# Impact of CEO Characteristics on Firm Value: Evidence From Nairobi Securities Exchange Enlisted Construction Firms, Kenya


## Abstract

The relationship between CEO characteristics and firm value has attracted considerable scholarly attention in corporate governance and strategic management research. CEOs, as top decision-makers, shape corporate strategy, resource allocation, and stakeholder relationships, thereby influencing organizational performance and market valuation. While extensive studies have examined this linkage in developed markets, less is known about how CEO attributes affect firm value in emerging economies, particularly within specific sectors. The construction sector is considered one of the key sectors driving the economic growth of Kenya. The paper therefore set out to investigate the effect of chief executive officer characteristics on firm value of construction and Allied Firms Listed at the Nairobi Securities Exchange, Kenya. Agency theory and stakeholder theory were used to support the relationship between the study variables. Inferential statistics were based on panel regression analysis. It was established that chief executive officer nationality and age had a significant effect on the firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya. It was concluded that chief executive officers of Kenyan origin and young chief executive officers are more effective in enhancing firm value. It was however recommended that non-Kenyan individuals with a good understanding of the Kenyan market can still be considered for the top position of companies. Young chief executive officers should be considered by listed construction and allied firms to benefit from the aggression and resilience that come with young age. The appointment of young or younger chief executive officers should be done in view of capacity as well as educational qualifications.



**Keywords: Chief Executive Officer Age, Chief Executive Officer Characteristics, Chief Executive Officer Nationality, Construction and Allied Firms and Firm Value**




### 1.1 Introduction

The construction industry plays a leading role in the process of national development by creating jobs and contributing to economic progress of nations (Ngari & Kyalo, 2022). Generally, the construction industry has a significant impact on national economies by serving as a connector and facilitator between different businesses. The construction sector accounts for 15% of global Gross Domestic Product (GDP) and it is projected to increase to 57% by 2030, demonstrating its critical position in the global economy (Agyekum, Kukah & Amudjie, 2022). Activities in the construction industry link economic entities and the productivity of many sectors, which influences economic growth and development. In most emerging countries, the industry accounts for about 11% of GDP (Saka & Adegbembo, 2022). In Africa, the construction industry is avowed to raise living standards by creating the physical environment and vital infrastructure required for growth (Okoro & Uwale, 2020).

The construction sector is considered as one of the key sectors driving the economic growth of Kenya. In 2014, 2015, 2016, 2019, and 2022, the construction and related industries contributed 10.1%, 4.9%, 4.1%, 5.6%, and 7% to the GDP of the nation, respectively (Kenya National Bureau of Statistics, 2023). The construction industry has been proactive in generating employment opportunities and has contributed to the decline in unemployment, particularly among young people. Better tourism, higher living standards, more money in circulation, sustainable systems, and the creation of jobs are all facilitated by the construction industry which are crucial for the development of the country (Lagat, Njuguna, Mutanu, Mwende, Magak & Nyakondo 2023). Nonetheless, the extent to which the industry impacts on the growth and development of an economy depends on the value of the firms operating in the industry. The value of the firms in turn depends on the capabilities of their management especially, the Chief Executive Officers (CEO). Chief Executive Officers are key figures in corporate organizations as they steer their companies in the pursuit of opportunities, oversee operations on behalf of investors, optimize shareholder wealth while increasing firm value (Ukavwe & Jeroh, 2024). The CEO's abilities and experience in managing the company determines whether it succeeds or fails (Altarawneh, Shafie, & Ishak, 2020; Razali, Azmi, binti, Hwang & Lunyai, 2022).

