



**DETERMINANTS OF FINANCIAL PERFORMANCE OF FIRMS LISTED ON THE RWANDA STOCK EXCHANGE  
PERIOD: 2017-2020**

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**ABSTRACT**

*The general objective of this study was to assess determinants of financial performance of firms listed on the Rwanda Stock Exchange. Specifically the study ascertained the influence of dividend policy on the financial performance of Rwanda Stock Exchange-listed companies, determine the influence of capital structure on the financial performance of Rwanda Stock Exchange-listed firms, assess the influence of corporate governance on the financial performance of Rwanda Stock Exchange-listed companies and establish the influence of timely rendition of information on the financial performance of firms listed on the Rwanda Stock Exchange. For this case of the study the survey was carried out in the work of RSE. The target population for this study was employees of the firms listed at Rwanda Stock Exchange as at the year 2020. Therefore, the total population involved in this study was 26,780 People. The researcher applied the formula developed by Solvin to determine the sample size. 394 respondents selected from firms listed at Rwanda Stock Exchange. The study purposively sampled the calculated sample size from the ten companies. The study applied the following tools of data collection; documentary and questionnaires. The researcher used the descriptive, bi-variate and multivariate analysis. The results showed that there is strong correlation between capital structure and financial performance of Rwanda Stock Exchange as Pearson correlation is 0.804. Since the Pearson Correlation value was 0.805 and it was significant, the researcher proved that there is strong and positive relationship between Corporate governance and financial performance of Rwanda Stock Exchange. The results showed that there is strong correlation between Timely rendition of Information and financial performance of Rwanda Stock Exchange as Pearson correlation was 0.709. Regulatory and statutory returns should be clearly defined by companies, and guidelines for reporting and returning should be self-explanatory and clear.*

**Key Words:** *Capital structure, Corporate governance, Dividend policy, Stock exchange, Timely rendition of information, Financial performance.*

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## INTRODUCTION

Policy makers in Rwanda are working toward developing Rwanda's economy by 2020, which necessitates encouraging stock market participation and growth by making it easier for the stock market to expand, flow, and regulate itself. Investors' interests are safeguarded by the government, which offers guidance and guidelines to companies seeking funding. Infrastructure is provided, as well as a hospitable business environment (Doreen, 2013).

Rwanda Stock Exchange continues to face difficulties despite government support. The Rwandan stock exchange is not growing at the expected rate. Despite government efforts, Rwanda's stock exchange is confronted with many difficulties, on the subject of emerging stock markets in Africa. Wilson (2015) emphasizes the importance of increasing capital for firms and economic growth, emphasizing the role of the capital market in Rwanda's economic transformation. Few companies are yet listed on the stock market, according to the research. On the basis of his findings, he recommended that an investigation be carried out into the impact of capital structure and corporate governance on the financial performance of RSE-listed firms, concluding that listed company financing decisions entailed many policy considerations, with such decisions impacting capital structure, corporate governance, and profitability.

Warren et al. (2013) who carried out a study to assess the factors affecting financial performance of cross-listed Rwandan companies. Dividend policy and its impact on RSE 9-listed firms were identified as being very important.

It is from the above point that the researcher came out with idea to conduct a study on determinants of financial performance of firms listed on the Rwanda Stock Exchange.

### Objectives of the study

The general objective of this study was to assess determinants of financial performance of firms

listed on the Rwanda Stock Exchange. Specifically the study aimed at the following objectives:

- To ascertain the influence of dividend policy on the financial performance of Rwanda Stock Exchange-listed companies.
- To determine the influence of capital structure on the financial performance of Rwanda Stock Exchange-listed firms.
- To assess the influence of corporate governance on the financial performance of Rwanda Stock Exchange-listed companies.
- To establish the influence of timely rendition of information on the financial performance of firms listed on the Rwanda Stock Exchange.

The study was guided by the following hypothesis;

- H0: The determinants have no significant influences on financial performance of firms listed on the Rwanda Stock Exchange.
- H0<sub>1</sub>: The dividend policy of firms listed on the Rwanda Stock Exchange has no significant influence on their financial performance.
- H0<sub>2</sub>: The capital structure of firms listed on the Rwanda Stock Exchange has no significant influence on their financial performance.
- H0<sub>3</sub>: Corporate governance has no influence on the financial performance of Rwandan firms listed on the Rwanda Stock Exchange.
- H0<sub>4</sub>: Timely rendition of information has no significance influence on the financial performance of firms listed on the Rwanda Stock Exchange.

## LITERATURE REVIEW

In relation to the study's goals, this section discusses previous research. Dividend policy, capital structure, timely rendition information and corporate governance were all examined in this section, as was disclosure of financial performance. It is possible to place one's research within an

intellectual and historical context using a literature review. To put it another way, a review of the literature aids the author in explaining why their research is important.

