



INFLUENCE OF STATEMENT OF CHANGES IN EQUITY ON FINANCIAL PERFORMANCE OF LISTED COMMERCIAL BANKS IN NAIROBI SECURITIES EXCHANGE

Andrew Nyangau *

Kisii University, School of business and economics department of accounting and finance.

***Corresponding Author**

Andrew Nyangau

Article History

Received: 20.11.2025

Accepted: 14.02.2026

Published: 29.03.2026

Abstract: This study examines the Influence of changes in equity on financial performance of listed commercial banks in Nairobi securities exchange. The study was grounded in stakeholder theory which collectively explain the role of financial reporting in enhancing transparency, accountability and decision making A descriptive research design was adopted, using secondary data collected from audited financial statements of listed commercial banks in Nairobi securities exchange over a five-year period from 2021 to 2025. A sample of eleven listed banks were maintained as the target population since census method was adopted. Data analysis involved both descriptive statistics by the use of mean, standard deviation, minimum and maximum. The inferential statistics techniques, including correlation and Panel data model to establish relationships between changes in equity and financial performance of listed firms in the NSE. Empirical evidence from prior studies indicated that accurate and comprehensive statement of changes in equity was inevitable. The study found out that, statement of changes in equity had a positive and significant effect financial performance of listed commercial banks in the NSE in Kenya. Consequently, a change in statement of changes in equity led to a significant change in financial performance of listed commercial banks in the NSE in Kenya. The study concluded that, a change in statement of changes in equity led to a change in financial performance of listed commercial banks in the NSE in Kenya. Thus, unit increase in statement of changes in equity led to a significant increase in financial performance of listed banks. The study recommended that listed commercial banks in the NSE should decrease their debt costs, increase their equity, retained earnings, pay dividends adequately. This would make them increase their statement of changes in equity and hence, financial performance.

Keywords: Statement of changes in equity, financial performance, Listed commercial banks, Nairobi securities Exchange.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license



Cite this article:

Nyangau, A., (2026). INFLUENCE OF STATEMENT OF CHANGES IN EQUITY ON FINANCIAL PERFORMANCE OF LISTED COMMERCIAL BANKS IN NAIROBI SECURITIES EXCHANGE. *ISAR Journal of Economics and Business Management*, 4(3), 39-49.

INTRODUCTION

1.1 Background of the study

Statement of changes in equity was a financial statement that presented the changes occurred in the owner's equity of an entity during an accounting period. (Jain & Narag, 2016). Statement of changes in equity was a financial report that summarized all transactions affecting shareholders' equity during an accounting period including profits earned, loss incurred, dividend distributed and adjustments arising from accounting policies. (Grewal, 2018).

Statement of changes in equity is a financial report that show how the equity of an entity changes from the beginning to the end of a reporting period, by detailed movements in share capital, retained earnings, reserves and transactions with equity holders such as dividends and owners' contributions. (Adeleke, 2019).

Statement of changes in equity illustrated how company's equity evolved over a financial period, reflected not only profits or losses but also transactions with owners, such as the issue of new shares, share buybacks and dividend payment. (Oteng, 2022).

The statement of changes in equity was a reconciliation of the beginning and ending balances of the various components of equity, provided a transparent view of the transactions between the entity and its owners in their capacity as owners. (Iraya, 2014). The statement of changes in equity was a specialized reporting tool that captured the residual interest of shareholders in the firm's assets after liabilities had been settled. (Njeru, Mwikamba & Simiyu, 2025).

1.2 Statement of the problem

Effective statement of changes in equity provided accurate timely and relevant information that enabled listed firms to assess and improve their financial performance. The statement of changes in equity serves as a critical tool to improve financial performance of commercial banks in Kenya

According to reports by Central bank of Kenya regulatory authority (CBK), the financial performance is measured using return on Asset (ROA) has remained fluctuated and declined trend due to increased operational costs loan defaults. CBK report indicated that the sector recorded an average ROA of about 15% in 2020, 14% in 2021, 14% in 2020, 15% in 2023 and 16% in 2024. The fluctuation in ROA indicated inefficiencies in the utilization of shareholders changes in equity (CBK, 2024)

Onduso (2022) analyzed the effect of changes in equity on performance of manufacturing firms in Kenya. The study addressed only the changes in equity components and profitability, ignored equity. In so doing, prior research

provided an incomplete picture of how changes in equity influenced financial performance. Ojeka et.al (2021) analyzed changed in equity and its impact on the performance of listed firms. The research failed to address other inferential statistics technics such as regression analysis in their study.

1.3 Objectives of the study

The study analyzed the effect of Statements of changes in equity on financial performance of listed commercial banks in the NSE.

1.4 Hypothesis testing

Ho4: Statement of changes in equity has no statistically significant effect on financial performance of listed commercial banks in the NSE.

