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BOARD COMMITTEE REPORTS AND PROFITABILITY OF SUGAR MANUFACTURING COMPANIES IN KENYA

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Abstract

The sugar manufacturing sector in Kenya has been experiencing a decline in1profitability, measured using return1on assets, for the past five years (2017-2021). This has led to closure of some of the companies and other still fail meet their obligations. The purpose of this study was to determine the effect of board committee reports on profitability of sugar manufacturing companies in Kenya. The study was guided by stewardship theory. The explanatory research design was used in this research. Moreover, the study targeted 10 sugar manufacturing companies in Kenya. In addition, the participants were 10 staff in the management of each of the 10 sugar manufacturing companies in Kenya. Since target population was small, the study used a census technique and hence the entire population was included in the research. The study covered duration of 5 years from 2017 to 2021. Primary data in this study was gathered using structured questionnaire and secondary data was gathered using audited financial Statements. Data was analyzed by use of descriptive statistics including mean, standard deviation, percentage and frequencies as well as inferential statistics including multiple linear regression analysis with the support of statistical software referred to as SPSS version 25. The findings were presented in tables and figures. The findings indicated that board committee reports had a positive and significant influence on profitability of sugar manufacturing companies in Kenya. The study recommends that the committee should analyze financial statements, key performance indicators, and financial trends to provide insights into the company's financial health and identify areas for improvement. The board of management should establish a clear reporting schedule for board committee reports, ensuring they are provided on a regular basis and aligned with the board's meeting calendar.

Key Words: *Board Committee Reports, Profitability, Manufacturing Companies*

INTRODUCTION

The sugar sector plays an important role the national economy as it contributes to food security, creates employment and regional development for over 8 million Kenyans (Sugar Industry Stakeholders Taskforce Report 2018). The Government has made efforts to promote the growth in the sugar industry using various strategies like tariff reduction, removal of price controls, reduction of sugar importation (Mbalwa, 2015). These strategies are intended to enhance efficiency of domestic sugar production (Kenya Sugar Board. 2015). Corporate governance philosophy dates to the 19th Century and can be traced back to the United Kingdom when companies were allowed by Joint Stock Companies Act (1844) to get registered (Mwaura, 2007). This incorporation however led to the beginning of conflicts between the owners and the management since the two parties held different interests in the firms (Padilla, 2002). The interest in corporate governance, however, increased from the 1980s following the massive failures of top world corporations like Enron, WorldCom, Tyco, Marconi, and Parmalat, which was attributed to corporate governance weaknesses (Kang, Cheng & Gray, 2007).

According to Shahzad, Zulfiqar and Ahmed (2022), board committee reports are components of corporate governance. Board committees have become common way of organizational administration acting as formal arm of board of directors' functions where committees like audit committees are a requirement in public sector institutions (GOK, 2015). Audit committee manages the compliance and integrity of firm's financial reporting (Chen and Wun, 2016). The boards' audit committee is the foundation of financial prudence of the company because the directors are tasked with ensuring that all transactions in the organization are recorded accurately. Inaccurate reports of the firm could be detrimental to the shareholders value and cost of capital and therefore quality reporting ensures that quality accounting information is provided (Liao & Hsu, 2013). To enhance integrity, financial reports should therefore be timely, broad and relevant. Unfortunately, a lot of public sector entities in Kenya have collapsed (Uchumi, KQ, and Mumias Sugar Company) in the presence of these committees which put in doubt the quality of1financial reporting in the country. According to Jao, Kampo and Susanto (2021), different companies develop their reports at different times, which include annually, bi-annually and quarterly. Board Committee Reports was looked at in terms of timeliness and relevance.

