms listed on the Nairobi Securities Exchange.
(iii) To establish the effect of corporate board ownership on the profitability of agricultural firms listed on the Nairobi Securities Exchange.
(iv) To examine the effect of corporate board tenure on the profitability of agricultural firms listed on the Nairobi Securities Exchange.

Research Hypothesis

The following are the hypotheses for the study which were expressed in null forms:

H_{01}- Corporate board meetings have a statistically significant impact on the profitability of agricultural firms listed on the Nairobi Securities Exchange.

H_{02} - Corporate board committees have a statistically significant effect on the profitability of agricultural firms listed on the Nairobi Securities Exchange.

H_{03} - Corporate board ownership does not have a statistically significant effect on the profitability of agricultural firms listed on the Nairobi Securities Exchange.

H_{04} - Corporate board tenure does not have a statistically significant impact on the profitability of agricultural firms listed on the Nairobi Securities Exchange.

Scope of the Study

Many factors probably influence the firm profitability. This inquiry aimed to determine the degree to which corporate board of directors' activities influence profitability levels. The aforementioned factors cut across many firms even those in the banking sector. However, the current inquiry concentrated on organizations of an agricultural nature and listed at the NSE, Kenya. At the NSE, there are also other listed firms which form part of the whole population. This study's scope was restricted to all publicly trading agricultural firms on the NSE, Kenya, the reason being that; listed firms are regulated by Capital Markets Authority (CMA) hence reliable data for analysis. The agricultural firms' productivity level which is also listed at the NSE covers a wide spectrum of time horizons and the current study considered only ten years from 2013 to 2022. This is because, before 2020, the time the COVID-19 pandemic struck, firms of this nature were not performing well as such and even after the economic recovery time. Other factors that have affected the agriculture sector within this period include but are not limited to El-Nino rains and drought.

LITERATURE REVIEW

Theoretical Review

This segment covered four major theories guiding this study variables which the researcher reviewed in line with their contributions and implications to the study. The study reviewed the agency theory; stewardship theory; stakeholders' theory; and resource dependency theory. Jensen and Meckling (1976) established the agency theory. Division of ownership and the current dynamic between principals and agents serve as the theoretical foundations. It is predicated on quick profits, where principles, who are the shareholders of the agricultural firms provide their agents and senior management, the power to make decisions responsible for profit generation using the available resources such as total assets; who are to maximize the benefits of the principals by using the resources provided by the principals. However, agents may engage in moral hazard if they replace the interests of the principles with their own (Fama & Jensen, 1983). Typically, principals keep an eye on agents' actions to ensure that they represent the interests of the companies. Rationally, monitoring expenses are significant and have a negative impact on the principals' earnings (Agrawal & Knoeber, 1996).

However, the idea has drawn criticism for having a limited viewpoint and ignoring other relevant parties. According to Daily, Dalton, and Canella (2003), two reasons why agency theory is so prevalent exist. First, the organization is reduced to two stakeholders: managers and shareholders, as the idea is based on a simplistic conceptual framework. Second, the theory contends that self-interest can exist among managers or staff members of organizations. Nevertheless, a sound governance system needs to include managers and employees as well as meeting the demands of all shareholders. Since shareholders realized that ensuring the presence of competent managers in leadership positions and offering them appropriate incentives is crucial to a company's prosperity, agency theory has been applied to today's businesses (Anderson, Bustamante, Guibaud, & Zervos, 2018). Various compensation schemes have been implemented by modern corporations to incentivize their managers, hence mitigating agency costs and principal-agency relationship issues. Since the corporate board of directors' activities serve as the conduit between shareholders and the boards, this theory applies to the current study. The board of directors ought to take measures to lessen agency disputes that arise between managers and shareholders. The principal agency proposition states that effective board actions inspire and drive management and consequently this aligns management's and shareholders' interests and increases firm profitability.

Stewardship Theory was introduced by Donaldson and Davis (1991). This theory offered a new viewpoint on the affiliation between a company's ownership and management, departing from agency theory. Directors, in their role as stewards, make choices aimed at optimizing shareholder wealth while also guaranteeing the long-term viability of their businesses. Instead of leveraging the firm's resources for their benefit, directors typically view the firms as extensions of themselves; the executives' primary concern is ensuring the firm's success and long-term viability. The theory is grounded on the idea that executives have a responsibility to behave as stewards, incorporating their objectives into the organization and acknowledging the significance of a framework that provides them with the highest level of independence and is established on trust (Donaldson & Davis, 1991).