2.1 Theoretical literature review

2.1.1 stakeholders' theory

Stakeholders' theory was mainly developed by R. Edward Freeman in 1984. Stakeholders' theory was a management ethical theory which stated that business should consider the interest of all people affected by its activities, not just the owners or stakeholders. (Awa, Etim & Ogbonda, 2024)

Stakeholders' theory had the following assumptions; it assumed that firms operated with multiple stakeholders, it assumed that stakeholder's interest was legitimate, assumed that managers must balance interests, relationships matter for long term value, assumed that value creation was for all stakeholders. (Gunawan, 2023)

The following were the limitations of stakeholders theory: the problem of managerial accountability where by managers became accountable to no one after being made accountable to multiple groups, instrumentalism as many firms adopted stakeholders rhetoric purely for reputation management rather than a genuine moral shift and trade-off paradox which assumed a win -win scenario is always possible, the theory may not be applicable in all industries or businesses contexts ,where the primary focused on efficiency and profitability. Lastly, it consumed time and was resource intensive to engage all stakeholders ,especially in large or global organizations. (Valentinov, 2022)

The theory had various critics such as lack of prioritization mechanism as it failed to provide a clear method for weighed the competing interests of various stakeholders groups ,often making it difficult to resolve conflict, imprecision in identification as it was difficult to identify precisely who or what counted as a stakeholder making the theory difficult to implement in practice ,difficult to implement as it was argued that the companies cannot always fulfill everyone's interest such as increasing employee salary while simultaneously lowering prices for consumers and lastly undermining of market principles as it

was argued that when applying social contract to the corporation contradicts market economics which led to weak stakeholders being exploited by managers. (Inkpen & Sundaram, 2024)

The relevance of stakeholders' theory was that organizations should consider the interests of all stakeholders when preparing and presenting financial information. This was reflected in the balance sheet, income statement, statement of changes in equity and cashflow statement collectively, as they together showed the firm's financial position, performance, equity movements and liquidity, enabling stakeholders to make informed decisions.

2.2 Empirical literature review

2.2.1 Statement of changes in equity and financial performance

Dumitru and Bondoc (2024) conducted a comprehensive empirical investigation into the utility of statement of change in equity primary diagnostically tool for assessing financial performance and utility stability. A sample size totalling between 100 to 500 companies was adopted. The study was carried out using a quantitative comparative research design. By analysing longitudinal data from listed companies, the researchers aimed to bridge the gap between static equity reporting and dynamic profitability metrics. Purposive sampling technique was used in selecting firms that maintained consistent reporting standards. The findings of the study revealed a statistically significant positive relationship between growth of retained earnings and the sustained financial resilience of the entries. The study concluded that statement of changes in equity served as an essential early warning system. They recommended that managers should use statement of changes in equity as a strategic management tool not just as a compliance report.

Khan ,Arshad and Uzma (2022) explored the relationship between the statement of changes in equity and financial performance of manufacturing firms in Pakistan .The research was motivated by the need to understand how capital structures specifically the transition of wealth as documented in the statement of changes in equity influence a firm's ability to remain profitable in a volatile emerging economy .Pecking order theory was used .The study utilized a quantitative research design analysed a sample size of 100 manufacturing firms listed in Pakistan stock exchange (PSX) over a ten –year period from 2011 to 2022.To measure financial performance ,the researchers utilized return on assets(ROA) and return on equity (ROE) as the primary accounting based dependent variables .The methodology involved application of panel data regression. The findings revealed a statistically significant positive relationship between the growth in total equity documented in statement of changes in equity and both return on asset and return on equity. In conclusion the researchers argued

that statement of changes in equity is a critical tool for assessing the quality of firm's earnings. They recommended that managers should focus on long-term capital retention strategies and ensure that equity movements are transparently reported as these factors are highly correlated with sustained financial performance.

Dube and Naidoo (2024) did a study which was grounded in the premise that statement of changes in equity served as a primary indicator of a firm's internal capital strength and financial maturity. The study employed a quantitative research design utilizing a panel of dataset of listed industrial and manufacturing companies on the Johannesburg stock exchange (JSE) over an eight –year period. To measure financial performance the researchers used Tobin's Q as a proxy for market-based performance and return on assets (ROA) for accounting-based performance. The methodology involved multiple regression analysis and the use of Fama- French model to control the market risk factors. The findings revealed a statistically significant positive relationship between cumulative equity and Tobin's. In conclusion the researchers argued that the statement of changes in equity is a vital tool for signalling financial health of the broader market. They recommended that corporate boards should pay closer attention to the narrative told by equity movements as consistent growth in this area not only improves internal solvency but also significantly boosts firm's competitive standings and attractiveness to long-term investors.