In Saudi Arabia, Shahzad, Zulfiqar and Ahmed (2022) observed that board committee reports have a positive effect on company performance measured using return on assets. In addition, Yustika (2018) indicated that board committee reports had significant influence on profitability of firms in Indonesia. In Pakistan, Yasser and Ahsan (2017) argues that board committee reports have a positive association with organizational performance. In Kenya, Machuki and Rasowo (2018) indicated that board committee reports provide stakeholders with detailed information about the company's governance practices, decision-making processes, and oversight activities. Also, Odhiambo and Mwanzia (2021) established that board committee reports provide valuable insights and recommendations to the board of directors, enabling them to make more informed and effective decisions. Committees focused on areas such as strategy, finance, and compensation can help identify growth opportunities, optimize resource allocation, and align executive incentives with long-term shareholder interests.

According to the Kenya Association of Manufacturers (2021), the average Return on Assets (ROA) among sugar manufacturing firms in Kenya decreased from 19.78 percent in 2017 to 16.55 percent in 2018, 14.90 percent in 2019, 12.71 percent in 2020 and 10.09 percent in 2021. Mumias sugar experienced a decrease in its ROA from -75.32 percent in 2018 to -77.89 percent in 2019, -79.82 percent in 2020 and -81.87 percent in 2021 (Nairobi Securities Exchange, 2020). The low ROA in sugar manufacturing firms in Kenya led to the closure of Soin Sugar Company and companies such as Mumias Sugar Company, Muhoroni and Miwani Sugar Company were put under receivership. The poor performance of sugar manufacturing firms led the closure of some firms and decreased in profitability, which in turn affected investors and farmers in the sugar industry.

Statement of the Problem

Financial performances of Sugar companies have been declining steadily. For instance, the average ROA among sugar manufacturing firms in Kenya decreased from 19.78 percent in 2017 to 16.55 percent in 2018, 14.90 percent in 2019, 12.71 percent in 2020 and 10.09 percent in 2021 (Kenya Association of Manufacturers, 2021). Mumias sugar experienced a decrease in its ROA from -75.32 percent in 2018 to -77.89 percent in 2019, -79.82 percent in 2020 and -81.87 percent in 2021 (Nairobi Securities Exchange, 2020). For more than a decade now, majority of sugar1manufacturing companies are unable to operate because of accumulated debts running into billions of shillings (Fwamba, 2017). Mbalwa (2015) suggests that the top administrators (board of directors and CEOs) have contributed significantly to the financial woes facing sugar manufacturing companies in the county yet many of these companies are funded by the tax payers' money. This situation has become so dire in the recent past that a total of three sugar manufacturing companies (Mumias, Muhoroni and Miwani) have been put under receivership. It is a matter of public knowledge that majority of public entities in Kenya have been lacking in accountability and resource stewardship which are the key indicators of financial distress in any organization (Machuki & Oketch, 2013).

Despite the great interest shown by researchers on the area of corporate governance and firms' performance, majority of them (Mwangi, 2018; Wanyonyi & Olweny 2013) concentrated in other sectors like insurance and banks and even those who researched in sugar sector (Njagi, 2012; Fwamba, 2017) did not exhaust areas of the board committee reports creating knowledge gap which the researcher sought to fill by focusing on board, board committee's reports and their effect on firm performance. In addition, these studies used primary data only in achieving their objectives, but this study employed secondary data as well. The researcher aimed at responding to the following research question: do board committee reports affect profitability of sugar manufacturing companies in Kenya?

The study aimed to test the following null hypotheses:

$H_0$1: Board committee reports have no significant effect on profitability of sugar manufacturing companies in Kenya

LITERATURE REVIEW

Theoretical Literature Review

The study was anchored on the stewardship theory. This theory is attributed to Davis, Schoorman and Donaldson (1991). According to the scholars, a steward is a person who protects assets of1the owner and strives to maximize shareholders wealth through good performance. Stewardship theory suggests that persons in the management view themselves as part of1the firm and therefore they always put the welfare of the firm first. The theory focuses on the1manager as a person who provide protection to organizations' resources entrusted to him by the owner (Cornforth, 2003). Stewardship theory is based on trust and loyalty by the management and this eliminates the agency costs like monitoring and controls (Daly et al., 2003). The theory also advocates for the appointment of insiders as directors on the board of management since they have more institutional knowledge, experience and loyalty which are considered assets needed to propel their companies forward through quality decision making (Jensen, 2001).