A key player in the business sector is the Chief Executive Officer (CEO). The CEO characteristics are of significance in corporate finance. The top executive position in a corporation is that of the CEO. Making important business choices and directing an organization's personnel and assets towards strategic objectives are among a CEO's main duties. In many situations, the CEO represents the company in the public eye (Hayes, 2024). The characteristics of top managers in the context CEO are one of the factors that investors will take in consideration to decide before investing in any organization (Razali et al., 2022). CEOs are capable of supervising the organizations' strategies and structures and driving them to actively pursue opportunities. CEOs in particular make important and strategic decisions that might impact the profitability of their companies. The primary indicator of an organization's survival and performance is the CEO's accomplishments and attributes, which include, but are not limited to, age, gender, nationality, and level of education (Baumgartner, Dhawan & Padhi, 2021). In global literature also, attributes such as CEO education level, functional background, tenure, gender diversity, and international exposure are frequently linked to variations in strategic direction, risk-taking propensity, and stakeholder management (Custódio & Metzger, 2012). Age and nationality are the traits associated with CEOs that were considered in the study.

A CEO's age is categorized as a quantifiable and demographic attribute. The age of top managers is significant because it influences their managerial decisions, which ultimately impacts the performance of the company. Chief Executive Officers tend to view information and experience as more valuable as they get older, which will eventually raise their intellectual capacity (Razali *et al*., 2022). Given their lengthier tenure, the older CEO appears to have a deeper understanding of the company and its sector. The CEO who is older searches with greater responsibility and carefully and precisely assesses the information. On the other hand, CEO nationality is typically categorized according to the CEO's place of birth, worldwide experience, and management style. A CEO is chosen from within the firm's employees or from outside the organization (Saidu, 2019). Businesses where the CEO is succeeded by an insider have been shown to outperform those where the CEO is outsourced. Furthermore, it is suggested that CEOs of foreign descent have international experience and will make higher dividend payments than CEOs of native descent (Modu, Ogochukwu & Garba, 2020).

Firm value is often used to assess the long-term financial performance of firms. Firm value is calculated as the value of its holdings plus the tax benefit from its debt less the value of the insolvency charge related to that debt. Firm Value is a critical factor for investors. This is so because firm value is what determines an investor's amount of wealth (Fatima & Chouaibi, 2021). All of the benefits that an organization will experience in the long and near term are influenced by shareholder wealth, which is the same as firm value. The perspective of a stakeholder on the business is known as firm value. Usually, it has to do with market share prices. Investors may consider the share price to be the company's market value (Ibrahim, 2020). Consequently, as a company's market value rises, shareholder welfare also rises. The growth in the value of the organization is crucial for any corporation that wishes to bring in a significant return for its shareholders (Riskhyana, Kartasari & Malinda, 2022). Prior to making an investment in a firm, all things being equal, investors will evaluate the company's worth. Thus, a company will draw in more investors the more valuable it is. The Tobin Q ratio and the market share price of the company are two examples of indicators that can be used to determine a company's value. The current study utilized price to book ratio to assess firm value.

Despite robust research in developed countries, emerging markets present distinct institutional contexts that may alter the CEO-firm value relationship. Kenya, as one of sub-Saharan Africa's fastest-growing economies, offers a context rife with regulatory uncertainty, infrastructure deficits, and evolving corporate governance norms. Kenyan construction firms, central to infrastructure development and economic transformation, face unique challenges—volatile input prices, project-based revenues, and political uncertainties (Hoskisson et al., 2013; Kobuthi et al., 2018). These conditions may amplify the importance of CEO characteristics, as certain attributes enable more adaptive leadership, strategic resilience, and value creation in a fluid market landscape.

The National Construction Authority, which was established by Act No. 41 of 2011 of Parliament, regulates all construction activities in Kenya, including buildings, roads, bridges, and railroads. The Nairobi Securities Exchange (NSE) classifies listed companies according to several market categories; companies in the construction and related industry are those whose goods and services are relevant to the building and construction industries (NSE, 2021). There are five listed construction and allied firms at the NSE (NSE, 2020). The products from these firms are in demand not just in Kenya but also outside its boundaries, particularly in the nations of the East African Community (EAC), which brings in foreign exchange for the nation. As stated by KNBS (2023), the building and construction industry experienced growth of 14.2% between 2006 and 2011, 13.1% in 2014, 13.6% in 2015, and 11.8% in 2021. In 2022 and 2023, the growth rate was 3.5 and 3.8 percent respectively.

