



Shareholder Activism and Market Value of Firms: A Moderated Mediation Model of Corporate Social Responsibility Disclosure and Dividend Policy

Francis Nyarombe *

Department of Finance and Accounting
Kisii University, Kenya

*Corresponding Author: fnyarombe@kisiuniversity.ac.ke

Josphat Cheboi

Department of Accounting and Finance, School of Business and Economics
Moi University, Eldoret Kenya

Ronald Bonuke

Department of Marketing Logistics, School of Business and Economics
Moi University, Eldoret Kenya

Abstract

Firm financial performance has remained a focus for all firms. The findings of various studies on the relationship between shareholder activism and market value, dividend policy and market value and corporate social responsibility disclosure have conflicting results. Some findings show that there is a significant positive relationship. Others show that there is negative relationship. Others posited no relationship. These results are confounding necessitating further research to establish the relationship between Dividend policy and market value. The study objectives included to investigate the relationship between shareholder activism and market value, to determine the mediation effects of dividend policy on the relationship between shareholder activism and market value; and to determine the moderated mediation of corporate social responsibility disclosure on the relationship between shareholder activism and market value. The study adopted panel data design. The sample size was 54 firms listed at Nairobi Security Exchange (NSE). Data was gathered for the period between 2008 – 2017. Results revealed that dividend policy had no significant effect on market value, $b_1 = 3.6, p > .05$; shareholder activism had a positive and significant impact on market value, $C_1' = 14, p < 0.01$; CSR disclosure had a positive and significant effect on market value, $C_2' = 5.2, p < 0.01$; the interaction between shareholder activism and CSR disclosure had a negative and significant effect on market value, $C_3' = -17, p < 0.01$. The research concluded that CSR had a moderated mediation between shareholder activism and market value. It recommended that managers should implement policies which enhance shareholder activism. Capital structure proportion should be decided to control the nature of shareholder activism.

Keywords: Shareholder activism, Dividend policy, Market value, Corporate social responsibility disclosure

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