Al-Qudah (2023) examined the impact of statement of changes in equity on the financial performance of listed firms within Jordanian service sector. The research aimed to establish the statement of changes in equity as a primary indicator of a firm's ability to navigate economic cycles and deliver value in the emerging Amman stock exchange (ASE) market. Signalling theory was adopted. The research utilized a quantitative research design and focused on a sample size of 42 services companies listed on the Amman stock exchange (ASE). The study analysed panel data covering a ten –year period from 2013 to 2022.To ensure financial performance, he employed earnings per share (EPS) and return on equity (ROE) as primary dependent variables. The methodology involved use of a fixed –effects regression model. The findings revealed a positive relationship between growth in total equity reported in statement of changes in equity and earnings per share. In conclusion, AL-Qudah argued that statement of changes in equity was a fundamental predictor of a firm's future financial trajectory. The study recommended that financial managers should focus on strategies that promote consistent growth of equity and ensure statement of changes in equity is presented with high degree of clarity.

Omondi and Muturi (2013) analysed statement of changes in equity in lens of retained earnings and revaluation reserves.

The study adopted pecking order theory which explored the conflict of interests between shareholders and managers, particularly how debt can be used as a tool to discipline management. They used secondary data which was extracted directly from the audited annual statements between 2006 and 2012 with a sample size of 29 firms listed in Nairobi securities exchange (NSE). Purposive sampling technique was used. They utilized multiple regression analysis. The findings emphasized on the need to cover short-term obligations (often funded through working capital equity). The researchers concluded that capital structures components specifically between debt and equity are critical determinants of a firm's success. They further recommended that firms should prioritize the use of retained earnings to fund expansions, as this reduces the risks associated with external borrowing.

Araya (2022) analysed the standardized structure of the statement of changes in equity mandated by IAS 1 in relation to financial performance. The researcher used a combination of primary data (questionnaires) and secondary data sourced from the statement of changes in equity and other financial reports. A sample size of 144 firms listed in Nairobi security exchange covering a six –year period from 2006 to 2022 was used. Agency theory was adopted in the study. The study involved descriptive and conceptual research design. The findings of the study revealed that firms which successfully manage their equity accounts to attract external investors showed a higher growth rate in net profit. He concluded that the statement of changes in equity is a lead indicator of a firm's future performance. He further recommended that firms in Kenya should improve their financial reporting and transparency in equity movements.

2.3 Research gaps

Khan, Arshad and Uzma (2022) explored the relationship between the statement of changes in equity and financial performance of manufacturing firms in Pakistan. Pecking

order theory was used. The study utilized a quantitative research design analysing a sample size of 100 manufacturing firms listed in Pakistan stock exchange (PSX) over a ten –year period from 2011 to 2022. To measure financial performance, the researchers utilized return on assets (ROA) and return on equity (ROE) as the primary accounting based dependent variables. The methodology involved application of panel data regression. Ochieng' and Agong' (2025), conducted a study on equity investment and financial performance of companies. The study adopted agency, signalling and modern portfolio theories but failed to adopt pecking order theory.

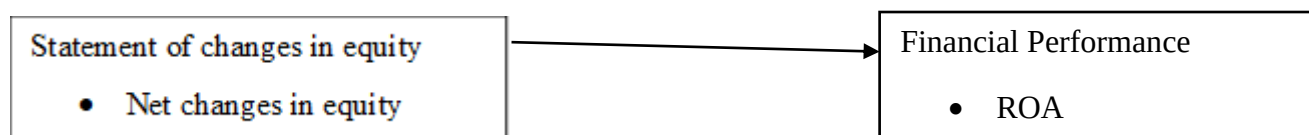
Araya (2022) analysed the standardized structure of the statement of changes in equity mandated by IAS 1 in relation to financial performance. The researcher used a combination of primary data (questionnaires) and secondary data sourced from the statement of changes in equity and other financial reports. A sample size of 144 firms listed in Nairobi security exchange covering a six –year period from 2006 to 2022 was used. Agency theory was adopted in the study. The study involved descriptive and conceptual research design. Houston and Brighman (2022) studied on statement of changes in equity and financial reporting and performance. The study employed dividend theory and capital structure theory but failed to apply agency theory. The study used conceptual framework approach and comparative analysis but failed to use descriptive analysis design.

2.4. Conceptual framework

A conceptual framework is a structure that researchers use to organize the key concepts of a study and explain how they are connected. It guides the research by showing how the variables interact and influence each other. It is defined as a diagrammatic or written representation that showed the relationship between the independent variables and the dependent variables in a research study.

Figure 2.1

Conceptual Framework



Source: Researchers (2026)

The statement of changes in equity showed the movement in owner's equity over a given period, including retained earnings, additional contributions and dividends. Financial performance affects equity because profits increase retained earnings, while losses reduced equity. An increase in equity

indicated that the organization is generating value for its members and shareholders, which reflected positive financial performance.