### 1.2 Statement of the Problem

A significant part of the driving force behind Kenya's growth is the construction and allied industry. For the purpose of facilitating the execution of diverse economic operations, Kenya's economy depends on the construction sector to provide a range of infrastructural facilities, including buildings, bridges, roads, and airports. The sector's growth rate has, nevertheless, decreased in the last decade. From a reported rise of 14.2% over the period 2006 and 2011, growth in the sector dwindled to 13.6% in 2015, and by 2021, it decreased further to 11.8%. In 2022, the construction industry recorded a further decline in growth rate to 3.5%. Nevertheless, a marginal improvement in the growth rate of the sector was reported in 2023 equal to 3.8%

(Kenya National Bureau of Statistics, 2023). Thus, it stands to reason how effective management of businesses in the construction and allied industries can raise firm value and productivity. The qualities and judgment of a company's CEO are frequently credited as contributing to its success. The paper therefore set out to investigate the effect of CEO characteristics on firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya.

## 2.1 Theoretical Literature Review

### 2.1.1 Agency Theory

Agency theory was introduced by Jensen and Meckling (1976). The theory presupposes that an agency relationship arises when one or more individuals, referred to as the principal(s) assign decision-making authority to another individual, known as the agent, in order to execute a service on their behalf. Employer and employee ties, and shareholder (principal) and CEO interactions are two good instances of agency relationships. When owners bear the majority of the wealth impacts yet managers retain control over the company, a fundamental tension arises that agency theory attempts to explain. This is demonstrated by the original model developed by Jensen and Meckling (1976), which describes how managers who have fewer managerial stakes tend to increase their non-financial spending because they are unable to fully internalize the costs. These kinds of agency problems result in agency costs. The theory relies heavily on the fact that outside shareholders cannot see the managers' activities for free.

The core tenet of agency theory is that managers, or agents, behave selfishly and with self-interest, resulting in a disregard for shareholder interests and a detrimental effect on the value of the company as a whole. If the interest of the principal and agent are the same, there will be no agency problem. When their interests diverge, though, the agent will try to maximize his utility at the principal's expense (Eisenhardt, 1989). Since the shareholders (principals) of modern businesses are widely scattered, they typically appoint managers (agents) to administer the corporation on their behalf rather than being actively involved in day-to-day operations and administration of their individual firms. The agents are hired to oversee the company's daily activities. Disagreements of interest between the agent and principal may arise from the division of ownership and controlling rights (Habbash, 2010). According to agency theory, an effective board of directors must include a sizable number of independent directors. This is intended to lessen conflicts of interest between agents and principals, ensuring the independence of the board in overseeing and rendering impartial management decisions. The agency theory is relevant to this inquiry because it clarifies the relationship between the CEO and shareholders, increasing the value of the company.

**2.1.2 Stewardship Theory**

Stewardship theory was developed by Donaldson and Davis (1991). According to Davis, Schoorman and Donaldson (1997), the stewardship theory suggests that agents are dependable stewards of the resources given to them, rendering monitoring unnecessary. This viewpoint sees managers as caretakers. They probably want to maximize wealth for shareholders as well because they are stewards. According to Davis *et al*. (1997), stewards can achieve organizational success and meet their personal demands by maximizing value for shareholders. The theory clarifies the connections between the company's ownership and management. The theory suggests that managers, who are inherently driven to work in the organization's best interests and concentrate on intangible benefits like chances for personal growth and achievement, have the same objectives as board directors. Owners and managers collaborate "side by side" and have the same agenda. The focus is on the board's involvement in strategy development rather than performance monitoring, and internal (or executive) directors with strong access to information are preferred. The idea that owners (principals) are willing to take chances with how management will operate their company and yield a return on their investment is implicit in stewardship theory, suggesting a degree of trust lacking in agency theory (Arthurs & Busenitz, 2003).