#### **Related studies on dividend policy and financial performance**

Observations show that firms in developing countries smooth their earnings, which increases the dividends they pay. Policy on corporate dividends varies not only over time, but also between countries, particularly between developed, developing, and emerging capital markets. A company's value is determined by the dividends it pays out; therefore, the dividend policy will have an effect on the firm's cost of capital directly out (Adediran & Alade, 2013).

#### **Related studies on capital structure and financial performance**

Additional evidence for capital structure theories was provided by Sritharan (2014), who used a pooled ordinary least square regression to look at the determinants of capital structure for 28 Colombo Stock Exchange listed financial and insurance companies between 2008 and 2012. The findings revealed the middle-of-the-road nature of the Sri Lankan corporate landscape. Certain firm-specific factors that are relevant to explaining capital structure in developed economies and are also relevant in the island nation can be applied to Sri Lanka, according to the findings of the study. Statistics show that debt ratio is negatively correlated with tangibility, profitability, growth, and liquidity, whereas size is positively correlated. The non-debt tax shield is unaffected by the debt ratio. As a result, these findings are in line with previous research on Sri Lankan firm financing behavior,

including that of the trade-off theory, pecking order theory, and agency theory. These findings will help policymakers and decision makers make the best decisions possible by examining the determinants of capital structure in Sri Lankan banks, finance companies, and insurance companies.

#### **Related studies on corporate governance and financial performance**

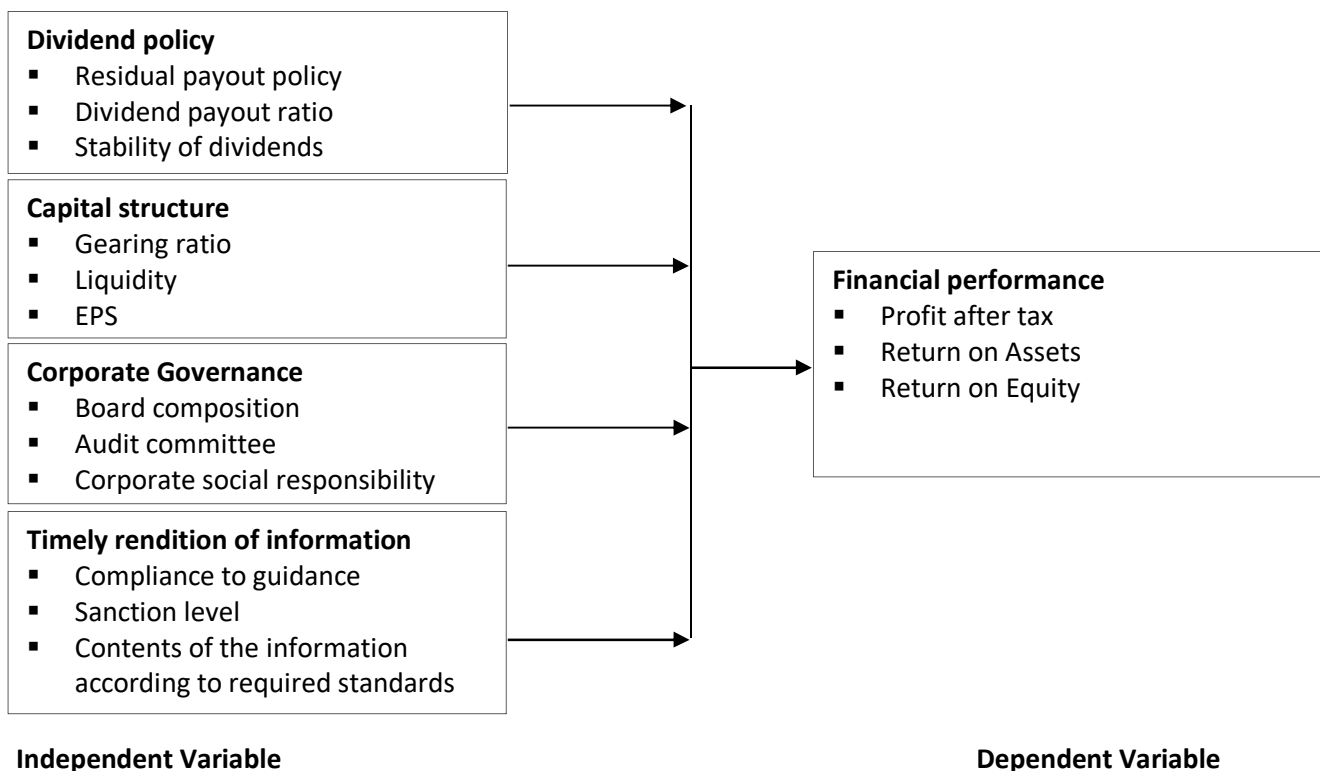
Kimie and Pascal (2011) investigated the impact of ownership concentration on dividend policy using two agency-based hypotheses using a large sample of Japanese companies. Payout rates and ownership concentration were compared using level regressions. Several payout measures were used to ensure the accuracy of the findings. The concept of endogenous ownership was explored. Statistical power and endogeneity were assessed when selecting the instruments. Furthermore, the researchers looked into how ownership concentration affected the likelihood of rising dividends as a result of changes in free cash flow variables.

