INFLUENCE OF CASH MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF AGROBUSINESS PROJECTS: A CASE OF YOUTH EMPOWERMENT IN SUSTAINABLE AGRICULTURE PROJECT, TRANS NZOIA COUNTY, KENYA

BY

ONYANGO ZACHARIA OKERE

A Research Project Submitted In Partial Fulfilment of The Requirements For The Award of The Degree of Master of Arts in Project Planning And Management of The University of Nairobi

2018
DECLARATION

This research project proposal my original work and has not been presented for award of any degree in any other university.

Signed ................................................................. Date: ..............................................

ZACHARIA OKERE ONYANGO

L50/88466/2016

This research project proposal has been submitted for examination with my approval as the University Supervisor.

Signed ................................................................. Date: ..............................................

DR. LILLIAN OMONDI

LECTURER

DEPARTMENT OF EXTRA MURAL

SCHOOL OF CONTINUING AND DISTANCE EDUCATION

UNIVERSITY OF NAIROBI
DEDICATION

I dedicate this project to my parents, Mr. Tom Onyango and Cyrilla Auma for their continued support and encouragement during the course of my study through to the writing of this project.
ACKNOWLEDGEMENT

I hereby take this opportunity to acknowledge with gratitude the University of Nairobi for providing me with the opportunity to pursue the Degree of Masters in Project Planning and Management.

My special thanks goes to my supervisor Dr. Lillian Omondi who is tirelessly guiding me with professional advice as well as encouragement during this period. I also wish to thank and acknowledge all the lecturers and staff in the department of Extra Mural Studies who dedicated their time in ensuring we get out better lot than when we were admitted. I am also highly indebted to my family and classmates for their encouragement and shared intellectual experiences during the time of writing this project.
# TABLE OF CONTENT

DECLARATION .......................................................................................................................... ii  
DEDICATION ............................................................................................................................ iii  
ACKNOWLEDGEMENT ............................................................................................................. iv  
LIST OF TABLES ....................................................................................................................... ix  
LIST OF FIGURES .................................................................................................................... x  
ABBREVIATIONS AND ACRONYMS .................................................................................... xi  
ABSTRACT ................................................................................................................................. xii  

CHAPTER ONE: INTRODUCTION ............................................................................................ 1  
1.1 Background to the Study .................................................................................................... 1  
1.1.1 Profile of Youth Empowerment in Sustainable Agriculture Project .......................... 3  
1.2 Statement of the Problem ................................................................................................ 4  
1.3 Purpose of the study ......................................................................................................... 5  
1.4 Objectives of the Study .................................................................................................... 5  
1.5 Research Questions ......................................................................................................... 6  
1.6 Significance of the Study .................................................................................................. 6  
1.7 Delimitations to the study .............................................................................................. 6  
1.8 Limitations to the study ................................................................................................... 7  
1.9 Definition of Significant Terms ...................................................................................... 7  
1.10 Organization of the Study ............................................................................................. 9  

CHAPTER TWO: LITERATURE REVIEW ................................................................................. 10  
2.1 Introduction ....................................................................................................................... 10  
2.2 Concept of Financial Performance .................................................................................. 10  
2.3 Enterprise Resource Planning and Financial Performance of Agribusiness Projects .... 12  
2.4 Budgeting and Financial Performance of Agribusiness Projects ................................ 14  
2.5 Cash Control Procedures and Financial Performance of Agribusiness Projects ........ 16  
2.6 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects .................................................................................................................. 17  
2.7 Theoretical framework .................................................................................................... 19  
2.7.1 Cash Management Theory ......................................................................................... 19  
2.7.2 Free Cash Flow Theory ............................................................................................ 21
2.8 Conceptual Framework........................................................................................................... 22
2.9 Knowledge Gap..................................................................................................................... 23
2.10 Summary of Literature Review .......................................................................................... 25

CHAPTER THREE: RESEARCH METHODOLOGY ............................................................................. 26
3.1 Introduction............................................................................................................................. 26
3.2 Research Design ..................................................................................................................... 26
3.3 Target Population................................................................................................................... 26
3.4 Sample size and Sampling Procedure.................................................................................... 27
3.5 Data Collection Instruments ................................................................................................. 28
  3.5.1 Pilot Testing of Research Instrument .................................................................................. 28
  3.5.2 Reliability of Research Instrument .................................................................................... 29
  3.5.3 Validity of Research Instrument ....................................................................................... 29
3.6 Data Collection Procedure .................................................................................................. 30
3.7 Data Analysis .......................................................................................................................... 30
3.8 Ethical Considerations .......................................................................................................... 31
3.9 Operationalization of Variables Table ................................................................................... 31

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS .......................................................................................................................... 34
4.1 Introduction............................................................................................................................. 34
4.2 Questionnaire Response Rate ............................................................................................... 34
4.3 Demographic Data Analysis .................................................................................................. 34
  4.3.1 Distribution By Gender .................................................................................................... 35
  4.3.2 Distribution Response By Age ......................................................................................... 35
  4.3.3 Distribution By Level of Education .................................................................................. 36
  4.3.4 Experience Level .............................................................................................................. 37
4.4 Financial Performance of Agribusiness Projects in Kenya .................................................... 37
4.5 Enterprise Resource Planning and Financial Performance of Agribusiness Projects ............ 38
4.6 Budgeting and Financial Performance of Agribusiness Projects ........................................ 40
4.7 Cash Control Procedures and Financial Performance of Agribusiness Projects .................. 41
4.8 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects .. 42
CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

5.2 Summary of Findings

5.2.1 Demographic Information

5.2.2 Financial Performance of Agribusiness Projects in Kenya

5.2.3 Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects

5.2.4 Budgeting and Financial Performance of Agribusiness Projects

5.2.5 Cash Control Procedures and Financial Performance of Agribusiness Projects

5.2.6 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

5.3 Discussion of the Findings

5.3.1 Enterprise Resource Planning and Financial Performance of Agribusiness

5.3.2 Budgeting and Financial Performance of Agribusiness Projects

5.3.3 Cash Control Procedures and Financial Performance of Agribusiness Projects

5.3.4 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

5.4 Conclusion of the Study

5.5 Recommendations

5.5.1 Enterprise Resource Planning and Financial Performance of Agribusiness Projects

5.5.2 Budgeting and Financial Performance of Agribusiness Projects

5.5.3 Cash Control Procedures and Financial Performance of Agribusiness Projects

5.5.4 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

5.6 Suggestions for Further Studies
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>REFERENCES</td>
<td>55</td>
</tr>
<tr>
<td>APPENDIX I: LETTER OF INTRODUCTION</td>
<td>58</td>
</tr>
<tr>
<td>APPENDIX II: QUESTIONNAIRE</td>
<td>59</td>
</tr>
<tr>
<td>APPENDIX III: RESEARCH BUDGET</td>
<td>65</td>
</tr>
<tr>
<td>APPENDIX IV: RESEARCH WORK PLAN</td>
<td>66</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 2.1: Knowledge Gap .................................................................................................................. 23
Table 3.1: Target Population ............................................................................................................... 27
Table 3.2: Operationalization of Variables ....................................................................................... 32
Table 4.1: Response Rate .................................................................................................................. 34
Table 4.2: Gender Distribution .......................................................................................................... 35
Table 4.3: Distribution of Respondents by Age .................................................................................. 35
Table 4.4: Level of Education .......................................................................................................... 36
Table 4.5: Financial Performance of Agribusiness Projects in Kenya .............................................. 37
Table 4.6: Agribusiness Financial Performance and Financial Managers ........................................ 38
Table 4.7: Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects ........................................................................................................................................... 39
Table 4.8: Technological and Human Resource Support Structures ................................................ 39
Table 4.9: Budgeting and Financial Performance of Agribusiness Projects .................................... 40
Table 4.10: Budget Prioritization ..................................................................................................... 41
Table 4.11: Reliability, Accuracy of Financial Input ......................................................................... 41
Table 4.12: Cash Control Procedures and Financial Performance of Agribusiness Projects .......... 42
Table 4.13: Cash Control Procedures and Financial Performance of Agribusiness Projects .......... 42
Table 4.14: Recording of Payments and Receipts ............................................................................. 43
Table 4.15: Model Goodness of Fit Statistics ..................................................................................... 44
LIST OF FIGURES

Figure 1: Conceptual Framework ......................................................... 22
# ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>BI</td>
<td>Business Intelligence</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Assets</td>
</tr>
<tr>
<td>ROE</td>
<td>Return on Equity</td>
</tr>
<tr>
<td>SFA</td>
<td>Sales Force Automation</td>
</tr>
<tr>
<td>SME’s</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>YEDF</td>
<td>Youth Enterprise Development Fund</td>
</tr>
<tr>
<td>YESA</td>
<td>Youth Empowerment Sustainable Agriculture</td>
</tr>
</tbody>
</table>
ABSTRACT

The study seeks to investigate Cash Management Practices influence on the financial performance of Agribusiness projects in Trans Nzoia County Kenya. Efficient cash management involves the determination of the optimal cash to hold by considering the trade-off between the opportunity cost of holding too much cash and the trading cost of holding too little. Good cash management can have a major impact on overall working capital management. The study will be guided by the following objectives: To establish the influence of sound cash management system on financial performance of agribusiness projects in Kenya, to determine budgeting influence on financial performance of agribusiness projects in Kenya, to establish cash control procedures influence on financial performance of agribusiness projects in Kenya and to examine the influence of recording cash receipts and payments on financial performance of agribusiness projects in Kenya. The study will adopt descriptive research design, therefore it will seek to find out and collect facts regarding cash management practices influence on financial performance. Data will be collected from both primary and secondary sources. Primary data will be collected through use of questionnaires. Data will be analysed with Statistical Package for Social Scientists (SPSS) version 21.0. Inferential statistics will be used to analyse the data collected. Inferential statistics utilized include regression analysis. Presentation of data was done using frequency, mean and standard deviation tables that showed a graphical easy to interpret analysis of the data acquired from the research instruments. From the findings, most of the respondents strongly agreed that knowledge of how to use ERP effectively affects the financial performance of agribusiness projects, agribusiness project budgets’ require frequent auditing and reviews for sound implementation, that a good number of the respondents, 35(41%), were of the opinion that recording of payments and receipts does contribute to the positive financial performance of the agribusiness project. The study concluded that financial control procedures should be made clear and adhered to by both management and project staff involved in the agribusiness project; this should be emphasized amount of money involved or personnel notwithstanding. It is fundamentally important for cash control procedures to be made as a policy and reinforced; also, skilled managers should not be the only ones handling receipts and payments of the agribusiness project.
CHAPTER ONE
INTRODUCTION

1.1 Background to the Study
Agriculture is a major driver of Kenya’s economic growth. Its contribution to the country’s GDP is around 25 percent, not counting indirect contributions through links with manufacturing, transport and communication, wholesale and retail and financial services. It is Kenya’s main export earner. Kenya Vision 2030 identifies agriculture as a key sector through which annual economic growth rates of 10 percent can be achieved. Under the Vision, smallholder agriculture will be transformed from subsistence activities, marked by low productivity and value addition, to ‘an innovative, commercially-oriented, internationally competitive and modern agricultural sector’. Its agribusiness strategy addresses the needs of small-, medium- and large- scale farming and business operations, and deals with multiple economies of scale. It puts emphasis on bringing smallholder farming into mainstream agricultural value chains and is relevant for all commodities, but is not commodity specific. (GOK–Agribusiness Strategy, 2012).

