ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 11, Issue 3, pp: (17-25), Month: July - September 2023, Available at: www.researchpublish.com

# EFFECT OF BOARD SIZE ON TAX PLANNING AMONGST FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE, KENYA

Mohamednur Ibrahim Guyo[1], Dr. Fredrick Warui Waweru[2]

[1,2]Department of Accounting and Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya

DOI: https://doi.org/10.5281/zenodo.8134552

**Published Date: 11-July-2023**

***Abstract:*** **Tax planning is one of the critical tools used by both government and firms to achieve optimum revenue. Tax laws are formulated by different government authorities to derive maximum benefit from tax provisions. Although tax preparation might boost profitability, it can also come at the expense, preventing businesses from optimizing revenue by tax planning. For example, when corporate structure is a requirement for getting the intended tax advantages, possible expenses can arise if tax planning is disputed by taxation, resulting in brand damage. Various studies have been carried out on board attributes and tax planning among different sectors and different nations all this having mixed results. Therefore, this study sought to investigate the effect of board size on tax planning amongst firms listed at the Nairobi Securities Exchange, Kenya. The sample for the investigation included 65 Nairobi Securities Exchange listed companies listed between 2014 and 2021, and secondary panel data was collected from these companies using a census sampling technique. The study adopted descriptive and panel regression techniques of analysis which has some diagnostic tests. Ethical standards were adhered to in the study. Revelation from the survey showed that board size significantly in a manner that is positive with effect on tax planning of listed firms. The report consequently suggests that board size be decreased to improve tax planning effectiveness for Kenyan listed companies at the Nairobi Securities Exchange. This would enable the board of directors of the companies to facilitate decision-making within the shortest time frame possible.**

***Keywords:*** **Board Size, Tax Planning.**

## 1. INTRODUCTION

Institutional prosperity is a significant narrative structure in an international market since its importance cannot be overstated. A nation's growth is measured by a variety of observable outcomes such as indications by businesses. Which include critical infrastructures, technological advancements, trade growth, including capacity building, among others (Karumba, 2016). The growth of firms within any economy in the world cannot be isolated from tax planning as this is concerned by the amount of taxes paid by these firms to stimulate or retard their growth and development (Ewa, Adesola & Essien, 2020). As a matter of urgent importance, governments all over the world used taxes to improve firms' productive capacity as well as peoples' welfare as posited by Todaro and Smith (2006) via the activation of necessary tax plans by providing good roads, sanitation, security, health care and electricity. Appah (2010) claimed that taxes are mandatory remittent upon a subject's assets or by a taxpayer for community facilities provision, ensuring a beneficial budgetary condition, security as well as soundness of the community by the government. These government goods and facilities adequacy activates and support firms advancement plans for economic development (Karumba, 2016).

Government responsibilities in developing and developed countries are fundamental in ensuring reasonable improvement in the development of the nation overtime (Edame & Okoi, 2014). These obligations are not tax-free as the bulk of government tax revenue emanates from companies' income taxes. Tax rates imposed by the government on corporations can either impede or stimulate economic growth by altering the consumption patterns of people within an economy. Increased taxes on labor supply, as outlined by Edewusi and Ajayi (2019), can skew the effective utilization of intellectual resources; this seems to be notwithstanding tax's propensity to nurture enhanced public efficiency within enterprises. Economically, tax rates are effective fiscal tools used by the government to control inflation, unemployment, unfavourable balance of payment, reduce poverty, protect infant industries as well as the control of harmful substances by the government.

According to PwC (2014), virtually all public firms possess tax department that is responsible for tax-related matters of the firms. This is to provide adequate and minimized tax liability value of the firms. A number of good practices of the Capital Markets Authority (CMA) has issued rules to assist public companies (CMA, 2017). However, firms listed at the capital market have continued to witness changing tax policies from the tax authorities which pose a great threat to firms' existence with most of them winding up outlets. For example, Kenya Airways and Uchumi. Additionally, firms' effective taxation rates differs across amongst firms as well as from time period depending on the tax plan decision of the government.

