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TRANSLATION RISK MITIGATION AND THE SECURITIES MARKET FINANCIAL PERFORMANCE OF LISTED INSURANCE FIRMS AT NAIROBI SECURITIES EXCHANGE

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Abstract

The performance of the securities market globally plays an important role in both local and international markets. The high rise of such markets has given an increase in the number of risks associated with firms registered on the stock market. This study therefore sought to examine the effect of translation risk mitigation on the securities market financial performance of listed insurance firms in Kenya. The study adopted a descriptive research design and a quantitative research approach. The target population was 548 staff working in finance, investment, risk, actuarial, and operations departments in the six insurance firms listed in the Nairobi Securities Exchange. The sample size was determined using Yamane's Formula and stratified random sampling was used in the selection of the sample size. The study made use of both primary and secondary data. The study used a data extraction tool to collect secondary data from the annual reports and financial statements of the insurance companies. The study made use of structured questionnaires to collect primary data. The questionnaires generated quantitative data. Descriptive and inferential statistics were used in analyzing quantitative data with the help of the Statistical Package for Social Sciences (SPSS version 24) statistical software. Descriptive statistics included frequency distribution, percentages, mean, and standard deviation. Inferential data analysis was done using the Pearson correlation coefficient and linear regression analysis. The study found that translation risk mitigation has a positive and significant effect on the securities market financial performance of listed insurance firms in Kenya. The study recommends that insurance firms should continue to employ a diverse range of hedging strategies to mitigate translation risks effectively. While currency swaps and forward contracts are commonly used methods, firms should explore other hedging instruments such as options and futures to further diversify their risk management portfolio.

Key Words: *Translation Risk Mitigation, Securities Market, Financial Performance*

INTRODUCTION

Securities market performance is a measure of how well an efficient market performs. It is an aggregate measure that characterizes global marketplaces and specific market sectors and gives information to investors about the market (Hecht, 2021). They serve as an indicator of the economy's overall performance in that they aid in the allocation of capital required for the economy's steady expansion. According to O'Brien (2019), the stocks' price and other assets is a

significant aspect of economic activity's dynamics, and it can also impact or be an indicator of social mood. Sometimes, the stock market performance is viewed as the most important measure of country's economic progress and strength. Share prices influences household spending and wealth (Ramlall, 2018).

As a result, central banks prefer to monitor the stock market's regulation and behavior, as well as the smooth operation of financial system activities in general. The securities market is one of the most important avenues for corporations to raise capital. This allows businesses to become publicly traded or to raise more capital for expansion by selling of their ownership shares on a securities market. The value of a company's securities and other assets play a vital role in the economy's dynamics (Molele & Mukuddem-Petersen, 2020).

Translation risk mitigation involves strategies and practices to manage the financial impacts that arise when multinational companies consolidate their foreign subsidiaries' financial statements into their home country's currency. Also known as accounting exposure, this risk stems from fluctuations in exchange rates, which can significantly affect the reported earnings and equity of a company. Effective translation risk mitigation aims to stabilize these financial reports, ensuring they accurately reflect the company's economic reality despite currency movements. In addition, Tai (2022) observed that effective translation risk mitigation ensures that a company's financial statements are stable and reflective of true economic performance. This stability is crucial for investors who rely on consistent and accurate financial reports to make informed investment decisions. Vurur (2020) indicates that by mitigating translation risk, companies can present more reliable earnings reports, enhancing investor confidence and potentially leading to higher stock valuations.

Among companies in Baltic States, Rupeika-Apoga and Nedovis (2018) established that currency fluctuations can significantly impact the reported value of a company's assets and liabilities. Translation risk mitigation protects shareholder equity from being adversely affected by these fluctuations. In India, Dhagat and Raju (2019) indicates that by using strategies such as natural hedging and financial instruments like forward contracts and currency swaps, companies can shield their balance sheets from negative currency movements, thus maintaining a stronger financial position. In Turkey, Kandir, Erdinc and Ahmet (2019) found that investors prefer companies with predictable and stable financial performance. By mitigating translation risks, firms can reduce the volatility in their reported earnings and equity, making them more attractive to investors. This enhanced investor confidence can lead to increased demand for the company's stock, thereby boosting its market price.