#### **Related studies on Timely rendition of information and financial performance**

Vintila and Nenu (2015) examined transparency and disclosure in reporting on the financial performance of Bucharest Stock Exchange Listed Companies. The study found a negative relationship between leverage and the findings. Transparency and reporting disclosure did not have a statistically significant relationship, the study found.

#### **Conceptual Framework**

This part presents the scheme of concepts which used by the researcher in order to achieve the objectives.



**Figure 1: Conceptual framework**

**METHODOLOGY**

Quantitative research methods was used by the researcher. Quantitative uses numerical data or data that can be transformed into statistically useful information to quantify the problem. It was used to quantify attitudes, opinions, and behaviors, as well as generalize findings from a smaller sample population. The survey was carried out in RSE's work for this particular case. The study's intended audience consisted of employees of companies that plan to be listed on the Rwanda Stock Exchange (RSE) by 2020. As a result, there were total of 26,780 participants in this research. The sample size was calculated using a mathematical formula devised by Solvin. The following is Solvin's formula for calculating sample size:

$$n = \frac{N}{1 + N(e)^2} \text{ therefore } n = \frac{26,780}{1 + 26,780(0.05)^2}$$

n=394 respondents

A total of 394 respondents were selected from firms listed on the Rwanda Stock Exchange from departments of finance and administration, with n equaling the sample size, N equaling the

population, and e equaling a precision error of 5% (0.05). The study selected a subset of the total sample size from each of the ten businesses. As a result of purposive sampling, researcher can focus on the characteristics of a population that are most relevant to your research questions while still answering them successfully. To make it easier to achieve the study's goals, each one was probed with specific questions. Documentary and questionnaires were used to collect data for the study.

This study's researcher used some documents during the documentary analysis process and, after determining the importance of texts and classifying them on manuscripts, later typed them on a computer for compilation. Because of this, readers will have a comparative framework for analysis and evaluation after reading the review of literature. This technique was employed by the researcher to gather secondary data.

Questionnaires were given to 394 employees, with the majority of the questions being closed-ended. Being easier to code means saving both time and

money because they can be coded directly from the survey, saving both time and money. Additionally, respondents were often crystal clear on the question's intent and could often tell what the answer was.

Various instruments and concepts from related studies were used in this investigation. The literature reviewed was also used. Validity of content based on the degree to which a measurement reflects the particular content domain intended. The purpose of this study was to determine whether the research instrument's content covered a representative sample of the construct domain to be measured using content validity. A team of experts in the strategy field was assembled to assess the concept being measured by the instrument and determine if the checklist of items includes all of the relevant concepts.

Internal consistency and test for equivalence were both used in this study to gauge reliability. The equivalence test was ensured by conducting

questionnaire pretesting on a group of technically equivalent participants who were not a part of the research. The instrument's internal consistency was measured using Cronbach's alpha. When it comes to reliability, Cronbach's Alpha tells us how well items in a set are correlated. An acceptable reliability range is generally considered to be 0.7 to 1.0. It was determined that an alpha coefficient of at least 0.7 was reliable for this study.

## FINDINGS

The findings and discussions were presented in this chapter. The results were presented in accordance with the study objectives. The results of descriptive and inferential statistics analysis were presented in the form of tables and figures.

### Piloting analysis

The ability of an instrument to produce consistent and stable measurements is referred to as its reliability. Cronbach Alpha, which measures internal consistency, was used to assess the instrument's reliability.

**Table 1: Reliability**

Variable	Number of items	Cronbach's alpha	Comments
Dividend policy	5	0.832	Accepted
Capital structure	5	0.717	Accepted
Corporate governance	5	0.742	Accepted
Timely rendition	5	0.825	Accepted
Performance	5	0.898	Accepted

This study employed a survey questionnaire with both categorical and scaled measures. The instrument received strong support, with reliability alpha levels above the 0.70.

The questionnaire data was extracted and entered into SPSS 20. To ensure internal consistency and dependability. Cronbach's alphas were greater than 70%. This indicated that the majority of the items in

this questionnaire had high squared multiple correlations, indicating that the questionnaire passed the reliability test. Cronbach's alpha greater than 0.7 is considered satisfactory. This meant that the tool was capable of assessing the relationship between dividend policy, capital structure, corporate governance, Timely rendition and Performance.