Board attributes are key issues in deciding the progress of an organizational progress. This lies in the heart of organizational performance. However, board attributes are the features which stimulate the progress of the firms as it concerns size, capital structure, ownership, diversity and so on. This helps in the maximization of shareholders value by minimizing the effective tax rate. Kingara (2019) posited that firms attributes helps in monitoring firms management decision which affects it tax planning process. The council of executives' primary goal would be to guarantee that the firm is appropriately handled. The company of directors is responsible for overseeing company's successful functioning in need to maintain as well as increase investor wealth while also meeting the firm's commitments to its workers as well as various users (Peter, Hamid & Ibrahim, 2020).

The size of the board is the total of board members which an organization possesses in deciding on the effective way of tax minimization for profit maximization of the firms listed at the stock market. Peter, Hamid and Ibrahim (2020) posited that larger boards members are advantageous in expertise, experience and skills. Because larger board size have quite a greater view on the tax conditions and thus can quickly recognize company possibilities, various abilities lead to greater managerial guidance (Abdul-Wahab & Holland, 2012). However, there are few issues that develop when the board size is increased. As the size of the board grows, communications and collaboration issues become more acute. Smaller boards are much more productive observers, according to the earlier studies on board size. In reality, because voicing thoughts and communicating inside a small number is often simple and requires little effort, a small panel may lead in much more significant planning. Consequently, it is a plausible assumption that a small size of the board would be linked to a decrease in the effective tax rate (ETR) (Barros & Sarmento, 2020).

The planning of tax is the strategizing effective tax rates toward optimizing the benefit which accrues to it from such actions in terms of shareholders value maximization and government revenue. Tax planning definition by Vasanthi (2015) looks at the individual individuals' financial affairs devoid of contravening the tax regulations or the stipulated conditions of the law. Tax planning is effective when tax privileges are given to individual and firms in terms of tax exemption, rebates, discounts, allowance deductions and concessions as well as other benefit which can be accrued to Income Tax Act (Kang'ara, 2019). The planning process of tax entails the financial obligations of tax agencies on taxpayers in stipulating how these tax funds are minimized for optimum output. Such processes include tax management implications, taxable expenses under the tax laws and proficient tax planning practices in ensuring timely payments. Tax laws application is critical to tax-related matters as it concerns tax rates (PwC, 2020).

A competitive business environment provides operational efficiency which the tax authorities are guided. However, effective tax planning yields planning decisions that is adequate for firms in competitive surroundings (Khaoula & Moez, 2019). Tax relief approaches varies from one country to the other depending on the country's advancement (Needham, 2013). Tax reliefs are well explained in development countries of the world due to organized form of firms' data accuracy and the system. Lack of a well-developed market and dearth firms' data characterized developing countries thereby warranting a different approach to tax relief methods. According to Kang'ara (2019), the techniques comprised of price transfer, intangible payments of profit shifting strategy, corporate debt equity, shell holding companies tax rulings of specific companies and hybrid entities. The provision of tax, loopholes and other tax liability strategies used by firms is targeted at assets profits yielding which firms' take advantage of to maximize value (Madugba *et al*, 2020).

Desai and Dharmapala (2009) noted that two different approaches have been used to quantify tax planning. Accordingly, they are, discrepancy among taxing as well as finance earnings which is known as the book-tax difference (BTD).Also, the ETR, which measures the ratio of current income tax expenses to income before tax (Bradshaw et al., 2013). Earning management and tax planning measures BTD while ETR weighs tax planning only; Osebe *et al*. (2019) instituted that ETR average of 24.7% compared to 30% tax rate of Income Tax Act depicts the rate of listed firms tax planning incidence in Kenya. ETR was used in this study to adequately capture the incidence of the approved tax rate of 24% on the listed firms in Kenya.

The Nairobi Securities Exchange (NSE) began operations around 1954 and then was formed by 1991 following the Companies Act. The market is a coordinated platform whereby different company's securities are traded for sufficient capital accumulation through the sales and purchase of stocks by both local and foreign individuals and institutions via the assistance of dealers and stockbrokers (Kang'ara, 2019). Being the fourth largest securities traded market in sub-Saharan Africa, the market is dominated by securities issued by traded firms and government. While having the authorization of creating trading medium, it has the responsibilities of overseeing other members' activities and also being the secondary hub for securities trading. The NSE provides a platform that makes it possible for trading of securities at the floor of the market from the office comfort Aganyo (2014), with the replacement of automated system of trading and wide network area. This has created a transparent efficient and a system that can handle effectively a volume of huge transaction at a time (NSE, 2019).