Agricultural farming organizations registered with the Ministry of Social Services in Kenya engage in agribusiness activities especially primary production such as Banana Production, Bee Keeping, Dairy Production, Dairy Goats, Horticultural Production, Poultry Keeping and Tree Nurseries. There are many registered farming groups who have their sources of income from the members’ contributions, sale proceeds from the different agricultural activities they engage in, and loans from banks, SACCO, Micro-Finance Institutions in which they have their savings account and the government grants. These farmers have a daunting task of ensuring that the cash proceeds from their activities is well managed in order to enable them meet day- to day expenses of educating their children, meeting basic necessities like food, shelter and clothing and at the same time ensuring that they remain in business and make profits. In fact, before any banks and financial institutions lend money to these groups, there are conditions that they have to look at like the firm’s cash flow projections, credit worthiness, the amount the borrower is prepared to put into the project or activity and the security (GOK–Agribusiness Strategy, 2012). Working capital administration is concerned with the problems that arise in attempting to manage current
assets, current liabilities and the interrelationship that exists between them. In other words, these farmers must adopt proper Cash Management.

Managing cash is becoming ever more sophisticated in the global and electronic age of the 1990s as financial managers try to squeeze the last dollar of profit out of their cash management strategies (Block and Hirt 1992). Abel (2008) argues that cash is crucial in every business in terms of enhancing its survival and prosperity. Marfo-Yiadom (2002) also noted that cash is the hub and most coveted of all the assets of any business. Good cash management can have a major impact on overall working capital management. It is objectively used to manage and determine the optimal level of cash required for the business operation and invested in marketable securities, which is suitable for the nature of the business operation cycle (Gitman, 2005).

Cash is used to pay business obligations. Cash management assumes more importance than any other current asset and the major aim is to maintain adequate control over cash position to keep the firm with sufficient liquid and use the excess cash in some profitable way. Cash is the vital component of the working capital because it keeps a business running. It is the hub around all financial matters centre. Thus, management of cash is crucial for the success of an enterprise. The adequacy of cash and other current assets, together with their efficient handling, virtually determines the survival or extinction of a business concern. Cash is an important current asset for the operations of business. It is the basic input needed to keep the business running on a continuous basis (Abu Tabanja, 2005).

No business operation is isolative of cash management. Cash is regarded as the most important current asset for the operation of business (Olowe, 1998). Cash is the basic input required to keep the business running on a continuous basis and it is also the ultimate output expected to be realized by selling the services or products manufactured by the firm (Pandey, 2010). The role of Small and Medium Scale Enterprises (SMEs) particularly Agribusiness enterprises in the world economy have been highly emphasized as the means through which rapid industrialization and other development goals of a nation can be realized. Small and medium sized enterprises (SMEs) form a large part of economy and are regarded as the drivers of socioeconomic development in all countries. Cash management refers to the management of an entity’s cash to ensure sufficient
cash to sustain the entity’s daily operations, finance continued growth and provide for unexpected payments while not unduly forfeiting profit owing to excess cash holdings (Akinyomi:23).

Basically cash management is concerned with managing cash flows that is cash inflows and cash out flows. Major sources of cash inflow include cash from operating activities, sell of business assets among others. Sources of cash out flows include settling of creditors, purchase of inventory among others. Cash needs to be efficiently managed and allocated to meet routine business objectives. The gap between cash expenses and cash collection enhances liquidity position, profitability leading to overall business growth over a period of time (Brinchk, Soeren&Gemuenden, 2011).

1.1.1 Profile of Youth Empowerment in Sustainable Agriculture Project
Farm Africa’s Youth Empowerment in Sustainable Agriculture (YESA) project is aimed at building young people’s interest in agricultural enterprises. This helps generate income, create resilience and empower young people to become business leaders in their communities. According to a recent survey by the Institute of Economic Affairs, young people under the age of 34 make up 78.3 percent of the Kenyan population. YESA creates, strengthens and supports youth groups to establish and manage agricultural businesses. The project provides training and technical assistance in agronomy, helps groups to market their products and encourages members to become active in local politics and governance.

The project supports young farmers in various ways, including, providing seed funding to start small agri-businesses for example growing snow peas, cabbages, chilies and French beans, demonstrating agronomic practices and technologies in group plots used as training sites, training participating groups on financial literacy, credit management and business planning and supporting youth groups to access commercial finance to sustain and expand their businesses. YESA is partnering with 87 youth groups in Trans Nzoia County, with a total of 2,300 members. Approximately, KES 1.3 million (£9,300) in credit has been obtained by the youth groups from the Youth Enterprise Development Fund. These groups have established agri-businesses in production and marketing of French beans, snow peas, cabbage and chili for local and export
markets. About 780 lead farmers have also started their own individual enterprises on their own farms and with Farm Africa’s initial technical support are engaged in full scale production. The project is also working with banks and microfinance institutions to help promote the design of financial products that work for young farmers. Working with these financial institutions we are also providing training to the youth on financial literacy, credit management and the importance of creating income patterns and establishing a credit history in order to access and service commercial loans. As a result, a total of 13 groups have applied for and received the Youth Enterprise Development Fund (YEDF) loans from the government.

1.2 Statement of the Problem

According to Kenya National Bureau of Statistics (2011), the agricultural sector in Kenya is one of core sectors contributing to the economic growth of this country. There are limited studies conducted on cash management on financial performance of agribusiness projects in Kenya with particular emphasis on listed firms in the Nairobi Securities Exchange. Nonetheless, it is crucial to take note that this sector is one the leading in Kenya in contributing immensely to whole country’s exports (PWC, 2011). It is basically a signaling tool to shareholders, potential investors, and creditors thinking about providing capital to the company, performance and risk analysis for this group is a little bit different than for internal corporate purposes because this people are interested in the overall corporate risk to estimate the risk premium including the expected rate of return on investment made in the company (Walker, 2010). Measuring and analyzing the various highlighted financial ratios provide the clear picture of corporate financial position which is very important. Thus, financial performance and risk analysis are indicators that give a picture of corporate sectors and help the companies to cope with loss revealing them in the future.

Blach (2010) examined the differences in financial ratio averages between industries as corporate signals for past, current and futuristic perspectives. Most projects are unwilling to voluntary give disclosure information to outsiders; the performance-risk about company is generally unavailable (Lin and Tseng, 2006). The agricultural sector in Kenya is most notable contributor to exports, so studies conducted on the analysis of financial performance and financial risk in agricultural
companies listed in the Nairobi Security Exchange will be most beneficial and relevant to the market.

A few studies have been done on the analysis of financial performance and financial risk in the agricultural projects in Kenya, this study searches to bridge the gap undertaking on the same. The corporate objective is to maximize the profits and shareholders ‘wealth. Thus, this study has basically focused on different analysis of financial performance and financial risk and their effect on corporate success to agricultural companies in Kenya. The Agricultural projects are huge contributors to export. It is against this backdrop that the study seeks to investigate cash management practices influence on financial performance of agribusiness projects in Trans Nzoia County and its environs. Although working capital management has been cited as a major problem for MSEs (Tauringana&Afrifa, 2013), few studies have been carried out on cash management practices.

1.3 Purpose of the study
The purpose of this study is to determine the influence of cash management practices on financial performance of agribusiness projects: a case of Youth Empowerment in Sustainable Agriculture Project, Trans Nzoia County, Kenya

1.4 Objectives of the Study
The study will be guided by the following objectives
i. To establish the influence of Enterprise Resource Planning system on financial performance of agribusiness projects in Kenya.
ii. To determine budgeting influence on financial performance of agribusiness projects in Kenya.
iii. To establish cash control procedures influence on financial performance of agribusiness projects in Kenya.
iv. To examine the influence of recording cash receipts and payments on financial performance of agribusiness projects in Kenya.
1.5 Research Questions
The study seeks to answer the following questions:

i. What is the influence of Enterprise resource Planning system on financial performance of agribusiness projects in Kenya?

ii. How does budgeting influence financial performance of agribusiness projects in Kenya?

iii. How do cash control procedures influence financial performance of agribusiness projects in Kenya?

iv. What is the influence of recording cash receipts and payments on financial performance of agribusiness projects in Kenya?

1.6 Significance of the Study
In practice the study will be significant to banks, because they will be able to understand the relationship between cash management and financial performance of Agri-business projects in Kenya and be able to facilitate bank management and other financial institutions to develop products that support agribusiness thus a win-win situation to both the agribusiness and banks.

This will also contribute to knowledge of the relationship between cash management practices and financial performance of agribusiness projects in Kenya. This will provide policy Makers and industry players with a basis to make informed choices and policies that are necessary to have a good development framework between projects and the cash management practices.

Finally, to researchers and scholars, this project seeks to broaden empirical evidence on theoretical concepts by examining the relationship of cash management practices and financial performance of projects not only in agribusiness but also other industries such as tourism and manufacturing. The study will better interpretation and understanding of the theoretical environment and further provide the background information to research organizations and scholars and identify gaps in the current research for further research.

1.7 Delimitations to the study
The researcher will assure the respondents of the confidentiality of the information that they will provide for those who will not provide full information. The researcher also will seek authority from management/owners of agribusiness to undertake the research in the firm.
To ensure objectives of study are met, the researcher will alternate closed and open ended questions in order to get direct answers. This will be applicable where respondents choose to fill the questionnaire in a more general manner.

1.8 Limitations to the study
Matters concerning Agribusiness projects cash and financial status are more often regarded as confidential information hence there will be some respondents who will not provide full information for fear of being reprimanded by their seniors for giving out information that they might consider confidential. However, the researcher will assure the respondents of the confidentiality of the information that they will provide. The researcher also will seek authority from management/owners of agribusiness to undertake the research in the firm.

There will be some respondents who will provide general information making it difficult to obtain the required information. However the researcher will alternate closed and open ended questions in order to get direct answers.

1.9 Definition of Significant Terms

**Agribusiness Project** – Farming project engaged in as a large scale business operation including the production, processing, and distribution of agricultural products and the manufacture of farm machinery, equipment, and supplies.

**Budgeting** – A Project Budget is the total amount of authorized financial resources allocated for the particular purpose(s) of the sponsored project for a specific period of time. It is the primary financial document that constitutes the necessary funds for implementing the project and producing the deliverables.
**Cash Control Procedures** - The purpose of the cash control procedures is to provide direction for project departments in the collection and spending of funds by clearly defining the responsibilities in the cash handling process.

**Cash Management Practices** - Defined as the ability of a management in recognizing the problems related with cash which may come across in future course of action, finding appropriate solution to curb such problems if they arise, and finally delegating these solutions to the competent authority for carrying them out.

**Enterprise Resource Planning** - An enterprise-wide information system that facilitates the flow of information and coordinates all resources and activities within the project.

**Financial Performance** - Refers to the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar projects across the same industry or to compare industries or sectors in aggregation.
1.10 Organization of the Study

The study will be organized into five chapters each covering different content in relation to the research topic as follows, Chapter One is to cover basic information about the study including its Background, Objectives to guide the study, Significance of the Study that indicates potential beneficiaries and the Research Problem which is the main reason behind this document. Chapter Two is the Literature Review which is to cover empirical literature reviewed in relation to the study and themed as per the objectives herein; the chapter will also include a theoretical framework and a conceptual framework that will further add insight into the need for this study. Chapter Three is to cover the research methodology, research design and importantly the target population from which a sample size of the respondents will be extrapolated from; the chapter will also indicate the research instruments and intended data analysis methods. Chapter Four is to deal with data analysis and presentation of findings whereas Chapter Five will deal with the summary of findings, discussions, conclusions, recommendations and suggestions for further research in relation to the results that this study will have found.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter presents a review of literature relevant to the study. Past research studies will be studied in order to give more insight into the topic and to find out the approaches that have been used in earlier studies, compare methodologies used to examine findings obtained in the past and sample current opinions given. The chapter is organized according to research objectives to ensure there is relevance to the research questions; the chapter will also discuss empirical literature review, theoretical framework and the conceptual framework of the project study.