RESEARCH METHODOLOGY

3.1 Research design

Descriptive research design accurately and systematically described a population, situation or phenomenon. The research design worked as follows: it defined the research problem, selected a representative sample, choose a non-invasive method, collected data either through surveys or

case studies. Araya (2022) used descriptive research design method in her studies of chimpanzees in Gombe Stream National Park in Tanzania.

3.2 Target population

According to NSE report of 2026, there were 11 listed commercial banks in the NSE.

Table 3.1
Target population

BANKING	
1.	ABSA Bank Kenya Plc Ord 0.50
2.	BK Group Plc Ord 0.80
3.	Diamond Trust Bank Kenya Ltd Ord 4.00
4.	Equity Group Holdings Plc Ord 0.50
5.	HF Group Plc Ord 5.00
6.	I&M Holdings Plc Ord 1.00
7.	KCB Group Plc Ord 1.00
8.	NCBA Group Plc Ord 5.00
9.	Stanbic Holdings Plc ord.5.00
10.	Standard Chartered Bank Kenya Ltd Ord 5.00
11.	The Co-operative Bank of Kenya Ltd Ord 1.00

Source: NSE (2026)

3.4 Sampling and sample size

This study adopted censures method where by all commercial banks listed in the NSE were represented as the sample size.

3.5 Research instrument

The study adopted secondary data which was collected using data collection sheets as the research instrument for a period of 5 years from 2021 to 2025.

3.6 Data analysis

The study employed both descriptive and inferential statistics to analyse data. The researcher used descriptive statistics to summarise the basic features of the financial data, which included calculating mean, standard deviation, minimum and maximum values for each financial statement components. To establish the relationship between statement of changes in equity and financial performance, panel data models was adopted. The product moment correlation

analysis was also adopted. Data was to be presented using tables and figures.

Simple regression model

Simple regression model

$Y = \beta_0 + \beta_{1it} X_{1it} + \epsilon$

Y= Financial performance

β_0 = Constant

X_{1it} = Statement of changes in equity

ϵ = error term

DATA ANALYSIS

4.1 Descriptive data analysis

The study carried out descriptive analysis to determine how net changes in equity influence financial performance of listed commercial banks in NSE.

The findings were presented in table 4.1 and 4.2 below;

Table 4.1:*Statement of changes in equity*

Commercial Banks	Minimum	Maximum	Mean	Standard deviation
ABSA Bank Kenya Plc	0.06	2.10	1.08	0.01
BK Group Plc	0.97	1.39	1.17	0.16
Diamond Trust Bank Kenya Ltd	0.54	1.90	1.08	0.52
Equity Group Holdings Plc	3.10	4.30	3.24	0.89
HF Group Plc	0.91	3.02	1.09	0.87
I&M Holdings Plc	0.60	2.10	1.16	1.73
KCB Group Plc	3.64	4.60	3.90	1.57
NCBA Group Plc	1.70	2.10	1.79	0.64
Stanbic Holdings Plc	1.50	1.70	1.12	0.08
Standard Chartered Bank Kenya Ltd	0.60	3.60	1.62	4.05
The Co-operative Bank of Kenya Ltd	2.40	3.80	2.78	3.03

Source: Field Data (2026)

The study established that Absa bank recorded a mean value of 1.08 billion and a standard deviation of 0.01, BK Group recorded a mean value of 1.17 billion and a standard deviation of 0.16, Diamond trust Bank had mean value of 1.08 billion and standard deviation of 0.52, Equity bank recorded a mean value of 3.24 billion and a standard deviation of 0.89, HF Group recorded a mean value of 1.09 billion and a standard deviation of 0.87, I & M Bank reported a high mean value of 1.16 billion and a standard deviation of 1.73, KCB Bank had a mean of 3.90 billion and a standard deviation of 1.57, NCBA Bank recorded a mean value of 1.79 and a standard deviation of 0.64, Stanbic

Holdings recorded a mean value of 1.12 billion and a standard deviation of 0.08, the Standard chartered Bank had a mean value of 1.62 billion and a standard deviation of 4.05. The cooperative Bank had a mean value of 2.78 billion and a standard deviation of 3.03.

4.1.1 Financial performance

The study aimed at determining the Return on Asset of listed commercial banks in NSE to assess financial performance. The data was obtained from annual financial reports and analyzed using descriptive statistics to establish the mean and standard deviation for each institution.