Developing countries in Africa have been experiencing increased fluctuations in their foreign exchange rates thus increasing foreign exchange risks. In Nigeria, Funso and Lawal (2020) found that firms that effectively manage translation risk can gain a competitive advantage in the stock market. They are perceived as more financially prudent and capable of handling the complexities of international operations. In South Africa, Mwamba and Djemo (2019) established that this perception can attract more investors and potentially lower the cost of capital, allowing the company to invest further in growth opportunities. According to Chiira (2019), second-largest risk to oil firms after price fluctuations in international crude oil is foreign exchange risk, as it leads to translation risk. As a result, most corporations in Kenya consider it a substantial risk to manage. Matolo (2018) observed that translation risk management has positive and significant impact on value of commercial state businesses. The foreign exchange risk helps investors in commercial state corporations to determine

Statement of the Problem

Between the year 2014 and 2017, the NSE 20 share index reduced from 5,112.65 to 3,711.94. In 2018, the NSE 20 share index reduced by 11.31% to 3,292.06, which then reduced by 18.36% to 2,687.49 in 2019 (Nairobi Securities Exchange, 2019). In 2020, the NSE 20 share index reduced by 30.38% to 1,870.95 but increased by 2.84% in 2021 to 1,924.12 (Nairobi Security Exchange, 2021). Between the year 2016 and 2017, the NSE All-Share increased by 2.23%, which later decreased by 1.54% in 2018, increased by 1.50% in 2019, but later decreased by 1.77% in 2020 (Nairobi Security Exchange, 2021). A decrease in securities market performance influences the economy as well as individuals' consumers negatively. Further, a collapse in the securities prices has a potential of causing widespread economic disruptions and a decrease in stock prices must always be prevented (Chiira, 2019). Therefore, it is important to understand how translation risk mitigation affects the securities market performance of listed firms in Kenya.

Various studies have been conducted on translation risk mitigation and securities market financial performance of listed insurance firms. For instance, Wambui (2017) assessed the effects of foreign exchange translation risk on the stock market performance in NSE and Ouma and Kihiu (2018) examined whether foreign exchange translation risk influences commercial bank performance. However, the focus of these studies was on foreign exchange translation risk, which is different from translation risk mitigation. In addition, these studies have conflicting findings on effect of FER on securities market financial performance creates a need for more empirical studies that will enrich the much-needed literature in this field of study. In addition, studies in this area have not shown the effect of translation risk mitigation on securities market financial performance of listed insurance firms in Kenya.

H_{01}: Translation risk mitigation has no significant effect on securities market financial performance of listed insurance firms in Kenya.

Theoretical Review

Asset Market Theory of the Exchange Rate was developed by Floyd (1978). It states that interest rate differentials between the foreign markets and home country as well as market expectations regarding future exchange rate movements, drive foreign exchange transactions (and thus the expected rate of return on assets). This theory is founded on the idea that in the near future, two key factors dominate the foreign currency market: (i) market expectations regarding future expected asset returns, and (ii) variations in short term interest rates between the home country and the foreign country (Yang, 2021).

Prior to the 1970s monetary-approach focus, international trade flows were commonly emphasized as key determining factors of currency rates. This was partly owing to the fact that countries imposed strong limits on international financial capital movements. The asset approach highlights that, instead of exchange rates changing to equilibrate international trade in services and goods, in financial assets, exchange rate is considered as shifting to equilibrate international trade according to Warjiyo and Juhro (2019). When exchange rates change as the supply as well as demand for a country's financial assets fluctuates because exchange rate, which is the price of country's currency in terms of another's, is as well an asset price, Yang (2021) explained that the laws that regulate the behavior of other asset prices in the same way govern exchange rates' behavior.

Financial-asset market exchange rate models often assume complete capital mobility (Warjiyo & Juhro, 2019). Capital easily flows between countries because there are no capital regulations or large transaction costs to operate as investment challenges. All other things being equal, today's appreciation of domestic currency raises expected domestic currency return on foreign currency

deposits (Yang, 2021). As a result, demand for assets in the local market rises, resulting in increased profitability for the enterprises involved. In this circumstance, exchange rates exposure is beneficial for local enterprises because appreciation of one currency results in the deterioration of another, making accounts payable for the company safe.

The study utilized the Asset Market Theory to explain the effect of translation risk mitigation on securities market financial performance. Translation risk mitigation strategies, such as natural hedging, forward contracts, and currency swaps, help stabilize a firm's financial statements by protecting against adverse currency movements. When investors perceive that a company is effectively managing its currency risks, their confidence in the firm's future earnings stability increases. This positive sentiment can drive up the demand for the company's stock, leading to higher stock prices. As AMT suggests, increased demand for a stock, driven by positive investor expectations, directly boosts its market price. In addition, tanslation risk introduces volatility into a company's financial performance due to fluctuating exchange rates affecting reported earnings and equity values. By mitigating these risks, firms can present more stable and predictable financial results. According to AMT, lower perceived risk makes a company's stock more attractive to risk-averse investors, which can enhance its market performance. Reduced volatility in reported earnings due to effective translation risk mitigation aligns with the theory that lower risk leads to a lower required rate of return by investors, thereby increasing the stock's valuation.