2.2 Concept of Financial Performance.
According to Metcalf and Titard (1976), financial performance is the process of measuring the results of a firm's policies and operations in monetary terms. Financial performance of a firm can be measured using variables such as profitability and liquidity. Profitability measures the extent to which a business generates a profit from the factors of production. Four useful measures of projects’ profitability are Return on Assets (ROA), Return on Equity (ROE), Operating profit Margin and Net Income. Liquidity on the other hand, measures the ability of the firm to meet financial obligations as they fall due, without disrupting the owner equity, using the market value of assets. Liquidity can be measured using the current ratio which is the ratio of current assets to current liabilities. Financial performance-refers to the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar projects across the same industry or to compare industries or sectors in aggregation.

Finance is a broad and diverse topic that deals with securing that projects have the necessary economic resources to successfully operate in a short- and long term perspective (Vasigh, et al., 2014). In order for projects to stay profitable in the long term, it is important to focus on financial management, as well as the general economic environment to be able to maintain a well-managed and efficient airline operation. The financial performance of agribusiness projects is important, because it influences short term decisions and their strategic planning. Studies
concerned with agribusiness project performance have often focused on operational performance, and not financial performance (Feng & Wang, 2000).

Food and drink is still the largest manufacturing sector in both Europe and the United States, accounting for 13.6 and 12.6 percent respectively of total EU-15 and U.S. manufacturing (Aragon-Correa & Rubio-Lopez, 2007). The food-sector’s contribution to manufacturing and the larger economy motivates several authors to examine the sector financial performance. Wells (1979) supports the examination of U.S. based firms as an indicator of global economic performance. Financial literature often examines the strength of these U.S. based multinational firms. However, strategic examination of financial performance of agribusinesses has rarely been studied. Financial aspects of the agri-food enterprises have changed in recent years. For instance, as the farm’s size has increased, cash expenses have gone up and larger amounts of credit are being used (Kalogera et al. 2005). The financial disability of agro enterprises is well known. Their internal resources are so small that they have no surplus to live on during the period of business strain. This leads to instability of their profits, which deters banks from giving unsecured loans. “Considering the vital role of small industries within the Indian industrial economy, the total amount of loans granted to agro industries forms a very small part of the total loans to agro industry. Nevertheless there is still a need for a positive change in the outlook and approach of our financial institutions towards agro based enterprises.

Their credit worthiness should not be judged in terms of the value of the assets but on terms of the ability of an enterprise to do the job and earn profit. This requires the evolution of a system of integrated credit whereby long-term loan capital and short-term credit are provided adequately, at a reasonable rate of interest. The state bank of India and the other public sector banks have evolved schemes to help the growth of small industries. The Reserve Bank of India evolved a Credit Guarantee Scheme for Agro Industries in 1960. The RBI Bank takes upon itself the role of a guarantee organization for the advances, which are left unpaid including interest overdue the recoverable charges (Chauhan, 2007). According to a study by the Reserve Bank, the agro industries entrepreneurs are basically honest, enterprising and with far greater personal stake in their enterprises than the large scale enterprises. Despite the vast increase in credit facilities for agro industries most artisans and craftsmen particularly those belonging to the
poorer sections of the society and working in small towns and villages are unable to obtain their credit requirements.

In SSA, investors face high, varied risks because of economic, political, and natural environmental uncertainties. The agribusiness investment literature lists risks, but generally without ranking them, or providing any empirical analysis or insight into how a specific type of risk, for example, political corruption, affects the business climate. Additionally, little information exists about characteristics of the agribusiness sector in SSA. What literature is available suggests that the agribusiness sector is still relatively small with an estimated contribution to Africa’s GDP of just under $70 billion, representing a total of 1 to 2 percent of world agribusiness GDP share, according to recent data. However, the agriculture sector plays a significant role for the economies of SSA (Chauhan, 2007). Agriculture accounts for 34 percent of GDP and 64 percent of employment in SSA, according to the World Bank. Agricultural value added as a percent of GDP from 2003 to 2005 for Tanzania and Ethiopia was 45.8 percent and 43.9 percent, respectively. Given the importance of the agricultural sector to the economies of SSA, agricultural investment risks have the potential to influence the economies of SSA significantly and policies to reduce risk could have major implications for both smallholders and agribusiness investors.

2.3 Enterprise Resource Planning and Financial Performance of Agribusiness Projects

Enterprise Resource Planning. ERP is an enterprise-wide information system that facilitates the flow of information and coordinates all resources and activities within the business organization. Functions typically supported by the system include manufacturing, inventory, shipping, logistics, distribution, invoicing, and accounting. Today, ERP has expanded to encompass business intelligence (BI) while also handling "front-office" functions such as sales force automation (SFA), marketing automation and ecommerce. With these product advancements and the success stories coming out of these systems, companies in a broad range of industries—from wholesale distribution to ecommerce—use ERP solutions.

Moreover, even though the "e" in ERP stands for "enterprise," high-growth and mid-size companies are now rapidly adopting ERP systems. Software-as-a-Service (SaaS) solutions also referred to as "cloud computing" have helped fuel this growth. Cloud-based solutions not only
make ERP software more affordable, they also make these systems easier to implement and manage (Marshall, 2014). Perhaps even more importantly, cloud ERP enables real-time reporting and BI, making them even valuable to executives and staff seeking visibility into the business. Agricultural farm management may prove to be extremely critical as one need to follow all the business processes like budgeting and planning, production, maintaining inventories, sales, finance, HR, marketing etc. Using an ERP solution for farm management helps in integration of data, analysis, optimization of resources and decision making. It leads to run the business professionally. Globalization is strongly affecting agriculture and food industry to face new challenges, every coming day (Koch, 2001). Increasing competition and growing concern over food safety and quality has made it almost mandatory to agriculturists to follow professional and scientific farm management practices. ERP is an outcome of rigorous efforts put in by agribusiness and IT industry experts. Use of ERP software suite and solutions lead to successful farm and farmer data management with additional benefits of cost and time savings in Holland making all the stakeholders ready to take on global competition. Farming nowadays is a complex managerial task that imposes stringent requirements on farm management information systems. In other sectors, Enterprise Resource Planning (ERP) systems are widely implemented to meet such requirements (Reuther and Chattopadhyay, 2004). The applicability of ERP systems in the agri-food domain by investigating the experiences of agri-food companies that already have implemented an ERP system more specifically, research has analyzed the drivers and barriers for adoption of ERP in the Dutch horticultural sector.

Research results show that the alignment of ERP with the specific characteristics and requirements of a company is a crucial challenge in order to capitalize the benefits of ERP. The study also shows that it is possible to deal with this challenge. The majority of the respondents (62%) is positive about of the match of the specific ERP solution with the company’s business processes during implementation. Most of these respondents have implemented a system that includes a sector-specific layer around a standard ERP solution. Moreover, it is concluded that a proper management of the orientation, selection and implementation processes is of crucial importance for a successful adoption( Deep et al., 2008).
2.4 Budgeting and Financial Performance of Agribusiness Projects

A rapidly changing global agribusiness environment creates a challenge for commercially oriented agricultural producers to improve business acumen through strategy development and execution. A best financial management practice is broadly defined as a practice that is considered to be most effective in improving business performance. In Vanessa Francesca study, she examined the relationship of financial leverage and management practices with financial performance on a group of Minnesota and Northwest farms in the United States where management practices were classified into seven broad categories of management, namely budgeting, strategic planning, financial management, networking, marketing, technology adoption, family relationship and human resources management (Vanessa, 2006).

An annual cash budget indicates if the business is sustainable and viable. It will tell you if you can expect a cash surplus or deficit (loss) at the end of the season. Partial budgeting (also known as marginal analysis) is a management tool that can compare the costs and returns that are affected by a potential change in a business. It is especially useful in evaluating budgets that involve small, specific, and limited changes within a business by helping to determine the profitability of that change. If the potential change will impact several aspects of the business, then it will be necessary to use a whole-farm budget. Whole-farm budgets contain both cash and non-cash income and expenses; and they also consider fixed costs that are associated with the business. You may want to do a complete whole-farm budget of your business to see if it has profitability, liquidity, and solvency subsistence over the long term. As a reference, there are also three additional types of budgeting that may be more suitable to your needs than a whole-farm budget or a partial budget (Jack Rabin, 2007).

The cash to cash cycle is the time period between when a business pays cash to its suppliers for inventory and receives cash from its customers. The concept is used to determine the amount of cash needed to fund ongoing operations, and is a key factor in estimating financing requirements. The cash to cash cycle (cash conversion cycle) is an easy to use metric to calculate how long cash is tied up in the main cash producing and cash consuming areas: receivables, payables and inventory (Bragg, 2015). For example, the inventory held by a business averages being on hand
for 40 days, and its customers usually pay within 50 days. Offsetting these figures is an average payables period of 30 days. This results in the following cash to cash duration:

\[\text{40 Days of inventory} + \text{50 Days sales outstanding} - \text{30 Days payables outstanding} = 60 \text{ Cash to cash days}\]

This outcome states that a project must support its expenditures for a period of 60 days. Examination of the components of this calculation might lead project management to take several offsetting actions, such as shrinking the amount of on-hand inventory, tightening credit to customers or requiring payment in advance, and negotiating longer payments terms with suppliers. The calculation is especially useful under the following circumstances; Forecasting, that is when there are indications that payment or receipt intervals are likely to change, so that project managers can estimate the impact on cash. Recoveries, that is when attempting to recover a business from a bankruptcy situation, where cash is in short supply and Expensive debt, which is when the cost of debt is high, and management is looking for alternatives that will require less outside funding (Bragg, 2015).

Project Management is responsible for designing and implementing controls to prevent, deter and detect fraud. AU 110.03 (Responsibilities and Functions of the Internal Auditor) states Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements. Fraud generally occurs when three conditions are present that is when management or employees have an incentive or is under pressure; when circumstances exist that provide an opportunity for fraud to be perpetrated and when individuals involved are able to rationalize committing a fraudulent act (Omnibus Statement, 2006). The budget is essentially a plan of expected expenditure and income activities. A budget is usually prepared for the period of a year, but this will vary with shorter-term projects. Budgeting requires careful and realistic planning and should be drawn up during the planning and development of a project. It describes what the project wants to achieve, including detailed activities and the financial inputs required achieving specific outputs. Budgeting is a useful
financial planning tool and can be used to prioritise what activities will be funded, especially if there are more activities than funds available (Danida, 2005).

2.5 Cash Control Procedures and Financial Performance of Agribusiness Projects
Cash is a liquid, portable, and desirable asset. Therefore, a company must have adequate controls to prevent theft or other misuses of cash. These control activities include segregation of duties, proper authorization, adequate documents and records, physical controls, and independent checks on performance. Project staff who handle cash or who record cash transactions must be prepared for independent checks on their performance. These checks should be done periodically and may be done without fore-warning. Having a project supervisor verify the accuracy of a cashier's drawer on a daily basis is an example of this type of control. (Houghton 2013). Project managers and others who are responsible for safeguarding a project's cash assets must have confidence in the accuracy and legitimacy of source documents that involve cash.