Table 4.2:*Financial performance*

Commercial Banks	Minimum	Maximum	Mean	Standard deviation
ABSA Bank Kenya Plc	0..15	0.18	0.16	0.01
BK Group Plc	0.20	0.23	0.22	0.01
Diamond Trust Bank Kenya Ltd	0.15	0.17	0.16	0.01
Equity Group Holdings Plc	0.22	0.23	0.23	0.01
HF Group Plc	0.54	0.61	0.58	0.01
I&M Holdings Plc	0.26	0.29	0.27	0.03
KCB Group Plc	0.16	0.18	0.17	0.01
NCBA Group Plc	0.17	0.23	0.19	0.01
Stanbic Holdings Plc	0.26	0.30	0.28	0.02
Standard Chartered Bank Kenya Ltd	0.44	0.48	0.45	0.01
The Co-operative Bank of Kenya Ltd	0.15	0.16	0.15	0.02

Source: Field Data (2026)

The study established that Absa bank recorded a mean value of 0.16 and a standard deviation of 0.01, BK Group recorded a mean value of 0.22 and a standard deviation of 0.01, Diamond trust Bank had mean value of 0.16 and standard deviation of 0.0, Equity bank recorded a mean value of 0.23 and a standard deviation of 0.01, HF Group recorded a mean value of 0.58 and a standard deviation of 0.87, I & M Bank reported a high mean value of 0.27 and a standard deviation

of 0.03, KCB Bank had a mean of 0.17 billion and a standard deviation of 0.01, NCBA Bank recorded a mean value of 0.17 and a standard deviation of 0.011, Stanbic Holdings recorded a mean value of 0.28 billion and a standard deviation of 0.02, the Standard chartered Bank had a mean value of 0.45billion and a standard deviation of 0.01. The cooperative Bank had a mean value of 0.15 billion and a standard deviation of 0.02.

4.2 Correlation analysis

Table 4.3

Correlation analysis

		Statement of changes in equity	Financial performance
Statement of changes in equity	Pearson Correlation	1	.560(**)
	Sig. (2-tailed)		.000
	N	55	55

Source: Field Data (2026)

The study identified that; statements of changes in equity had strong positive and highly significant correlation with financial performance of listed commercial banks in the NSE in Kenya. $r=.560(**)$ $P=.000<0.001$. These findings agreed Dumitru and Bondoc (2024) who discovered that there was a significant correlation between the profitability and statement of changes in equity of NSE.

4.3 Panel data analysis

In addition, the study carried out panel data analysis to find out how statement of changes in equity affected financial performance of listed commercial banks in the NSE in Kenya. The findings were presented in table 4.4 below.

Table 4.4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.560(a)	.531	.529	.02637

Source: Filed data 2026

a. Predictors: (Constant), statement of changes in equity

The study revealed that, R was =.560. Hence, statement of changes in equity had a positive correlation with financial performance of listed commercial banks in the NSE in

Kenya. Furthermore, the study established that, the model had an R square of .531. Thereby, change in statement of changes in equity led to 53.1 % change in financial performance of listed commercial banks in the NSE in Kenya.

Table 4.5

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.096	1	.096	138.342	.000
	Residual	.211	54	.001		
	Total	.55	55			

Source: filed data 2026

a. Predictors: (Constant), statement of changes in equity

b. Dependent Variable: Financial performance

The study identified that, F test was 138.342, $P=.000<0.05$. Therefore, the overall regression model was fit for the study. Further, the results of the study revealed that, statement of

changes in equity had a significant impact on financial performance of listed commercial banks in the NSE in Kenya. These findings disagreed with AL-Qudah, (2023) who noted that, statement of changes in equity had a negligible significant positive relationship between statement of changes in equity and financial performance.

Table 4.6

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	.099	.005	18.467	.000
	Statement of changes in equity	.545	.046	.560	.000

Source: field data 2026

a. Dependent Variable: Financial performance

The study revealed that statement of changes in equity had a positive and significant effect of listed commercial banks in the NSE in Kenya. $B= .545$, $t=11.762$, $P=.000<0.05$. Taking other factors to be constant at zero, statement of changes in equity led to 9.9% change in financial performance of listed commercial banks in the NSE in Kenya. Additionally, the study noted that, a change in statement of changes in equity led to 54.9% change in financial performance of listed commercial banks in the NSE in Kenya. Thus, variation in statement of changes in equity led to significant increase in of listed commercial banks in the NSE in Kenya. These findings disagreed with Dube and Naidoo (2024) who noted that, statement of changes in equity and financial performance of the listed banks had a very shaky positive association. The panel data model is presented below

$$Y_{it} = \alpha + \beta_1 X_{1it} + \epsilon_{it}$$

$$Y = .099 + .545X_{it} + \epsilon$$

4.3 Hypothesis Testing

The study carried out hypotheses testing based on table 4.6 above

H₀₁: Statement of changes in equity had no statistically significant effect on financial performance of listed commercial banks in Kenya.

The study established that, statement of changes in equity had a positive and significant effect financial performance of listed commercial banks in the NSE in Kenya. $B= .384$, $t=26.707=.000<0.05$. Thus, the null hypothesis was rejected.