The researcher used stewardship theory to show the effect of board committee reports on profitability of sugar manufacturing companies. Board committee reports provide detailed insights into the governance processes and decisions of sugar manufacturing companies. By holding managers accountable for their actions and ensuring alignment with shareholder interests, transparent reporting can reduce agency costs and promote efficient resource allocation, ultimately leading to improved profitability. Committees such as the audit and risk management committees play a critical role in identifying and mitigating risks that could impact the financial performance of sugar manufacturing firms. Transparent reporting practices, including comprehensive board committee reports, enhance transparency and credibility in the eyes of investors, creditors, and other stakeholders. Increased transparency fosters trust in the company's management and governance practices, leading to higher investor confidence and potentially lower capital costs. This, in turn, can positively impact profitability by reducing the cost of capital and attracting investment.

Empirical Review

In Saudi, Ayman (2022) examined the effect of board audit committee reports on financial performance of Saudi non-financial listed firms. The study meticulously selected a sample of 100 companies, analyzing data spanning the period between 2010 and 2019, sourced from these firms' financial statements. The research employed various panel data techniques, including pooled OLS, fixed effects, and random effects in the data analysis process. The results indicated that board audit committee reports had a signfivcant effect on the financial performance of non-financial listed firms in the Saudi context. It is important to note, however, that this investigation was exclusively conducted among Saudi non-financial listed firms, and therefore, the findings should not be extrapolated to firms operating within the Kenyan business landscape.

In Kenya, Jerubet, Chepngeno and Tenai (2017) examined whether audit committee characteristics influences quality financial reporting among companies listed at the Nairobi Security Exchange. The study utilized explanatory research method and sampled 46 firms which were operating at the NSE in 2014. The study collected secondary data1and analyzed by employing inferential and descriptive statistical methods. The researcher established that audit1committee size was significant on quality financial reporting quality whereas audit1committee independence had a negative correlation. However, this study used quality financial reporting as dependent variable, which differs from profitability. Additionally, the research made use of secondary data only, but this study1will make use of secondary and1primary data.

In Kenya, Ogoro and Simiyu (2015) examined the effectiveness of audit committee in public sector parastatals using 177 state corporations. The sampling frame was state corporations in Kenya consisting of 177 firm year observations for the year 2012 selected using purposive sampling. The logistic regression model was used to test the effect of the characteristics of the committee on its effectiveness. The study utilized cross sectional1secondary1data from various financial statements. The study established that multiple directorship and CEO tenure were the most important characteristics of audit committee because they helped reduce the number of financial statements restatement. The researcher therefore recommended that1the government ought to impose stiff penalties on audit committee that underperform. In contrast, this study will focus on all the companies in sugar sector. Additionally, the study focused on the audit committee reports in terms of timeliness and completeness and data was analyzed using multiple regression models.

In Nigeria, Madawaki and Amran (2013) studied how audit committees affect financial reporting Companies. The study assessed the relationship between audit1committee and improved financial reporting quality for a sample of 70 Nigerian companies quoted at Nigerian Stock Exchange after new corporate governance code regulations of 2003. The study used secondary data in form of financial statements to analyze how audit committee influences quality of financial reporting. Duke and Kankpan (2011)'s model was used to measure earnings as a proxy

