

**THE EFFECT OF FINANCIAL MANAGEMENT PRACTICES ON
THE FINANCIAL PERFORMANCE OF THE COMPANIES LISTED
AT NAIROBI SECURITIES EXCHANGE**

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DECLARATION

I declare that this research project is my own work and it has not been submitted for any degree or examination in any other university.

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

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DEDICATION

This research project is dedicated to my family, friends and workplace colleagues for their prayers, encouragement, endurance and moral support throughout the time of study.

ACKNOWLEDGEMENT

My sincere gratitude goes out to Almighty God, my family and friends who have made this journey a success through guidance, support and encouragement during the entire course. I would like to thank everyone who helped me in compiling of my research project, from the initial research to final documentation. Special thanks to my supervisor Dr. Winnie Nyamute who supervised this study and gave valuable feedback and advice throughout the entire project.

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LIST OF ABBREVIATIONS

- AIS** - Accounting Information Systems
- NSE** - Nairobi Securities Exchange
- ROA** - Return on Assets
- WC** - Working Capital

ABSTRACT

Improper financial management practices have proven to be a main cause of failures in companies in terms of financial difficulty, mismanagements of fund and shortage of long-term funds to meet the operating cost and capital expenditure. The study objective was to determine the effect of financial management practices on the financial performance of the companies listed at Nairobi Securities Exchange. The population of this study comprised 65 companies listed at the Nairobi Securities Exchange as at December 2017 however the researcher managed to obtain information from 42 companies listed at NSE. The study employed primary data by use of semi structured questionnaire which was administered to all 65 companies listed at NSE through a drop and pick method. Only 42 questionnaires were duly filled. Data collected was assembled and reports were produced in form of tables and figures. Data was analyzed on the basis of the mean and the F test statistic was computed at 5% significance by regression analysis. The study conducted an Analysis of Variance (ANOVA). From the findings, the F statistic was 3.276 and was found to be significant. Cash management practices had a t-value of 0.878 which was insignificant, capital budgeting practices had a t-value of -0.520 which was significant and financing practices had a t-value of 2.532 which was significant. The study concluded that financial management practices affect the financial performance of companies listed at Nairobi securities exchange. The study recommends that companies adopt optimal financing decisions which are aimed at increasing their financial performance, firms should embrace financial management practices which translate to growth of their firms to greater heights in terms of the assets base and market share since more sales implies more profitable than smaller sales. Firms with better financial management practices enjoy monopoly power due to market control. Finally, the study recommends that a similar study be conducted but now employ primary and secondary data in the analysis. This will enable comparison with the study which has utilized primary data alone.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Improper financial management practices have proven to be a main cause of failures in companies in terms of financial difficulty, mismanagements of fund and shortage of long-term funds to meet the operating cost and capital expenditure (Brigham & Ehrhardt, 2010). Inclusion of financial management practices is aimed at improvement of the financial performance. Firms having well aligned financial management systems are efficient and effective. The integration of the financial management practices ensures timely coordination of various activities of the firms and correction of deficiencies and in so doing, the financial performance is improved.

Contingency theory holds that efficiency in operations will only be achieved by ensuring integration of corporate settings and the operation of financial systems. According to the cash conversion cycle, the bigger the cash conversion cycle, the better the financial performance (Gitman, 1974). Pecking order theory enables understanding of how capital structures of companies can be best formulated (Myers & Majluf 1985). Trade off theory by Black and Sholes (1974), clarifies the differences between the cost of money related to distress and the tax benefit of the firms.

Financial management practices such as financial analysis and forecasting, budgetary controls, cash management practices and financing decisions directly influences the financial performance of the companies listed at the NSE. Some listed companies still seem

to struggle on how best to manage their finances and this has led to vulnerability to financial risk, competition and mismanagements which has contributed to poor financial performance. The companies which have managed their financial management practices properly have reported improved financial performance (NSE, 2018).

1.1.1 Financial Management Practices

Financial Management practice is termed as a discipline that deals with how organizations make decisions relating to various financial aspects and the instruments used (Lasher, 2010). According to Brinckmann et al. (2011), financial management practice is the process of acquiring financial resources and measures to enhance the financial performance in firms. Byoun (2010) defined financial management practices as all aspects dealing with money circulations and money control in all business transactions. It relates to the arrangements and optimal use of financial resources for current and future opportunities in order to improve financial operations.

Typical financial management practices employed by organizations include; cash management, capital budgeting decisions, financial analysis and forecasting and portfolio management (Marembo, 2012). Working capital management constitutes managing the assets and liabilities in an organization to ensure that an organization has the required liquidity. Financial analysis and forecasting practices entails detailed documentation and tracking of all the business transactions.

Financing decisions practices involves how entities plan and manage the finances, risk management on the other hand ensures that the organization remains stable even when faced with financial uncertainties. These practices do not work as separate entities and ought to be all integrated so as to have a positive influence on the financial performance. Financial management practices were measured by cash management practices, budgeting practices and financing decisions (Byoun, 2010).

1.1.2 Financial Performance

Financial performance is the general measurement regarding the current financial position of a firm as well as comparison with other firms (Bernardin & Russel, 2009), it can also be termed as measurement of proper utilization of the assets in a firm based on its mode of operation and how revenues are generated (McMahon, 1995). Similarly, Codjia (2010), terms financial performance as the extensive analysis of the financial capabilities of the firms.

Return on the Capital Employed shows the profitability of the investments in a company while Return on Equity can be termed as the average income divided by the equity of the stakeholders. These can be derived from an organization's financial statements and can be used as the financial measures of performance (Bernardin & Russel, 2009). However, in order to fully measure financial performance, it proves important to incorporate the non-financial measures of performance also. This enables a comprehensive determination of the performance in a particular organization at a particular time (Selvarajanet al., 2007).

1.1.3 Financial Management Practices and Financial Performance

The importance that the financial management practices have on organization is imperative as most challenges facing companies may be prevented by proper financial management practices (Uluyol, 2013). Particularly, working capital ensures that the business is able to meet its daily financial obligations. Budgeting and accounting ensure transparency and accountability in the organizations' transactions. Capital structure management ensures proper coordination of all the financial practices in the company while risk management ensures preparedness in the company in an event that an unfavorable occurrence happens. All these when properly integrated in the companies' operations is aimed at improving their financial performance.

Additional expenses may however be incurred in implementation of these financial management practices leading to a burden to the business thus translating to diminished returns (Abaniset al., 2013). This may see many company managers shun away from adopting these financial management practices. Other variables also such as firm size, degree of risk, capital intensity, leverage and industry factors exert a leveling effect on how financial management practices impact organizations. They thus ought to be taken into consideration when formulating the organization's financial management practices (Moore&Reichert,1989). Despite the contribution the financial management practices are hypothesized to have on the financial performance, the companies still remain underperforming.