Important documents such as cheques, are pre-numbered in sequential order to help managers ascertain the disposition of each document. This helps prevent transactions from being recorded twice or from not being recorded at all. In addition, documents should be forwarded to the accounting department soon after their creation so that recordkeeping can be handled professionally and efficiently. Allowing documents that describe cash transactions to go unrecorded for an unnecessarily long period of time increases the likelihood that fraudulent or inaccurate records will pass undetected through the accounting department (Mifflin, 2015). Many agribusiness firms held large amounts of cash relative to total assets recently. These firms recorded strong operating performance during the profitable agricultural production years, and banked some additional cash in reserve. Since cash holdings typically generate immediate returns below firms’ weighted average costs of capital, one might assume that the firms would have quickly redeployed the cash into other assets or returned the earnings to shareholders. For example, Deere & Co held cash at elevated levels relative to total assets from 2009 through 2012 as compared to historical cash holdings. As the US farm economy has slowed, Deere & Co cash levels are closer to historically normal benchmarks.
One reason for holding cash is to preserve liquidity, which can expedite investment in growth and acquisition opportunities. Another reason to hold cash is to prepare for less robust operating periods. Alternatively, managers of the firm might choose to hold cash to insulate themselves from the demands of the capital markets. Finally, perhaps management of a firm is risk averse and chooses to hold cash to manage risk. Capital budgeting decision of the firm is of strategic importance not only for the growth of the firm but for the overall growth of the economy because such decisions involve the firm committing its limited productive resources to its production system as they strengthen or renew their resources. Therefore capital budgeting involves how resources should be allocated in the firm in order to maximize the shareholders’ wealth capital budgeting decisions involves commitment of large amounts of money in a given project, and such decisions are hard to reverse without disturbing the organization economically and financially.

2.6 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

The income and expenses of the approved project must be auditable by means of verifiable and proper documents (invoices, travel-expense accounts, cash reports). In particular, the documents must state the recipient of the funding. If appropriate, the project reference is to be documented on the individual document by means of explanatory notes. According to the local laws and regulations of most countries for instance, all registered projects are required to maintain a system for recording and submitting all types of financial transactions made by them for the purposes of implementing projects and running their organization. Since finances are a crucial part of organizational management, it is always a better idea to maintain a ‘Financial Policy’ for following procedures to keep the accounting system effective, transparent and easily manageable (Alqwasmi, 2013).

Following a systematic procedure and maintaining a policy on managing of project finances is a strong indicator of the good health of an organization. Even donor agencies would be most happy to render immediate funding support to such projects which have systematic policies in place for effective financial management. Operational or administrative manuals on conducting day-to-day financial transactions can be strong tools to demonstrate the good governance, transparency and systematic management especially of an agribusiness project; besides, such systems also enable
in keeping a track of expenditures (Alqwasmi, 2013). Sound financial management is important in preventing disputes either between stakeholders or with the fund donor/loan agent. A structured and efficient set of rules on financial management and transparent reporting helps to ensure that conflict over financial decisions becomes institutionalized and well managed.

Keeping proper records, according to date, of all documents used when making a purchase is essential for sound financial management (Danida, 2005). No matter how small the payment is, it should be recorded so that the financial statements will balance. An invoice is written as a request for payment to people or organisations that owe money. Invoices can be made out for goods supplied, services rendered, or any other circumstance where money is owed. Receipts are issued for money received, providing proof that payment was actually made. Payment can be done in a variety of ways including: cash, cheques, money orders and even bank transfers. Agriculture in India is the most important sector of Indian Economy with its contribution of about 15% to the GDP (2009-2010). It also engages 52% of the workforce.

Thus, an attempt to eradicate poverty and the social upliftment of the country cannot be envisaged/ ensured without strengthening the Indian agriculture; Nearly a third of the global population relies on agriculture for a living, and growth in this sector has been shown to be at least twice as effective at reducing poverty as growth in other sectors. But progress can be frustratingly slow. The average African maize farmer, for instance, produces five times less per hectare than the average American grower (William Warshauer, 2014). A variety of new digital applications are now accelerating interventions that have been shown to improve productivity and growth in this sector. Connected Farmer, for instance, is a mobile product started in East Africa from a public-private partnership between Vodafone, USAID and the nonprofit TechnoServe, to help farmers work with agribusinesses and better manage their own crops and finances. Through products such as Connected Farmer, farmers get mobile payments and receipts whenever they sell to an agribusiness on the platform. But it also gives thousands of farmers a financial history for the first time – right on their phone. Better records can make them more attractive customers for a bank, ultimately allowing them to more easily access credit, insurance, and other financial tools that can help them build resilience against potential setbacks. The system also helps protect farmers against being taken advantage of by any buyer, sending
market prices right to their phone and helping them maximize their returns by selling at the right time (Warshauer, 2014).

2.7 Theoretical framework

(Kotler& Gary, 2005) described theoretical framework as a collection of interrelated concepts such as in a theory to guide a research work as it determines the items for measurement and the statistical relationships being studied. A theory is a reasoned statement or group of statements, which are supported evidence meant to explain some phenomena. The study employs theories; The Baumol model, Free cash flow theory and the motives of holding cash-the transaction motive, Precautionary motive of holding cash. Theories and models provide frameworks to guide research design and interpret research results. Eisenhardt (1989) identifies three distinct uses of theory: As an initial guide to research design and data collection; as part of an iterative process of data collection and studies found that subjective norm influences not only the behavioral intention (Hu, Lin, & Chen, 2005; Venkatesh& Davis, 2000), but also other constructs including satisfaction (Hsu & Chiu, 2004), image (Chan & Lu, 2004), and perceived usefulness (Venkatesh& Davis, 2000).

2.7.1 Cash Management Theory

The purpose of cash management is to determine and achieve the appropriate level and structure of cash, and marketable securities, consistent with the nature of the business's operations and objectives (Brigham, 1999). As Erkki (2004) asserts, Models on cash balance management have been proposed by (as cited in (Baumol, 1952), (Archer, 1966), (Beranek, 1963), (Miller & Orr, 1966), (Pigou, 1970), (Lockyer, 1973), & (Gibbs, 1976)) among others. (as cited in William Baumol,1952) was the first person to provide a formal model of cash management. As Erkki (2004) asserts, this model applied the economic order quantity (EOQ) to cash. Brokerage fees and clerical work form order costs while foregone interest and cash out costs form the costs of holding cash. Baumol’s model is however probably the simplest, most stripped down and sensible model for determining the optimal cash position (as cited in Ross, 1990).

As cited (Lockyer, 1973) on the other hand modified Baumol’s model to incorporate overdraft facilities. According to Lockyer’s approach the total annual cash policy cost attributable to the
use of overdraft facilities is given by the sum of total annual cash transfer cost, total annual overdraft cost and the total annual holding cost. As Erkki (2004) asserts, Lockyer’s model is critiqued for assuming overdraft facilities, which are not automatic especially for projects with poor credit rating. The model also assumes disbursements are even over the planning period.

As Erkki (2004) asserts, the cyclical nature of cash is recognized (as cited in Archer, 1966) who reasons that apart from providing a cash balance for transactional purposes, a cash balance should be provided for precautionary purposes, especially for seasonal activities that are unpredictable. In Archer’s approach, costs related to overdraft facilities and capital costs of precautionary balances are compared to determine the optimum. Archer’s approach is advantageous for it recognizes the cyclical nature of net cash flows of many projects. As Erkki (2004) asserts, enhances the reasoning (as cited in Archer, 1956). According to Gibbs, the determination of optimal cash balance involves a combination of investment and financial decisions.

In Gibbs approach, cases where demand for money is of a cyclical nature a combination of short and long term borrowing should be used to avoid the use of long term funds to cover peaks arising from idle cash balance, during periods of low cash demand. Gibbs contends that, the determination of the amount of buffer money to hold is seen as an investment decision. Gibbs approach emphasizes holding costs, costs of short and costs of long-term borrowing and the costs of investment in marketable securities, (Erkki, 2004). In order to do this a variety of activities need to be undertaken, because of the integrative nature of cash to the operation of the Agribusiness projects in Kenya. Since most of the Agribusiness projects operations revolve around procurement of inputs planting and harvesting then it is imperative for a considerable minimum level of cash to be maintained. How a firm manages cash will definitely have implications on the liquidity of the agribusiness firm. The theory therefore is of essence on the bases of the policy the firm may have in place with regard to cash retention so as to avoid illiquidity.
2.7.2 Free Cash Flow Theory

As Huseyin (2011) asserts, managers have an incentive to hoard cash to increase the amount of assets under their control and to gain discretionary power over the firm's investment decision, (as cited in Jensen, 1986). Having cash available to invest, the manager does not need to raise external funds and to provide capital markets detailed information about the firm’s investment projects (Huseyin, 2011). Hence, managers could undertake investments that have a negative impact on shareholders wealth. Managers of projects with poor investment opportunities are expected to hold more cash to ensure the availability of funds to invest in growth projects, even if the NPV of these projects is negative (Huseyin, 2011). This would lead to destruction of shareholder value and, even if the firm has a large investment programme and a low market-to-book ratio. Thus, using the market-to-book ratio as a proxy, it is likely that the relation between investment opportunity set and cash holdings will be negative.

A reasonable portion of funds, in the form of cash is required to be kept aside to overcome the period anticipated as the period of cash deficit. This period may either be short and temporary or last for a longer duration of time. Normal and regular payment of cash leads to small reductions in the cash balance at periodic intervals. Making this payment to different employees on different days of a week can equalize these reductions. Another technique for balancing the level of cash is to schedule cash disbursements to creditors during that period when accounts receivables collected amounts to a large sum but without putting the goodwill at stake.
2.8 Conceptual Framework

A conceptual framework refers to a group of concepts that are systematically organized in providing a focus, rationale and a tool for interpretation and integration of information (Balachander & Soy, 2003). The schematic diagram shows the relationship between the dependent variable and the independent variables.

**Independent Variables**

**Enterprise Resource Planning**
- Level of ERP knowledge
- Frequency of ERP use
- Project Capacity
- Availability of support structures

**Budgeting**
- Frequency of review
- Risk factors exposure-fraud,
- Recurring tracking measure
- Reliability of financial data

**Cash Control Procedures**
- Financial control
- Capital budgeting
- Working capital management

**Recording of Receipts and Payments**
- Integrating cash payment system
- Standardizing treasury functions
- Availability of skilled financial managers

**Dependent Variable**

**Financial performance of Agribusiness projects in Kenya**
- Cost reduction
- Profit
- Access to information
- Improved profitability

**Government Policies**

**Moderating Variables**

Figure 1: Conceptual Framework
The conceptual framework identified four critical factors that influence the financial performance of agribusinesses in Kenya. The four factors constitute the independent variables. The dependent variable is the financial performance of the agribusiness project which is determined by the Cost reduction, improved operation efficiency, access to information and improved profitability. In this model, moderating variables such as the legislative policies may greatly impact the independent variables hence the overall financial performance. This framework also factors in the variables such as the ERP, budgeting, cash control procedures and receipts and payments recording which may directly affect the financial status of an agribusiness project and the outputs thereby expected.