**Table 2: Gender of respondents**

Gender of respondents		Frequency	Percent
Valid	Male	243	61.7
	Female	151	38.3
	Total	394	100

Source: Primary data, September 2021

The results in table 2, the majority of respondents (61.7 percent) were male, while 38.3 percent were female. The overall trend of these findings indicates that men were more represented in this study than women. Even if the respondents were identified using simple random sampling methods, the representation of men and women in this study

ensures the sample's representativeness. The representation of both sexes in this study is interesting because it helped researchers in making useful interpretations and formulating recommendations that benefited both men and women.

**Table 3: Age of respondents**

Age of respondents		Frequency	Percent
Valid	18-25 years	23	5.84
	26-35 years	135	34.26
	36-55 years	182	46.19
	Above 55 years	54	13.71
	Total	394	100.00

Source: Primary data, September 2021

According to table 3, the most dominant age group for respondents was 36 to 55, represented by 46.19 percent, followed by 26 to 35, represented by 34.26 percent of respondents, and those over 55, represented by 13.71 percent, while the 18 to 25 age group was represented by 5.84 percent of

respondents. This means that the majority of respondents were over the age of 25. The higher proportion of respondents who are adults is a good indicator of more reliable data because the people interviewed are mature enough to provide useful information.

**Table 4: Education of respondents**

Education of respondents		Frequency	Percent
Valid	Diploma	56	14.21
	Bachelor's degree	308	78.17
	Master's degree	27	6.85
	PhD	3	0.76
	Total	394	100

Source: Primary data, September 2021

The results in table 4, the majority of respondents (78.17 percent) have a Bachelor's degree. The representation of a large number of people with university education backgrounds is advantageous for this research because interviewees have a level of knowledge that can facilitate learning and experience sharing. The percentage of respondents

with level is 14.21 percent, while master's degree is 6.85 percent. The percentage of respondents with PhD level was relatively low (0.76 percent), indicating that respondents continue to be dominated by educated people with a high level of education background.

**Table 5: Experience in Rwanda Stock Exchange**

Working with Rwanda Stock Exchange		Frequency	Percent
Valid	Less than 2 years	16	4.06
	2 to 4 years	126	31.98
	5 to 10 years	183	46.45
	More than 10 years	69	17.51
	Total	394	100

Source: Primary data, September 2021

Another important factor in ensuring the reliability and validity of the findings is the respondents' experience. Participants with extensive experience provide more trustworthy information than inexperienced participants. More than 46.45 percent of Rwanda Stock Exchange participants have 5 to 10 years of experience with its services and activities, more than 31.98 percent have 2 to 4 years of experience, less than 2 years were 4.06 percent, and 10 years and above 5 years were 17.51 percent. This means that the data gathered can be used to draw conclusions about the study.

#### Research findings and discussion

**Table 6: Perceptions of respondents on dividend policy**

	Mean	Std. Dev.
The company has a well-established and consistently followed dividend policy.	4.5457	.49854
Dividends are paid in proportion to the company's value.	4.3579	.54921
Your company prefers to pay dividends to shareholders than interest to debentures holder because of the incidence on profitability	4.4975	.56734
Shareholders invest in high-yielding stocks.	4.4594	.49898
Company performs better because of staff share scheme	4.7563	.42983
Overall Mean	<b>4.5233</b>	

Source: Primary data, September 2021

The results in Table 6 revealed respondents' views on the influence of dividend policy on the financial performance of Rwanda Stock Exchange-listed companies. The results of 394 respondents who completed the questionnaire, with analysis based on mean and standard deviation:

The company has a well-established and consistently followed dividend policy ( $\bar{x}=4.5457$  and  $SD=0.49854$ ) this shows that there is very high

The researcher used the descriptive, bi-variate and multivariate analysis by using Statistic Package for Social Sciences (SPSS). Further, for the variables measured on Likert scale the analysis used means and standard deviation that computed for each item and for the total scores.

#### Research findings and discussion on dividend policy

The first objective of the study was to ascertain the influence of dividend policy on the financial performance of Rwanda Stock Exchange-listed companies.

mean and strong evidence of the existence of the fact and homogeneity of responses, Dividends are paid in proportion to the company's value ( $\bar{x}=4.3579$  and  $SD=0.54921$ ) this shows that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses, Your company prefers to pay dividends to shareholders than interest to debentures holder because of the incidence on profitability ( $\bar{x}=4.4975$  and  $SD=0.56734$ ) this shows that there is



very high mean and strong evidence of the existence of the fact and heterogeneity of responses, Shareholders invest in high-yielding stocks ( $\bar{x}=4.4594$  and  $SD=0.49898$ ) this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses, Company performs better because of staff share scheme ( $\bar{x}=4.7563$  and  $SD=0.42983$ )

this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses.