The argument put forth by steward theory detractors is that there is insufficient proof to link the board of directors to profitability. This has prompted researchers to redirect their attention toward the board process itself, emphasizing the important roles and values of corporate governance in a given firm's context (Huse, 2003). Indicatively, in the context of corporate governance, the board of directors' functions as stewards; yet, they may have little direct influence on a company's profitability. Although stewardship theory has been criticized, scholars have focused more on how corporate boards of directors' activities affect a company's profitability, which is why the theory is still extensively applied in businesses today. Boards of directors of publicly traded corporations in most nations have the role of stewards and are asked to offer advice on matters such as marketing, hiring and staff development, strategic planning, general problem-solving, and growth strategies (Boussouara & Deakins, 2000). This theory fits the study well since it highlights the need for BODs to behave more independently to optimize returns to shareholders. It results in the reduction of expenses related to executive behavior monitoring and regulation (Davis, Schoorman & Donaldson, 1997). According to the hypothesis, the existence of executives in a company ensures that it will always perform well.

Freeman (1984) developed the stakeholders' theory which considers the various intrinsic interests of every corporate stakeholder. Stakeholders are people or organizations that can influence decisions or are affected when a company's objectives are met. As per the theoretical framework, the directors of a firm bear the responsibility of meeting the interests of many stakeholders. Directors must manage the firm's operations without favoring any particular network inside their service area. This theory's moral tenet is that all stakeholders should receive equitable treatment since it improves the performance of the company (Freeman, 1999). Researchers who study corporate governance have made various criticisms of the notion. According to Okiro (2014), many oppose this idea and contend that satisfying the interests of all stakeholders could encourage corruption by providing opportunities for income to be diverted and by giving directors an excuse for subpar performance or insufficient justification for the firm's actions about its surroundings. Contemporary companies utilize the stakeholders' argument to advocate for the management's function and the company's vision, which seeks to increase shareholder wealth to ensure the company's long-term survival. The hypothesis was pertinent to this study since stakeholder interest and experiences have a significant influence on various aspects of board operations, including meetings, committees, ownership, and tenure. Stakeholders who have suffered from poor decision-making and management mistakes in the past will support board actions that affect all of the company's stakeholders. Skilled stakeholders will be effective in minimizing agency conflicts and the negative effects they may have on the long-term profitability and general success of the company.

Pfeffer and Salancik established the resource dependency theory in 1978. The study's base is an examination of how external resources affect an organization's conduct. Obtaining outside resources is a fundamental concept for any company's tactical and strategic management. It focuses on the responsibilities directors have in utilizing links to the company's external environment to locate resources the company needs (Hillman, Canella & Paetzold, 2000). This theory also guides how to hire directors who help the business acquire access to resources that are essential to its continued existence (Johnson, Daily & Ellstrand, 1996). Limitations of space have been the basis for the arguments of the theory's detractors. For instance, Casciaro and Piskorski (2005) claim that the RDT's relevance to internal issues can be restricted to the organization's boundaries. However, assuming the environment as a geographical barrier, Hillman et al. (2000) state that RDT is limited to organizational settings and that organizational activities are limited to those events that occur within the organizational environment. RDT is a defense that many businesses have used to secure their survival and expansion. Organizations are constantly assessing their actions in the environment because, according to the RDT, they have understood that they are the focus of attention. Modern firms aim to succeed in their environment by reducing uncertainty and reliance through resource acquisition and developing partnerships with other businesses, while still complying with the RDT rule. This idea, which contends that businesses depend on resources from shareholders for growth and sustainability, is pertinent to the study. Thus, companies must make sure that an efficient board of directors serves the interests of their shareholders to guarantee ongoing access to shareholder resources. The connection between corporate board of directors' activities and profitability is explained by this notion.

Empirical Reviews

An empirical review of literature encompasses the evaluation of previous studies that are similar to the one being proposed about acquiring the knowledge of their conceptualization, methodologies, contextualization, findings, and conclusions. This allows reproaches to determine the gaps to be filled with this study (Kothari, 2012). This study offers a comprehensive analysis of the correlation between different aspects of corporate boards of directors' activities and the profitability of NSE-listed agricultural firms, based on empirical literature.

Corporate Board Meetings and Profitability

Taluka, Verma, and Sharma (2022) studied the impact of the regularity of board meetings on public sector banks' performance in India. In line with the agency theory, holding regular board meetings can result in increased vigilance and focused supervision, reduction of agency costs, greater sharing of ideas among directors, and help them become better informed, all of which increase profitability. Using secondary data, the study examined the agency theory's premise about the profitability of public sector banks in India between 2015 and 2019. The performance of public sector banks was examined using panel regression to determine the effects of several corporate governance mechanism factors. The number of committees, how often the board meets, and how frequently the audit committee meets are among the variables that were taken into account. The analysis concluded that none of the corporate governance factors included in the study had a statistically notable impact on the bank's return on assets. The NSE-listed agricultural firms were the focus of this study.