for financial reporting quality. The study established that audit committee was associated with enhanced financial reporting quality. In addition, the study found out that audit committee with independent chair1and committee1expertise was positively correlated with financial1reporting quality. In contrast, the focus of the researcher was the quality of audit1committee financial reports among the sugar manufacturing companies in Kenya. Further, this study was performed in Nigeria hence, findings are not applicable to firms in Nigerian Stock Exchange, which operate in a different business and macroeconomic environment from that of Kenya.
In Indonesia, Jao, Kampo and Susanto (2021) conducted a study on the effect of board of commissioner and audit committee effectiveness on timeliness of financial reporting. The population used in all companies listed in Indonesia Stock Exchange period 2016-2018. Number of samples are 56 companies, was selected by purposive sampling method and using secondary data. The analytical method used is multiple linear regression analysis. The result of analysis showed that board of commissioner effectiveness and audit committee effectiveness has positive and significant effect on timeliness of financial reporting. However, the study was conducted in Indonesia, a more developed country and hence its findings are not generalizable to Kenya which is a developing country.
In Tunisia, Mardessi (2022) conducted a study on audit committee and financial reporting quality. The research was based on a sample encompassing 90 non-financial companies listed on the Amsterdam stock exchanges under the AEX all-share index during the period spanning from 2010 to 2017. Employing a quantitative approach, this study primarily relied on secondary data as its principal source for analysis. The research conducted ordinary least squares regression to investigate how audit quality moderates the relationship between financial reporting qualities. The study found that corporate governance mechanism, particularly the independence of members, the presence of financial experts, and the size of the audit committee, and their effect on real earnings management. In contrast, the influence of the number of audit committee meetings on real earnings management was found to be non-significant. It's crucial to note, however, that this study was carried out within the context of non-financial companies in Tunisia, making its findings unsuitable for generalization to firms operating in the Kenyan setting.

Conceptual Framework

A Conceptual framework is the graphical representation of variables taking part in the research (Cooper & Schindler, 2003). This relationship is summarized and shown in Figure 1. The independent variable was board committee reports and the dependent variable was profitability of sugar manufacturing firms.

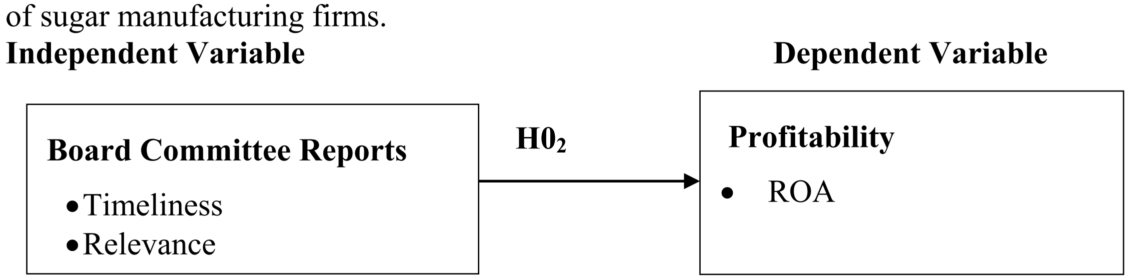

Figure 1: Conceptual Framework
Source: Author (2023)

Board committee reports provide detailed insights into the governance processes, decision-making, and financial performance of sugar manufacturing firms. Board committee reports play a crucial role in promoting transparency, accountability, effective risk management, strategic decision-making, and investor confidence within sugar manufacturing firms. These factors collectively contribute to improved profitability and long-term sustainability in the industry.

RESEARCH METHODOLOGY

The study used an explanatory research design. The study focused on all the 10 sugar manufacturing companies in Kenya, which were operational by the year 2021. Kenya Association of Manufacturers (2021) report indicates there are 10 sugar manufacturing firms operating in Kenya. Therefore, target population was 10 sugar manufacturing firms in Kenya. In addition, participants were 10 staff in management of each of the 10 sugar manufacturing companies in Kenya. The study used census method and hence the whole population was included in the study. The summary of sugar companies and respondents are shown in Table 1.