The majority of the respondents agreed that there is influence of dividend policy on the financial performance of Rwanda Stock Exchange-listed companies as indicated by very high mean of 4.5233 and it is strong evidence of the existence of the fact.

**Table 7: Model Summary on dividend policy**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787 <sup>a</sup>	.619	.618	1.46017
a. Predictors: (Constant), Dividend policy				

**Source: Primary data, September 2021**

Table 7 showed R square percentage which explained by the benchmark index. The value of R-square in this study is 0.619 means that the proportion of financial performance (dependent

variable) is explained by the independent variable (dividend policy) at 61.8%. This indicates that the model is moderate, as the independent variables highly explain the dependent variable.

**Table 8: ANOVA<sup>a</sup> on dividend policy**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1357.953	1	1357.953	636.909	.000 <sup>b</sup>
	Residual	835.783	392	2.132		
	Total	2193.736	393			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Dividend policy						

**Source: Primary data, September 2021**

In Table 8, from the ANOVA table, p-value is 0.000 which is less than the 0.05, set as standard significance levels. This means that researcher rejected the null hypothesis: Ho1: The dividend policy of firms listed on the Rwanda Stock Exchange

has no significant influence on their financial performance and go by the alternative hypothesis, which indicated that the independent variable affect dependent variable.

**Table 9: Regression Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.809	1.838		12.413	.000
	Dividend policy	.758	.054	.382	1.594	.018
a. Dependent Variable: Financial performance						

**Source: Primary data, September 2021**

$$Y = \alpha + \beta_1 X_1 + \epsilon$$

Y=Dependent variable – Financial performance

$\alpha$ =Constant

$\epsilon$  =Error

$\beta$  =Coefficient of the Disbursement

X1= Dividend policy

$$Y = 12.809 + 0.758(\text{Dividend policy}) + \epsilon$$

The regression equation shows that financial performance will always depend on a constant factor of 12.809 regardless of the existence of other determinants. The other variables explain that;

every unit increase in dividend policy will increase financial performance by a factor of 0.758.

### Research findings and discussion on capital structure

The second objective of the study was to determine the influence of capital structure on the financial performance of Rwanda Stock Exchange-listed firms.

**Table 10: Perceptions of respondents on capital structure**

	Mean	Std. Dev.
In order to function, the company requires a loan.	4.7183	.45041
In comparison to current assets, company has a significant burden of current liabilities.	4.4797	.67364
On the profit and loss account, the burden of cost of equity exceeds the burden of cost of debentures.	4.4746	.62649
The company keeps its leverage level under control	4.8325	.37391
To avoid bankruptcy, the company has established clear working capital management guidelines.	4.8223	.38272
<b>Overall mean</b>	<b>4.6654</b>	

Source: Primary data, September 2021

Table 10 shows respondents' views on the impact of capital structure on financial performance of RSE-listed firms. Table shows the results of 394 respondents who completed the questionnaire, with mean and standard deviation calculated: In order to function, the company requires a loan. ( $\bar{x}$  =4.7183 and SD=0.45041) this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses, In comparison to current assets, the company has a significant burden of current liabilities ( $\bar{x}$  =4.4797 and SD=0.67364) this shows that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses, On the profit and loss account, the burden of cost of equity exceeds the burden of cost of debentures ( $\bar{x}$  =4.4746 and SD=0.62649) this shows that there is

very high mean and strong evidence of the existence of the fact and heterogeneity of responses, The company keeps its leverage level under control ( $\bar{x}$  =4.8325 and SD=0.37391) this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses, To avoid bankruptcy, the company has established clear working capital management guidelines ( $\bar{x}$  =4.8223 and SD=0.38272) this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses.

Most respondents agreed that there is influence of capital structure on the financial performance of Rwanda Stock Exchange-listed companies as indicated by very high mean of 4.6654 and it is strong evidence of the existence of the fact.

**Table 11: Model Summary on capital structure**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804 <sup>a</sup>	.765	.763	1.88515

a. Predictors: (Constant), Capital structure

Source: Primary data, September 2021

Table 11 shows the benchmark index explained R square percentage. The R-square in this study is 0.765, which means that 76.5 percent of financial

performance is explained by capital structure. The independent variables highly explain the dependent variable, indicating a moderate model.

**Table 12: ANOVA<sup>a</sup> on capital structure**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	800.655	1	800.655	225.297	.000 <sup>b</sup>
	Residual	1393.081	392	3.554		
	Total	2193.736	393			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Capital structure						

**Source: Primary data, September 2021**

In Table 12 revealed ANOVA, the p-value is 0.000, which is less than the 0.05 threshold. In other words, he rejected the null hypothesis. Ho2: The

capital structure of firms listed on the Rwanda Stock Exchange has no significant influence on their financial performance.