The trading of securities is facilitated by NSE which is a national medium for the for publicly Listed firms stock. Economic growth is enhanced by the role the capital market plays through the mobilization of savings, redistribution of financial resources from a dummy sector to an active sector of the economy (Nairobi Securities Exchange, 2019). The market is regulated through the Capital Markets Authority (CMA), which significantly determined the pricing of securities traded in the market thereby allowing for optimal investment decision by firms given the scared resources.

The mobilization of savings and redistribution of financial resources from an inactive sector to an active one in the economy is an important function of the capital market, and it can contribute to the growth of the economy (Nairobi Exchange Kenya, 2019). The Capital Markets Authority (CMA) controls the market. The CMA plays a crucial role in setting the prices of securities traded in the market, enabling firms to make informed investment decisions given the limited resources available.

## STATEMENT OF THE PROBLEM

Tax planning is one of the critical tools used by both government and firms to achieve optimum revenue. Tax laws are formulated by different government authorities to derive maximum benefit from tax provisions. However, firms' exploits weaknesses in the tax system to exploit grounds upon which expenses can be minimized and shareholders' value maximized through lower effective tax rates (Kan'gara, 2019). Although tax preparation might boost profitability, it can also come at the expense, preventing businesses from optimizing revenue by tax planning. For example, when corporate structure is a requirement for getting the intended tax advantages, possible expenses can arise if tax planning is disputed by taxation, resulting in brand damage (Bashir, Ba'ba & Bukar, 2020). Shareholders have benefited from tax planning in the structure of higher after-tax income. When there is a knowledge imbalance among management as well as shareholders when it comes to planning of tax, as believed that management might operate in their own self ambitions, resulting in a poor impact of tax planning on corporate value (Abdul Wahab & Holland, 2012).

In Kenya, corporate tax rate varies from local to foreign enterprises quoted on the exchange security market. The statutory tax rate of residential listed firms is 30% with non-residential firms having 37.5% of the shares listed (Viva Africa Consulting, 2016). These rates could be too high for smaller firms which discourage production and consumption of firms' goods and increase their tax liability. However, this constitutes a serious challenge to firms' optimal production and shareholders share value in the market for exchange of securities. This has made the consumption of certain products by consumers costly through VAT payment and sale taxes as shown by the KRA inability to refund VAT to corporate entities thereby constituting a rift in cash flow of the firm (KRA, 2019).

The inability of tax authorities to effectively refund tax liabilities of firms has resulted into conditional tax evasion and avoidance by firms. In the case of inefficient and ineffective tax management, both tax responsible agencies and the firms suffer operational consequences of higher taxes and low level of tax compliance by firms. Therefore, firms' management are left with the responsibility of minimizing their tax effective liabilities rates extensively to maximize shareholders value (Aganyo, 2014). Furthermore, KRA tax lesson has giving firms an insight on how to effectively plan their tax policies than avoid or evade the taxes. The conflicting compliance of effective tax rates, ample of researches have been done in this area to establish the linkage between boards attributes and tax planning across countries

## 2. LITERATURE REVIEW

**Theoretical Literature Review**

Stewardship theory was advance through Donaldson including Davis (1989). The hypothesis argued that shareholders value is optimized through the work of agents and also that of the company, which is different from agency hypothesis that depicts that agents work for their-interest against that of the organization and shareholders (Timothy, Izilin & Ndifreke, 2020). It proposes that; the role of the board is eliminated by the steward performing it's responsibility having the owners goal in mind (Imuetinyan, Solomon & Jonathan, 2019). This also suggests because executive directors' duties are not any kind of self-serving charlatan, but instead that executives strive to be effective stewards of business resources as a function of adequate stewardship (Khaoula & Moez, 2019).

The interest of the firm is safeguarded by the managers of the firms to protect and maximize the shareholders' value. The managers combined all asunder task toward the maximum operational standards that are within the ambit of the tax regulatory laws. There are the management' attentive duties to protect the profitability ratio, and its judgments are meant to generate improved earnings to the proprietor in the longer - term (Siswanto & Fuad, 2017). The concept also recognized a variety of non-financial advantages that administrators might use to influence its decision-making processes. Individuals are conscious of the determination to attain targets for improving excellent production but also activities, and they recognize the authorities and also the workplace way of behaving (Amer, 2016). The concept is irrelevant to this research in the sense that the interest of the firms' value is protected by the managers in all ramifications of the firms' goal objectives. The interest of the firm management aligned with that of the shareholders listed at the capital market. Its professions are linked to the achievement of the organization success, and its standing is reflected in the industry's production and the advantages to investors. Directors abuse business tax planning efforts to profit oneself due to the absence of strong board attributes systems. Jensen and Meckling (1976) proposed that the main reward as well as reimburse the agent lavishly, as well as implement tax programs, to resolve or decrease agency costs.