Though various theories such as the contingency, trade off and pecking Order theory try to bring out how managing the financial aspect of companies will have on the performance, the simplicity in application of these theories does not seem to exist. The theories are expected to help in bringing out the importance of financial management practices, however most companies tend not to adopt them. This has resulted in subsequent researches being undertaken in that particular field. However, empirical evidence indicates no consensus on the relationship that exists with both positive and negative results being reported (Farhatali, 2017). Due to this, it is difficult to establish how financial management practices employed by the companies listed at Nairobi Securities exchange impact their financial performance.

1.1.4 Companies Listed at Nairobi Securities Exchange

NSE is a securities exchange in Kenya and was formed in 1954. The Nairobi Securities Exchange has a total of 64 listed companies as at July 2018 and the market capitalization of about 2,156.8 billion (NSE, 2018). Nairobi Securities Exchange is critical in the economic development in Kenya due to its investment platforms which has attracted more investments in a variety of its segments from the surplus spending units thus promoting economic growths. Kenyans have also been offered opportunities to trade their shares with minimal obstacles hence improved economic development.

Nairobi Securities Exchange has enabled the trading of various financial instruments which include debt, equities and derivatives. It is also mandated in the core function of listing the companies which have met the minimum requirements for listing. The companies listed at

the Nairobi Securities are tasked with the responsibility of ensuring the management of companies implements good financial management practices which are aimed at improving their financial performance. Failure of implementation of the financial management practices has led to heavy losses. A case in point is Uchumi limited which is financial distressed due to poor financial management practices particularly its working capital management (NSE, 2018).

1.2 Research Problem

Financial management practices have been recognized both in developing and developed countries on its importance in coordinating organizations' functions. Through financial management practices, the managers are able to understand the current financial position of a particular firm and capability in meeting future financial obligations (World Bank, 2014). This not only enables proper management of funds, but also creates an enabling environment to plan ahead. The financial management practices thus act as tool for the organizations to remain profitable while ensuring that they do not become bankrupt or insolvent (Harash et al., 2014).

The Kenya Economic Survey 2016 found that the companies listed at NSE have relatively low performance as compared to other sectors in the economy as evidenced by a slow growth rate of 4.8% per year. This is majorly caused by poor financial management practices. This leads to most of the companies not being able to meet their debts obligations and attain competitive advantage. Additionally, the poor financial management practices

create an environment that is prone to malpractices and low transparency levels thus reduce returns (NSE, 2018).

Abanisetal (2013) conducted a study on effect of financial management practices in Uganda and concluded that financial management practices significantly affect the financial performance. Mensa (2012) investigated the financial management practices adopted by companies listed at Ghana Stock Exchange in Ghana and established a positive relationship existed. Saah (2015) concluded that financial management practices had insignificant effect on the financial performance.

Ngugi (2015) conducted a study to determine the impact that the financial innovations had on the performance of companies listed at NSE in Kenya. The study established that financial innovations influenced performance of the firms. Olouch, (2016) confirmed that risk management practices have a significant positive effect on the financial performance. Kimani (2017) concluded that financial management practices had insignificant effect on the financial performance. From the literature reviewed, context of the study was in developed markets, sample size was limited and shorter period of study was applied. Hence the need for the current study to address the mentioned gaps to conduct this study which sought to answer this research question; what is the effect of financial management practices on the financial performance of companies listed at Nairobi Securities Exchange in Kenya?

1.3 Research Objective

To determine the effect of financial management practices on the financial performance of the companies listed at Nairobi Securities Exchange.

1.4 Value of the Study

To the scholars, it is of great use to conduct academic research. It acts as a source of empirical literature and acts as a ground in conducting further studies in financial management practices and financial performance.

The study provides insight on the importance of financial management practices among companies which will determine their survival. Therefore, the results of this study serves as a blue-print for best financial management practices.

This study is useful to investors, investors would get helpful information to make their investment decisions since good financial management practices contributes to improved financial performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the available literature on financial management practices and financial performance, the determinants of financial performance and the studies done related to financial management practices, the conceptual framework and ends with a summary of the reviewed literature.

2.2 Theoretical Review

The following theories are related to financial management practices and they include; pecking order theory (Myers & Majluf 1985), Contingency theory (Pike, 1986), trade off theory (Black & Sholes 1974) and cash conversion cycle theory (Gitman, 1974).

2.2.1 Pecking Order Theory

This theory was founded by Myers and Majluf (1985). The theory is based on the financing decisions by firms. The theory argues that firms always prefer internal sources of financing. A typical firm would always follow a certain order of financing starting from internal finances to external finances. Firms prefer retained earnings to debt. Some firms also prefer the short-term debt due to their short-term repayment period compared to long term debt which takes a longer period of time and they tend to attract more finance costs in terms of the interest payments. The non-issuance entities are a good tool for information asymmetry.

This means that issuance of equity can be costly as information asymmetry between insiders and outsiders rise (Pandey, 2005). When companies are in need of external financing, the option they have is to issue the securities that are very safe in the market which implies that they start the debt securities and the equity qualifies to be the last resort pecking order theory appreciates a hierarchy of financing and any business entity always tries to use the internal sources when they are readily available compared to external sources.

Desai (1990) criticized the pecking order theory based on the fact that the theory is grounded on the costs of obtaining financing and it tends to ignore the factors which are likely to affect the choice of financing by various firms. The factors include, the government policy, the interest rates and the relationship between the borrowers and the lenders. Based on this theory, the decisions made by companies should be done with some level of expertise, and this requires financial management practices. The practices will enable the companies to be able to manage their finances effectively. Hence the theory's implication is that through understanding the financial management practices, they may be able to minimize any risks in order to improve the financial performance.

2.2.2 The Contingency Theory

Pike (1986) developed the Contingency theory aimed at explaining various financial management concepts. The theory holds that there are various contextual factors that determine how an organization operates. This entails the ordinary investment outcomes history, professional competency degree and capital budgeting control policy. While the

contextual factors describe why accounting systems vary based on the particular organization, the theory makes the assumption that organizations do not have similar accounting systems and thus attain different financial performances. This may be explained by the different contextual factors surrounding firms. Therefore, resource allocation to financial management practices should be made while giving consideration to these factors (Pike, 1986).

The theory's proposition to the study is that there are certain financial management practices that may work well with certain firms but not with others. This is due to the difference in the corporate settings and external factors. This thus implies that there are no standard financial management practices to be applied by the companies. Therefore, appropriate financial management practices should be chosen after evaluating the particular business setting to ensure it's appropriate in achieving its intended purpose. A positive influence on the companies' financial performance will only be attained when a balance is met between the corporate setting and the financial system operations (Pike, 1986).

2.2.3 Trade off Theory

This theory was developed by Black and Sholes (1974). This theory clarifies the differences between the cost of money related to distress and the tax benefit due to debt use related to the utilization debt in the capital structure. In this way the last capital structure adopted by the organization is a trade-off between advantages and cost. This infers there is a target of optimal debt to equity ratio.

Therefore, the optimal capital structure will be where the benefit is maximized and the cost minimized. This theory assumes that there exist benefits associated with leverage with the capital mix applied till the attainment of an optimal capital structure is achieved. A high level of debt in business entities is very risky since the investors will not be interested in such a venture. However, researchers are trade off theory concluded mixed results. A research by Titman (1990), affirms that the most profitable firms are likely to borrow less that is not consistent with the real trade off prediction that the most profitable firms should go for more debt so that tax liabilities are reduced.