**Table 13: Regression Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.809	1.838		12.413	.000
	Capital structure	.739	.113	.372	2.122	.031
	a. Dependent Variable: Financial performance					

**Source: Primary data, September 2021**

$$Y = \alpha + \beta X_2 + \epsilon$$

Y = Dependent variable – Financial performance

$\alpha$  = Constant

$\epsilon$  = Error

$\beta$  = Coefficient of the Disbursement

X<sub>2</sub> = Capital structure

$$Y = 12.809 + 0.739(\text{Capital structure}) + \epsilon$$

The regression equation shows that financial performance will always depend on a constant

factor of 12.809 regardless of the existence of other determinants. The other variables explain that; every unit increase in capital structure will increase financial performance by a factor of 0.739.

### **Research findings and discussion on corporate governance**

The third objective of the study was to assess the influence of corporate governance on the financial performance of Rwanda Stock Exchange-listed companies.

**Table 14: Perceptions of respondents on corporate governance**

	Mean	Std. Deviation
Your company has a fully functional and experienced board of directors.	4.8046	.47842
In your company, corporate governance is practiced.	4.7868	.41009
The audit committee is effective and aware of its role in ensuring compliance with financial reports and the auditing system.	4.5102	.59783
Your company's budget and commitment to corporate social responsibility are impressive.	4.7183	.58768
Corporate governance has completely resolved the issue of agency.	4.6878	.46397
<b>Overall mean</b>	<b>4.7015</b>	

Source: Primary data, September 2021

Table 14 revealed the perceptions of the respondents on the influence of Corporate governance on the financial performance of Rwanda Stock Exchange-listed firms, analysis based on mean and standard deviation: Your company has a fully functional and experienced board of directors ( $\bar{x}$ =4.8046 and SD=0.47842) this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses, In your company, corporate governance is practiced ( $\bar{x}$ =4.7868 and SD=0.41009) this shows that there is very high mean and strong evidence of the existence of the fact and homoogeneity of responses, The audit committee is effective and aware of its role in ensuring compliance with financial reports and the auditing system ( $\bar{x}$ =4.5102 and SD=0.59783) this shows

that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses, Your company's budget and commitment to corporate social responsibility are impressive ( $\bar{x}$ =4.7183 and SD=0.58768) this shows that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses, Corporate governance has completely resolved the issue of agency ( $\bar{x}$ =4.6878 and SD=0.46397) this shows that there is very high mean and strong evidence of the existence of the fact and homogeneity of responses.

Based on findings from overall mean, The high mean of 4.7015 indicates that most respondents agreed that corporate governance has an influence on the financial performance of Rwandan listed companies.

**Table 15: Model Summary on corporate governance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 <sup>a</sup>	.647	.646	1.40472

a. Predictors: (Constant), Corporate governance

Source: Primary data, September 2021

Table 15 shows R-square in this study is 0.647, which means that 64.7 percent of financial performance (dependent variable) is explained by

corporate governance (independent variable). The independent variables highly explain the dependent variable, indicating a moderate model.

**Table 16: ANOVA<sup>a</sup> on corporate governance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1420.222	1	1420.222	719.737	.000 <sup>b</sup>
	Residual	773.514	392	1.973		
	Total	2193.736	393			

a. Dependent Variable: Financial performance  
b. Predictors: (Constant), Corporate governance

Source: Primary data, September 2021

On the ANOVA table, the p-value is 0.000, which is less than the 0.05 threshold. In other words, he rejected the null hypothesis. Ho3: Corporate

governance has no influence on the financial performance of Rwandan firms listed on the Rwanda Stock Exchange.

**Table 17: Regression Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.809	1.838		12.413	.000
	Corporate governance	.819	.672	.310	2.855	.006
a. Dependent Variable: Financial performance						

Source: Primary data, September 2021

$$Y = \alpha + \beta X_3 + \epsilon$$

Y=Dependent variable – Financial performance

$\alpha$ =Constant

$\epsilon$  =Error

$\beta$  =Coefficient of the Disbursement

X3= Corporate governance

$$Y = 12.809 + 0.819 (\text{Corporate governance}) + \epsilon$$

The regression equation shows that financial performance will always depend on a constant

factor of 12.809 regardless of the existence of other determinants. The other variables explain that; every unit increase in corporate governance will increase financial performance by a factor of 0.819.

#### Research findings and discussion on timely rendition of information

The forth objective of the study was establish the influence of timely rendition of information on the financial performance of firms listed on the Rwanda Stock Exchange.