**Empirical Literature Review**

Using a listed conglomerate of firms in Nigeria, Imuetinyan, Solomon and Jonathan (2019) analyzed board characteristics linkage with food manufacturing firm's performance. The study employed a fixed effect generalized least squares using female directors, board size, independent board members interaction with listed conglomerate firms tax planning, employing an ex-post facto design for a ten year period of 2008 to 2017. Obviously, it was observed that board size, female directors, firm size and board independence had an inverse linkage with tax planning whereas assets return possess a direct positive linkage with tax planning. It was also produced that board size and female directors had significant inverse tax planning effect as board independence; assets return had insignificant inverse tax planning effect while firm size showed insignificant positive effect on ETR. The study suggested that the presence of professional women and larger board members on the board is acceptable for corporate tax planning.

In Nigeria, board attributes effect was examined on planning of tax of quoted enterprises by Peter, Hamid & Ibrahim (2020). The technique used for analysis in this research was regression and the span for this study was for the period 2008 - 2017. The outcome of the research was that the independence of board inversely and significant have an effect on tax planning; there was an inverse non-significant effect of foreign directorship, whereas size of the board, meetings of board members, as well as the diversification of gender exhibit a direct and non-significant effect on listed non-financial companies tax planning in Nigeria. An important direct influence of profitability on tax planning was witnessed with leverage having a significant inverse effect on tax planning.

The role of corporation control in reducing the impact of tax strategy on corporate performance was investigated by Bhagiawan and Mukhlasin (2020). Variables such as board independence, size of board, diversification of board's gender, auditing committee size and audit quality were used. Following from 266 Indonesia's listed manufacturing firms, the study employed moderated regression technique of analysis for the period 2016 to 2018. With empirically different evidence from

Indonesia companies, the study employed diverse moderating variables. The correlation study proved that tax planning had a beneficial impact on corporate worth. The link between taxation strategy as well as worth of the company is weakened by the gender balance of company membership and the magnitude of the auditing team. Nevertheless, audit quality, independency and size of board do not affect the taxation plans relation on firm value.

Using ex-post facto research design, Bashiru, Ba'ba and Bukar (2020) researched how corporate governance attributes impacts Nigerian Conglomerate listed companies' tax planning spanning from 2014 to 2018. CEO tenure and board size were utilized as measure of corporate governance while effective tax rate represented tax planning with firm size as control variable. Panel regression approach was utilized in research assessment. It was noted that CEO tenure, firms' size and effective taxation rates had an inverse significant linkage while board size and effective taxation rates was positive and linked. The conclusion was that corporate governance mechanism is critical in listed Nigerian Conglomerate Companies tax planning.

## 3. RESEARCH METHODOLOGY

The approach of a descriptive nature was engaged to determine the impact of boards features on tax plan of quoted companies on the Nairobi Securities Exchange (NSE). The research population was the sixty-five (65) enterprises quoted at the NSE as at 31st December 2019 from which a sample of fourth enterprises was purposively picked for the period 2014 to 2021. A purposive sampling technique applied to this study. The study population is the sixty-five (65) industries public on the NSE as at 31st December 2019, 40 industries were selected purposively for the period 2014 to 2021. Eighteen (18) and nine (9) listed firms which reported losses and had preferential tax treatment respectively in this period were excluded. Published secondary data sources were employed where listed firms at the NSE financial report was sourced for the survey period (2010 to 2021) which was encapsulated on the data collection sheet. CMA provided the firms individual reports. The statistical tools employed in the study aided in drawing conclusions from the analyzed data. To achieve the study objectives, appropriate inferential statistical techniques such as correlation and panel regression methods were utilized with the aid of the STATA package. Pearson analysis of correlation was used to assess the strength and direction of the relationship between the research variables.