2.2.4 Cash Conversion Cycle Theory

According to Gitman (1974), the bigger the cash conversion cycle, the better the financial performance. Cash conversion cycle is important in any business entity since the business entities can know the measure of cash required. Cash conversion cycle theory centers significantly around the timeframe the organization takes to secure the raw materials and the cash inflows so as to operate effectively. Each individual business element needs to examine its cash conversion cycle this will empower them to make any enhancements since it will influence the financial performance.

The shorter the cycle, it suggests that business entities require couple of assets to work. At the point when the cash conversion cycle is short, it suggests that business entities require couple of assets to work. At the point when the money change cycle is longer it suggests that the business development is high which means higher benefits henceforth enhanced financial performance (Gitman, 1974).

2.3 Determinants of Financial Performance

The financial performance has proven to be a very delicate matter in most companies. This is attributed to the fact that despite numerous strategies being formulated by the companies most companies still underperform. This shows that the financial performance is a multidimensional factor influenced by various factors which include; financial management practices, company size, corporate governance and external factors.

2.3.1 Financial Management Practices

Financial Management practices are the outlines in the management of the financial resources. (Nazir & Afza, 2009). They include working capital which refers to the capital required in the every-day operations of the business and thus acts as the driver to the organization's growth (Harris, 2005). This includes; inventory management, cash management, account payables management and account receivables management. This is to ensure that there is sufficient cash flow to cater for both the current and the future operational expenses (Fekete, et al., 2010).

Cash budgeting on the other hand constitutes the process of committing funds or capitals for considerable length of time for specified purposes within the firm's strategic position (Fabozzi, 2009). However, despite the cash budgeting awareness, companies tend to rely mostly on their informed intuition rather than the set budget plans (Pandey, 2012). Risk management on the other hand entails identifying and analyzing the potential threats that the organization may be faced with (Saah, 2015). This ranges from internal risks to the external risks that are likely to diminish the financial returns of a particular organization.

2.3.2 Company Size

The size of the company has a direct relationship with the financial performance. The size of the company can influence the financial performance of the company negatively or positively. Large business entities can access most services at reduced costs due to their purchasing power for example finance, production and distribution compared to smaller companies who cannot afford the bulkiness of services. By accessing the services at reduced costs, the companies are able to do risk diversification efficiently. The companies can also be able to respond swiftly to the environmental and operating changes in the market (Myers, 1984).

2.3.3 Corporate Governance

Corporate governance are the practices that shape the behavior of managers of the organizations in achieving the organizational goals. The strategies developed will help the managers in planning, monitoring and evaluating its overall financial performance in the management of risks and any uncertainties. Sound corporate governance activities can improve the financial performance of the companies. Good corporate governance practices aim at creating wealth for the stakeholders of the business entities who include the suppliers, shareholders, creditors and financial institutions. It will also ensure the rights of the shareholders are protected, shareholders are treated equally, their rights are protected and disclosures on the financial results are fully revealed by the management (Manne, 1965).

2.3.4 External factors

The external factors are the environmental conditions that originate outside the business and play a role in determining whether the organization will prosper or fail (Kuratko & Hodgetts, 2004). These factors may be inclusive of the competitors available in the market and the competitive strategies they have in use. By evaluating the external environment, the management is in a better position in formulating strategies that will work best as such performance will be enhanced when the organization gains competitive edge against its rivals. However, when the organization is not able to balance its external factors, its returns will reduce drastically. The managements are therefore necessitated to take into considerations the external factors when formulating the company's strategies (Wakaba, 2014).

2.4 Empirical Review

The performance of companies has received considerable interest in the recent past. This is because most companies tend to struggle in performing financially. Several studies done and have presented varied outcomes. Oni et al. (2012) conducted a study on effect of financial performance practices on the financial performance of the companies in Nigeria from 2009 to 2011. The study used the survey research method. A sample for the study was 72 companies. The study utilized both the secondary data and primary data. Regression analysis was also employed. From the study, financial performance practices had insignificant effect on the financial performance.

Saah (2015) conducted a study on the profitability of companies in the Tamale Metropolitan area of Ghana. The study was conducted through cross sectional design and used mainly primary data. Pearson's correlation co-efficient and Multiplicative linear regressions were used in the analysis. The study established that financial management practices such as AIS, Investing, and Financing and working capital management have positive impact on companies' returns.

Mazzarol, et al. (2015) conducted a study on the financial management practices of companies in Australia and Singapore regions. The study surveyed 145 companies with data being collected through primary means. The study established that companies have both formal and informal financial management practices which largely differed. The organization that had well organized financial management practices had improved financial performance. However, the study was not able to determine the exact financial management practices that existed or the relationship between the research variables.

Rathnasiri (2015) conducted in Sri Lankan on companies pertaining to the financial management practices employed with respect to different areas of businesses such as level of education of the manager, size, legal form, leverage and location. The hypothesized relationships were tested by non-parametric tests that showed that the variables regarding the number of operative years under existing management as well as the location of the business did not determine major differences in adopting financial management tools and techniques. From the study findings, financial management practices had insignificant effect on the financial performance.

Mureithi (2014) conducted a study on challenges facing companies listed at NSE in Kenya. The study used random sampling to choose a sample of 48 companies listed at NSE. The data was analyzed using the descriptive research design survey and presented using tables and graphs. The study found that the companies are faced with the following challenges; security, debt collection, inability to manage financial systems and competition among themselves. This shows that the financial management practices significantly affect the performance of the companies.

Ouma (2015) carried out a study to determine the extent to which financial management practices are used by non-listed companies at NSE and their effect on growth in Kenya. The study used questionnaire administered to the sampled company managers to collect Primary data from 41 companies non-listed at NSE. The study found that 45% used funds generated internally for business financing while 35% have invested in long term assets, 82% maintained a cash limit while 75% of the companies sold their products cash and 92% have a manual inventory register. The study further established that 74% prepared financial statements without a qualified accountant while 55% do not employ the use of a formal accounting system. This implies that there is need to introduce capacity building programs for companies in the issues of financial management practices.

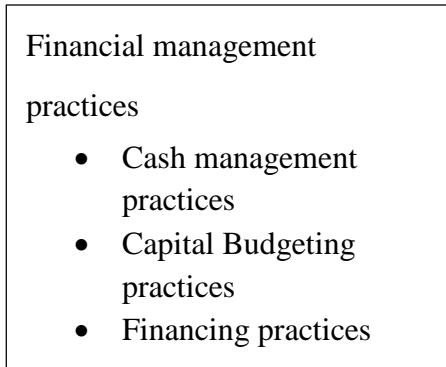
Bare (2016) conducted a study on the extent of adoption of financial accounting standards and its effect on public corporations' financial performance in Kenya. The sample size was 8 public corporations, which were sampled using stratified and simple random sampling. The study used questionnaires to collect data and the Cronbach alpha coefficient was

employed for testing of reliability. Collated data was analyzed through both inferential and descriptive statistics in conjunction with statistical package for social studies version 21. The relationship between adoption of financial accounting standards and its effects of financial performance of manufacturing companies was established through multiple regression model. The results of this study have established an insignificant relationship between adoption of financial accounting standards and financial performance of public corporations in Kenya. The study however was not able to establish the existence of other financial management practices in other companies apart from state corporations.