**Table 18: Perceptions of respondents on timely rendition of information**

	Mean	Std. Deviation
The issue of sanction and compliance on return rendition is a recurring feature of your company's annual financial report.	4.4365	.61141
There is a clear distinction and purpose for filing regulatory and statutory returns on time.	4.5888	.66039
Reporting and return guidelines are frequently self-explanatory and well-understood.	4.4467	.64477
Everyone is familiar with the elements, constituents, and essence of annual financial reports.	4.7132	.52566
The timely and accurate rendition of management and financial reports demonstrates the organization's system's efficiency.	4.7030	.61833
<b>Overall mean</b>	<b>4.5776</b>	

Source: Primary data, September 2021

Table 18 revealed the perceptions of the respondents on the influence of Timely rendition of Information on the financial performance of Rwanda Stock Exchange-listed firms. Table revealed the results of 394 respondents that have completed the questionnaire out of 394 distributed and

analysis based on mean and standard deviation:

The issue of sanction and compliance on return rendition is a recurring feature of your company's annual financial report ( $\bar{x}=4.4365$  and  $SD=0.61141$ ) this shows that there is very high

mean and strong evidence of the existence of the fact and heterogeneity of responses, There is a clear distinction and purpose for filing regulatory and statutory returns on time ( $\bar{x}=4.5888$  and  $SD=0.66039$ ) this shows that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses, Reporting and return guidelines are frequently self-explanatory and well-understood ( $\bar{x}=4.4467$  and  $SD=0.64477$ ) this shows that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses, Everyone is familiar with the elements, constituents, and essence of annual financial reports ( $\bar{x}=4.7132$  and  $SD=0.52566$ ) this shows that there is very high

mean and strong evidence of the existence of the fact and heterogeneity of responses, The timely and accurate rendition of management and financial reports demonstrates the organization's system's efficiency ( $\bar{x}=4.7030$  and  $SD=.61833$ ) this shows that there is very high mean and strong evidence of the existence of the fact and heterogeneity of responses.

The majority of the respondents agreed that there is influence of Timely rendition of Information on the financial performance of Rwanda Stock Exchange-listed companies as indicated by very high mean of 4.5776 and it is a strong evidence of the existence of the fact.

**Table 19: Model Summary on timely rendition of information**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709 <sup>a</sup>	.667	.665	2.15916

a. Predictors: (Constant), Timely rendition of Information

**Source: Primary data, September 2021**

Table 19 showed R square percentage which explained by the benchmark index. The value of R-square in this study is 0.667 means that the proportion of financial performance (dependent variable) is explained by the independent variable

(Timely rendition of Information) at 66.7%. This indicates that the model is moderate, as the independent variables highly explain the dependent variable.

**Table 20: ANOVA<sup>a</sup> on timely rendition of information**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	366.248	1	366.248	78.561	.000 <sup>b</sup>
	Residual	1827.488	392	4.662		
	Total	2193.736	393			

a. Dependent Variable: Financial performance  
b. Predictors: (Constant), Timely rendition of Information

**Source: Primary data, September 2021**

In Table 20, from the ANOVA table, p-value is 0.000 which is less than the 0.05, set as standard significance levels. This means that researcher rejected the null hypothesis: Ho4: Timely rendition of information has no significance influence on the

financial performance of firms listed on the Rwanda Stock Exchange and go by the alternative hypothesis, which indicated that the independent variable affect dependent variable.

**Table 21: Regression Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.809	1.838		12.413	.000
	Timely rendition of Information	.707	.212	.038	.330	.042
a. Dependent Variable: Financial performance						

Source: Primary data, September 2021

$$Y = \alpha + \beta X + \epsilon$$

Y = Dependent variable – Financial performance

α = Constant

ε = Error

β = Coefficient of the Disbursement

X = Timely rendition of Information

$$Y = 12.809 + 0.707 (\text{Timely rendition of Information}) + \epsilon$$

The regression equation shows that financial performance will always depend on a constant factor of 12.809 regardless of the existence of other determinants. The other variables explain that; every unit increase in timely rendition of information will increase financial performance by a factor of 0.707.