## 4. FINDINGS

The descriptive statistics results of board size are presented in Table 1.

**Table 1: Descriptive Statistics of Board Size**

| | Board Size |
|---|---|
| Mean | 9.9790 |
| Std. Deviation | 2.4699 |
| Minimum | 5 |
| Maximum | 16 |
| Obs | 526 |

Table 1 displayed the statistics from descriptive view point from the investigation. For board size, 9.9790 and 2.4699 were noted as the mean value and standard deviation respectively. The mean value reveals that businesses typically have 9 board members with a standard deviation of 2.4. These values are within the range of minimum of 5 and maximum of 16.

**Results of Diagnostics Tests**

By performing a number of diagnostic tests, the axioms of the traditional linear regression model were confirmed. Inconsistency and inefficiency that can result from the calculated parameters were avoided by conducting the diagnostics. These analyses include the homoscedasticity test, the autocorrelation test, the multicollinearity test, the stationarity test, and the specification test effect model.

**Normality Test**

To evaluate the normality of the data collected for the study, the Shapiro-Wilk test was employed. The null which assumed that the survey data were distributed normally. The test was conducted with a significance threshold of 0.05, and the products are in Table 2 of the report

**Table 2: Normality Test**

| Variable | Obs | W | V | Z | Prob>z |
|---|---|---|---|---|---|
| Tax Planning | 526 | 0.1148 | 311.699 | 13.834 | 0.0000 |
| Board Size | 526 | 0.9680 | 11.236 | 5.828 | 0.0000 |

The data analysis depicted in Table 2 demonstrated that none of the factors analyzed, including tax planning and board size follow a normal distribution pattern. These results are contrary to the null that assumes the data are normally distributed This is shown by the probability values which are less than 0.05 criterion significance. However, in a situation where the size of the sample is large and above 30 observations, such data are said to be normally distributed. By implication, the more the sample observation, the better the normal distribution of the variables. This is supported by the central limit theorem of normality. Therefore, since the observation used in the study is above 30, the issue of normality can be ignored.

### Heteroscedasticity Test

Using Breusch-Pagan's heteroscedasticity test, the test of variance stability was investigated. This is done to ascertain if the research variances remain the same throughout observational errors. The study's findings based on this test are thus reported in Table 3.

**Table 3: Heteroscedasticity Test**

| | | |
|---|---|---|
| chi2(15) | = | 943.83 |
| Prob> chi2 | = | 0.0000 |

Table 3 outlines the outcomes of the Breusch-Pagan test. The findings indicate a statistical value of 943.83 and a probability value of 0.0000, both of which fall below the critical threshold of 0.05. With regards to these, the null hypothesis was rejected, suggesting that there was inconsistent error covariance across the observations made during the survey. Additionally, it is claimed that the model suffers from the issue of heteroscedasticity. But, by approximating the standard error test, this issue was resolved by robust standard errors.

### Multicollinearity Test

To test for multicollinearity a variance inflation factor (VIF) was used. This is to make sure that no explanatory variable in the study model has a strong correlation with another. The estimated threshold of 2 was applied to evaluate the model's level of multicollinearity. The VIF test outcomes are shown in Table 4.

**Table 4: Multicollinearity Test**

| Variables | VIF | 1/VIF |
|---|---|---|
| Board Size | 1.00 | 0.9977 |
| Mean VIF | 1.00 | |

None of the factors in the model had a high degree of correlation, as shown by Table 4. The board size was below the 2-point cutoff, according to the findigs. The VIF values for the board size, was specifically 1.00.

### Autocorrelation Test

To determine if autocorrelation existed in the model or not, the Breusch-Godfrey test was used. The guiding principle of the test was the null hypothesis, which assumes the absence of first-order autocorrelation. This was done within the parameters of 0.05 threshold of significance. Table 5 reveals and presents the study's findings.

**Table 5: Autocorrelation Test**

| |
|---|
| F( 3, 77) = 0.63 |
| Prob> F = 0.5649 |

In Table 5, an F-statistic value of 0.71 was displayed. Further indication of this was a probability value of 0.5649. These results suggest that the model did not exhibit first-order autocorrelation, as evidenced by the p-value exceeding the significance point of 0.05 and supporting the null hypothesis.