Table 1: Sugar Companies and Targeted Respondents

Sugar Companies	Management Staff
Chemilil Sugar Company Ltd	10
Nzoia Sugar Company Ltd	10
South Nyanza Sugar Company	10
West Kenya Sugar Company Ltd	10
Sukari Industries Ltd	10
Transmara Sugar Ltd	10
Butali Sugar Company	10
Soin Sugar Company	10
Kibos Sugar Company	10
Ramisi Sugar Company	10
Total	**100**

The study used secondary and primary data. Primary data was obtained on independent variables (board committee reports) using the questionnaire. The questionnaire comprised of structured closed ended questions, which were based on five point Likert Scale. Secondary data on profitability was obtained from respective company's websites using secondary data collection tool. The tool was structured to capture the Earnings after Tax and Total Assets for a period of five years (2017-2021). The study focused on the face validity as well as content validity. The research instruments' face validity was enhanced by doing a pilot test and altering any ambiguous and unclear questions. Face validity was also improved by performing pilot test and change of ambiguous and unclear questions. The content validity was improved through seeking views of expertise in the area of this study, mainly the supervisors. Reliability of research instrument was assessed using Cronbach's alpha, which in this study was lower than 0.7.

Data was then analyzed by use of inferential and descriptive statistics with the help of Statistical Package for Social Sciences (SPSS version 25). Descriptive statistics comprised of standard deviation, mean, frequencies as well as percentages while inferential statistics comprised of multiple linear regressions. The results were displayed using graphs, tables and charts. Multiple linear regression models were utilized to study the effect of board committee reports on profitability of sugar manufacturing companies in Kenya. The study used an average of return on assets for the period between 2017 and 2022.

The linear regression model was as follows:

$Y_{it} = \beta_0 + \beta_{1it}X_{1it} + \varepsilon_{it}$………………………………………………………………….. (i)

Where: Y = Profitability of sugar manufacturing companies; β_1 representing coefficients of Board committee reports; β_0=Constant term representing other factors other not defined in the model; X_I= Board Committee Reports; t subscript represent time; ε=Error term and i subscript represent number of sugar manufacturing companies.

RESEARCH FINDINGS AND DISCUSSIONS

The sample size of this study consisted of 100 staffs in management of sugar manufacturing companies in Kenya. The response rate was as presented in Table 2.

Table 2: Questionnaires' Response Rate

Response	Frequency	Percentage
Responded to questionnaires	90	90
Did not respond	10	10
Total	100	100

Out of the 100 questionnaires that were distributed to the staffs in management of sugar manufacturing companies in Kenya, 90 were dully filled and returned to the researcher hence giving a response rate of 90%. Cooper and Schindler (2003) suggest that 75 percent response rate is adequate for data analysis, drawing conclusions as well as making recommendation. This denotes that 90% response rate in this study was adequate for data analysis, drawing conclusions and making recommendations.

Descriptive Statistics

This section covers descriptive analysis of the effect of board committee reports on profitability of the sugar manufacturing companies in Kenya. The closed ended questions were measured on a 5-point Likert scale, with representing strongly disagree, 2 representing disagree, 3 representing neutral, 4 representing agree and 5 representing strongly agree.

Board Committee Reports

The respondents were asked to indicate whether the board committee reports were relevant. The results were as presented in Figure 2.