Le, Wei, Qian, and Lam (2018) looked at the board meeting frequency and financial success of 94 companies listed between 2013 and 2015 on the Vietnam Ho Chi Minh Stock Exchange. This study indicated that frequent board meetings have a detrimental impact on the financial success of the company. It was also found that having meetings frequently was linked to lower equity, sales, and ROA. The analysis encompassed all companies that were listed on the Vietnam Stock

Exchange. However, the focus of this inquiry was limited to farming businesses that are listed on the NSE. The purpose of this study was to ascertain whether corporate board meetings and profitability may be positively correlated in a different setting.

Corporate Board Committees and Profitability

The effect of board characteristics on the economic outcomes of Nigerian conglomerates was examined by Okolie and Uwejeyan (2022). Financial performance was evaluated based on the ROA metric, whereas board qualities were indicated by factors like size, independence, committees, meetings, and shareholdings. For the aim of the study, a subset made up of five preset conglomerates was selected across ten years, from 2011 to 2020. Secondary data was taken out of the annual reports of the chosen companies using an ex post facto research design. Panel regression modeling was utilized in the data analysis. The results of the study showed that the audit committee and board's size, independence, and equity ownership significantly affect the financial performance of Nigerian conglomerates. Corporate board meetings, nevertheless, seemed to have negligible influence on the financial outcomes of Nigerian companies.
Ayman (2022) looked into how Saudi non-financial enterprises' financial performance was affected by the qualities of their audit committees. The study obtained financial data from 100 organizations' accounts for the years 2010 to 2019. A range of panel data techniques were employed to analyze the information, such as pooled OLS, fixed effects, and random effects. The results of the investigation indicated that the firm's performance was negatively impacted by the number and size of audit committee meetings. However, there existed a strong and positive relationship between the financial success and the independence of the audit committee. As a result, this study offered insightful information about how audit committee characteristics impact profitability. This study specifically examined the financial viability of agricultural firms that are publicly traded in Kenya, as well as the functioning and effectiveness of all committees within their governing boards.

Mihail, Dumitrescu, Micu, and Lobda (2022) carried out a study to look at how the Bucharest Stock Exchange's listed companies' financial performance was impacted by; board diversity, Chief Executive Officer qualities, and board committees. To investigate the impact of these attributes, extensive data on over 70 companies was gathered between 2016 and 2020, and thorough regression models were computed. The results demonstrated the beneficial aspect of board diversity, particularly for independent board members. It was discovered that the audit committee exerted a beneficial influence on the board committees. According to the regression results, there would be a 0.93% increase in ROE for every 10% increase in independent board members' proportion. Based on these results, one could contend that enhancing the corporate governance procedures of the businesses listed on the Bucharest Stock Exchange would boost their worth and their performance. The profitability of NSE-listed agricultural firms and board committees served as this study's foundation.

Corporate Board Ownership and Profitability

In Jordan, Alkurdi, Hamad, Thneibat, and Elmarzouk (2021) looked at how ownership structure affected business performance. The data in this study were analyzed using the fixed regression effect and the multiple regression model. All Jordanian first market companies listed between 2012 and 2018 on the Amman Stock Exchange were part of the sample. The study's conclusions showed a robust and favorable relationship between institutional ownership and market and accounting indicators, Tobin's Q, and ROA. These indicators are likely to be influenced by different ownership structures, including ownership concentration. Although there was no correlation with Tobin's Q, management ownership exhibited a negative link with ROA. However, from 2013 to 2022, this study evaluated how board ownership affects the profitability of NSE-listed agricultural companies. ROA was also used in the study as a profitability indicator.

Josopandojo, Suhadak, Handayani, and Nuzula (2020) looked into how ownership structure, company features, and corporate governance affected the financial success of agricultural companies in Indonesia. Over ten years, from 2014 to 2018, it concentrated on the agricultural companies listed on the Indonesia Stock Exchange. The findings of the investigation revealed that there was no discernible relationship between ownership structure and financial success. Investigating hypotheses regarding the causes and mechanisms underlying the characteristics, behaviors, or occurrences of linked qualities, or the reasons and mechanisms behind observed disparities across pre-existing groups was the stated goal of the study, which employed a quantitative method to explanatory research (O'Dwyer and Bernauer, 2014). The study employed secondary data, namely financial statement accumulation data and periodic data from annual reports and firm listings on the Indonesia Stock Exchange from 2014 until 2018. The population under study encompassed all business sectors and enterprises that were officially listed with the Stock Exchange of Indonesia with a total of 22 organizations in the Agricultural Sector. Samples were portions of the population that belonged to particular groups and were chosen for analysis using sampling strategies that matched the goals of the study. Using the criteria of listed firms, the purposive sample approach was applied. At least from 2014 to 2018, the shares of the company remained listed on the Indonesia Stock Exchange, and it regularly disclosed financial statements. Nonetheless, this study ascertained how board ownership affected listed agricultural companies' profitability in Kenya between 2013 and 2022.