2.9 Knowledge Gap

The gaps identified in the reviewed literature are as shown in Table 2.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Author</th>
<th>Findings</th>
<th>Knowledge Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Title</td>
<td>Authors (Year)</td>
<td>Summary</td>
<td>Focus</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cash Control Procedures and Financial Performance of Agribusiness Projects</td>
<td>Gitau (2014) Onduso (2013) GOK- Agribusiness Strategy (2012)</td>
<td>The study indicates that cash management practices are used by the agribusiness groups albeit in an inadequate degree. It revealed that record keeping and inventory management were not as effective as they ought to be.</td>
<td>The studies majorly concentrated on projects related to small groups and individuals but not agribusiness projects of this magnitude which handle their cash control procedures differently.</td>
</tr>
<tr>
<td>Recording of Receipts and Payments and Financial Performance of Agribusiness Projects</td>
<td>Frank Höllinger (2009) FAO (2009)</td>
<td>The findings show that there Receipts and Payments have to be backed by organization policies, culture and practices in agricultural firms</td>
<td>The studies were based on Receipts and Payments specifically on the retail section of the agriculture industry and not during agribusiness implementation.</td>
</tr>
</tbody>
</table>
2.10 Summary of Literature Review

This chapter highlights the review of previous studies on financial performance of agribusiness projects not only in Kenya but also in the global arena including studies done in Holland, England, Asia and even Southern Africa. The chapter includes theories adopted and related to strengthen the study; it further reviews the conceptual framework with the four variables studied (ERP, budgeting, cash control procedures and recording of receipts and payments) and how they influence financial performance of agribusiness projects as the dependent variable in Kenya.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlines in details how the research will be conducted, from the philosophical standpoint to be taken to the practical methods to be adopted. It reviews the research design, the population of interest, the sampling techniques and details of the variables that will be used. An outline of methods that will be used to ensure validity and reliability of the instrument are also presented. Data collection instruments, data collection approaches and data analysis procedures are also presented.

3.2 Research Design
A research design is a framework or plan underpinning a study’s concept and research questions. (Lee & Ling, 2008). The study adopted a descriptive survey design. According to Zikmund (2003), surveys provide a fast, inexpensive, efficient and accurate way of investigating a population. Orodho (2003) argues that descriptive survey research designs are used in preliminary and exploratory studies to allow researchers to gather and summarize information, present and interpret data for clarification purposes. The researcher would be able to obtain current information from the respondents hence coming up with accurate and deeper findings. According to Mugenda&Mugenda (2003), descriptive research aims at gathering data without any manipulation of the research context and it’s non-intrusive and deals with naturally occurring phenomenon where the research has no control over variables. The researcher is to undertake an in-depth study of the Agribusiness projects within Trans Nzoia County and its surrounding counties to get appropriate information on the influence of cash management practices on financial performance of those agribusiness projects.

3.3 Target Population
A population is defined as the units to be studied in terms of time as well as the boundaries of territory (Yang&Miller, 2008). According to Mugenda (2003), a target population is a complete set of individual’s area or objects with some common characteristics to which the researcher wants to generalize the results of the study. The study targets to collect data from 15 project
managers, 8 Bank Financial Managers (Kenya Commercial Bank), 22 Microfinance Representatives and 47 Lead Framers of the agribusiness projects and 4 County Council officers from the finance departments in Trans Nzoia County making it a total of 96 target respondents as further displayed in Table 3.1. The study focuses on agribusiness farm projects within Trans Nzoia County due to the proximity to the researcher, time available for research, budgetary constraints and the fact that most of the farms and enterprises are located in Trans Nzoia despite doing business also in other parts of Kenya.

<table>
<thead>
<tr>
<th>Target</th>
<th>Population</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Managers</td>
<td>15</td>
<td>16.30</td>
</tr>
<tr>
<td>Bank Financial Managers</td>
<td>8</td>
<td>8.70</td>
</tr>
<tr>
<td>Microfinance Representatives</td>
<td>22</td>
<td>23.91</td>
</tr>
<tr>
<td>Lead Framers</td>
<td>47</td>
<td>51.09</td>
</tr>
<tr>
<td>County Councilors (Finance)</td>
<td>4</td>
<td>4.17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4 Sample size and Sampling Procedure

According to Bartlett, Kotrlik and Higgins (2001) the size of the sample depends upon the precision the researcher desires in estimating the population parameter at a particular confidence level hence there is no single rule that can be used to determine sample size. Due to small population size, the study will adopt a census approach. Census will be chosen because the population is relatively small.

Census is recommended by various scholars as applicable when the population is relatively small, readily accessible and highly variable, (for example Furrer et al., 2002; Guo& Sheffield; 2006; Saundet et al., 2003). According to Troendle and Kai (2003) size of a sample should be determined by adequacy and resource consideration. This means that the sample should be large enough to enable reasonable estimates of variables to be obtained, capture variability of responses and facilitate comparative analysis. The study will use census sampling procedure
which will involve the use of the entire population of ninety six (96) as was displayed in Table 3.1.

3.5 Data Collection Instruments
A questionnaire is deemed an appropriate instrument for data collection. Kirakowski (2000) defines a questionnaire as a method for the elicitation, and recording and collecting information. The questionnaires for the project managers, bank financial managers and microfinance representatives will be different from the ones to be issued to the farmers, but both are to feature questions that provide quantitative data for statistical analysis. The questionnaire design follows the objectives of the research, with the first part capturing the demographic characteristics of the respondents. The questionnaires will be self-administered since they have adequate instructions with simple and easy to apprehend language; the questionnaire items will comprise of both open-ended and close-ended questions.

Open ended questions will allow the respondents to give answers in their own way while closed ended questions on the other hand will provide a number of alternative answers from which the respondent will be instructed to choose (Mugenda and Mugenda, 2003). The researcher is to prepare and deliver the questionnaire to the respondents. Due to variance in availability of respondents, the researcher employs the “drop off and pick later” method of administering questionnaires. Drop off and pick later method results in high response rate and reduces researcher presence bias (Cooper and Schindler 2003).

3.5.1 Pilot Testing of Research Instrument
According to Mugenda&Mugenda, (2003) pilot test is a stage where research instruments are administered to a number of individuals in the target population who are not included in the sample size so as to test reliability and validity of the instrument. The researcher will test whether the design of questions is logical, clear and easy to be understood, exhaustive and how long it might take to complete the questionnaire. The pre-test allows the researcher to check on whether the information on the variables that is to be collected could be easily processed and analyzed. The pre-testing will be carried out in Eldoret County on a sample consisting of 10% of the respondents i.e. 9 respondents. Views given by the respondents during pre-testing will be
analyzed and used to improve the questionnaires before actual collection of data. The refined questionnaire will then be tested for validity and reliability.

3.5.2 Reliability of Research Instrument
According to Mugenda and Mugenda (2003) reliability refers to the measure of the degree to which the research instrument yields consistent results. It is a test of sound measurement that determines the consistency of results of an instrument (Kothari, 2004). In this study, internal consistency reliability was applied to measure different aspects of Agribusiness projects’ financial performance. The split-half method is to be used to test reliability of the research instrument. For this method, the respondents will be divided into two halves and the researcher will ensure that the respondents used in the pilot study are not the same ones to be used in the main study.

The Cronbach’s coefficient alpha was used to measure internal consistency reliability among a group of items combined to form a single scale and complement each other. The alpha value ranges between 0 and 1, with reliability increasing with increase in value. The Cronbach’s coefficient alpha formula is as follows. Where $K$ is constant,

$$\alpha = \frac{K}{K - 1} \left( 1 - \frac{\sum_{i=1}^{K} P_i Q_i}{\sigma_X^2} \right)$$

Where $P_i$ is the proportion of correct responses to test item i, and $Q_i = 1 - P_i$ i.e. the proportion of incorrect responses to test item i, is the variance of the observed total test scores. The reliability test score to be acquired will indicate whether the data collection tool has high reliability to collect the data.

3.5.3 Validity of Research Instrument
McMillan and Schumacher (2001) recommend that researchers conduct a pilot study before using them for intended studies. Validity is concerned with ideas the research design fully addresses, the research questions and objectives the research is trying to answer and address. To check validity, expertise from the supervisor are to be taken into consideration to ensure that the instruments were constructed correctly, have the right content, and if the instruments accurately
represent the variables under the study in line with the stated purpose and study objectives. The internal validity which involved controlling the extraneous variables in the structure will be done through the administration of a questionnaire; as such, the researcher will seek expert assistance from the supervisor in order to help improve content validity of the instrument.

3.6 Data Collection Procedure
This section outlines the data collection procedures to be used. In the study, primary data will be collected through anonymously filled questionnaire distributed to respondents. Prior to commencing data collection; the researcher is to obtain a letter of introduction from the university. Permission will be sought from the management in charge of the Agribusiness Projects, Bank Financial Managers, Microfinance Representatives and Lead Farmers before data is collected to reassure them that the exercise is academic in nature; a research permit shall also be acquired from NACOSTI which is in line with the protocols of the university.

3.7 Data Analysis
Data analysis will be performed in a number of stages. Once the questionnaires are collected, data from the questionnaire will be coded and analyzed and items grouped into the various dimensions of constructs; the data screening will also be performed where both descriptive and inferential statistics will be used. Descriptive statistics includes measures of central tendency and dispersion. Descriptive statistics will be utilized to describe the causal linkage between independent variables and the dependent variable. Inferential statistics to be utilized include correlation and regression analysis.

Multiple regression analysis will be used to test the study objectives. It will aid in modeling the relationship between the predictor variables and the criterion variable by fitting a linear equation:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

\( Y = \) Financial Performance of Agribusiness projects
\( \beta_0 = \) constant
\( \beta_{1-4} = \) Regression Coefficients
\( X_1 = \) ERP system
\( X_2 = \) Budgeting
$X_3=\text{Recording receipts and payments}$

$X_4=\text{Cash Control procedures}$

$\varepsilon = \text{error term}$

### 3.8 Ethical Considerations

Ethical issues exist in any kind of research that involves human subjects (Orb, Eisenhauer and Wynaden, 2001). Ethical dilemmas may arise in regard to the relationships and powers between researchers and participants, design methodology, source data collection and trustworthiness of the context. Other issues may include appropriateness of the research design, the methodological design, and the funding sources and behavior reporting. In general, there are three main ethical considerations (Orb et al., 2001).

First, the key activities will have to comply with the law and ethics requirements set by the country and university. The researcher will follow a strict ethical protocol that includes seeking permission to undertake study from The University of Nairobi and the Agribusiness projects to be surveyed. Second, participants’ rights, privacy and freedom will be fully protected. For this reason, an information statement clearly explaining the purpose of the research, participants’ rights, and procedures to be followed will be conveyed to the potential participants. Lastly the study respondents will be given reassurance that they will suffer no adverse consequences as a result of participating in the research.