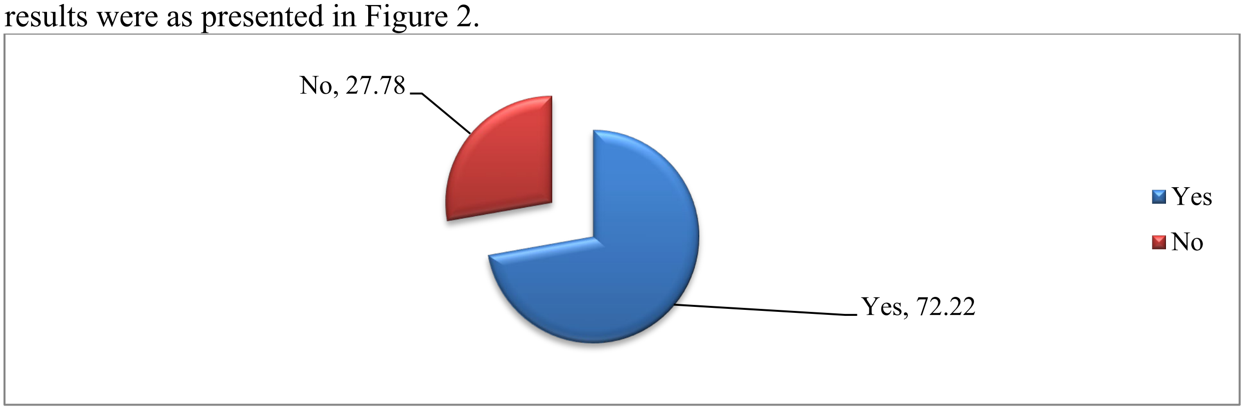

Figure 2: Relevance of Board of Directors

From the results, as shown in Figure 2, 72.22% of the respondents indicated that the board committee reports were relevant while 27.78% indicated that they were not relevant. This shows that the board committee reports in most of the sugar companies were relevant.

The respondents were asked to indicate whether the board committee reports were produced on time. The results were as presented in Figure 3.

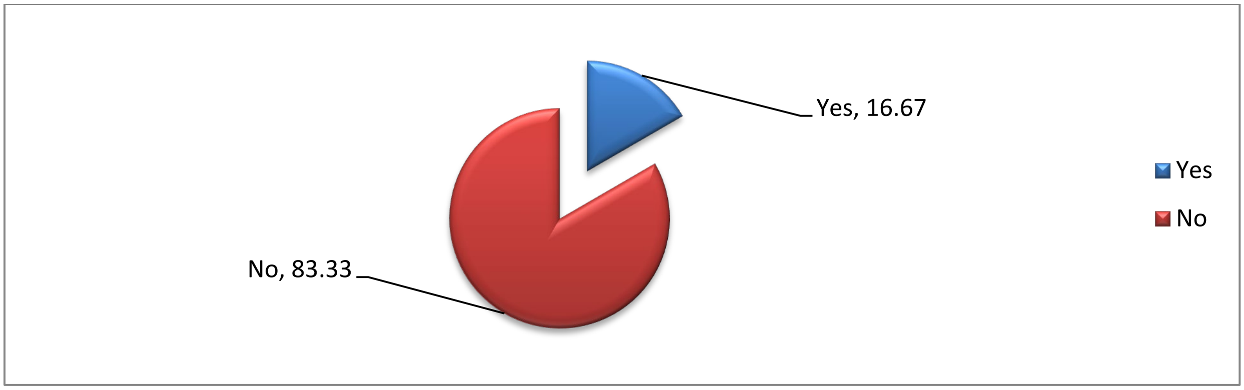

Figure 3: Production of board committee reports on time

From the findings, as shown in Figure 3, 83.33% of the respondents indicated that the board committee reports were not produced on time while 16.67% indicated that the board committee reports were produced on time. These findings imply that the board committee reports in most sugar companies were not produced on time.

The respondents were asked to indicate their level of agreement with various statements on board committee reports in sugar manufacturing companies in Kenya. The results were as presented in Tables 3.

Table 3: Aspects of Board Committee Reports

Statements	Mean	Std. Deviation
Our company has put in place the requisite number of board committees	4.294	.543
The board committee reports have timelines	4.347	.579
The board Committees ensures that there is independent reporting by internal auditors	4.273	.573
The committee reports are always prepared on time to enhance decision making by stakeholders	3.547	.740
The reports from the committees are always promptly implemented by the management	3.842	.803

From the results, as shown in Table 3, the respondents0agreed with a mean of 4.347(SD=0.579) that the board committee reports have timelines. From the results, the respondents agreed with a mean of 4.294(SD=0.543) that their companies have put in place the requisite number of board committees. With a mean of 4.273(SD=0.573), the respondents agreed that the board committees ensures that there is independent reporting by internal auditors. The respondents agreed that the reports from the committees are always promptly implemented by the management as shown by a mean of 3.842(SD=0.803). The respondents agreed that the committee reports are always prepared on time to enhance decision making by stakeholders as shown by a mean of 3.547(SD=0.740).