Conceptual Framework

A conceptual framework refers to diagrammatic representation and the presumed association between variables under investigations (Hewson, Vogel & Laurent, 2016). The independent variables were translation risk mitigation while the dependent variable was securities market financial performance. The conceptual framework is as depicted in Figure 1.

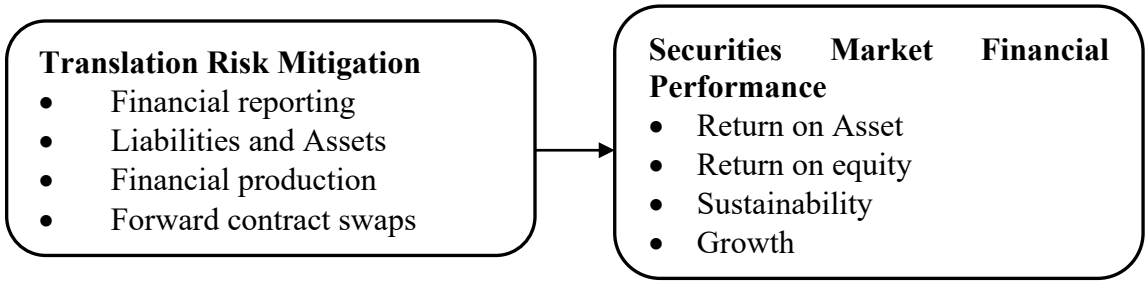

Figure 1: Conceptual Framework

Empirical Review

The degree to which exchange-rate changes affect its financial reporting is known as foreign exchange translation risk (Kirikkaleli, 2020). When a larger percentage of company's assets, equities or liabilities are kept in a foreign currency, translation risk increases. Njaaga (2019) examined whether exchange rate translation risk influences NSE-listed firms' financial performance.

This study was a descriptive survey of the effects of exchange rate translation exposure on NSE-listed firms. The analysis relied on secondary data from listed firms' financial statements. According to the report, a large number of organizations are negatively exposed to translation, and for two consecutive years, no company has been positively exposed.

Using a descriptive research design, Wambui (2017) assessed the effects of foreign exchange translation risk on the stock market performance in NSE. The study used secondary data from NSE covering the period between January 2012 and December 2016 for FOREX volatility and

index movement. The study was interested in both primary data. Descriptive and inferential statistics were conducted in data analysis. The researcher found that there exist weak and negative association between foreign exchange translation risk and performance of NSE as measured by both NSE All Share Index and NSE 20 share index.

In India, Dhagat and Raju (2019) measured the foreign exchange translation risk and its determining factors for selected non-financial firms. The study focused on the years 2000 to 2015. For a sample of 85 non-financial Indian enterprises, this study employed panel data. Additionally, firm-sensitive indicators such as export earnings, net capital flows, import payments and firm size were used to evaluate their impact on FER. The study findings revealed that exchange rates translation risk have significant positive effect on stock returns. Market capitalization, which is a proxy for the firm's size, was found to be the most significant factor for exchange rate exposure.

Ouma and Kihiu (2018) examined whether foreign exchange translation risk influences commercial bank performance. Secondary and primary data were employed in the study. The research used a descriptive design. Data was analyzed using SPSS. The study discovered that foreign exchange translation risk has negative effect on listed commercial banks' performance in Kenya. Sangany (2019) studied the impact of foreign exchange translation risk on stock returns for NSE-listed non-financial institutions. The study took a correlational approach in seeking to find if indeed foreign exchange translation risk influences stock market returns. The population in this study consisted of all 43 non-financial institutions listed on NSE. The study findings showed positive link between foreign exchange translation risk and stock returns in NSE.

Al-Shboul and Alison (2018) carried out a study with the purpose of examining economic effect of foreign exchange translation adjustments and firm value in Australian Multinational Corporations. A total of 181 Australian multinational firms were studied, with international branches centered in three geographical regions (Asia, Europe and NAFTA). The study used a two-stage market model technique, resulting in the development of cross-sectional time series model to test for the impact of translation disparities on computed excess returns, and it was based on data collected over a five-year period from 2000 to 2004. Excess returns are highly related to translation adjustments in income statements and shareholders' equity, according to the study.