Table 4.7

Summary of hypotheses testing

Hypothesis	Result	conclusion
H₀₁: Statement of changes in equity had no statistically significant effect on financial performance of listed commercial banks in Kenya.	$P=.000<0.05$.	The null hypothesis was rejected.

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Findings of the study

The study found out that, statement of changes in equity had a positive and significant effect financial performance of listed commercial banks in the NSE in Kenya.

Consequently, a change in statement of changes in equity led to a significant change in financial performance of listed commercial banks in the NSE in Kenya. Thus, unit increase in statement of changes in equity led to a significant increase in financial performance of listed commercial banks in NSE.

5.2 Conclusions of the study

The study concluded that, statement of changes in equity had a positive and significant effect financial performance of listed commercial banks in Kenya. Additionally, the study established that, change in statement of changes in equity led to a change in financial performance of listed commercial banks in the NSE in Kenya. Thus, unit increase in statement of changes in equity led to a significant increase in financial performance of listed banks.

5.3 Recommendations of the study

The study recommended that listed commercial banks in the NSE should decrease their debt costs, increase their equity, retained earnings, pay dividends adequately. This would make them increase their statement of changes in equity and hence, financial performance. Further, the study recommended that, listed commercial banks in the NSE in Kenya should be more vigilant on statement of changes in equity levels as it directly and significantly affects their financial performance.

Reference

12. Kasaniak, P., Miroga, J., Makokha, E.N, (2025) cashflow management on financial performance of commercial banks in Eldoret city. *International journal of recent research in commerce*, vol 12, pg.:(54-69)
13. Beaver, W. (2009) financial reporting supplemented disclosure and bank share prices. *Journal of Accounting research*, vol 27(2) pg. 157-178
14. Bukvic, R., Pavlovic, A., Gajic, A. (2023) Static and dynamic indicators in the analysis of internal sources of companies investing financing. *Journal of modern Accounting and Auditing* 108-120
15. Awa, H.O., Etim, W. and Ogbonda, E. (2024) Stakeholder theory and corporate social responsibility. *International journal of corporate social responsibility* 11 <https://doi.org/10.1186/540991-024-00094-9>
16. Frank, W. and Sangster, A., (2018). Business accounting (14th edition) *Pearson education limited*
17. Jain, S.P. and Narang, K.L. (2016) advanced accountancy (vol 1). *Kalyani Publishers*
18. Adeleke, A. (2019) A advanced financial accounting and reporting. University Press Nigeria.
19. Oteng, G. (2022) Financial reporting and analysis in Ghana Accra Scholarly press
20. Gunawan. (2023) Stakeholder theory. *Encyclopaedia of sustainable management* (pg. 1-10) <https://doi.org/10.1007/978-3-031-25984-5-24>
21. Yilmaz, I. and Samour, A. (2024) The effect of cashflow on financial performance. Evidence from Middle East and North Africa. *International journal of financial management*. vol 17 pp 53 <http://doi.org/10.3390/jrm1720053>.
22. Kaya, I. and Ozcelik, H. (2023). The effect of cashflows on firm performance: research on BIST, *Istanbul journal of economics*, vol. 73(73-1) pg. 333-358
23. Mansi, N.E., Obah, D., Ofonioni, S.B., (2025). Cashflow management and financial performance on the experienced of Nigerian deposit money banks. *Journal of Accounting and marketing Research*, vol 10(2)
24. Akpan, D.C., Effiong, S.T., Odudoh, S.U. (2025). Empirical Analysis of the effect of cashflow management on financial performance of listed consumer goods firms in Nigeria. *International journal of accounting intelligence*, vol 3(1)
25. Nyamasege, D. and Akuku, C., influence of cashflow statement reporting dimensions and financial performance of firms listed in Nairobi securities exchange.
26. Chepkoech, D., Miroga, J., (2025) Cashflow management practices and financial performance of non-financial firms listed in Nairobi security exchange. *International journal of finance*. Vol 10 (4) pp1-22
27. Kieso, D.E., Weygandt, J.J. and Warfield, T.D. (2025) *intermediate accounting (19th edition)*. John Wiley and sons
28. Kahn, R. (2015). Financial statement analysis and the role of balance sheet in firm valuation. *Journal of accounting and finance* vol 15(2) pg. 45-60
29. Sheposh, R. (2022). *Balance sheet accounting tools*. https://www.accounttools.com/articles/the_balance_sheet
30. Krishnan, V. (2023). Balance sheet explained. Zoho Academy <https://www.zoho.com/books/academt/accountingprincipals/balancesheet.html>
31. Ofuneye, A.M. (2018). Financial reporting and firm performance in Nigeria. *International journal of accounting research* vol 6 (2) pg. 45-53
32. Odoemelam, N. (2021). Financial statement analysis and firm performance in Nigeria. *Journal of accounting and taxation*, vol 13(2) pg. 44-52)
33. Mwangi, J.K. (2021). Financial reporting practices and performance of SACCOs in Kenya. *International journal of business management and finance*, Vol 5(1). Pg 33-42
34. Wanyama, P. (2019) Financial reporting practices and performance of SACCOs in Kenya. *International journal of finance and accounting* vol 4(20) pg. 45-54
35. Accounting: understanding and practise. Robert Perks and Danny Leiwy. Published 2010, pg. .29
36. Smith. A, Miller A and Johnson A 2020. Empirical analysis of financial reporting dimensions. *Journal of financial reporting* 10(3)-45-60. Vol 30
37. Omondo, 2022. Enhancing IFRS implementation in Africa Through capacity building. *Journal of*