Corporate Board Tenure and Profitability

A review of board tenure was conducted by Xuan and Borhan (2020) using extant academic literature on the factors that influence it and its outcomes. The research was centered on global empirical investigations. It was discovered that a variety of corporate governance traits impact board tenure in addition to having an impact on a range of corporate outcomes, including accounting performance, the caliber of financial reporting, and company strategy. The review advances knowledge about the consequences, advantages, and constraints of board membership in corporate governance. This theoretical study aimed to examine how corporate board tenure is correlated with the firm profitability of Kenyan agriculture companies listed on the NSE.

Livnat, Gavin, Suslava, and Charlie (2020) looked at director tenure over 20 years as a measure of the stability of a company using a sample of up to 3,800 US enterprises. Longer board tenure, according to the study, is a sign that shareholders are happy with the directors that have been appointed, that the board has the right amount of capital, that it is good at keeping an eye on and advising management, and that the company is not likely to experience operational or strategic issues that call for significant board changes. Additionally, the study revealed that companies with greater board tenure experience higher anomalous returns in subsequent periods. The analysis indicated a direct association between extended board tenure and elevated market values. However, it did not indicate any improvement in expected returns based on analysts' target prices. This suggested that investors are inaccurately assessing the worth of board tenure. This research sought to ascertain the effects of the corporate board's tenure of directors and profitability of agricultural firms listed on the NSE, Kenya.

Ombaba and Kosgey (2018) studied the relationship between board tenure and financial difficulty in 57 NSE-listed businesses from 2007 to 2016. The length of a board member's tenure and the degree of profitability were discovered by the study to be both highly and negatively associated. This conclusion was reached through the use of exploratory research techniques, panel regression analysis, pooled regression, and random effects. By analyzing the influence of tenure on profitability and revising the existing empirical research from developing countries, the study adds value to the theory. It also gives evidence to policymakers on how the makeup of a board affects financial distress. The study specifically examined two dependent variables: financial performance and financial distress. However, this study specifically focused on the NSE-listed agricultural firms and used descriptive and longitudinal research techniques to examine the correlation between the duration of board members' tenure and the profitability of these companies from 2013 to 2022. Kaijage, Iraya, and Ogutu (2018) studied board actions and performance of Kenya’s NSE-listed companies. Their study utilized a longitudinal and panel data research design from 2002 to 2016. It discovered that board tenure significantly and positively impacts financial performance. Nevertheless, this investigation had a restricted scope of listed agricultural firms, and it looked at the association between the corporate board of directors' activities and financial success from 2013 to 2022.

Conceptual Framework

Mugenda (2003) states that a conceptual framework is a sort of study design that makes use of diagrams to clarify the connections between study variables. The activities of corporate boards of directors and the profitability of the NSE-listed agricultural firms were developed and explained by this framework. The results of this investigation are summarized and shown in Figure 2.1