Mingjie and Tang (2020) examined the relationship between weekly foreign exchange translation risk and stock returns in the five Asian markets. Specifically, the study examined during the period between August 2005 and March 2010 in Hong Kong, Singapore, China, Taiwan, and Malaysia. Simple and multiple linear regressions were the main strategies used in this quantitative study. Firm size was found to be adversely connected to foreign exchange translation risk in the study, with the effect being larger in developed markets than in others. The Asian markets also revealed that the danger of foreign exchange translation varies by industry. Leverage, overseas sales, and hedging activity engagement, on the other hand, have little impact on foreign exchange translation risk.

RESEARCH METHODOLOGY

Descriptive survey design was utilized in this study and positivism research philosophy. Positivism research philosophy was the most appropriate in the study to examine the effect of translation risk mitigation on the securities market performance of listed insurance firms in Kenya. The unit of analysis was all the six insurance firms listed in Nairobi Securities Exchange. The unit of observation was all the staff working in finance, investment, risk, actuarial and operations departments in the six insurance firms listed in Nairobi Securities Exchange. The

target population was 548 staff working in finance, investment, risk, actuarial and operations departments in the six insurance firms listed in Nairobi Securities Exchange.

The sample size was determined using Yamane's Formula which allows a researcher to sample the entire population but within an acceptable margin of error (Kumar, 2019).

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = no. of samples; N = total population; and e = error margin / margin of error (0.05)

$$n = \frac{548}{1 + (548 * (0.05^2))}$$

$$n = 231$$

Table 1: Sample Size

	Finance	Investment	Risk	Actuarial	Operations	Total
Jubilee Holdings Ltd	7	9	5	4	10	35
Sanlam Kenya Plc.	6	8	7	3	7	31
Kenya Re - Insurance Corporation Ltd	10	11	8	5	13	47
Liberty Kenya Holdings	6	7	7	3	9	32
Britam Holdings Plc.	9	11	10	4	11	45
CIC Insurance Group Ltd.	8	9	7	5	12	41
Total	**46**	**55**	**44**	**24**	**62**	**231**

Source: Association of Kenya Insurers (2020)

This study adopted stratified random sampling in the selection of 231 respondents drawn from the target population. Stratified random sampling is a probability sampling that involves the categorization of the target population into strata, which are smaller groups. Stratification or categorization of data is normally done based on the shared characteristics or attributes of members of a population (Kumar, 2019). The strata in this study were the six departments among insurance firms listed in the NSE, which include finance, investment, risk, actuarial and operations departments. This sampling technique was used because it minimizes selection bias, and the stratification of a sample size helps in ensuring that the sample size reflects the study population.

The study made use of both primary and secondary data. The study used a data extraction tool to collect secondary data from the annual reports and financial statements of the insurance companies. The study made use of structured questionnaires to collect primary data. A pilot study was conducted in four insurance companies not listed at the NSE. The insurance companies included Cannon Assurance Company Limited, First Assurance Kenya Limited, GA Insurance Company and UAP Insurance Ltd. According to Yevale (2016), the sample size for a pilot study should be 10 percent of the sample projected for the parent study. The pilot group comprised of 10 percent of the sample size (23). The study used three types of validity: content validity, face validity and construct validity. The content validity of the study was improved through seeking experts' opinions in the area of study, specifically the supervisors. The face validity of research tool was improved by conducting a pilot test and also changing any ambiguous and unclear question. Construct validity was assessed by use of average variance explained. Reliability of the research instrument was measured using Cronbach's alpha. A Cronbach's alpha value of 0.7 was deemed as acceptable. The pilot test results showed that the research instrument was valid and reliable.

The questionnaires generated quantitative data. Descriptive and inferential statistics were used in analyzing quantitative data with the help of the Statistical Package for Social Sciences (SPSS version 24) statistical software. Descriptive statistics included frequencies, percentages, mean, and standard deviation. Inferential statistics included Pearson correlation coefficient and multiple linear regression analysis. The securities market financial performance in functional model was the dependent variable whilst independent variable was translation risk mitigation. The regression model was;

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where; Y represents Securities Market Financial Performance; B_0 represents Constant; β_1- β_4 represent coefficients of determination; X_1 represents Translation Risk Mitigation; and ε represents error term.