According to stewardship theory, differences in performance result from an executive's ability to take effective action based on the structural circumstances surrounding them (Donaldson, 1990). Due to its consideration of the principle agent relationship at a certain moment in time and its assumption that people do not learn from their interactions, this theory has the drawback of being static (Davis *et al*., 1997). According to this view, the executive manager essentially wants to do a good job and be a good steward of the company's assets, far from being an opportunistic shirker. Boyd (1994) and Baysinger, Kosnick and Turk (1991) opined that insider directors (managers), possess superior volume and quality knowledge to make better decisions. The present study is relatable to the stewardship theory, which regards the role of the chief executive officer (CEO) as a crucial component in guaranteeing efficient company value in any given business (Coles & Hesterly, 2000).

## 2.2 Empirical Literature Review

Saidu (2019) studied how CEO characteristics affected the performance of a company. Using a panel data for Nigeria and spanning six years, from 2011 to 2016 the results obtained showed that qualities of a CEO increase profitability. The study established that a CEO that has worked for the company before taking on the role of chief executive officer would improve the company's performance. Moreover, the impact of CEO characteristics on capital structure was investigated by Mutai, Tarus, Komen, and Torois (2020). Based on a sample of Kenyan publicly traded companies from 2008 to 2014 and using panel regressions data analysis procedure, capital structure was found to be positively and significantly impacted by the CEO's age. The investigation also established that CEOs with the necessary training and expertise and those in their position for an extended length of time likely to make critical choices about financing their companies and enhancing their performance.

Liu and Jiang (2020) while exploring how the qualities of CEOs affected company performance of Chinese listed businesses between 2008 and 2016 discovered no discernible relationship between CEO age and business performance after using a Quantile Regression technique. However, very large valuation organizations were negatively impacted by CEO tenure. The study concluded that a key factor influencing financial performance is the qualities of the CEO. While testing the impact of CEO quality on the value of companies listed on the Nairobi Securities Exchange between 2016 and 2020. Akin to Liu and Jiang (2020); Alinoor (2021), obtained results showing no discernible relationship between CEO quality and firm value. Therefore the study concluded that business value is not strongly predicted by CEO quality and is only partially explained by it. Razali *et al*. (2022) obtained contrary results to those of Liu and Jiang (2020) and Alinoor (2021). Razali, *et al.* (2022) assessed the impact of CEO attributes on business value of Malaysian companies and found that CEO traits had a major and detrimental impact on Malaysian companies. The study concluded that a company's value is significantly influenced by the qualities of its CEO.

In a study for listed insurance companies in Nigeria, Ismaila and Tanko (2023) explored the effects of CEO characteristics on company value during the 2013 to 2022 financial years. Relying on panel data methodology the found that CEO duality had a detrimental effect on the firm value of listed insurance companies in Nigeria, whereas CEO tenure had a significant positive link with that value. Therefore, the study concluded that CEOs who work longer hours will have more experience, which could lead to improved performance. Ikink (2023) analysed multiple hypotheses that CEO attributes influence business performance of Dutch-listed companies from 2016 to 2019. Findings from the analysis indicated that the success of Dutch-listed companies is not significantly impacted by the qualities of their CEOs. According to the study's conclusion, company performance in the Dutch setting is unaffected by CEO traits. Similarly, In the post-COVID-19 era, El Abiad, Abraham, El-Chaarani, Skaf, Binsaddig and Jafar (2024) investigated whether CEO attributes influence the performance of family firms listed on the Euronext. In the study, GMM estimation, Two-Stage Least Squares, and OLS regression were used. The study's findings demonstrated that the qualities of a CEO positively affected ROA and ROE. Thus, they concluded that quality CEO attributes among board members resulted in higher return on assets and return on equity to CEOs of family firms.

The impact of the CEO and audit committee characteristics on financial performance of banks in Iraq for the period 2018 to 2022 was investigated by Hazzaa, Abdullah and Sadaa (2024). Employing panel regression they obtained results showing that financial success was positively influenced by the CEO's experience, ownership, and education. The study concluded that strong financial results are a solid indicator of the CEO's efficacy and efficiency in overseeing Iraqi banks. In another study for Nigerian listed companies, Akindayomi, Ologunwa and Adigun (2024) examined the correlation between the attributes of CEOs and the financial outcomes between 2005 and 2022. Their results demonstrated that the CEO's origin significantly and favorably affected return on assets. The study thus established that having a CEO appointed by the company has a positive effect on the firms.