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 11, Issue 3, pp: (17-25), Month: July - September 2023, Available at: www.researchpublish.com

**Stationery Test**

The Fisher-type (Phillips-Perron) unit roots test was employed for stationarity test. This was done in order to ascertain the unit root non-existence or existence in the variables. The null hypothesis, which states that the presence of a unit root exists in at least all panels, was tested at a significance threshold of 0.05.Table 6 displayed the products of the test for unit root

**Table 6: Stationery Test**

| Variable name | t-Statistic(adjusted) | P-value | Comment |
|---|---|---|---|
| Tax Planning | 229.3748 | 0.0000 | Stationary |
| Board Size | 249.5052 | 0.0000 | Stationary |

The results presented in Table 6 confirm that the variables were stationary as per the 0.05 threshold significance. As regard the null hypothesis that at least one panel has a unit root was rejected as per findings. The survey revealed that the p-values for tax planning and board size were all less than 0.05, directing the null hypothesis rejection at the 0.05 significance echelon. This suggested that all the variables used in the model were stationary.

**Model Specification Test**

The optimal model to utilize for the investigation was chosen using the Hausman test. The selection of a fixed effect model or a random effect model for the estimation was determined by this criterion. In support, Baltagi (2005) claimed that the fixed and random effect models well reflected the estimation method of panel regression analysis. The test's products displayed in Table 7.

**Table 7: Model Specification Test**

| | (b) | (B) | (b-B) | Sqrt (diag(V_b-V_B)) |
|---|---|---|---|---|
| | Fixed | Random | Difference | S.E. |
| Board Size | 0.0208 | -0.0366 | 0.0575 | 0.1189 |
| Chi2(3) | 0.34 | | | |
| Prob>chi2 | 0.9528 | 0.014 | -0.005 | 0.002 |

The random effects model is best suited for the study, as opposed to the alternative that the fixed effect is suitable, according to the null that formed the basis for the hausman test. In keeping with this, Table 7 depicted the investigation's outcomes. The related chi-square and p-value were 0.34 and 0.9528. In accordance with this result, the preferred model—the random effect model was chosen as pointed out by the null hypothesis.

**Panel Regression Analysis**

Panel regression analysis was utilized to decide on the board attributes effect on Kenya's listed firms' tax planning at NSE was based on the direct effect approach.

**Table 8: presented the direct effect model that accurately depicts the result.**

| Tax Planning | Coef. | Robust Std. Err. | Z | P>\|z\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| Board Size | -0.0366 | 0.0186 | 1.97 | 0.049 | -0.0732 | -0.0001 |
| _cons | 0.6895 | 0.4073 | 1.69 | 0.091 | -0.1089 | 1.4879 |
| $R^2$ | 0.0617 | | | | | |
| Wald chi2 (4) | 8.51 | | | | | |
| Prob> chi2 | 0.0366 | | | | | |

Board size has an estimated parameter of (β= -0.0366) in accordance with the specific purpose, showing an inverse effect on the companies listed tax planning at NSE in Kenya. This suggests that the firms registered at the NSE in Kenya would reduce their tax planning by 0.0366% for every percentage increase in board size. A p-value of 0.049 indicates a significant influence related to board size for the listed companies.

The investigation aimed to examine the board size effect on the NSE tax planning of listed companies in Kenya. As assumed by the null hypothesis that board size has effect of no significant on the companiesat NSE tax planning as registered. A probability of 0.049 indicates that the null hypothesis has been disproved. The analysis results indicate that there was a significant affiliation between board size and tax planning of listed NSE companies in Kenya at a significance level of 0.05. This outcome can be attributed to the critical decision of the board members particular their size which plays a vital role in the determining of the best tax rate or policy to be adopted for the firms. The outcome of the study is consonance with Bashiru, Ba'ba and Bukar (2020) and Imuetinyan, Solomon and Jonathan (2019) who found that board size and female directors had significant inverse tax planning among listed conglomerate firms in Nigeria. Contrarily, Peter, Hamid & Ibrahim (2020) established a positive and non-significant effect on listed non-financial companies' tax planning in Nigeria. The lack of uniformity in the outcomes of the investigation might be linked to the diverse context of the studies were conducted. The diverse tax systems in the studied areas, which provide a range of responses of board size on tax planning may also be to blamed for discrepancies in the study's conclusions.