### 3.9 Operationalization of Variables Table

The measurement of the various variables in this study was carried out as shown in the Table 3.4.
### Table 3.2: Operational Definition of Variables

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Variable</th>
<th>Type</th>
<th>Indicator(s)</th>
<th>Data Collection Method</th>
<th>Level Of Scale</th>
<th>Tools Of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>To establish the influence of Enterprise Resource Planning system on financial performance of agribusiness projects in Kenya.</td>
<td>Enterprise Resource Planning</td>
<td>Independent</td>
<td>Number of ERP’s application</td>
<td>Questionnaire</td>
<td>Ordinal</td>
<td>Descriptive Statistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variable</td>
<td>Number of support structures</td>
<td></td>
<td>Nominal</td>
<td>Frequency</td>
</tr>
<tr>
<td></td>
<td>To determine budgeting influence on financial performance of agribusiness projects in Kenya.</td>
<td>Budgeting</td>
<td>Cases of fraud exposed</td>
<td>Questionnaire</td>
<td>Interval</td>
<td>Descriptive Statistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Independent</td>
<td>Results of budgetary reviews</td>
<td></td>
<td>Ordinal</td>
<td>Frequency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variable</td>
<td>Consistency of financial data</td>
<td></td>
<td>Nominal</td>
<td>Percentages</td>
</tr>
<tr>
<td></td>
<td>To establish cash control procedures influence on financial performance of agribusiness projects in Kenya.</td>
<td>Cash Control Procedure</td>
<td>Levels of financial control</td>
<td>Questionnaire</td>
<td>Ordinal</td>
<td>Descriptive Statistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Independent</td>
<td>Increase/decrease in current assets</td>
<td></td>
<td>Nominal</td>
<td>Frequency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variable</td>
<td>Frequency of capital investments</td>
<td></td>
<td></td>
<td>Percentages</td>
</tr>
</tbody>
</table>


To examine the influence of recording cash receipts and payments on financial performance of agribusiness projects in Kenya

<table>
<thead>
<tr>
<th>Recording of Receipts and Payments</th>
<th>Independent Variable</th>
<th>Frequency of system use</th>
<th>Rate of adoption of treasury functions</th>
<th>Knowledge of recording of receipts and payments</th>
<th>Questionnaire</th>
<th>Ordinal</th>
<th>Nominal</th>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial performance of Agribusiness projects in Kenya</td>
<td>Financial performance</td>
<td>Dependent Variable</td>
<td>Increase in profits</td>
<td>Availability of financial information</td>
<td>Questionnaire</td>
<td>Ordinal</td>
<td>Nominal</td>
<td>Descriptive Statistics</td>
</tr>
</tbody>
</table>

| | | | | | | | | Frequency | Percentages | Mean | Interval | Correlation |
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION
OF FINDINGS

4.1 Introduction

This chapter discussed the interpretation and presentation of findings. It began with the presentation of demographic information of the respondents followed by presentation of the findings as per the objectives in relation to the topic on influence of cash management practices on financial performance of agribusiness projects: a case of Youth Empowerment in Sustainable Agriculture Project, Trans Nzoia County, Kenya

4.2 Questionnaire Response Rate

The study targeted a sample size of 96 respondents out of which 86 were filled and returned giving a response rate of 89% (Table 4.1). This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of over 70% is excellent.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>86</td>
<td>89</td>
</tr>
<tr>
<td>Non-response</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Targeted</td>
<td>96</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Demographic Data Analysis

In this section, the researcher sought to get information on the respondent’s gender, age, highest academic qualification, and experience in terms of the years they have spent in the farming industry that is, in different sectors including agribusiness, farm administration and even other industries but related to agribusiness.
4.3.1 Distribution by Gender

To establish the gender of the respondents, they were asked to indicate them in the brackets. The findings of this were as in Table 4.2

Table 4.2 Gender Distribution

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>50</td>
<td>58.14</td>
</tr>
<tr>
<td>Females</td>
<td>36</td>
<td>41.86</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
</tbody>
</table>

According to the findings in Table 4.2, majority of the respondents at 50(58.14%) were male while 36(41.86%) of them were female. This depicts that men form a larger representation of respondents in this particular project. Fewer of the women were in administration with the rest working in the field.

4.3.2 Distribution of Respondents by Age

To establish the ages of the respondents, they were asked to indicate their age brackets. The findings of this were as in Table 4.3

Table 4.3 Distribution of Respondents by Age

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 – 30 years</td>
<td>37</td>
<td>43.02</td>
</tr>
<tr>
<td>31 – 40 years</td>
<td>28</td>
<td>32.56</td>
</tr>
<tr>
<td>41 – 50 years</td>
<td>15</td>
<td>17.44</td>
</tr>
<tr>
<td>Above 51 years</td>
<td>6</td>
<td>6.98</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100.00</td>
</tr>
</tbody>
</table>
On the age of the respondents, the study found that the majority of the respondents were between 21-30 years 37(43.02%), 28(32.56%) were aged between 31-40 years while 15(17.44%) were aged between 41-50 years. 6 of the 86 respondents were above the age of 51 years. This shows that majority of the respondents were of an adequate/informative age and therefore have enough experience on the subject being researched on.

### 4.3.3 Distribution of Level of Education

The study sought to determine the level of education of the respondents as shown in Table 4.3 below.

**Table 4.4 Level of Education**

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSCE</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Diploma</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td>Degree</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Masters</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the findings, 35(41%) of the respondents had a Secondary School as their highest level of education, 17(20%) of the respondents had a bachelors degree as the highest level of education while another 22(26%) had a Diploma as the highest level of education. 12 of the respondents had a Masters degree. This shows that majority of the respondents were adequately equipped with the required education level and intelligence to understand the questions as asked in the research instruments.

### 4.3.4 Experience Level – Years Spent in Agribusiness/ Farming

The experience level of the respondents, here questioned in terms of years spent in the farming industry including but not limited to agribusiness, was deemed very important as it would help in
factual justification of the responses that the study was seeking to solve its problem. From the respondents experience, 14 (16.27%) of the respondents had experience of below 5 years; 36 (41.86%) of the respondents had experience of 6 - 10 years whereby 20 (23.26%) of the respondents had experience of 16 – 20 years. 16 (18.60%) of the respondents had vast experience of 21 years. From the response statistics, most of the respondents interviewed possessed the necessary knowledge required for the study.

### 4.4 Financial Performance of Agribusiness Projects in Kenya

To find out the factors influencing financial performance of agribusiness projects in Kenya, the study assessed the different perceptions held by the respondents. The study used the statements as indicated on the table below to analyze and draw factual conclusions on these perceptions. Table 4.5 displays the findings.

**Table 4.5 Financial Performance of Agribusiness Projects in Kenya**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound financial performance reduces the costs involved in implementing agribusiness projects</td>
<td>3.994</td>
<td>0.548</td>
</tr>
<tr>
<td>Improved Operations efficiency boosts the financial performance of agribusiness projects</td>
<td>3.379</td>
<td>0.743</td>
</tr>
<tr>
<td>Proper financial performance largely depends on timely, accurate access to financial information</td>
<td>3.313</td>
<td>0.720</td>
</tr>
<tr>
<td>Agribusiness project’s improved profitability depends on financial performance</td>
<td>3.682</td>
<td>0.925</td>
</tr>
</tbody>
</table>

Table 4.5 shows that majority of the respondents were of the opinion that sound financial performance reduces the costs involved in implementing agribusiness projects (Mean=3.994), this was followed by (Mean = 3.379) who agreed with the statement that improved operations efficiency boosts the financial performance of agribusiness projects. The respondents moderately
agreed (Mean = 3.313) that Proper financial performance largely depends on timely, accurate access to financial information, some indicating that other factors played a more significant role. On the statement that Agribusiness project’s improved profitability depends on financial performance, (Mean = 3.682) disagreed with the statement citing other factors like farm outputs, market forces as being more practical determinants.

The respondents were also questioned on whether they perceive that agribusiness project’s financial performance relies only with the financial managers; the findings were as displayed in Table 4.6

Table 4.6 Agribusiness Financial Performance and Financial Managers

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>56</td>
<td>65</td>
</tr>
<tr>
<td>No</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
</tbody>
</table>

From the study findings shown on Table 4.6, the respondents were also questioned on whether they perceive that agribusiness project’s financial performance relies only with the financial managers; 56(65%) agreed with the statement indicating that the financial knowledge of the project managers can not be overlooked.

4.5 Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects

The study employed key statements to analyze whether ERP use has an influence on financial performance of agribusinesses projects in Kenya. The findings are as shown in Table 4.7
Results in Table 4.7 indicate that the respondents strongly agreed (Mean = 3.984) that Knowledge of how to use ERP effectively affects the financial performance of agribusiness projects, majority also moderately agreed (Mean = 3.969) that Frequent use of ERP in all financial matters promotes the financial performance of agribusiness projects. On the statement that the agribusiness project should be handling a lot of finances for ERP to be relevant and effective, most of the respondents (Mean = 3.092) strongly supported the statement considering the nature of agriculture.

The respondents were asked to indicate whether proper Technological and Human Resource support structures in the agribusiness project are necessary for productive ERP use? The findings are as displayed in Table 4.8

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of how to use ERP effectively affects the financial performance of agribusiness projects</td>
<td>3.984</td>
<td>0.779</td>
</tr>
<tr>
<td>Frequent use of ERP in all financial matters promotes the financial performance of agribusiness projects</td>
<td>3.969</td>
<td>1.024</td>
</tr>
<tr>
<td>The agribusiness project should be handling a lot of finances for ERP to be relevant and effective</td>
<td>3.092</td>
<td>0.960</td>
</tr>
</tbody>
</table>

Table 4.8 Technological and Human Resource Support Structures

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>63</td>
<td>73</td>
</tr>
<tr>
<td>No</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
</tbody>
</table>
From the findings shown in Table 4.8, 23(27%) of the respondents disagreed with the perception that technological and Human Resource support structures in the agribusiness project are necessary for productive ERP use, the study found out that most of these respondents did not have a concrete understanding of the ERP elements.

4.6 Budgeting and Financial Performance of Agribusiness Projects

The information being sought by this question was to gain information on Budgeting and the financial performance of agribusinesses projects in Kenya; the results shown in Table 4.9

Table 4.9 Budgeting and Financial Performance of Agribusiness Projects

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agribusiness project budgets require frequent auditing and reviews for sound implementation</td>
<td>3.548</td>
<td>0.916</td>
</tr>
<tr>
<td>Financial performance depends on fraud and corruption free budgets</td>
<td>3.348</td>
<td>0.793</td>
</tr>
</tbody>
</table>

The respondents were asked to indicate whether Agribusiness project budgets require frequent auditing and reviews for sound implementation, the highest number of respondents (Mean = 3.548) strongly agreed with the opinion. The study found out that financial performance depends on fraud and corruption free budgets, also strongly agreed by (Mean = 3.348) of the respondents.

The respondents were requested to give an opinion based on the recurring expenses in the agribusiness project, what should be prioritized in the budget? Their responses were as indicated in Table 4.10
Table 4.10 Budget Prioritization

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Wages</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>Utility Bills</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Capital Asset Maintenance</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the findings presented by Table 4.10, majority 35(41%) of the respondents were of the opinion that their salaries should be given top most priority, respondents earning wages also strongly supported that their dues should be prioritized at 25(29%). Utility bills 16(19%) and Capital asset maintenance 10(11%) were opinioned to be of lesser priority by the respondents.

The respondents were asked to indicate whether reliable, accurate financial input influences the effectiveness of the agribusiness project budget. The findings are as displayed in Table 4.11

**Table 4.11 Reliability, Accuracy of Financial Input**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>70</td>
<td>81</td>
</tr>
<tr>
<td>No</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>86</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the findings presented by Table 4.11, a few of the respondents 16(19%) indicated that reliable, accurate financial input does not influence the effectiveness of the agribusiness project budget. This group of respondents cited other factors like lack of finance and diversion of agricultural finances to other uses as having an influence on the budget.
4.7 Cash Control Procedures and Financial Performance of Agribusiness Projects

The information being sought by this question was to gain information on Budgeting and the financial performance of agribusinesses projects in Kenya; the results shown in Table 4.12

Table 4.12 Cash Control Procedures and Financial Performance of Agribusiness Projects

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial control procedures should be made clear and adhered to by both management and staff involved in the agribusiness project</td>
<td>3.750</td>
<td>1.068</td>
</tr>
<tr>
<td>Poor and uninformed capital budgeting procedures result to Weak financial performance</td>
<td>3.000</td>
<td>0.922</td>
</tr>
<tr>
<td>Knowledgeable Management of the working capital influences the financial performance of the agribusiness project</td>
<td>3.375</td>
<td>0.823</td>
</tr>
</tbody>
</table>

From the findings, the respondents strongly agreed that financial control procedures should be made clear and adhered to by both management and staff involved in the agribusiness project (Mean = 3.750), poor and uninformed capital budgeting procedures resulting in weak financial performance followed at (Mean = 3.000) and then Knowledgeable Management of the working capital influences the financial performance of the agribusiness project at (Mean = 3.375).