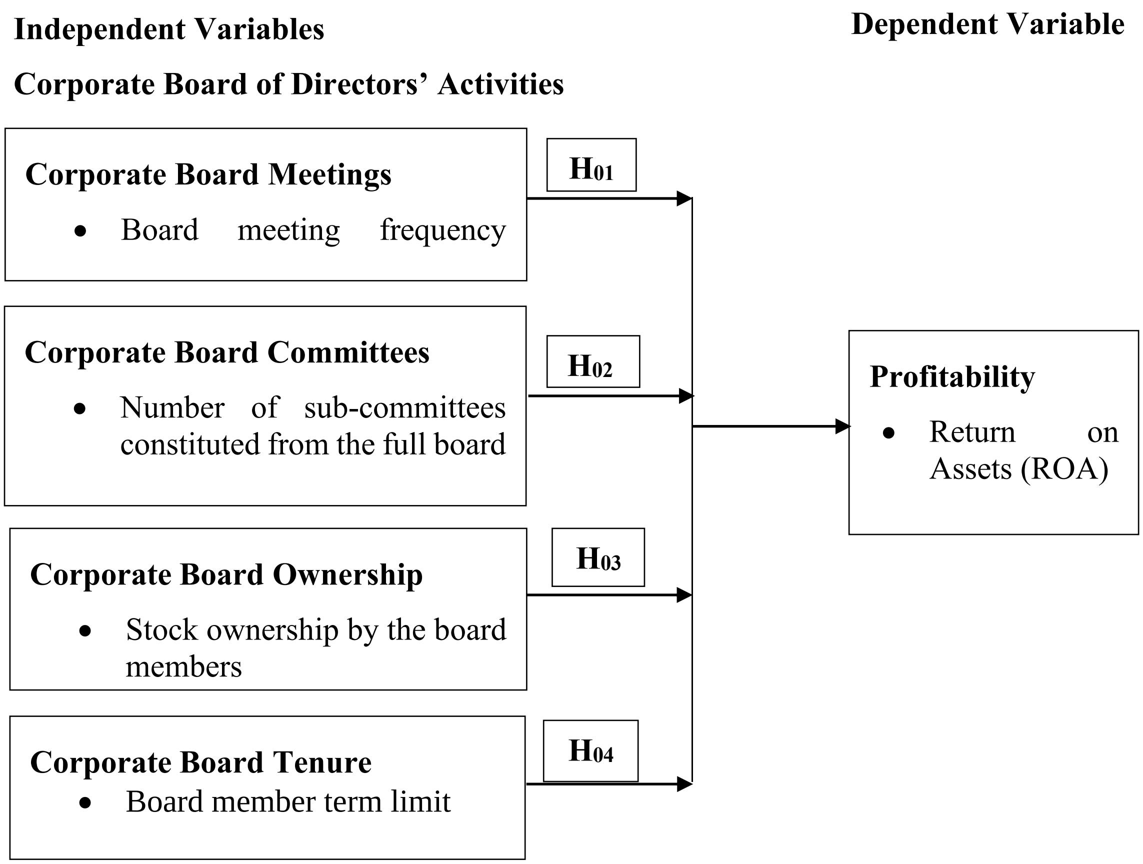

Figure 2.1 Conceptual Framework
Source: Researcher (2024)

RESEARCH METHODOLOGY

Research Design

The design of the research is pertinent to the methodology employed to determine how relevant information for a study was obtained (Sileyew, 2019). It allows the researcher to prioritize resource allocation within the duration of the research and also puts into summary the tasks that the researcher completes, from formulating the hypothesis to doing the final data analysis. This study employed a causal research design to conduct a comprehensive investigation on the causal link between the corporate board of directors' activities and the profitability of all NSE-listed agricultural firms which was the primary focus of the research.

Empirical Model

The following function served as the foundation for the regression model:

$P = \beta_0 + \beta_1 M_{it} + \beta_2 C_{it} + \beta_3 O_{it} + \beta_4 T_{it} + \epsilon$

Where;
P is Profitability
β_0 is Constant
βM_{it} is corporate board meetings for firm i at time t.
βC_{it} is corporate board committees for firm i at time t.
βO_{it} is corporate board ownership for firm i at time t
βT_{it} is corporate board tenure for firm i at the time
β_1 to β_4 are the corresponding predictor variable coefficients.
ϵ denotes the error term.

Operationalization and Measurement of Variables

Sekaran (2010) defined operationalization as the categorical procedure of specifying the character of a factor to make it possible to allocate a measurable indicator. It is the process of assigning an operational term to a variable based on the contextual circumstances under which the study is being undertaken. The variables in this study, namely profitability, corporate board meetings, corporate board committees, corporate board ownership, and corporate board tenure were operationalized by previous studies. Table 3.1 below summarizes corresponding proxies or methodologies utilized for all the constructs intended for the present investigation.

Table 3. 1: Operationalization and Measurement of Variables

Variable	Type	Operationalization	Measurement	Measurement Scale
Profitability	Dependent	Net profit to average total asset ratio	Net profit divided by average total assets	Ratio
Corporate Board Meetings	Independent	The number of annual board meetings	Log of the number of corporate board meetings.	Ratio
Corporate Board Committees	Independent	Particular meetings for committee members	Log of the number of corporate board committees	Ratio
Corporate Board Ownership	Independent	The number of common shares that board directors own.	The proportion of directors' shares to all company shares	Ratio
Corporate Board Tenure	Independent	Number of years taken by directors on a board.	Log of term limits for Board members	Ratio

Source: Researcher (2024

Target Population

This denotes the specific group of persons or items that the search study aims to investigate, characterize, or make inferences about. It stands for the wider audience to whom the study's conclusions will be applicable or meaningful. The six agricultural firms that as of December 2022 that were listed on the NSE, were the study's target population. This study was aimed at gathering data from the annual reports at the Kenyan CMA and NSE, as well as the financial statements published by the agricultural firms, and this is because publicly listed companies provide more easily obtainable trustworthy data than private ones. This study’s scope was restricted to all agricultural firms listed on the NSE, Kenya.