Akindayomi *et al.* (2024) alluded that the positive influence of CEOs attributes on financial outcomes was likely due to a variety of factors, such as the CEO's familiarity with the industry and the nature of the company, as well as his ability to relate to the board and staff to help the firm achieve its goals, which an outsourced CEO might not be able to do in his early years of appointment. Similarly, Ukavwe and Jeroh (2024) studied how diverse CEO attributes influenced the value of listed non-financial service firms in Nigeria from 2011 to 2021. The results gotten revealed that CEO attributes significantly affect the value of quoted firms in

Nigeria. The investigation recommended paying attention to key attributes of CEO especially with respect to decisions relating to the nationality of CEOs.

### 2.3 Conceptual Framework

The conceptual framework of the study is as shown in Figure 1 where the selected CEO Characteristics were CEO age and CEO nationality. Firm value which was measured using price to book ratio was modeled as the dependent variable.

**Independent Variables** **Dependent Variable**

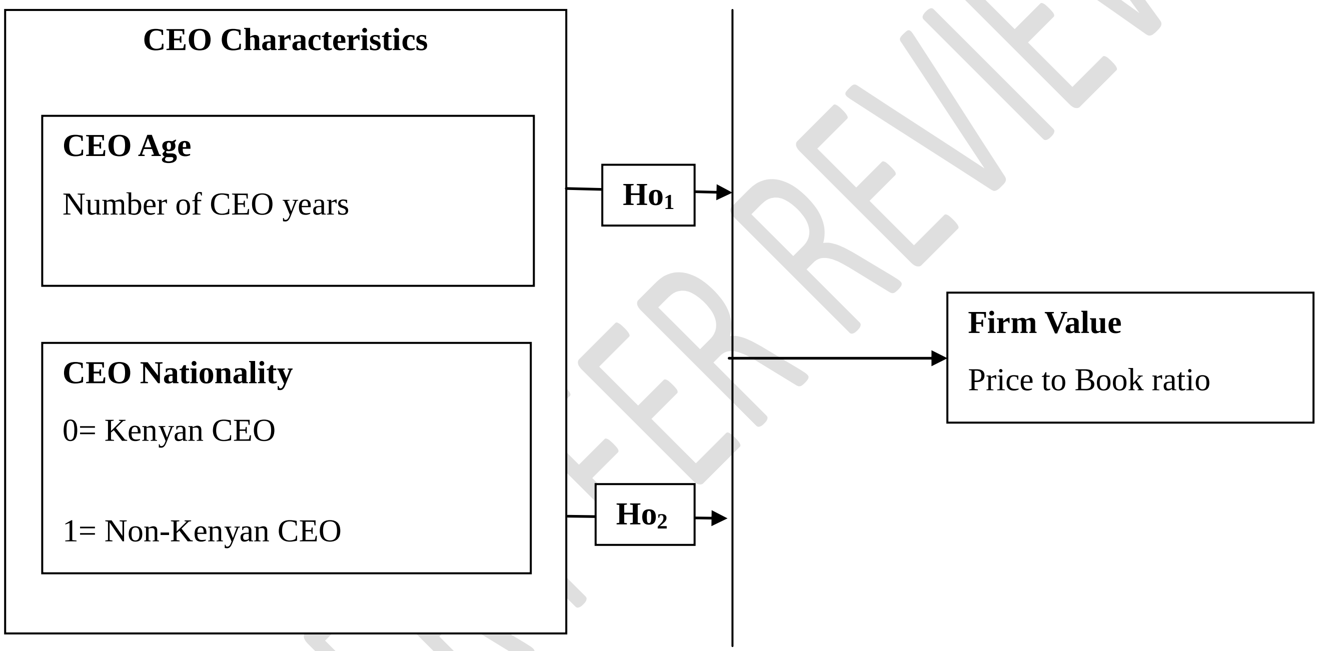


**Figure 1: Conceptual Framework**

**Source: Authors (2024)**

### 3.1 Research Methodology

The study was based on explanatory research design. Positivism philosophy was adopted as it is central to statistical and mathematical researches which is the case for this study. The target population comprised of the four construction and allied firms listed at the Nairobi Securities Exchange, Kenya. In view of the small population of the study, a census approach was adopted, hence covering the entire population of four firms for the time period 2018 to 2023. Secondary panel data was used and consequently the analysis of data was conducted within the framework of panel regression technique where firm value was modelled as a function of CEO characteristics as captured in the following equation:

$$\mathbf{FVA_{it} = \beta_0+\beta_1 CNA_{it}+\beta_2 CAG_{it}+\varepsilon}$$

Where:

FVA = Firm Value

CNA = Chief Executive Officer Nationality

CAG = Chief Executive Officer Age

i = Firm

t = Time period

$\beta_0 - \beta_2$ = Panel Regression Coefficients

$\varepsilon$ = Error Term

**4.1 Data Analysis and Discussions**

The analysis of data was based on descriptive and inferential analyses. The inferential analysis was informed by panel regression analysis where several diagnostic tests were conducted to ensure the suitability of the data before making inferences.