Farhatali (2017) performed a study on the influence of strategic financial management on companies within Nairobi. The study showed that company managers believed that inventory and cash management (WC) influenced their business' profitability and risk. The company managers in Nairobi used informed intuition in assessing the practicality of an investment opportunity, and most of them lacked capital to expand and grow their businesses. However, company managers in Nairobi had not invested in long-term projects and investment opportunities since they lacked finances (access to capital) to apply technology usage in their businesses; and they did not take risks because they lacked enough finances to support the business in case of failure. The study however was not able to comprehensively determine the relationship that existed between the study variables.

2.5 Conceptual Framework

Independent Variable



Dependent Variable

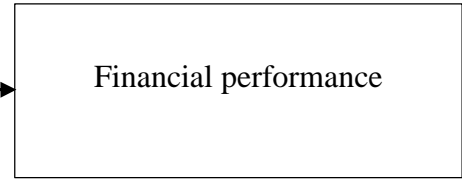


Figure 2.1: Conceptual Framework

2.6 Summary of Literature Review

The literature review entails the theories that were discussed and are: pecking order theory Myers and Majluf (1985), Contingency theory Pike (1986), trade off theory Black and Sholes (1974) and cash conversion cycle theory Gitman (1974). The determinants of financial performance were also highlighted and they include; financial management practices, company size, corporate governance and external factors and the empirical review which include, Farhatali (2017), Bare (2016), Ouma (2015) Mureithi (2014), Roy (2015), Rathnasiri (2015), Mazzarol, et al. (2015), Saah (2015), Oni et al. (2012) and with the conceptual framework. From the literature reviewed, there were no models that were applied in some studies, the shorter period of study and limited sample size. Therefore, this research sought to address the above research gaps.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines various methods which were applied in conducting this research. It includes the research design that was utilized, population of the study, data collection and data analysis.

3.2 Research Design

Research design involves the methods used to carry out the research. This study used descriptive research design (Mugenda, 2003). This design was ideal in the collection of the information. It employs correlation and regression analysis in studying the relationships between the variables. This research design summarizes the various variables under the study.

3.3 Population and Sample Size

The population of interest in this study was all the companies listed at the Nairobi Securities Exchange as at December 2017. A sample of 42 companies was selected for the study.

3.4 Data Collection

This study used primary data in the analysis. Primary data entails first hand data that has not been published or documented in books or any other form of publications. Questionnaire were preferred due to it being able to provide firsthand information that has

not been altered, at the shortest time possible while still maintaining the anonymity of the respondents.

3.5 Reliability of the Instrument

Reliability is about the presentation of similar expected outcomes by an instrument in data collection activity when it is employed more than once. This information is gotten from the same population (Mugenda, 2003). Test-retest method and Cronbach's alpha were used to determine the reliability of the questionnaires.

3.6 Validity of the Instrument

Validity was tested using the construct validity method. This ensured that the data collection instruments enabled comprehensive determination of the phenomenon that exists.

3.7 Data analysis

According to Mugenda (2003), data analysis is the way toward giving meaning and order to the data gathered. Primary data was gathered and analyzed utilizing the descriptive statistics in terms of mean values.

3.7.1 Analytical Model

To show the relationship between the independent and dependent variables, the following multiple linear regression model was used;

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + e$$

Where Y is the financial performance as measured by a Likert scale, β_0 is the free term of the equation. $\beta_1, \beta_2, \text{ and } \beta_3$ are the coefficients of independent variables

x_1 = Cash management practices as measured by Likert Scale

x_2 = Financing practices measured by Likert Scale

x_3 = Capital budgeting practices measured by a Likert scale

3.7.2 Test of Significance

An F-test and t test at 5% significance level were conducted to determine the strength of the model and the effect of financial management practices on the financial performance of companies listed at Nairobi Securities Exchange in Kenya.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of data collected. This study utilized primary data in the analysis. In section 4.2 and section 4.3 data was analyzed in terms of descriptive statistics, section 4.4 and section 4.5 presents interpretation and discussion of results

4.2 Response Rate

The study targeted 64 companies listed at NSE in collecting data on effect of financial management practices on the financial performance. However, out of 64 questionnaires distributed only 42 questionnaires were filled in and returned, representing 65.6% response rate.

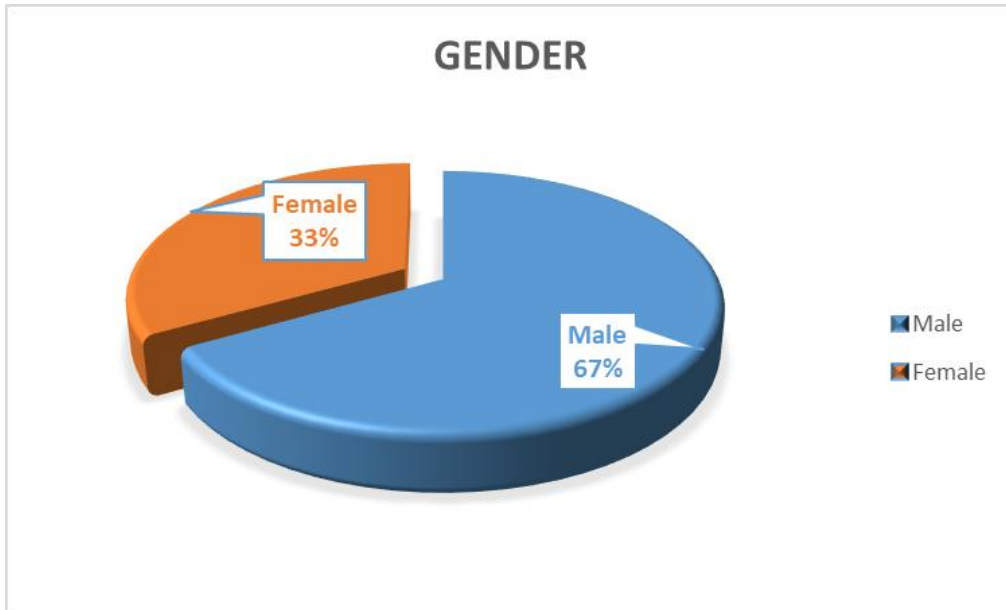
Table 4.1 Response Rate

Respondents	Frequency	Proportion (%)
Target Population	64	100
Response Rate	42	65.6

4.2.1 Gender of Respondents

The respondents were requested to indicate their gender and the results are indicated in figure 4.1 below.

Figure 4.1 Gender of Respondents



Majority of the respondents were male representing 67% while females were 33%.