RESULTS AND DISCUSSIONS

Descriptive Statistics

Descriptive statistics refers to a quantitative technique that provides an overview and characterizes the essential aspects of a dataset. Several observations were made as part of descriptive statistics, which also computed the dependent variable (profitability) and the standard deviation, mean, minimum, and maximum values of the independent variables (corporate board tenure, meetings, committees, and ownership). Table 4.1 shows the study variables' standard deviations, means, minimums, and maximums.

Table 4. 1: Descriptive Statistics
Source: Researcher (2024)

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	60	0.0256	0.0556	-0.1185	0.1255
BM	60	4.0833	0.2787	4.0000	5.0000
BC	60	2.2333	0.8102	1.0000	3.0000
BO	60	0.0016	0.0050	-0.0005	0.0322
BT	60	2.6667	0.7516	1.0000	3.0000

From Table 4.1 above, a mean ROA of 0.0256 indicates that, on average, the company generates a return of 2.56% on its assets. A standard deviation of 0.0556 suggests changeability in ROA across observations. The minimum ROA was -0.1185, indicating that some companies experienced negative returns on assets. The maximum ROA is 0.1255, indicating that some companies experienced returns on assets as high as 12.55%.

In addition, the mean number of corporate board meetings held was 4.0833, indicating an average number of board meetings. A 0.2787 standard deviation indicated some degree of variability in the frequency of board meetings across the observations. The minimum value of number of board meetings held was 4.0000, and the maximum was 5.0000. An average number of corporate board committees was indicated by the board committee mean of 2.2333. A standard deviation of 0.8102 suggests that there might have been some fluctuation in the total number of board committees between observations. The corporate board committees' values ranged from 1.0000 at the minimum to 3.0000 at the maximum. The mean quantity of corporate board share ownership was found to be relatively low, with a mean of 0.00160. A 0.0050 standard deviation suggesting that there was some fluctuation in the observations' board share ownership levels. The minimum value was -0.0005, which indicated a situation where some board members had no ownership stake in a company. The maximum value was 0.0322, indicating that; some board members had a relatively high ownership stake in the company. The average corporate board tenure (length of service) of board members was 2.6667 indicating that the board members served for approximately 3 years. A standard deviation of 0.7516 suggested variability in board tenure across the observations. The minimum value was 1.0000, indicating that the least time that the board members could serve in the firms was at least one year, which is subject to reappointment. The maximum value was 3, which indicated that the longest term of service for a board member was 3 years.

Correlation Analysis

A statistical correlation between two continuous variables can be ascertained using the Pearson correlation analysis test statistic. Because its foundation is in the covariance method, it is regarded as the most efficacious approach to ascertaining the relationship between variables of interest. It offers details in connection to the trajectory of the partnership as well as the strength of the link, or correlation as well as determining the Pearson correlation coefficient with an R-value between -1 and +1. Correlation coefficients in the vicinity of +1 signify strong positive linear relationships, whereas those near -1 signify a strong negative linear relationship. A zero correlation coefficient signifies that the variables do not have a linear relationship.

Table 4. 2: Correlation Coefficients

		Return on Assets	Log of BM	Log of BC	Board Share Ownership	Log of BT
Return on Assets	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	60				
Log of BM	Pearson Correlation	.599**	1			
	Sig. (2-tailed)	.000				
	N	60	60			
Log of BC	Pearson Correlation	.582**	.223	1		
	Sig. (2-tailed)	.000	.067			
	N	60	60	60		
Board Share Ownership	Pearson Correlation	.218	.177	.164	1	
	Sig. (2-tailed)	.077	.108	.119		
	N	60	60	60	60	
Log of BT	Pearson Correlation	.183	.152	.143	.223	1
	Sig. (2-tailed)	.097	.201	.223	.067	
	N	60	60	60	60	60

**. There is a significant correlation at the 0.01 level (2-tailed).
*. There is a significant correlation at the 0.05 level (2-tailed).

Source: Researcher (2024)

Based on Table 4.2 above, there is a positive and substantial correlation (r = 0.599, p-value = 0.000) between the profitability of the NSE-listed agricultural firms and the log of corporate board meetings. The results corroborate the observation made by Taluka, Verma, and Sharma (2022) that how often board meetings are held was a highly substantial predictor of the performance of public sector banks in India. In addition, the log of corporate board committees is positively and strongly linked to the profitability of the NSE-listed agricultural firms (r = 0.582, p-value = 0.000). The results corroborated the observation made by Mihail et al. (2022) that board committees had a beneficial impact on the output of companies listed on the Bucharest Stock Exchange. Moreover, there is a positive, albeit negligible, correlation between corporate board share ownership and the profitability of the NSE-listed agricultural firms (r = 0.218, p-value = 0.077). The number of directors' shares compared to the total number of shares in the company is how this correlation was expressed. These results ran counter to those of Alkurdi et al. (2021), who discovered that ownership structure significantly and favorably affects the success of Jordanian enterprises.