Profitability

The dependent variable in this study was profitability of sugar companies measured in terms of ROA. Figure 4 shows the profitability of sugar manufacturing firms in Kenya measured in terms of ROA for the period between 2017 and 2021.

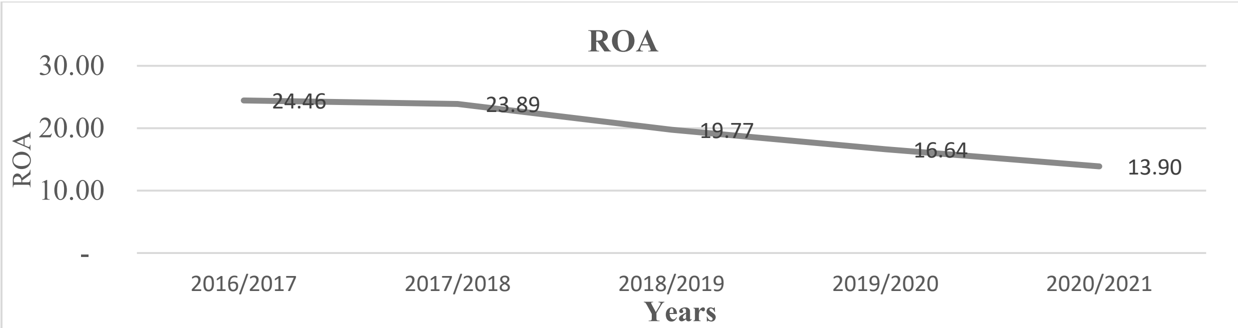

Figure 4: Trend of Profitability

From the results, as shown in Figure 4, ROA was 24.46% in the financial year 2016/2017, which decreased to 23.89% in the financial year 2017/2018, 19.77% in the financial year 2018/2019, 16.64% in the financial year 2019/2020 and 13.90% in the financial year 2020/2021. These findings imply that the profitability of sugar manufacturing firms measured in terms of ROA has been decreasing during the period between 2017 and 2021.

Inferential Statistics

In this section, inferential statistics, multivariate regression and correlation analysis, were used to examine the effect of board committee reports on profitability of the sugar manufacturing companies in Kenya.

Diagnostic Tests

The diagnostic tests in this study included which include autocorrelation and normality tests. The Durbin-Watson test is a commonly used test to detect autocorrelation in regression models. It examines the residuals (the differences between the observed values and the predicted values) to determine if there is a pattern of correlation. Values from 1.5 to 2.5 ($1.5 < d < 2.5$) show no autocorrelation in the data.

Table 4: Durbin–Watson statistic

Model	Durbin-Watson
1	1.678

In the study, as shown in Table 4 Durbin–Watson statistic was 1.678, which ranges between 1.5 and 2.5. This denotes that autocorrelation is absent in the data.

The Shapiro-Wilk test is a statistical test used to assess the normality of a dataset. It examines whether the data are sampled from a normally distributed population. The null hypothesis of the test is that the data are normally distributed and the alternative hypothesis is that the data are not normally distributed. A low p-value (typically below a chosen significance level, such as 0.05) suggests rejecting the null hypothesis of normality in favor of the alternative hypothesis. If the p-value is less than the chosen significance level, it indicates evidence against the assumption of normality. Conversely, if the p-value is greater than the significance level, it suggests that there is insufficient evidence to reject the assumption of normality.

Table 5: Shapiro-Wilk Test

	Statistic	Df	Sig.
Profitability	.964	90	.201
Board Committee Reports	.975	90	.231

As shown in Table 5, the dependent variable, profitability (p-value=0.201) was normally distributed. Additionally, independent variable, board committee reports (p-value=0.231), were normally distributed. Results denote that data in all study variables meet an assumption of normal distribution.