4.2.2 Age Bracket

Table 4.2: Age bracket

Category	Frequency	Percent	Valid Percent	Cumulative Percent
18-28	3	7.1	7.1	7.1
29-39	19	45.2	45.2	52.4
Valid 40-50	17	40.5	40.5	92.9
51-60	3	7.1	7.1	100.0
Total	42	100.0	100.0	

45.2% of the respondents were in 29-39 years age bracket, 40.5% were within 40-50%, while the rest were in 18-28 years and 51-60 years each represented by 7.1%.

4.2.3 Number of Employees

The respondents were requested to indicate the number of employees in their organizations.

The findings are presented in table 4.3 below.

Table 4.3 Number of employees

Category	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-400 employees	21	50.0	50.0
	401-800 employees	20	47.6	97.6
	801-1200 employees	1	2.4	100.0
	Total	42	100.0	100.0

Half of the companies surveyed had less than 400 employees. Those with 401-800 employees represented 47.6% while 801-1200 were only 2.4%.

4.2.4 Length Organization of existence Time

The researcher sought to find out the length of the period that the organization had existed. The findings are shown in figure 4.2 below.

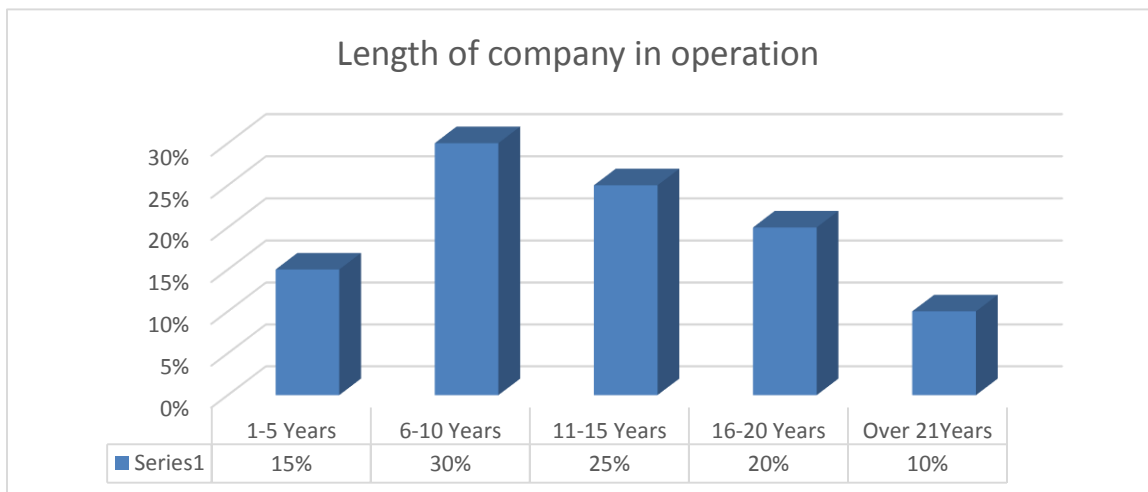


Figure 4.2 Length of company in operation

The findings in figure 4.2 show that 15% of the companies had existed in for a period of between 1-5 years, while 30 % had existed for a period of between 6- 10years, 25 % had for a period of 11-15 years, 20% 16-20 years and 10% over 21 years. This indicates that majority of the companies have existed for the period of 16-20 years. The conclusion from this therefore is that the length of time an organization has existed served relevant for the researcher to make conclusive contributions to this study.

4.3 Financial Management Practices

4.3.1 Cash Management Practices

The study sought to establish extent to which cash management practices are undertaken in companies listed at NSE. The respondents were provided with a range of statements describing various activities under cash management practices and were required to rate the extent to which the activities are implemented in their organizations. The scale ranged between 1-5 where: 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent. The findings is presented in table 4.6.

Table 4.4: Cash Management Practices

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Preparation of cash budgets	42	1	5	3.79	0.898
Determination of target cash balance	42	2	5	3.76	0.790
Investing surplus cash in marketable securities	42	2	5	3.50	0.969
Analysis and forecasting of cash flows	42	2	5	3.36	0.821
Cash accounting and records keeping	42	1	5	3.31	0.732
Review of billing and cash collection procedures	42	2	5	3.04	0.873
Supervision of cash collection and disbursements	42	1	5	2.97	0.541
Review of payment schedules	42	1	5	2.78	0.782

Table 4.6 indicates that to a great extent (mean $3.5 \leq x \leq 4.4$) respondents agreed that cash management practices are well improved through preparation of cash budgets with a mean of (3.79) and a standard deviation of (0.898). The organization adopts determination of target cash balance scored a mean (3.76) and a standard deviation of (0.790). Further, it was noted to a great extent (mean $3.5 \leq x \leq 4.4$) that investing surplus cash in marketable securities had a mean of (3.50) and a standard deviation (0.969). Analysis and forecasting of cash flows had a mean (3.36) and a standard deviation of (0.821). To a moderate extent, the respondents indicated that their organizations use cash accounting and records keeping

with a mean of (3.31) and a standard deviation of (0.732). To a moderate extent, the respondents indicated that their organizations review billing and cash collection procedures with a mean of (3.04) and a standard deviation of (0.873). Supervision of cash collection and disbursements by the companies was agreed moderately with a mean of (2.97) and a standard deviation of (0.541). Finally, Review of payment schedules scored a mean of (2.78) and a standard deviation of (0.782). Averagely, the results revealed that to a moderate extent cash management practices are implemented in companies listed at NSE. Since the standard deviations are less than 1, the responses did not vary for each statement.

4.3.2 Financing Practices

To determine the extent to which financing practices are implemented in companies listed at NSE. Respondents were requested to indicate the extent to which they agree to the following statements explaining agile principles. The scale ranged between 1-5 where: 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent. The results are presented in the following table.

Table 4.5: Financing practice

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Review of viable sources of financing	42	2	5	4.05	0.731
Use of short-term financing sources	42	2	5	3.62	0.825
Review of cost-effective financing sources	42	1	5	3.62	0.825
Estimation of costs of financing sources	42	1	5	3.43	0.764
Usage of long-term financing sources	42	2	5	2.52	0.914
Review of financing external financing agreements	42	1	4	2.88	0.782
Review of funds management and utilization	42	1	5	2.79	0.876
Financing structure review and analysis	42	1	4	2.76	0.698
Review the firm's debt repayment capacity	42	1	5	2.75	0.874
Review of the firm project appraisal techniques	42	1	5	2.73	0.768
Project financing option analysis	42	1	5	2.69	0.986
Cost benefit analysis of firm projects	42	1	4	2.67	0.723

The results above show that to a very great extent the respondents agreed that companies review viable sources of financing with a mean of (4.05) and a standard deviation of (0.731). Use of short-term financing sources adoption scored a mean of (3.62) and a

standard deviation of (0.825). Review of cost-effective financing sources scored a mean of (3.62) and a standard deviation of (0.825). Estimation of costs of financing sources had a mean (3.43) and a standard deviation of (0.764). To a great extent, the respondent claimed that review of financing external financing agreements was adopted with a mean of (2.88) and a standard deviation of (0.782). Review of funds management and utilization had a mean of (2.79) and a standard deviation (0.876). Financing structure review and analysis scored a mean (2.76) with a standard deviation (0.698). Review the firm's debt repayment capacity had mean of (2.75) and a standard deviation of (0.874). Review of the firm project appraisal techniques had a mean of (2.73) and a standard deviation of (0.768). Project financing option analysis was agreed with an average of (2.69) and a standard deviation of (0.986). Cost benefit analysis of firm projects had mean (2.67) and standard deviation of (0.723). Averagely the organizations implement financing practices in their operations to enhance performance to a very great extent with a mean of 4.56.