4.8 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

The information being sought by this question was to gain information on Recording of Receipts and Payments and the financial performance of agribusinesses projects in Kenya; the results shown in Table 4.13
Table 4.13 Cash Control Procedures and Financial Performance of Agribusiness Projects

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is enough for the agribusiness project to have a system that controls,</td>
<td>3.938</td>
<td>0.561</td>
</tr>
<tr>
<td>monitors and records all financial transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury functions should be the same in all the Departments involved in</td>
<td>3.452</td>
<td>0.863</td>
</tr>
<tr>
<td>the agribusiness project irregardless of their level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled managers should be the only ones handling receipts and payments</td>
<td>2.900</td>
<td>0.555</td>
</tr>
<tr>
<td>of the agribusiness project</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the findings of Table 4.13, most of the respondents (Mean = 3.938) were of the opinion that it is enough for the agribusiness project to have a system that controls, monitors and records all financial transactions. As for Treasury functions being the same in all the departments involved in the agribusiness project irregardless of their level, the respondents moderately agreed (Mean = 3.452) some of them talked about some departments having to be fully financial hence should not be handled the same way. On the statement that skilled managers should be the only ones handling receipts and payments of the agribusiness project, the study found out that the respondents who disagreed (Mean = 2.900) with the statement were for example, of the opinion that it does not require much skill to handle receipts and payments.

The respondents were asked to indicate in their opinion, to what extent they thought recording of payments and receipts contribute to the financial performance of the agribusiness project.
The findings from the Table 4.14 indicate that a good number of the respondents, 35(41%), were of the opinion that recording of payments and receipts does contribute to the positive financial performance of the agribusiness project. The respondents at 20(23%) who gave the small extent response said that the project’s financial performance is pegged on sources of finance that should be consistent rather than recording of payments and receipts.

### 4.9 Regression Analysis

The relationship of the extent of the factors influencing cash management practices on financial performance of agribusiness projects was sought and done via regression analysis where means and standard deviation are the variables used in the study. The regression model was:

\[
Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon
\]

- \( Y \) = Financial Performance of Agribusiness projects
- \( \beta_0 \) = constant
- \( \beta_1-4 \) = Regression Coefficients
- \( X_1 \) = ERP system
- \( X_2 \) = Budgeting
- \( X_3 \) = Recording receipts and payments
- \( X_4 \) = Cash Control procedures
- \( \varepsilon \) = error term
Table 4.15: Model Goodness of Fit Statistics

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R Std. Error Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.792</td>
<td>0.638</td>
<td>0.592</td>
<td>0.043</td>
</tr>
</tbody>
</table>

Table 4.15 shows that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.792. The determination coefficient as measured by the adjusted R-Square presents a moderately strong relationship between dependent and independent variables given a value of 63.8, this depicts that the model accounts for 63.8% of the total observations while 36.2% remains unexplained by the regression model.
CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSION AND RECOMMENDATION

5.1 Introduction
The findings presented in chapter four are further summarized here so that specific findings can be obtained clearly in relation to the research objectives. The findings are presented, summarized and discussed in order to draw informed conclusions; then recommendations are made on what needs to be done to improve on the study area.

5.2 Summary of the Findings
The study findings are as themed by the objectives and follow the sequence on the research instruments as follows:

5.2.1 Demographic Information
The study established the demographic information of the respondents and revealed that the males 50(58.14%) are more than the females 36(41.86%). The highest level of education by the respondents was secondary school level at 35(41%) with the largest age bracket number being those between the ages of 21-30yrs at 37(43.02%). The highest duration within the agribusiness sector by moist of the respondents was established to be 6-10yrs at 36(41.86%) indicating that the information relayed on the research instruments were informed and the study could draw credible conclusions from them.

5.2.2 Financial Performance of Agribusiness Projects in Kenya
Majority of the respondents were of the opinion that sound financial performance reduces the costs involved in implementing agribusiness projects, this was followed by (Mean = 3.379) who agreed with the statement that improved operations efficiency boosts the financial performance of agribusiness projects; they emphasized that the efficiency however, should be in all areas of the project even the non-financial sectors.. The respondents moderately agreed (Mean = 3.313) that Proper financial performance largely depends on timely, accurate access to financial information, some indicating that other factors played a more significant role. On the statement
that Agribusiness project’s improved profitability depends on financial performance, a good number disagreed with the statement citing other factors like farm outputs, market forces as being more practical determinants. The respondents were also questioned on whether they perceive that agribusiness project’s financial performance relies only with the financial managers; 56(65%) agreed with the statement indicating that the financial knowledge of the project managers can not be overlooked.

5.2.3 Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects

Most of the respondents strongly agreed that knowledge of how to use ERP effectively affects the financial performance of agribusiness projects, this group of respondents stressed on the fact that sound job description should be relayed to those involved in handling the ERP. Majority also moderately agreed that frequent use of ERP in all financial matters promotes the financial performance of agribusiness projects. On the statement that the agribusiness project should be handling a lot of finances for ERP to be relevant and effective, most of the respondents strongly supported the statement considering the nature of agriculture that is meant for farming compared to other industries like banking or micr-finance. From the study findings, 23(27%) of the respondents disagreed with the perception that technological and Human Resource support structures in the agribusiness project are necessary for productive ERP use, the study found out that most of these respondents did not have a concrete understanding of the ERP elements and were neither involved in the administration of the project.

5.2.4 Budgeting and Financial Performance of Agribusiness Projects

The study found out that Agribusiness project budgets’ require frequent auditing and reviews for sound implementation, the highest number of respondents strongly agreed with this opinion; they added that for integrity and transparency purposes this had to be done. The study also found out that financial performance depends on fraud and corruption free budgets, a good number of the respondents strongly supported this statement. From the findings, majority 35(41%) of the respondents were of the opinion that their salaries should be given top most priority, respondents earning wages also strongly supported that their dues should be prioritized at 25(29%). Utility
bills 16(19%) and Capital asset maintenance 10(11%) were opinioned to be of lesser priority by the respondents. The study found out that a few of the respondents 16(19%) indicated that reliable, accurate financial input does not influence the effectiveness of the agribusiness project budget. This group of respondents cited other factors like lack of finance and diversion of agricultural finances to other uses as having an influence on the budget.

5.2.5 Cash Control Procedures and Financial Performance of Agribusiness Projects

From the findings, the respondents strongly agreed that financial control procedures should be made clear and adhered to by both management and staff involved in the agribusiness project; this should be emphasized amount of money involved or personnel notwithstanding. Poor and uninformed capital budgeting procedures resulting in weak financial performance were perceived to have a significant influence on the financial performance of the agribusiness projects, the majority of respondents who agreed with this statement were mainly in administration and in the financial sectors supporting these projects. Knowledgeable Management of the working capital influences the financial performance of the agribusiness project as agreed by most of the respondents; they noted that this mismanagement affects all areas of the project.

5.2.6 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

The study findings indicate that most of the respondents were of the opinion that it is enough for the agribusiness project to have a system that controls, monitors and records all financial transactions. As for Treasury functions being the same in all the departments involved in the agribusiness project irregardless of their level, most of the respondents moderately agreed with some of them talking about some departments having to be fully financial hence should not be handled the same way. On the statement that skilled managers should be the only ones handling receipts and payments of the agribusiness project, the study found out that the respondents who disagreed with the statement were for example, of the opinion that it does not require much skill to handle receipts and payments and that anyone given clear instructions can do the same. The findings from the study also indicate that a good number of the respondents, 35(41%), were of
the opinion that recording of payments and receipts does contribute to the positive financial performance of the agribusiness project. The respondents at 20(23%) who gave the small extent response said that the project’s financial performance is pegged on sources of finance that should be consistent rather than recording of payments and receipts.

5.3 Discussion of the Findings

The study findings were discussed as per the research objectives themes as follows:

5.3.1 Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects

Knowledge of how to use ERP effectively affects the financial performance of agribusiness projects, on this statement, respondents stressed on the fact that sound job description should be relayed to those involved in handling the ERP for its effectiveness to be felt. Majority also supported the notion that frequent use of ERP in all financial matters promotes the financial performance of agribusiness projects; the respondents further advocated that this should be made a policy issue and enforced by the management. On the statement that the agribusiness project should be handling a lot of finances for ERP to be relevant and effective, most of the respondents strongly supported the statement considering the nature of agriculture that is meant for farming compared to other industries like banking or micro-finance; this however goes against a study by Koch who indicated that using an ERP solution for farm management helps in integration of data, analysis, optimization of resources and decision making. It leads to run the business professionally. Globalization is strongly affecting agriculture and food industry to face new challenges, every coming day (Koch, 2001).

From the study findings, most of the respondents disagreed with the perception that technological and Human Resource support structures in the agribusiness project are necessary for productive ERP use, the study found out that most of these respondents did not have a concrete understanding of the ERP elements and were neither involved in the administration of the project. The respondents who agreed with the statement however, were in line with a study on ERP that stated Farming nowadays is a complex managerial task that imposes stringent requirements on farm management information systems. In other sectors, Enterprise Resource
Planning (ERP) systems are widely implemented to meet such requirements (Reuther and Chattopadhyay, 2004).

5.3.2 Budgeting and Financial Performance of Agribusiness Projects

Agribusiness project budgets’ require frequent auditing and reviews for sound implementation, the highest number of respondents strongly agreed with this opinion; they added that for integrity and transparency purposes this had to be done. On financial performance depending on fraud and corruption free budgets, a good number of the respondents strongly supported this statement; the respondents cited mismanagement in terms of misappropriation of budgeted funds and withdrawals for personal use as being significant prohibitants to sound financial performance. This goes in line with a study that indicated that fraud generally occurs when three conditions are present that is when management or employees have an incentive or is under pressure; when circumstances exist that provide an opportunity for fraud to be perpetrated and when individuals involved are able to rationalize committing a fraudulent act (Omnibus Statement, 2006).

From the findings, the respondents were of the opinion that their salaries should be given top most priority, respondents earning wages also strongly supported that their dues should be prioritized. Utility bills and Capital asset maintenance were opinioned to be of lesser priority by the respondents; this shows that the management should look at how it can minimize the labor force so as to comfortably prioritize salaries and wages. The study found out that a few of the respondents indicated that reliable, accurate financial input does not influence the effectiveness of the agribusiness project budget; although Dinda, 2005 suggests that Budgeting requires careful and realistic planning and should be drawn up during the planning and development of a project(Danida, 2005). This group of respondents cited other factors like lack of finance and diversion of agricultural finances to other uses as having an influence on the budget.
5.3.3 Cash Control Procedures and Financial Performance of Agribusiness Projects

Financial control procedures should be made clear and adhered to by both management and staff involved in the agribusiness project; this should be emphasized amount of money involved or personnel notwithstanding. From the findings, the study deduced that it is important for cash control procedures to be made as a policy and reinforced. Poor and uninformed capital budgeting procedures resulting in weak financial performance were perceived to have a significant influence on the financial performance of the agribusiness projects, the majority of respondents who agreed with this statement were mainly in administration and in the financial sectors supporting these projects. Houghton suggests in his research that, checks should be done periodically and may be done without fore-warning. Having a project supervisor verify the accuracy of a cashier’s drawer on a daily basis is an example of this type of control. (Houghton 2013). Knowledgeable Management of the working capital influences the financial performance of the agribusiness project as agreed by most of the respondents; they noted that this mismanagement affects all areas of the project.