## 5. CONCLUSIONS AND RECOMMENDATIONS

The study's first objective revealed that the board size of the listed businesses at the NSE was a significant indicator of tax planning. Although large number of board members results in vital decision making by the firms, the effectiveness of the tax rate is unaffected by the board size of the listed firms.

Only the board size significantly predicted the listed companies' tax planning at the Nairobi Stock Exchange in Kenya, as per the board's attributes (board size, board independence, and board meeting). The report consequently suggests that board size be decreased to improve tax planning effectiveness for Kenyan listed companies at the NSE. This would enable the board of directors of the companies to facilitate decision-making within the shortest time frame possible.

## REFERENCES

[1] Abdul-Wahab, N. S., & Holland, K. *(2012).* Tax planning, Corporate Governance and Equity Value. *British Accounting Review, 4,* 111–124

[2] Aganyo, C. A. (2014). *The Effects Of Corporate Tax Planning On Firm Value For Companies Listed At The Nairobi Securities Exchange.* Master Thesis at the University Of Nairobi, Kenya

[3] Appah, E. (2010). The problems of tax planning and administration in Nigeria: The federal and state governments experience. *Asian Journal of Research in Banking and Finance, 4*(12), 1-14

[4] Barros, V. &Sarmento, J. M. (2020). Board Meeting Attendance and Corporate Tax Avoidance: Evidence from the UK. *Business Perspectives and Research*, 8(1), 51–66.

[5] Bashiru, M., Ba'ba, S., &Bukar, M. (2020). The Impact of Corporate Governance Attributes onTax Planning of listed Nigerian Conglomerate Companies. *International Journal of Academic Research in Business and Social Sciences*, 10(5), 229–238

[6] Bhagiawan, G. &Mukhlasin, M. (2020). Effect of corporate governance on tax planning & firm value. *International Journal of Commerce and Finance*, 6(2), 72-80

[7] Capital Markets Authority (2017). Guidelines on corporate governance practices by public listed Companies in Kenya, *Gazette Notice No. 3362*

[8] Edame, G. E., &Okoi, W. W. (2014). The impact of taxation on investment and economic development in Nigeria. *Academic Journal of Interdisciplinary Studies, 3*(4), 209-218.

[9] Edewusi, D. G. & Ajayi, I. E. (2019). The Nexus between Tax Revenue and Economic Growth in Nigeria. *International Journal of Applied Economics, Finance and Accounting, 4*(2), 45-55

[10] Ewa, U. E. & Adesola, W. A. & Essien, E. N. (2020). Impact of Tax Revenue on Economic Development in Nigeria. *International Business Research*, 13(6), 1-12

[11] Imuetinyan, I.B., Solomon, A.C., & Jonathan, A. (2019). Effect of board characteristics, firms performance and effective tax planning in Nigeria food manufacturing sector. FUO *Quarterly Journal of Contemporary Research*, 7(3), 32-45.

[12] Karumba, A. K. (2016). *Impact of taxation on economic growth in Kenya (1975-2014).* An Unpublished Thesis, University of Nairobi, Kenya

[13] Khaoula, F., & Moez, D. (2019). The moderating effect of the board of directors on firm value and tax planning: evidence from European listed firms

[14] Osebe, P. R., Kirui, J. K. &Naibei, I. K. (2019). Impact of Corporate Governance on Effective Corporate Tax Rates among Listed Firms in Kenya. *Research Journal of Finance and Accounting,* 10(18), 23-33

[15] Peter, Z., Hamid, T. K., & Ibrahim, M. (2020). Board attributes and tax planning of listed non-financial Companies in Nigeria. *International Journal of Accounting & Finance* (IJAF),9 (1), 46-59

[16] Peter, Z., Hamid, T. K., & Ibrahim, M. (2020). Board attributes and tax planning of listed non-financial Companies in Nigeria. *International Journal of Accounting & Finance* (IJAF),9 (1), 46-59

[17] Timothy, O.U., Izilin, M.O., &Ndifreke, B.A. (2020). Corporate tax planning, board compensation and firm value in Nigeria. *Accounting and taxation Review*, 4(3), 11-28.

[18] Vasanthi, R.M. (2015). A Study on Tax Planning Pattern of Salaried Assessee. *Research Journal of Finance and Accounting*. 6 (1), 1-5

[19] Viva Africa Consulting (2016). Are There Tax Incentives in Listing? Volume XX.