4.3.3 Capital Budgeting Decisions

The respondents' responses on extent to which companies listed at NSE adopted capital budgeting practices. The scale ranged between 1-5 where: 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent. The results are shown in table 4.8 below.

Table 4.6: Capital Budgeting Decisions

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Estimation of projects expected and current cash flows	42	2	5	3.67	0.754
Measuring of projects risks	42	1	5	3.50	0.969
Monitoring project implementation and progress	42	2	5	3.48	0.833
Project abandonment and replacement analysis	42	2	5	3.40	0.734
Review of available expansion opportunities	42	2	5	3.37	0.865
Review of the firm project appraisal techniques	42	1	5	3.31	0.823
Project financing option analysis	42	2	5	3.28	0.743
Cost benefit analysis of firm projects	42	2	5	3.25	0.853

The results above show that to a great extent the respondents agreed that companies estimated projects expected and current cash flows with a mean of (3.67) and a standard deviation of (0.754). Measuring of projects risks adoption scored a mean of (3.50) and a standard deviation of (0.969). Monitoring project implementation and progress scored a mean of (3.48) and a standard deviation of (0.833). Project abandonment and replacement

analysis had a mean (3.40) and a standard deviation of (0.734). To a great extent, the respondent claimed that Review of available expansion opportunities was adopted with a mean of (3.37) and a standard deviation of (0.865). Review of the firm project appraisal techniques had a mean of (3.31) and a standard deviation (0.823). Project financing option analysis scored a mean (3.28) with a standard deviation (0.743). Cost benefit analysis of firm projects had mean (3.25) and standard deviation of (0.853). Averagely the organizations implement capital budgeting practices to a great extent in order to enhance financial performance.

4.4 Financial Performance

The respondents' responses on financial performance of companies listed at NSE. The scale ranged between 1-5 where: 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent. The results are shown in table 4.8 below.

Table 4.7: Financial Performance

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Able to attract more capital	42	2	5	3.88	0.670
More opportunities have been embraced	42	2	5	3.69	0.715
There is improved management efficiency	42	1	5	3.60	0.912
The liquidity of the firm's assets has increased	42	2	5	3.55	0.889
Increased operation margin	42	1	5	3.00	1.126
More availability of capital for investment	42	1	5	3.00	1.082
Improved risk management	42	1	5	2.96	0.986
Transparency in operations	42	1	5	2.87	0.984

The results revealed that the following was agreed to a great extent ($3.5 \leq x \leq 4.0$); financial management practices have enabled attraction of more capital, more opportunities have been embraced, there is improved management efficiency and the liquidity of the firm's assets has increased. Additionally, to a moderate extent ($2.5 \leq x \leq 3.4$) it was noted that there is increased operation margin, more availability of capital for investment, improved risk management and transparency in operations with means of (3.00), (3.00), (2.96) and (2.87) respectively.

4.5. Regression Analysis

4.5.1 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.453 ^a	.206	.143	.67137

a. Predictors: (Constant), Capital Budgeting Practices, Cash management Practices, Financial Practices

Multiple regression coefficients show a prediction ratio of 14.3%. This indicates that 14.3% of the variance in the dependent variable (financial performance) is predicted by the independent variable (cash management practices, capital budgeting practices and financing practices). This show an average prediction rate.

4.5.2 Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.430	3	1.477	3.276	.031 ^b
	Residual	17.128	38	.451		
	Total	21.558	41			

a. Dependent Variable: Average ROA

b. Predictors: (Constant), Capital Budgeting Practices, Cash management Practices, Financial Practices

The F statistics tests the null hypothesis that the expected values of the regression coefficients are equal to each other and that they equal zero. The F-score (F = 3.276) with a significance of 0.031. The higher the F-score the lower the significance and the lower the F-score the higher the significance. The table provides the effect of individual predictor variable on the dependent variable (financial performance). The results suggest that all

independent variables which include cash management practices, capital budgeting practices, financing practices are significant since the value of significance is 0.031 which is less than 0.05.

4.5.3 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.226	.749		-.301	.765
	Cash management Practices	.171	.194	.156	.878	.385
	Financing Practices	.654	.258	.514	2.532	.016
	Capital Budgeting Practices	-.606	.234	-.520	-2.591	.014

a. Dependent Variable: Average ROA

The findings show that the increase in the cash management practices will lead to increase in financial performance by 0.171. Cash management involves the process of committing funds or capitals for considerable length of time for specified purposes within the firm's strategic position. Therefore, as companies commit more funds on investments, the financial performance increases.

The explanatory variable capital budgeting constitutes managing the assets and liabilities in an organization to ensure that an organization has the required liquidity. The coefficient of capital budgeting was -0.606. Which means that a unit increase in capital budgeting practices leads to a decrease in financial performance by 0.606. Financing decisions practices involves how entities plan and manage the finances, risk management on the other

hand ensures that the organization remains stable even when faced with financial uncertainties. The coefficient for financing practices was found to be .654 which confirmed a direct relationship.

The standardized beta coefficient of cash management was 0.156 which means that cash management has moderate effect on the financial performance. However, the effect was not significant since the p-value was 0.385 which is greater than 0.05. The standardized beta coefficient of capital budgeting -0.520 which implies that capital budgeting has a strong effect on the financial performance. The effect was significant since the p-value of 0.014 is less than 0.05. The standardized beta coefficient of financing decisions was 0.514 meaning a positive moderate effect of financing decisions on the financial performance. The effect was significant because the p-value was 0.016 which is less than 0.05.

4.5.4 Correlation Analysis

		Cash management Practices	Financing Practices	Capital Budgeting Practices	Average ROA
Cash management Practices	Pearson Correlation	1	.541**	.524**	.163
	Sig. (2-tailed)		.000	.000	.304
	N	42	42	42	42
Financing Practices	Pearson Correlation	.541**	1	.665**	.253
	Sig. (2-tailed)	.000		.000	.105
	N	42	42	42	42
Capital Budgeting Practices	Pearson Correlation	.524**	.665**	1	-.096
	Sig. (2-tailed)	.000	.000		.547
	N	42	42	42	42
Average ROA	Pearson Correlation	.163	.253	-.096	1
	Sig. (2-tailed)	.304	.105	.547	
	N	42	42	42	42

** . Correlation is significant at the 0.01 level (2-tailed).

The findings confirmed that a positive relationship exist between cash management practices and financial performance measured in average returns on assets for the five years period and it is not statistically significant. Results also showed a negative correlation between capital budgeting and positive correlation between financial practices and financial performance. Two of the three independent factors studied showed a direct linear correlation with the dependent variable which was the financial performance.