5.3.4 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

The study findings indicate that most of the respondents were of the opinion that it is enough for the agribusiness project to have a system that controls, monitors and records all financial transactions, this is in line with Alqwasmi’s study that suggests that since finances are a crucial part of organizational management, it is always a better idea to maintain a ‘Financial Policy’ for following procedures to keep the accounting system effective, transparent and easily manageable (Alqwasmi, 2013).

As for Treasury functions being the same in all the departments involved in the agribusiness project irregardless of their level, most of the respondents moderately agreed with some of them talking about some departments having to be fully financial hence should not be handled the same way. On the statement that skilled managers should be the only ones handling receipts and payments of the agribusiness project, the study found out that the respondents who disagreed with the statement were for example, of the opinion that it does not require much skill to handle receipts and payments and that anyone given clear instructions can do the same, a previous study
on the same suggests that better records can make them more attractive customers for a bank, ultimately allowing them to more easily access credit, insurance, and other financial tools that can help them build resilience against potential setbacks. The system also helps protect farmers against being taken advantage of by any buyer, sending market prices right to their phone and helping them maximize their returns by selling at the right time (Warshauer, 2014).

The findings from the study also indicate that a good number of the respondents, were of the opinion that recording of payments and receipts does contribute to the positive financial performance of the agribusiness project; those who gave the small extent response said that the project’s financial performance is pegged on sources of finance that should be consistent rather than recording of payments and receipts.

5.4 Conclusions of the Study
Knowledge of how to use ERP effectively affects the financial performance of agribusiness projects, and it should be stressed that sound job description should be relayed to those involved in handling the ERP for its effectiveness to be felt. On financial performance depending on fraud and corruption free budgets, the project managers should be vigilant on mismanagement in terms of misappropriation of budgeted funds and withdrawals for personal use as being significant prohibitants to sound financial performance. Financial control procedures should be made clear and adhered to by both management and project staff involved in the agribusiness project; this should be emphasized amount of money involved or personnel notwithstanding. It is fundamentally important for cash control procedures to be made as a policy and reinforced. Treasury functions should be the same in all the departments involved in the agribusiness project irregardless of their level. Skilled managers should not be the only ones handling receipts and payments of the agribusiness project, since it does not require much skill to handle receipts and payments and that anyone given clear instructions can do the same.
5.5 Recommendations
The study gave recommendations as outlined below

5.5.1 Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects
The study recommends that the project management should employ staff that are well conversant with ERP especially those that are agribusiness related. Also suggested that ERP use should be consistent and backed by policy or all departments dealing with finance in the agribusiness project. Technological support structures should be put in place for the smooth running of ERP in the project, this should go in line with human resource support.

5.5.2 Budgeting and Financial Performance of Agribusiness Projects
The study recommends that agribusiness projects should have their budgets frequently reviewed and audited for sound implementation; this should be done preferably by independent auditing firms outside the project organization. The study further suggests that budgets should be kept corruption and fraud free by putting up control measures and blocking all avenues that might lead to fraud and misappropriation of funds. The project should also find a balance in its budget in terms of prioritization of recurrent expenditure and long term expenditures.

5.5.3 Cash Control Procedures and Financial Performance of Agribusiness Projects
Financial control procedures should be made clear and adhered to by both management and staff involved in the agribusiness project, this should also be made into policy and implemented in all financial departments. The study recommends that all capital budgeting procedures should be well planned, communicated and monitored during implementation for effectiveness.

5.5.4 Recording of Receipts and Payments and Financial Performance of Agribusiness Projects
The study recommends that it is prudent for the agribusiness project to have a practical system that controls, monitors and records all financial transactions in a manner that is easily accessible and can be communicated in an effective manner. As for Treasury functions being the same in all
the departments, the study recommends that all personnel involved in the agribusiness project irregardless of their level of administration should have a uniform way of handling receipts and financial recordings.

5.6 Suggestions for Further Research

A study of this magnitude cannot be exhausted in covering the area of investigation. More research can be undertaken in related areas. The following suggestions for further research are hence made:

1. The study should be done in another industry other than plant crop agri-based for example, fishing industry.
2. A study should be done to ascertain the extent to which technological infrastructure availability affects the implementation of ERP Systems
3. That a similar study be done but in a different country
REFERENCES


Evans ObaraOnduso (2013). The Effect Of Budgets On Financial Performance Of Manufacturing Companies In Nairobi County. Pdf.6(5)


APPENDIX I: LETTER OF INTRODUCTION

Wycliffe Oluoch
P O Box 42733-00100
Nairobi

Dear Sir/Madam,

REF: Study of the influence of Cash Management practices on financial performance of Agribusiness projects in Kenya

I am a post graduate student pursuing a Master of Arts, Project Planning and Management option at The University of Nairobi. I hereby kindly request you to fill in this questionnaire which will enable the researcher to obtain important information for the research as aforementioned above.

The information offered will be treated with the utmost confidentiality and will not be unduly disclosed. The information will only be used as pertaining to this study and not otherwise.

Your assistance and cooperation will be greatly appreciated.

Yours faithfully

Zacharia Okere Onyango

Signature______________

Reg. Number: L50/88466/2016
I am a student at the University of Nairobi undertaking a Master of Arts Degree in Project Planning and Management. It is a requirement for the course to undertake a research project in order to qualify for graduation.

The title of my research is “INFLUENCE OF CASH MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF AGribusiness PROJECTS IN KENYA.” I am humbly requesting for your assistance in answering the questionnaire, all information will be treated with strict confidence.

SECTION A: GENERAL INFORMATION

1. Gender
   
   Male  [ ]  Female  [ ]

2. Indicate your age bracket
   
   a) 21 – 30 years  [ ]
   b) 31– 40 years  [ ]
   c) 41 – 50 years  [ ]
   d) Above 51 years  [ ]

3. Highest Academic Qualifications
   
   KCSE  [ ]
   DIPLOMA  [ ]
   DEGREE  [ ]
   MASTERS  [ ]
4. **Years Spent In Agribusiness Sector**
   Please check in the box that best displays how many years you have been married

   Below 5 years  
   6 – 10 years  
   11 – 15 years  
   16 – 20 years  
   21 years and above  

**SECTION B:**

**Financial Performance of Agribusiness Projects in Kenya**

5. Below are statements on the financial performance of agribusinesses projects in Kenya; Please indicate the degree to which you agree using the given scale:

   \{Tick (✓) the appropriate column\} (1) Strongly disagree (2) Disagree (3) Moderately agree (4) Agree (5) Strongly Agree

<table>
<thead>
<tr>
<th>Financial Performance of Agribusiness Projects</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound financial performance reduces the costs involved in implementing agribusiness projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved operations efficiency boosts the financial performance of agribusiness projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proper financial performance largely depends on timely, accurate access to financial information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agribusiness project’s improved profitability depends on financial performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Do you perceive that agribusiness project’s financial performance relies only with the financial managers?

   Yes  

SECTION C:

Enterprise Resource Planning (ERP) and Financial Performance of Agribusiness Projects

7. Below are statements on ERP use and the financial performance of agribusinesses projects in Kenya; Please indicate the degree to which you agree using the given scale:

   {Tick (√) the appropriate column} (1) Strongly disagree (2) Disagree (3) Moderately agree (4) Agree (5) Strongly Agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of how to use ERP effectively affects the financial performance of agribusiness projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequent use of ERP in all financial matters promotes the financial performance of agribusiness projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The agribusiness project should be handling a lot of finances for ERP to be relevant and effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. Are proper Technological and Human Resource support structures in the agribusiness project necessary for productive ERP use?
   Yes ☐
   No ☐

   If No, why .................................................................
                                                                                     .................................................................

No ☐

If Yes, why .................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................

61
SECTION D:

Budgeting and Financial Performance of Agribusiness Projects

9. Below are statements on Budgeting and the financial performance of agribusinesses projects in Kenya; Please indicate the degree to which you agree using the given scale:

{Tick (√) the appropriate column} (1) Strongly disagree (2) Disagree (3) Moderately agree (4) Agree (5) Strongly Agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agribusiness project budgets require frequent auditing and reviews for sound implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial performance depends on fraud and corruption free budgets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Based on the recurring expenses in the agribusiness project, what do you opinion should be prioritized in the budget?

   i. Salaries
   ii. Wages
   iii. Utility bills (Water, Electricity)
   iv. Capital asset maintenance

11. Does reliable, accurate financial input influence the effectiveness of the agribusiness project budget?

   Yes
   No

   If No, why ........................................................................................................
   ........................................................................................................
   ........................................................................................................
SECTION E:

Cash Control Procedures and Financial Performance of Agribusiness Projects

12. Below are statements on Cash Control Procedures and the financial performance of agribusinesses projects in Kenya; Please indicate the degree to which you agree using the given scale:

{Tick (√) the appropriate column} (1) Strongly disagree (2) Disagree (3) Moderately agree (4) Agree (5) Strongly Agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial control procedures should be made clear and adhered to by both management and staff involved in the agribusiness project.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor and uninformed capital budgeting procedures result to weak financial performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledgeable Management of the working capital influences the financial performance of the agribusiness project.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION F:

Recording of Receipts and Payments and Financial Performance of Agribusiness Projects

13. Below are statements on Recording of Receipts and Payments and the financial performance of agribusinesses projects in Kenya; Please indicate the degree to which you agree using the given scale:

{Tick (√) the appropriate column} (1) Strongly disagree (2) Disagree (3) Moderately agree (4) Agree (5) Strongly Agree
It is enough for the agribusiness project to have a system that controls, monitors and records all financial transactions.

Treasury functions should be the same in all the departments involved in the agribusiness project irregardless of their level.

Skilled managers should be the only ones handling receipts and payments of the agribusiness project.

14. To what extent do you think recording of payments and receipts contribute to the financial performance of the agribusiness project?

<table>
<thead>
<tr>
<th>Extent</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No Extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Some Extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you very much for your participation and cooperation.
APPENDIX III: RESEARCH BUDGET

The table below describes the budget the researcher anticipates to incur from the time of starting to the end. It states each item and its cost.

<table>
<thead>
<tr>
<th>Items</th>
<th>Cost in KSHS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Stationery, typing papers, pens, flash disk</td>
<td>10,000.00</td>
</tr>
<tr>
<td>2 Secretarial services</td>
<td>6,000.00</td>
</tr>
<tr>
<td>3 Printing</td>
<td>5,000.00</td>
</tr>
<tr>
<td>4 Binding</td>
<td>6,000.00</td>
</tr>
<tr>
<td>5 Communication and telephone Services</td>
<td>5,000.00</td>
</tr>
<tr>
<td>6 Data collection</td>
<td>5,000.00</td>
</tr>
<tr>
<td>7 Miscellaneous expenses</td>
<td>5,125.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>42,125.00</strong></td>
</tr>
</tbody>
</table>
## APPENDIX IV: RESEARCH WORK PLAN

<table>
<thead>
<tr>
<th>MONTHS/ EVENTS</th>
<th>May-June 2018</th>
<th>July 2018</th>
<th>August 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying of the research title</td>
<td></td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Developing Proposal</td>
<td></td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Defending Proposal</td>
<td></td>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Proposal Amendments</td>
<td></td>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Data Collection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing &amp; defending final project work</td>
<td></td>
<td></td>
<td>A</td>
</tr>
</tbody>
</table>