Regression Analysis

Multivariate regression analysis was carried out to examine the relationship between independent variable (board committee reports) and dependent variable (profitability of the sugar manufacturing companies in Kenya).

$$Y_{it} = \beta_0 + \beta_{1it}X_{1it} + \varepsilon_{it}$$

Where: Y = Profitability of sugar manufacturing companies; β_1 representing coefficients of Board Committee Reports; β_0=Constant term representing other1factors other not defined in the model; X_1= Board Committee Reports; *t* subscript represent time; **ε**=Error term and *i* subscript represent number of sugar manufacturing companies.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537[a]	0.288	0.274	0.88602

a. Predictors: (Constant), Board committee reports

The r-squared, as shown in Table 6, shows the variation in the dependent variable that can be explained by the independent variables. As depicted in Table 6, the adjusted r-squared for the relationship between board committee reports and profitability of sugar companies was 0.288 which means that 28.8% of the variation of dependent variable (profitability of the sugar manufacturing companies in Kenya) could be explained by independent variables (board committee reports). This also means that 71.2% of profitability of the sugar manufacturing companies could be explained by other factors not considered in this study.

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6710.5	1	6710.500	171.430	.000[b]
	Residual	3444.69	88	39.144		
	Total	10155.2	89			

a. Dependent0Variable: Profitability

b. Predictors: (Constant), Board committee reports

The analysis of variance shows whether or not the model is a good fit for the data. As shown in Table 7, the F-calculated was 171.430 and the F-critical from the F-distribution table was 2.52. Because the F-calculated was greater than F-critical and the p-value (0.000) was not more than the significance level (0.05), the model was statistically significant in determining the effect of board committee reports on profitability of the sugar manufacturing companies in Kenya.

Table 8: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.953	0.206		4.626	0.000
Board committee reports	0.832	0.217	0.821	3.834	0.000

a. Dependent Variable: Profitability

Y_{it} =0.953+ 0.821X_{1it} +ε_{it}

The findings show that board committee reports had a positive and significant effect on profitability of the sugar manufacturing companies in Kenya (β_1=0.821, p-value=0.000). The effect of the independent variable on the dependent variable was significant because the p-value (0.000) was less than the significance level (0.05). The findings are in concurrence with Ayman

(2022) findings that board audit committee reports had a significant influence on the profitability of Saudi non-financial listed firms. The findings are also in line with Jerubet, Chepngeno and Tenai (2017) findings that audit committee size had a significant effect on profitability. The findings are in concurrence with Ogoro and Simiyu (2014) observation that board committee reports had a significant effect on profitability.

Conclusions

The study sought to establish effect of board committee reports on profitability of the sugar manufacturing companies in Kenya. The study concludes that board committee reports had a positive and significant influence on profitability of sugar manufacturing companies in Kenya. The findings indicated that timeliness and relevance have an influence on profitability of sugar manufacturing companies. These findings imply that improving quality of the board committee reports would lead to an improvement in profitability of sugar manufacturing companies in Kenya.

Recommendations

The study found that that board committee reports has an influence on profitability of the sugar manufacturing companies in Kenya. The boards of sugar companies should establish a dedicated committee, such as the Audit Committee, to regularly review and report on the company's profitability. The committee should analyze financial statements, key performance indicators, and financial trends to provide insights into the company's financial health and identify areas for improvement. The board of management should establish a clear reporting schedule for board committee reports, ensuring they are provided on a regular basis and aligned with the board's meeting calendar. The board of management should conduct regular reviews and evaluations of board committee reports to assess their relevance and effectiveness in improving profitability.

Recommendation for Further Research

The study sought to examine the effect of board committee reports on profitability of sugar manufacturing companies in Kenya. This study was limited to sugar manufacturing companies in Kenya and hence its findings cannot be generalized to other sectors of the economy in Kenya. The study suggests further studies on the effect of board committee reports on profitability of commercial banks, manufacturing firms and the insurance sectors among others. The study found that board committee reports explain 28.8% of the profitability of the sugar manufacturing companies in Kenya. Therefore, further studies should be conducted to identify other factors affecting profitability of sugar manufacturing companies.

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