4.6 Interpretation and Discussion of Results

According to the descriptive statistics tabulated, averagely, many companies listed at NSE have adopted financial management practices so as to improve their financial performance. The growth of financial performance among the companies at listed at NSE can be attributed to adoption of good working capital management practices. Majority of the respondents agreed to a great extent that improvement of financial performance of the companies listed at NSE was attributed by the adoption of financial management practices since the standard deviation of each statement in all the independent factors were less than 1. Poor performance of the companies can be as a result of poor adoption of financial management practices by the entities.

From the regression analysis results the research established that financial management practices variables affected financial performance and they included cash management practices, capital budgeting practices, financing practices. The three independent variables which were analyzed which included cash management practices, capital budgeting practices and financing practices were able to explain their effect on the financial performance up to 14.3% as shown by adjusted R square. This implies that the three independent variables inputs 14.3% on the financial performance and the remaining 85.7% is contributed by the factors not include in the study.

This research found out that the coefficient of cash management practices was 0.171 meaning that cash management practices positively influences financial performance. The coefficient of capital budgeting practices was -0.606 meaning that capital budgeting

negatively influences the financial performance which means that as the capital budgeting increases, the financial performance decreases. Moreover, financing practices was positively related to the financial performance since the coefficient of the financing practices was 0.654 and this effect was significant because the p value was 0.016 which is less than 0.05. This implies that financing practices affects the financial performance significantly. The results of this study agree with as study carried out by Ouma (2015) on extent to which financial management practices are used by non-listed companies at NSE and their effect on growth in Kenya.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, conclusion, recommendations for policy, limitations of the study and recommended areas for further research.

5.2 Summary of the Findings

This study aimed at assessing the ultimate effect of financial management practices on the financial performance of the companies listed at NSE. The study findings showed a positive relationship between financing decisions and financial performance. Increase in financing decisions implies more profits to the firm which indicates that the firm has a big market share in the industry. Many firms adopt optimal financial decisions which are aimed at increasing their financial performance.

According to the results, the financing practices significantly affected financial performance positively. Through financial management practices, the managers are able to understand the current financial position of a particular firm and capability in meeting future financial obligations. This not only enables proper management of funds, but also creates an enabling environment to plan ahead. The financial management practices thus act as tool for the organizations to remain profitable while ensuring that they do not become bankrupt or insolvent.

Poor financial performance among companies listed at NSE is majorly caused by poor financial management practices. This leads to most of the companies not being able to meet their debts obligations and attain competitive advantage. Additionally, the poor financial management practices create an environment that is prone to malpractices and low transparency levels thus reduce returns.

The ANOVA was employed to determine how strong the model was in the analysis. From the analysis of the regression statistics, the research concluded that the three major factors which included cash management practices, capital budgeting practices and financing practices had an effect on the financial performance. The variables were able to explain their influence on the financial performance up to 14.3% and the rest is contributed by other factors not considered in this study meaning the model was significant.

5.3 Conclusions

From the study, a moderately positive relationship was found to exist cash management practices, capital budgeting practices, financing practices and financial performance. The correlation coefficient of cash management practices was obtained to be 0.163 which was an indication of a weak positive relationship and the relationship was insignificant since the p value was 0.304 which is greater than 0.05. A weak negative relationship was found to exist between capital budgeting and the financial performance. The correlation coefficient was confirmed to be -0.096 which was an indication of a weak relationship. The relationship was insignificant since the p value of 0.547 is greater than 0.05. A moderate

positive relationship was confirmed to exist between financing practices and the financial performance. This relationship was insignificant since p-value was greater than 0.05.

From the findings of this study, it was confirmed that financial management practices had a positive relationship with the financial performance. This was supported from the research which confirmed that two of the three variables which were analyzed proved the existence of positive relationship between financial management practices and financial performance and they included, cash management practices and financing practices. However, the relationships were confirmed to be insignificant between financing practices and financial performance.

5.4 Recommendations

Capital budgeting practices was confirmed to be a critical component in financing practices. Capital budgeting practices requires high cash outflows. It is recommended therefore that much scrutiny be made in order to select the viable projects to avoid losses to the firms.

This study recommends that firms should increase their financing practices which translates to growth of their firms to greater heights in terms of the assets base and market share since more sales implies more profitable than smaller sales.

This study recommends that business entities should adequately ensure they manage their financial management practices and this will guarantee trust from the creditors and shareholders ensure improved financial performance.

Cash management is paramount since it ensures business entities are not exposed to instances of financial distress. Therefore, it is the responsibility of the managers to ensure cash is managed prudently by having strong cash management systems.

5.5 Limitations of the Study

One of the key challenges which the researcher faced was time constraint. This was due to the fact that the study utilized primary data which was obtained from several individual companies listed at Nairobi Securities Exchange. The time was not adequate for the entire data collection exercise and analysis.

The entire exercise needed more financing which ranged from the data collection, data analysis, writing materials and printing of the research work which called for total sacrifice to achieve the objectives. Despite the limited financial resources, the entire research process was successful.

This study only relied on primary data in the analysis of the variables. A combination of primary and secondary data in the analysis is likely to yield different results. Some aspects of analysis are better presented by either primary data or secondary data.

This study lacked control variables. Control variables are equally important in analysis since they affect the dependent variables. Inclusion of control variables can yield more conclusive outcomes depending on the nature of each study.

This study only analyzed 42 companies which were accessible out of 65 companies. This was because of time limitation. An analysis of all the 65 companies can yield more dependable outcomes from which generalizable conclusions are made on financial management practices.

5.6 Suggestions for Further Research

This study recommends that a similar study be conducted but now employ primary and secondary data in the analysis. This will enable comparison with the study which has utilized primary data alone.

This study recommends that a study be done but now focusing on the non-listed firms to establish how their financial management practices will affect their financial performance.

This will help in the comparison of the financial performances of the listed and non-listed companies.

This study recommends that a study be done but now focusing on a particular segment on Nairobi securities exchange from the seven segments at Nairobi securities exchange. For example, a study can, be done on the manufacturing segment.

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APPENDICES

Appendix I: Research Questionnaire

Dear respondent,

The aim of this questionnaire is to collect data on the effect of financial management practices on the financial performance of the companies listed at Nairobi Securities Exchange. The study is academic in nature and aimed at fulfilling the requirement of the award of the degree of Master of Business Administration (MBA) at the University of Nairobi. The information will be kept confidential and will not be shared with third parties. Your cooperation and support will be highly appreciated

Section A:

1. Indicate the name of your firm _____
2. What is your gender?
Male []
Female []
3. What is your age bracket?
18-28 Years []
29-39 Years []
40-50 Years []
51-60 Years []
4. Kindly indicate the number of employees in your organization
1-400 employees []
401-800 employees []
801-1200 employees []
5. How long has your organization been in existence?
Less than one year []
1-5 years []
6-10 years []

11-15 years []

16-20 years []

Over 21 Years []

Section B

Part I: Cash Management Practices

Please indicate the frequency of usage of the listed cash management practices in your organization. Use a scale of 1 to 5 where 1 = very small extent, 2= small extent 3 = Moderate extent, 4 = Great extent, 5 = Very great extent,