**4.2 Descriptive Analysis**

The study carried out descriptive analysis which provided the basic feature of the research data in the form of statistics such as total observations, mean, standard deviation, minimum and maximum values as contained in Table 1.

**Table 1: Descriptive Statistics**

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| Firm Value | 24 | 1.09e+07 | 1.35e+07 | 49083.52 | 3.76e+07 |
| CEO Nationality | 24 | 0.50 | 0.51 | 0.00 | 1.00 |
| CEO Age | 12 | 52.58 | 3.60 | 47.00 | 58.00 |

**Source: Study Data (2024)**

The descriptive statistics indicate firm value and CEO nationality each had 24 as the total number of observations. However, CEO age had a total of 12 observations, hence denoting that the study was based on a unbalanced panel data. Contrary to the case of other statistical data analysis packages, the results from STATA are not impaired by unbalanced data. Firm value had mean and standard deviation of 1.09e+07 and 1.35e+07 respectively. Chief executive officer nationality had a mean value of 0.50 and standard deviation of 0.51. The statistics imply that the nationality of CEOs is evenly distributed with respect to Kenyans and non-Kenyans among construction and allied firms listed at the NSE, Kenya. Since the data for CEO nationality was based on a dummy of 0 for Kenyan and 1 for non Kenyan, the values of 0.00 and 1.00 as minimum and maximum values are in order. Chief executive officer age had mean value of 52.58 and standard deviation of 3.60, hence indicating that the CEOs of construction and allied firms listed at the NSE, Kenya within the period of the study were neither young nor old. This assertion is further supported by the minimum and maximum values of 47.00 and 58.00 respectively.

## 4.3 Diagnostic Tests

### 4.3.1 Multicollinearity Test

In assessing the degree of collinearity among the predictor variables of the study, the multicollinearity test was conducted and the outcome documented in Table 2.

**Table 2: Multicollinearity Test Results**

| Variables | VIF | Comment |
|---|---|---|
| CEO Nationality | 3.50 | Low Multicollinearity |
| CEO Age | 3.50 | Low Multicollinearity |

**Source: Study Data (2024)**

The multicollinearity test was based on the Variance Inflation Factor (VIF) test procedure. The findings Indicate VIF values of 3.50 each for CEO nationality and CEO gender which imply that the independent variables of the study had low multicollinearity levels.

### 4.3.2 Normality Test

In assessing the distribution of the research data, the normality test was carried out based on Shapiro Wilk test for normal data. The results are contained in Table 3.