Additionally, there is a slight yet favorable association between the log of term restrictions for corporate board members and the profitability of the NSE-listed agricultural firms (r = 0.183, p-value = 0.097). The results refute the claim made by Livnat et al. (2020) that board tenure significantly and favorably affects US firms' performance.

Panel Regression Model

A panel regression model is a statistical tool for analyzing data that includes dimensions from both cross-sectional and temporal series. It is sometimes referred to as a panel data model or longitudinal data model. Panel data are usually collections of observations made across several periods on several entities, such as businesses. The random effects model was chosen to be used in the Hausman test. Explicit effects are taken to be uncorrelated with the independent variables in the random effects model. The random effects model can be used to estimate independent variable coefficients that are both time-invariant and time-varying. Under certain assumptions, they also offer more efficient estimates than fixed effects models.

Table 4.3: Regression Results

```
Random-effects GLS regression                   Number of obs      =        60
Group variable: Company_A                       Number of groups   =         6

R-sq:  within  = 0.1976                         Obs per group: min =        10
       between = 0.2875                                        avg =      10.0
       overall = 0.2337                                        max =        10

                                                Wald chi2(3)       =     15.30
corr(u_i, X)   = 0 (assumed)                    Prob > chi2        =    0.0016
```

ROA	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
Log_BM	.1689915	.0490913	3.44	0.001	.0727742	.2652087
BO	.3514199	1.248846	0.28	0.778	-2.096273	2.799113
Log_BC	.0873094	.0446186	2.10	0.036	-.0101414	.1647602
Log_BT	0	(omitted)				
_cons	-.1017849	.0349957	-2.91	0.004	-.1703752	-.0331945
sigma_u	.01728043					
sigma_e	.04006559					
rho	.15684576	(fraction of variance due to u_i)				

Source: Researcher (2024)

In Table 4.3, a statistical metric in a regression model called the coefficient of determination (R^2) quantifies the portion of the dependent variable's variance that the independent variables can account for. A value between 0.0 and 1.0 is used to represent it. It is sometimes referred to as r-squared. The coefficient of determination, which has a maximum value of 1.0, indicates how well a statistical model predicts a result. The r-squared for the agricultural companies listed on the NSE is 0.1976, as indicated in Table 4.8. This suggests that approximately 19.76% of the variation in profitability may be attributed to the autonomous variables included in the model. R-squared (R^2) between = 0.2875 suggested that the autonomous variables explained very little (28.75%) of the variability in financial performance between different groups. The overall r-squared was 0.2337, which shows that 23.37% of the profitability was explained by the autonomous variables. This represents the combined explanatory power of the independent variables across all observations. The F-statistic tests whether at least one of the independent variables had a non-zero coefficient. With a large F-statistic of 15.30 and a very small associated p-value ($p < 0.0000$), in summary, we could conclude the model as a whole was statistically significant.

The results showed that corporate board meetings significantly increased the profitability of the NSE-listed agricultural firms ($\beta 1 = 0.1689915$, p-value = 0.001). Since the p-value (0.001) was below the significance threshold, the conclusion was that there was no meaningful correlation between ROA and the frequency of corporate board meetings. Our results support the assertion made by Al-Daoud, Saidin, and Abidi (2016) that the frequency of board meetings significantly affects the financial performance of publicly traded companies in the Amman Stock Exchange-listed industry and service sectors. Additionally, the outcomes show that corporate board committees have a positive and significant impact on the profitability of agricultural companies listed on the NSE ($\beta 2 = 0.873094$, p-value = 0.036). Given that the p-value (0.036) was below the significance level, the conclusion was that there was no discernible relationship between the number of corporate board committees and ROA. The findings corroborated Ayman's (2022) assertion that Saudi non-financial firms' financial performance is significantly impacted by audit committees. Additionally, the results of this study indicated that the profitability of listed agricultural enterprises on the NSE ($\beta 3 = 0.3514199$, p-value = 0.778) was positively and marginally impacted by corporate board share ownership, as determined by the ratio of directors' shares to the total number of shares in the company. Corporate board share ownership appeared to have a considerable impact on ROA, as indicated by the p-value (0.778), which was greater than the significance level. The results run counter to the argument made by Josopandojo et al. (2020), who claimed that ownership structure significantly and favorably impacts the way agricultural businesses in the Indonesian market perform financially. Furthermore, the findings run counter to those of Xu et al. (2016), who argued that ownership structure enhances the financial performance of agricultural firms listed on Chinese stock exchanges.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study's conclusions indicate that the profitability of the NSE-listed agricultural firms is positively and considerably impacted by corporate board meetings. Thus, the profitability of agricultural companies listed on the NSE is probably going to rise with more regular corporate board meetings. This finding shows the importance of effective governance and strategic decision-making processes within these firms, highlighting the potential for increased financial performance when boards are actively engaged in overseeing company operations and direction. Additionally, corporate board committees positively and significantly affect the profitability of the NSE-listed agricultural firms. This implies that the more the number of corporate board committees in the main board leads to an improvement in profitability. The findings show the critical role that specialized committees play in guiding strategic decisions and overseeing key aspects of company operations within the agricultural sector. By fostering a platform for focused discussion and decision-making, corporate board committees contribute to enhancing the financial performance and overall competitiveness of these firms.