- accounting and management,21(1),215-20715646104 Vol30
38. National examinations council of Tanzania (NECTA).2019, Advanced level and O- level accounting syllabus
 39. Accounting and auditing board of Ethiopia (AABE),2014. adopting of IFRS in Ethiopia framework
 40. Chen.H,2019.The role of financial reporting standards in accounting quality evidence. *Journal of international financial management and accounting*,30(1),42-73.vol 30
 41. KASNEB, 2021. Introduction to financial accounting study manual Nairobi KASNEB publication
 42. Kiabel, N. D, 2018. Principles of financial accounting. Nairobi East African Educational publishers
 43. Fatihudin,2018.Financial performance measurement and Management
 44. Muritala, T.A, 2013. An empirical analysis of capital structure on firm performance in Nigeria. *International journal of advance in management and economics*
 45. Abor and Biekpe, N. (2007).Corporate governance, ownership structure and performance of SMES in Ghana. *The international journal of business in society*
 46. Vadeboncoeur and Jennifer, PhD (2025). Institutional theories research starters
 47. Chen,K. and Tzeng,C. (2019).The relationship between profitability indicators and financial performance of manufacturing firms. *International journal of financial research*, vol10(2), Pg 45-56
 48. Fatihudin,D. Mochklas, M. and Suryanto,T.(2018) The influence of profitability on financial performance of firms. *International journal of civil engineering and technology*, vol9(10)1557-1566
 49. Ntim,C. (2016). Corporate Governance financial reporting and firm performance in South Africa. *South African journal of Accounting Research*, vol30(2), pg119-146
 50. Uwuiigbe, U. (2018). Profitability reporting and corporate financial performance of listed firms in Nigeria.*African research review* vol 12(3), pg142-253
 51. Nyoronga,P.(2018). Income statement components and financial performance of listed companies. *Journal of accounting and finance research*, vol 7(3), Pg 112-120
 52. Mwangi, J.K. (2020) Financial reporting and financial performance of commercial banks in Kenya. *African journal of business management*, vol14(5), Pg 140-150
 53. Sacco societies regulatory authority.(2024). SACCO sector annual report 2023/2024.SASRA
 54. Mwangi, M. & Murigu, J.W. (2015).The determinants of financial performance in general insurance companies in Kenya. *European Scientific Journal, ESJ*, vol 11(1), Pg288-307.
 55. Mwangi, M., & Iraya, C.W. (2014). Determinants of financial performance of general insurance underwriters in Kenya. *International journal of business and social science*, vol 5 (13), Pg210-219.
 56. Atieno, E. (2022). Financial performance and investment decision making in Kenya. *African journal of commercial studies*, vol 1 (2), Pg1-7.
 57. Njeru,F.M., Mwikamba ,T., & Simiyu ,J.(2025) .The role of equity financing in determining financial performance of commercial and services firms listed on Nairobi Securities Exchange ,Kenya. *International journal of finance and accounting*, vol 4(1), Pg 272-284.
 58. Hall, T., Pavlakis, G., & Ciriello, R.F. (2025).”Who counts “A compassionate critique of stakeholder theory in IS. *Communications of the Association for Information Systems*, vol 57(1).
 59. Valentinov, V., & Roth, S. (2024). Stakeholder’s theory: Exploring systems –theoretic and process-philosophic connections. *Systems Research and Behavioural Science*, vol 41(2),Pg 301-315.
 60. Inkepen, R., & Sundaram, A. K (2024).The corporate objective revisited: A critical perspective on stakeholders’ theory. *Organization Science*, vol 35(2),Pg 412-428.
 61. Omondi, M.M., & Muturi, W. (2013).Factors affecting financial performance of listed companies at the Nairobi Securities Exchange in Kenya. *Research journal of finance and accounting*, 4(15), 99-105.
 62. Araya, S. (2022). Impact of International Financial Reporting Standards on the quality of financial statements. *Journal of accounting and financial management*, 8 (3), 45-59.
 63. Dumitru, M. I., Bondoc, M.D. (2024). The statement of changes in equity-Entity performance analysis: A comparative study on financial profitability. *Scientific Bulletin Economic Sciences*, vol 23, pp. 169-176.
 64. Dube, T., & Naidoo, T. (2024).The impact of equity reporting on firm value and financial performance: Evidence from manufacturing firms on the Johannesburg Stock Exchange. *South African journal of accounting Research*.
 65. AL-Qudah, A.A. (2023).”The relationship between the statement of changes in equity and financial performance: Evidence from the Jordanian service sector “. *International journal of financial research*, 14 (2), pp. 88-101.
 66. Khan, M., Arshad, S., & Uzma, N. (2022). The impact of equity capital structure on financial performance of manufacturing firms: Evidence from Pakistan. *Journal of finance and accounting perspective*, 10 (1) pp. 112-128.
 67. Lluch, J. (2025). _Financial Reporting Fundamentals: Beyond Compliance to strategic insight.