**Table 3: Normality Test Results**

| Variable | Obs | W | V | Z | Prob>z |
|---|---|---|---|---|---|
| Firm Value | 24 | 0.69158 | 8.319 | 4.320 | 0.00001 |
| CEO Nationality | 24 | 0.99815 | 0.050 | -6.107 | 0.00000 |
| CEO Age | 12 | 0.96419 | 0.598 | -1.001 | 0.84151 |

**Source: Study Data (2024)**

The Shapiro Wilk test for normal data was based on the null hypothesis that the research data is normality distributed. The test was carried out using a threshold of 0.05 significance level. Out of the three variables, only CEO age had a normal distribution, hence the null hypothesis was rejected for firm value and CEO nationality.

### 4.3.3 Heteroskedasticity Test

Heteroskedasticity test was conducted for purposes of determining whether the error term in the regression model has constant variance over time. The Breusch-Pagan test was utilized in this study and the results are presented in Table 4.

**Table 4: Heteroskedasticity Test Results**

| Breusch-Pagan / Cook-Weisberg test for heteroskedasticity |
|---|
| Ho: Constant variance |
| Variables: fitted values of Firm Value |
| chi2(1) = 0.37 |
| Prob > chi2 = 0.5446 |

**Source: Study Data (2024)**

The heteroskedasticity test was guided by a null hypothesis which states that the residuals in the regression model are homoskedastic. In view of the outcome in Table .4 where a p-value of 0.5446 was established, the residuals are confirmed to be homoskedastic which desired in a panel regression analysis.

### 4.3.4 Model Specification Test

The model specification test which is a key requirement for panel regression analysis was carried out based on the hausman test procedure. The results from the model specification test are contained in Table 5.

**Table 5: Hausman Test Result**

| | (b)<br>Fixed | (B)<br>Random | (b-B)<br>Difference | sqrt(diag(V_b-V_B))<br>S.E. |
|---|---|---|---|---|
| CEO Nationality | -2590331 | -6448376 | 3858046 | 3232837 |
| CEO Age | 551359.4 | -110019.8 | 661379.2 | 553820 |
| chi2(2) | 1.43 | | | |
| Prob>chi2 | 0.4901 | | | |

**Source: Study Data (2024)**

The hausman test is used to determine the most effective estimation model between the fixed effect model and random effect model. The null hypothesis of the hausman test holds that the random effect model is the most appropriate model. A p-value of 0.490 was obtained hence, favoring the random effect model which was subsequently used for estimation.

### 4.4 Panel Regression Analysis

The panel regression analysis outcome is contained in this section which is based on the random effect model. The findings are documented in Table .6.

**Table .6: Panel Regression Results**

| Firm Value | Coef. | Std. Err. | z | P> \|z\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| CEO Nationality | -6448376 | 316073 | -20.4 | 0.000 | -7067868 | -5828885 |
| CEO Age | -110019.8 | 45793.78 | -2.40 | 0.016 | -199774 | -20265.66 |
| _cons | 1.20e+07 | 2544361 | 4.70 | 0.000 | 6978780 | 1.70e+07 |
| R-sq | 0.9925 | | | | | |
| Wald chi2 (2) | 1187.01 | | | | | |
| Prob > chi2 | 0.0000 | | | | | |

**Source: Study Data (2024)**

The panel regression output indicates an R squared of 0.9925. This therefore implies that 99.25 percent of the variations in firm value are attributed to CEO characteristics and specifically CEO nationally and CEO age. The regression model further had p-value of 0.000 which indicates significance. Notably, the findings are interpreted based on a threshold of 0.05 significance level. The study established that CEO nationality had significant effect on firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya as evidenced by a p-value of 0.0000. The negative coefficient obtained indicates inverse relationship between CEO nationality and firm value. Considering the measures of CEO nationality were 0 for Kenyan CEO and 1 for Non-Kenyan CEO, it can be deduced that the former hold the advantage of being in their home country. This can further be attributed to the fact that such CEOs may posses a better understanding of the business environment in Kenya. The findings on CEO nationality and firm value are in line with existing literature. Razali *et al.* (2022) reported that CEO traits had a major and detrimental impact on Malaysian companies. The study concluded that a company's value is significantly influenced by the qualities of its CEO. Akindayomi *et al*. (2024) found that CEO's origin significantly and favorably affected return on assets.