Cash management practice	1	2	3	4	5
a) Preparation of cash budgets					
b) Determination of target cash balance					
c) Investing surplus cash in marketable securities					
d) Analysis and forecasting of cash flows					
e) Cash accounting and records keeping					
f) Review of billing and cash collection procedures					
g) Supervision of cash collection and disbursements					
h) Review of payment schedules					

Part II: Financing Practices

Please indicate the frequency of usage of the listed financing practices to finance operations in your organization. Use a scale of 1 to 5 where 1 = very small extent, 2= small extent 3 = Moderate extent, 4 = Great extent, 5 = Very great extent,

Financing practice	1	2	3	4	5
a) Review of viable sources of financing					
b) Use of short-term financing sources					
c) Review of cost-effective financing sources					
d) Usage of long-term financing sources					
e) Estimation of costs of financing sources					

f) Review of financing external financing agreements					
g) Financing structure review and analysis					
h) Review of funds management and utilization					
i) Review the firm's debt repayment capacity					

Part II: Capital Budgeting Practices

Please indicate the frequency of usage of the listed budgeting practices in your organization. Use a scale of 1 to 5 where 1 = very small extent, 2= small extent 3 = Moderate extent, 4 = Great extent, 5 = Very great extent,

Budgeting Practice	1	2	3	4	5
a) Estimation of projects expected and current cash flows					
b) Measuring of projects risks					
c) Monitoring project implementation and progress					
d) Project abandonment and replacement analysis					
e) Review of available expansion opportunities					
f) Review of the firm project appraisal techniques					
g) Project financing option analysis					
h) Cost benefit analysis of firm projects					

Section C: Financial performance of Companies listed at NSE

Please indicate the extent to which financial management practices have helped to improve the following financial performance measures at your organization using a scale of 1-5 where of profitability listed budgeting practices in your organization. Use a scale of 1 to 5 where 1 = very small extent, 2= small extent 3 = Moderate extent, 4 = Great extent, 5 = Very great extent,

Financial performance	1	2	3	4	5
a) Able to attract more capital					
b) More opportunities have been embraced					
c) There is improved management efficiency					
d) The liquidity of the firm's assets has increased					
e) Increased operation margin					
f) More availability of capital for investment					
g) Improved risk management					
h) Transparency in operations					

SECTION D: Returns on assets from 2013 to 2017

Year	2013	2014	2015	2016	2017
ROA					

Thank you for your time and cooperation

Appendix II: List of Companies Listed at NSE

1. Eaagads Ltd
2. Kapchorua Tea Co. Ltd
3. Kakuzi
4. Limuru Tea Co. Ltd
5. Rea Vipingo Plantations Ltd
6. Sasini Ltd
7. Williamson Tea Kenya Ltd
8. Car and General (K) Ltd
9. Barclays Bank Ltd
10. Stanbic Holdings Plc.
11. I&M Holdings Ltd
12. Diamond Trust Bank Kenya Ltd
13. HF Group Ltd
14. Uchumi Supermarket Ltd

15. Bamburi Cement Ltd
16. E.A.Cables Ltd
17. KenolKobil Ltd
18. KenGen Ltd
19. Umeme Ltd
20. Sanlam Kenya PLC
21. Liberty Kenya Holdings Ltd
22. CIC Insurance Group Ltd
23. KCB Group Ltd
24. National Bank of Kenya Ltd
25. NIC Group PLC
26. Standard Chartered Bank Ltd
27. Equity Group Holdings
28. The Co-operative Bank of Kenya Ltd
29. Express Ltd
30. Sameer Africa PLC
31. Kenya Airways Ltd
32. Nation Media Group
33. Standard Group Ltd
34. TPS Eastern Africa (Serena) Ltd
35. Scangroup Ltd
36. Longhorn Publishers Ltd
37. Deacons (East Africa) Plc
38. Athi River Mining

39. Crown Paints Kenya PLC
40. E.A.Portland Cement Ltd
41. Total Kenya Ltd
42. Kenya Power & Lighting Co Ltd
43. Jubilee Holdings Ltd
44. Kenya Re-Insurance Corporation Ltd
45. Britam Holdings Ltd
46. Olympia Capital Holdings ltd
47. Centum Investment Co Ltd
48. Trans-Century Ltd
49. Home Afrika Ltd
50. Kurwitu Ventures
51. B.O.C Kenya Ltd
52. British American Tobacco Kenya Ltd
53. Carbacid Investments Ltd
54. East African Breweries Ltd
55. Mumias Sugar Co. Ltd
56. Unga Group Ltd
57. Eveready East Africa Ltd
58. Kenya Orchards Ltd
59. Flame Tree Group Holdings Ltd
60. Safaricom PLC
61. StanlibFahari-REIT
62. New Gold Issuer
63. Atlas Development
64. Nairobi Business ventures
65. Nairobi Securities Exchange ltd

Appendix III: Data Results for the 42 Companies which filled the Questionnaires

Serial No.	Cash management Practices	Financial Practices	Capital Budgeting Practices	Averaged ROA (2013-2017)
1.	4.00	3.75	3.5	0.36
2.	4.25	4.25	3.5	2.59
3.	4.25	3.50	4.0	0.29
4.	4.00	3.75	3.5	0.43
5.	4.00	5.00	4.0	0.96
6.	4.00	4.00	4.0	0.18
7.	2.50	3.25	2.3	0.23
8.	4.00	3.75	4.0	0.40
9.	4.00	3.75	4.5	0.50
10.	2.25	3.00	3.5	0.92
11.	3.50	4.00	3.5	0.09
12.	3.50	3.25	2.8	1.35
13.	4.25	3.50	3.0	0.75
14.	2.75	4.50	4.3	0.49
15.	4.00	4.00	4.0	0.41
16.	2.75	3.25	3.0	0.96
17.	3.25	3.75	4.0	0.24
18.	4.50	4.50	4.0	2.38
19.	3.00	3.50	3.5	0.51
20.	3.00	3.00	3.0	0.17
21.	5.00	5.00	5.0	0.33
22.	3.25	3.50	2.8	0.77
23.	5.00	5.00	4.3	0.90
24.	2.75	3.00	3.0	0.19
25.	3.50	3.25	3.0	0.53
26.	3.25	4.50	4.0	0.26
27.	2.75	4.50	4.3	1.12
28.	2.75	3.50	2.5	0.11
29.	3.75	4.00	3.8	0.87
30.	3.75	3.50	4.3	0.27
31.	3.25	3.50	3.0	1.96
32.	3.50	4.00	3.0	0.30
33.	4.00	4.00	4.0	0.76
34.	4.25	4.00	3.5	0.78
35.	4.00	4.00	3.8	0.27
36.	3.25	3.50	3.5	0.88
37.	4.25	4.00	4.0	0.25
38.	4.25	3.00	3.0	0.40
39.	2.75	3.50	2.5	0.48
40.	4.00	4.50	3.0	3.42
41.	3.00	2.75	2.8	0.17
42.	3.25	3.25	3.0	1.80