**Table 22: Multivariate regression**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	12.809	1.838		12.413	.000
	Dividend policy	.758	.054	.382	1.594	.018
	Capital structure	.739	.113	.372	2.122	.031
	Corporate governance	.819	.672	.310	2.855	.006
	Timely rendition of information	.707	.212	.038	.330	.042
a. Dependent Variable: Financial Performance						

Source: Primary data, September 2021

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Y = Dependent variable – Financial Performance

α = Constant

ε = Error

β = Coefficient of the Disbursement

X<sub>1</sub> = Dividend policy (DP)

X<sub>2</sub> = Capital structure (CS)

X<sub>3</sub> = Corporate governance (CG)

X<sub>4</sub> = Timely rendition of information (TRI)

β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub> and β<sub>4</sub> = are regression coefficients to be estimated

$$Y = 12.809 + 0.758 (\text{Dividend policy}) + 0.739 (\text{Capital structure}) + 0.819 (\text{Corporate governance}) + 0.707 (\text{Timely rendition of information}) + \epsilon$$

**Table 23: Correlations analysis**

		DP	CS	CG	TRI	FP
DP	Pearson Correlation	1	.774**	.917**	.603**	.787**
	Sig. (2-tailed)		0	0	0	0
	N		394	394	394	394
CS	Pearson Correlation		1	.694**	.497**	.804**
	Sig. (2-tailed)			0	0	0
	N			394	394	394
CG	Pearson Correlation			1	.536**	.805**
	Sig. (2-tailed)				0	0
	N				394	394
TRI	Pearson Correlation				1	.709**
	Sig. (2-tailed)					0
	N					394
FP	Pearson Correlation					1

Source: Primary data, September 2021

According to the correlation analysis, there is a strong correlation between dividend policy and the financial performance of the Rwanda Stock Exchange, with a Pearson correlation of 0.787. The p-value is 0.000, which is less than both the 0.05 standard significance level. This means that, of the determinants of financial performance considered, only the size of the Rwanda Stock Exchange, as measured by dividend policy, has a significant influence on its financial performance.

From the correlation Table, the results show that there is strong correlation between capital structure and financial performance of Rwanda Stock Exchange as Pearson correlation is 0.804. The p-value is 0.000, which is less than standard significance levels of 0.05. This indicates that, out of the considered determinants of financial performance, only the size of Rwanda Stock Exchange as measured by capital structure has significant relationship with Rwanda Stock Exchange.

Table reveals that questionnaire were answered by 394 respondents, p-value is 0.000, which is less than standard significance levels of 0.05. In this research, researcher confirmed a relationship between Corporate governance and financial

performance of Rwanda Stock Exchange. Since the Pearson Correlation value was 0.805 and it is significant, the researcher proved that there is strong and positive relationship between Corporate governance and financial performance of Rwanda Stock Exchange.

From the correlation Table, the results show that there is strong correlation between Timely rendition of Information and financial performance of Rwanda Stock Exchange as Pearson correlation is 0.709. The p-value is 0.000, which is less than standard significance levels of 0.05. This indicates that, out of the considered determinants of financial performance, only the size of Rwanda Stock Exchange as measured by Timely rendition of Information has significant relationship with financial performance.

#### CONCLUSIONS AND RECOMMENDATIONS

According to the correlation analysis, there is a strong correlation between dividend policy and the financial performance of the Rwanda Stock Exchange, with a Pearson correlation of 0.787. The p-value is 0.000, which is less than both the 0.05 standard significance level. This means that, of the determinants of financial performance



considered, only the size of the Rwanda Stock Exchange, as measured by dividend policy, has a significant influence on its financial performance.

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The results show that there is strong correlation between Timely redention of Information and financial performance of Rwanda Stock Exchange as Pearson correlation is 0.709. The p-value is 0.000, which is less than standard significance levels of 0.05. This indicates that, out of the considered determinants of financial performance, only the size of Rwanda Stock Exchange as measured by Timely redention of Information has significant relationship with financial performance.

The study recommendations were consistent with the study's objectives, findings, and conclusions.

Based on research findings, firms listed on the RSE should improve their dividend policy because it leads to better financial performance. The company should follow a well-defined and consistent dividend policy and pay dividends in proportion to its value.

Firms listed on the RSE should improve their capital structure and implement strategies that result in a lower liquidity ratio, as this leads to improved financial performance. To avoid bankruptcy, the firms should keep their leverage under control and have clear working capital management guidelines.

Researcher recommended that firms listed on the RSE should improve their corporate governance because it leads to better financial performance. A larger board size is associated with more diverse opinions, which helps to improve the firm's financial position. The companies should have a fully functional and experienced board of directors, as well as a budget and a commitment to corporate social responsibility.

As recommendation, firms listed on the RSE should have better mechanisms that allow for timely rendition of information because it leads to improved financial performance. Firms should have a clear distinction and purpose for timely regulatory and statutory returns, and reporting and return guidelines should be self-explanatory and understandable.

#### **Recommendation on further researches**

The research looked at the factors that influence financial performance of firms listed on the Rwanda Stock Exchange. Further research can be conducted to assess other factors not investigated in this study, such as resource availability and firm size, as well as external factors such as macroeconomic volatility, which can also influence firm financial performance. A similar study can also be conducted on non-listed companies. A study can be conducted using the same variables under study but in a different context in order to compare the results.

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