Chief executive officer age had significant effect on firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya as indicated a p-value of 0.016. The relationship between CEO age and firm value was negative as shown by the negative hence the younger the CEO, the higher the firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya. Despite the experience attributed to age and older CEOs, its limitations can counter these benefits. Young CEOs are known for their aggression and robustness in overseeing activities which consequently improve the firm value. The outcome of the study with regards to CEO age and firm value collaborates those of previous empirical works. Mutai, Tarus, Komen, and Torois (2020) established that CEO age significantly impacted on capital structure. Additionally, Liu and Jiang (2020) concluded that a key factor influencing financial performance is the qualities of the CEO.

**5.1 Conclusion**

The study documented that CEO nationality had a significant effect on the firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya. It was therefore concluded that CEO who is of Kenya origin bring about higher firm value in the context of listed construction and allied firms in Kenya than those originating from other countries. Despite the results favouring Kenyans to be CEOs of listed construction and allied firms in Kenya, non-Kenyan CEOs can still be considered provided to have a good understanding of the Kenyan market and/or have been residents in Kenya for some time.

CEO age had a significant effect on the firm value of construction and allied firms listed at the Nairobi Securities Exchange, Kenya. It was consequently concluded that the age of a CEO of a firm in the context of construction and allied firms listed at the Nairobi Securities Exchange, Kenya is of importance. The age of chief executive officers is significant due to its influence on managerial decisions and coordination of corporate activities. Notably, younger CEOs increase in the value of firms listed at the Nairobi Securities Exchange, Kenya.

**Recommendations**

The relationship between CEO characteristics and firm value is complex, reflecting both the top executive's cognitive frames and the institutional context in which they operate. While global research has established important correlations, the Kenyan construction sector offers a fertile terrain to test these insights amidst infrastructure booms and evolving governance frameworks. The study recommends that young CEOs should be considered by listed construction and allied firms so as to benefit from the aggression and resilience that come with young age. The appointment of young or younger CEOs should be done in view of capacity as well as educational qualifications.

**Research Gaps and Future Directions**

A primary gap is the scarcity of dedicated empirical research on Kenyan construction firms. Future scholars should gather firm-level panel data on these companies, linking CEO attributes to stock market performance, contract awards, and long-term profitability. Surveys of board members, investors, and industry experts could validate subjective measures of CEO qualities and contextualize results. Researchers could examine how environmental uncertainty, political risk, or corporate governance codes moderate the CEO-value relationship.

Firm value extends beyond financial metrics. Incorporating non-financial indicators (ESG ratings, stakeholder satisfaction, project completion rates) can provide a holistic understanding of CEO impact. Considering that Kenyan construction firms' reputations and community relations affect their social license to operate, future research could integrate these broader metrics.

Longitudinal designs capturing CEO changes and firm trajectories can clarify temporal dynamics. Comparing Kenyan construction firms to their counterparts in other African markets or emerging regions could elucidate whether observed patterns are context-specific or generalizable (Ntim & Soobaroyen, 2013).

**Policy Implications**

For boards and investors, recognizing that CEO characteristics influence firm value implies more strategic CEO selection and succession planning. Boards should consider the strategic fit of CEO backgrounds with firm challenges—e.g., appointing internationally experienced CEOs if cross-border joint ventures are pivotal.

Policymakers and governance bodies in Kenya might encourage disclosure of CEO credentials to enhance transparency and investor trust. Training programs or mentorship initiatives that broaden CEO skillsets—combining technical, financial, and relational proficiencies—could indirectly uplift sectoral performance.

Industry associations might facilitate forums where CEOs share best practices, learn about global construction trends, and develop networks that amplify positive firm-level outcomes. Such collective efforts can improve not only individual firm valuations but also the sector's attractiveness to investors and lenders.

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