FINDINGS AND DISCUSSIONS

The sample size of this study consisted of 231 staff working in finance, investment, risk, actuarial and operations departments in the six insurance firms listed in Nairobi Securities Exchange. The questionnaire response rate was as shown in Table 2.

Table 2: Questionnaires' Response Rate

Department	Sample Size	Responses	Response Rate
Finance	46	44	95.65
Investment	55	52	94.55
Risk	44	42	95.45
Actuarial	24	23	95.83
Operations	62	56	90.32
Total	**231**	**217**	**93.94**

Out of the 231 questionnaires that were distributed, 271 questionnaires were dully filled and returned to the researcher hence providing a response rate of 93.94%. Babbie (2017) suggests that 75 percent response rate is adequate for data analysis, drawing conclusions as well as making recommendation. This denotes that 93.94% response rate was adequate for data analysis.

Translation Risk Mitigation

The respondents were requested to indicate their level of agreement on various statements relating to translation risk mitigation. The findings were as shown in the Table 3.

Table 3: Aspects of translation risk mitigation

	Mean	Std. Deviation
There exists a mechanism for firms financial reporting	3.691	1.194
Risks increase when a large proportion of the liabilities and assets are kept in foreign currency	4.290	.835
Diverse financial products are employed by firms to minimize translation risks	3.608	1.235
Forward contracts are used in risk mitigation	4.023	1.362
Currency swaps are commonly used to hedge through future contracts	4.138	1.013

From the results, the respondents agreed with a mean of 4.290(SD=0.835) that risks increase when a large proportion of the liabilities and assets are kept in foreign currency. With a mean of 4.138(SD=1.03), the respondents agreed that currency swaps are commonly used to hedge through future contracts. The respondents agreed that forward contracts are used in risk mitigation as shown by a mean of 4.023(SD=1.362). With a mean of 3.691(SD=1.194), the respondents agreed that there exists a mechanism for firms financial reporting. From the results,

the respondents agreed with a mean of 3.609(SD=1.235) that diverse financial products are employed by firms to minimize translation risks.

Securities Market Finance Performance

The respondents were requested to indicate their level of agreement on various statements relating to securities market finance performance. The results were as shown in the Table 4.

Table 4: Aspects of securities market finance performance

	Mean	Std. Deviation
Security market financial performance is an indicator of the overall growth of a firm	3.557	1.087
Prices of stock and indices gives the financial performance of firms	3.857	1.225
The evaluation of securities returns is an indicator of an efficient financial performance of a firm	3.834	1.088
Securities market performance is a clear sign of total economic performance of a firm	3.539	1.162
Return on equity in insurance companies in Kenya has been increasing	3.267	1.277
Return on investment in insurance companies in Kenya has been increasing	2.815	.9195
Return on asset in insurance companies in Kenya has been increasing	2.709	.9735

From the results, respondent agreed with a mean of 3.857(SD=1.225) that prices of stock and indices gives the financial performance of firms. With a mean of 3.834(SD=1.088), the respondents agreed that the evaluation of securities returns is an indicator of an efficient financial performance of a firm. The respondents were neutral that security market financial performance is an indicator of the overall growth of a firm as shown by a mean of 3.557(SD=1.087). With a mean of 3.539(SD=1.162), the respondents were neutral that securities market performance is a clear sign of total economic performance of a firm. With a mean of 3.267(SD=1.277), the respondents were neutral that return on equity in insurance companies in Kenya has been increasing. From the results, respondent were neutral with a mean of 2.815(SD=0.919) that return on investment in insurance companies in Kenya has been increasing. The respondents were neutral that return on asset in insurance companies in Kenya has been increasing as shown by a mean of 2.709(SD=0.973).

Correlation Analysis

Pearson product-moment correlation coefficient was utilized to assess the association between translation risk mitigation and securities market financial performance). The findings were as presented in Table 5.

Table 5: Correlation Coefficients

		Securities Market Financial Performance	Translation Risk Mitigation
Securities Market Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	217	
Translation Risk Mitigation	Pearson Correlation	.904**	1
	Sig. (2-tailed)	.000	
	N	217	217

As shown in Table 5, the study found that there exists a relationship between translation risk

mitigation and securities market financial performance of listed insurance firms in Kenya (r=904, p-value =0.000). The p-value of 0.000 was less than 0.05 (significant level), indicating that the relationship was significant. The findings are in line with Ouma and Kihiu (2018) findings that foreign exchange translation risk mitigation has a significant effect on commercial bank performance. The findings are in line with Sangany (2019) findings that mitigation foreign exchange translation risk has a relationship with stock returns for NSE-listed non-financial institutions.