68. Cieslik, A. & Hamza, J. (2022). Inward FDI, IFRS Adoption and Institutional Quality, Insights from the MENA countries.
69. Randriamiarana, J. (2016). The role of accounting in economic development: Case of IFRS adoption in Western Africa.
70. ECD. (2025). Revenue statistics in Africa 2025.
71. Nyoro, A.N. & Theuri, J. (2026). Internal Audit functions Independence and Financial Reporting Quality in Deposit-Taking SACCOs in Kenya. *Journal of Finance and Accounting*, 10(1)
72. Yusuf, J.E., Jordan, M.M., Neill, K.A. & Hackbarth, M. (2013). For the people; Popular Financial Reporting practices of local Governments.
73. Mbugua, N. N. (2024). Balance sheet reporting and financial performance.
74. Oyieko, M., Nyamasege, D., & Caleb, A. (2025). Effects of balance sheet reporting on financial performance of firms listed at Nairobi Securities Exchange. *Journal of Business and Management*.
75. Naskova, M., Prochazkova, S. J. & Jelinkova, E. (2022). Balance sheet rules and their influence on business performance.
76. Chen, Z., Nadeem, S., & Peiris, S. J. (2021). Bank balance sheets and external shocks in Asia. The role of FXI, MPMs and CFMs. International Monetary Bank.
77. Oluyambo, S. O. (2014). Effect of balance sheet size on the performance of commercial banks in Nigeria. *International Journal of Business and Management Invention*, 3(2), 36–44.
78. Bhardwaj, S., Nicholson, G., & Morgan, D. (2025). How being a former/current executive impacts directors' boardroom dynamics and board role perception. *Accounting, Auditing & Accountability Journal*, 38(9), 105–132.
79. Mitnick, B. M. (2021). Origin of the Theory of Agency. Oxford Research Encyclopedia of Business and Management.
80. Pinions, R. A., Macías, H., Castrillon, L., Eslava, R., & De la Cruz, S. (2025). Analysis of the capital structure of Latin American companies in light of trade-off and pecking order theories. *Journal of Risk and Financial Management*, 18(3), 399.
81. Kamaruddin, K. A., Said, R., Yusof, S. N. S. Arshad, R., & Ahmad, A. (2025). Sustainability Agency Theory: A New Agency Framework for Social Enterprises. *Sustainability*, 17(10), 4778.
82. Onduso, E.O. (2022). Financial reporting and performance of manufacturing firms in Kenya. *Journal of Finance and Strategic management*, 6(4), 101-115.
83. Ojeka, S.A., Mukoro, D.O. & Kanu, C. (2025). Does Financial Reporting disclosures enhance firm's financial performance in the Nigerian manufacturing companies, *Mediterranean Journal of social sciences* 6(6), 332-341
84. Khan, P. & Ferris R.M. (2011) definition of balance sheet, An introduction Harlow England, Eason Education
85. Kieso, D.E Weygandt, J.J. & Warfield, T.D. (2005) definition of balance sheet, intermediate accounting. Hoboken, NJ John Wiley & sons
86. Paul Khan & Robert, M.F. (2011) Definition of balance sheet south Africa department of Basic Education Pearson Education.
87. ZIMSEC (Zimbabwe school examination council), (2025) definition of balance sheet, Harare Revision co-academic revision model, Zimbabwe school examination council
88. Kenya National Examination council, (2012) definition of balance sheet, principles of accounts syllabus, Nairobi Kenya national examination council
89. Ngumi, P. (2014), Definition of balance sheet, financial accounting for colleges, Nairobi Kenya longhorn publishers
90. Aksom, H. & Tymchenko, I. (2020) How institution theory Explain and fail to explain organisations. *Journal of organisational change management* 33, 1223-1252
91. Mohamed (2017) criticism of institution theory, *international journal of scientific and technology* 6, 7156-8616