Further, corporate board share ownership is concluded to positively and insignificantly affect the profitability of the NSE-listed agricultural firms. This suggests that, as the percentage of directors' shares compared to the total number of shares in the company increases, profitability tends to increase as well. While corporate board share ownership may not directly impact profitability significantly, it's essential to maintain a diverse composition of board members with varied expertise, backgrounds, and perspectives. This diversity can contribute to more robust decision-making processes and strategic planning, ultimately enhancing profitability. Instead of emphasizing on corporate board share ownership, prioritize recruiting board members with relevant skills, experience, and industry knowledge. Seek individuals who can provide valuable insights and guidance to offer support to the company's strategic objectives and improve profitability. This study also concludes that corporate board tenure positively and insignificantly affects the profitability of NSE-listed agricultural firms. The lack of statistical significance suggests that variations in profitability are not systematically linked to variations in term limits of board members. As much as corporate board tenure is important for governance and oversight, term limits alone may not be a decisive factor in driving firm profitability within the context of agricultural firms listed on the NSE, Kenya.

Recommendations

This study’s findings were that corporate board meetings positively and significantly affect the profitability of the NSE-listed agricultural firms. It recommended that the management should encourage the scheduling of regular and structured board meetings to ensure consistent oversight and strategic decision-making processes within the agricultural firms. They should also establish a predetermined agenda and clear objectives for each meeting can help focus discussions on key issues impacting profitability. The study revealed that corporate board committees positively and significantly affect the profitability of the NSE-listed agricultural firms. It recommended that the firms should have sufficient board committees, especially those focused on strategic planning, finance, audit, and risk management to ensure that all the explicit matters of the firms are dealt with in due time by board members who have the expertise and know-how in those areas. This will hasten decision making hence improved performance. In addition, the companies should evaluate and strengthen the structures of board committees to ensure they are properly constituted with members possessing relevant skills and experience. This may involve identifying gaps in expertise and recruiting new members with diverse backgrounds.

The study's conclusions showed that the corporate board of directors’ share ownership had a small but favorable influence on the profitability of agricultural companies listed on the NSE. Despite corporate board share ownership having a positive association with profitability, its insignificant effect suggests that governance efforts should not overly prioritize this factor. Instead, boards should diversify their focus to include other critical aspects such as strategic planning, risk management, and operational efficiency. In addition, companies should consider implementing incentive structures that reward board members for achieving key performance metrics beyond just share ownership, such as revenue growth, cost reduction, and market expansion. The investigation additionally determined that corporate board tenure positively and insignificantly affects the profitability of the NSE-listed agricultural firms consequently; the study suggested that companies support policies that emphasize the qualifications and effectiveness of board members instead of solely focusing on their term limits which are assumed to familiarize them with the firm. The firms should also develop robust succession plans to ensure smooth transitions and continuity in board leadership. Identify and groom potential successors for key board positions to maintain stability while allowing for the introduction of fresh perspectives. They should also strive for diversity in board composition by recruiting members with varied backgrounds, expertise, and viewpoints.

This study's objective was to ascertain whether the corporate board of directors’ activities and the profitability of NSE-listed agricultural firms are related. It is challenging to extrapolate the results to companies in other industries listed on the NSE because the study was restricted to agricultural firms exclusively. Therefore, additional research needs to be done to ascertain how the corporate board of directors’ activities and the profitability of all the NSE-listed firms are related. Additionally, the study used ROA as a proxy for profitability. Thus, more research on the connection between corporate board of directors’ activities and company profitability as indicated by ROI or ROE should be carried out. As per the research outcomes, 23.37% of the profitability of listed agricultural companies on the NSE may be attributed to corporate board of directors’ activities. Consequently, additional research needs to be done to look into all the other variables affecting how the NSE-listed agricultural firms perform profitably.

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