Regression Analysis

Linear regression analysis was used to assess the effect of translation risk mitigation on securities market financial performance of listed insurance firms in Kenya. Table 6 shows the variation in securities market financial performance that can be explained by translation risk mitigation.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.511[a]	0.261	0.278	0.2332

a. Predictors: (Constant), Translation risk mitigation

The r squared (R^2) represents the proportion of variance in the outcome variable (securities market financial performance of listed insurance firms in Kenya) that can be explained by the predictor variable included in the model. In this case, as shown in Table 6, the R^2 was 0.261, indicating that approximately 26.1% of the variance in securities market financial performance of listed insurance firms in Kenya can be accounted for translation risk mitigation.

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.455	1	29.455	160.964	.000[b]
	Residual	39.343	215	0.183		
	Total	68.798	216			

a. Dependent Variable: Securities market financial performance of listed insurance firms in Kenya

b. Predictors: (Constant), Translation risk mitigation

The Analysis of Variation (ANOVA) results provide information about the overall fit of the regression model and the significance of the predictor in explaining the variance in the dependent variable (securities market financial performance of listed insurance firms in Kenya). As shown in Table 7, the F-statistic is 137.249 was greater than the F-critical of 2.372 from the F-distribution table. In addition, a significance level (Sig.) less than a chosen alpha level (commonly 0.05) indicates that the regression model is statistically significant. Therefore, a significance level of 0.000 indicates that the regression model is highly significant. The results show that the regression model, which includes translation risk mitigation is highly significant in explaining the variance in securities market financial performance of listed insurance firms in Kenya.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.522	0.061		8.557	0.000
	Translation Risk Mitigation	0.198	0.055	0.214	3.581	0.001

a. Dependent Variable: Securities Market Financial Performance

Regression equation was;

$Y = 0.522 + 0.198X_1$

The study also established that translation risk mitigation has a positive and significant effect on securities market financial performance of listed insurance firms in Kenya (β_1=0.198, p-value=0.001). This means that for every unit increase in translation risk mitigation, the dependent variable is expected to increase by 0.198 units. The p-value of 0.001 indicates that the relationship between translation risk mitigation and the dependent variable is highly statistically significant. These findings agree with Wambui (2017) findings that foreign exchange translation risk management has a significant effect on the stock market performance at the NSE. In addition, the findings agree with Dhagat and Raju (2019) findings that foreign exchange translation risk management has a significant effect on stock returns in selected non-financial firms.

Conclusions

The study also concludes that translation risk mitigation has a positive and significant effect on securities market financial performance of listed insurance firms in Kenya. The study established that financial reporting, liabilities and assets, financial production and forward contract swaps have an effect on securities market financial performance of listed insurance firms. This implies that an improvement in translation risk mitigation would lead to an improvement in securities market financial performance of listed insurance firms in Kenya.

Recommendations

The study established that translation risk mitigation has a positive effect on securities market financial performance of listed insurance firms in Kenya. The study recommends that insurance firms should continue to employ a diverse range of hedging strategies to mitigate translation risks effectively. While currency swaps and forward contracts are commonly used methods, firms should explore other hedging instruments such as options and futures to further diversify their risk management portfolio. By diversifying hedging strategies, firms can enhance their ability to adapt to changing market conditions and minimize the impact of adverse currency fluctuations on financial performance.

Insurance firms should establish robust monitoring and evaluation mechanisms to assess the effectiveness of translation risk mitigation strategies over time. This involves regularly monitoring currency exposure levels, evaluating the performance of hedging instruments, and conducting scenario analyses to identify potential vulnerabilities.

By continuously monitoring and evaluating translation risk mitigation efforts, firms can proactively identify emerging risks and adjust their strategies accordingly to maintain competitiveness in the global market landscape.

Areas for Further Research

The general objective was to examine the effect of translation risk mitigation on the securities market financial performance of listed insurance firms in Kenya. However, the study focused on listed insurance firms and hence the findings cannot be generalized to other insurance companies in Kenya. As a result, this study recommends that more studies should be done to the effect of translation risk mitigation on the securities market financial performance of all the insurance firms in Kenya. The study found that translation risk mitigation can explain 26.1% of securities market financial performance of listed insurance firms in Kenya. As such, more studies should to be conducted to examine other factors affecting securities market financial performance of listed insurance firms in Kenya.

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