

**ACCOUNTS PAYABLE MANAGEMENT AND FINANCIAL  
PERFORMANCE IN WEST POKOT COUNTY GOVERNMENT, KENYA**

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THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF  
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## DECLARATION

I, the undersigned, hereby state that the work is entirely original and has not been submitted for any organization's academic award consideration.

Signature



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### **Supervisors' Approval**

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

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## **DEDICATION**

I would wish to dedicate this work to my mother, Flora Chemwolo for her continued support and sacrifice throughout my academic journey.

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## **ABSTRACT**

The amount of money the county collects is supposed to represent how well any district in any nation is performing. Any county's success depends on efficient management of account payables. Effective account payable contribute to enhanced performance in an organization. However, the West Pokot County government in Kenya has been performing worse. The goal of the research was to determine the effect of accounts payable management on financial performance in West Pokot County government, Kenya. The theories that informed the research were transaction cost theory and theory of budgeting. The investigation was directed using the descriptive research design. The unit of analysis was all the employees working in West Pokot County government. The investigation populace was 248 employees working in the Finance & Economic Planning ministry in West Pokot County Government. Both primary and secondary info were collected. Primary info involved the use of the questionnaires that were structured. The study found that account payable, budgeting, cash management and fraud management had a noteworthy impact of the county financial success. The study comes to the conclusion that account payables processes independently have a good financial performance impact on the ministries of west pokot county governments. Therefore, streamlining accounts payable procedures will enhance the success of the ministries under west pokot county governments. According to the survey, County Governments pay their invoices by the due dates. By doing this, it will be ensured that the suppliers are paid in line with the terms of the contract and that the county governments won't have to pay expensive fines when the suppliers decide to take such disputes to court.

# CHAPTER ONE

## INTRODUCTION

### **1.1 Background to the Study**

A government that is performing well is able to offer its people with the essential goods and services (Azfar et al., 2018). Hakes (2018) defines performance as the process of comparing a company's successes to some pre-established objectives and goals. When goals are achieved or when an organization properly manages its accounts payables, it is working well. Effective accounts payable management is said to play a vigorous part in the improvement of the value of the shareholders by enhancing the amount of capital invested in the current assets (Kithinji et al., 2022). Gakurya and Olouch (2018) added that a firm with operative administration of the accounts payable is able to genuinely react to changes that are expected from their economic environment as well as take advantage over their competitors.

Deloof (2003) asserts that the transaction cost theory encourages successful management plan for the payables of firms and how they affect the firm performance. Since consideration of potential courses of action during budget planning processes becomes a crucial part and improves rationality, the budgeting theory helps in explaining the function of budget planning. The budget makes it possible to define a performance benchmark and compare the actual outcomes to the stated standard.

The county governments in Kenya continue to receive more from the county government a clear indication of their inability to collected the required revenue to run their operations. Additionally, according to Cheruiyot et al. (2018), most counties

continue to collect less money than expected. For instance, West Pokot County only received 5.12 billion in 2021 despite having estimated county revenue of 7.613 billion. This investigation will attempt to ascertain the impact of accounts payable management on West Pokot County government performance in Kenya against this background.

### **1.1.1Accounts Payable Management**

Account payable is seen as the funds that are short term that are needed to give support to a business cycle (Ikechukwu & Nwakaego, 2018). On the other hand, accounts payable management refers to the best fit practice of counties to manage the unpaid debts (Kithinji et al., 2022). The greatest method for managing unpaid debts in a local government is accounts payable. According to Turingana et al. (2018), credit purchases made by individual counties give rise to accounts payable management. By making payments as late as possible, the main goal of the account payables is to cause a rise to the cash flow. Further, if the account payables are effective then they assist the counties to minimise some expenses which include fines, missed incentives, interest fees (Akomeah & Frimpong, 2019).

The county's performance is further aided by good accounts payable procedures. Accounts payables are the credits that a business has received from its vendors. By extending the repayment period for enterprises, trade creditors are urged to participate in CA, which reduces the requirement for outside finance (Ahmed, 2022). To lengthen the time needed to pay bills, management must make sure that all expenses are analyzed in order to determine how much time may be added while maintaining profitability (Gakurya & Olouch, 2018). Accounts payable management is evaluated

using the creditor turnover ratio and the account payment time (Altawalbeh, 2020). Dan (2020) used the average credit period to measure accounts payable.

### **1.1.2 Financial Performance**

According to Pinto et al. (2017), performance also includes how well a company achieves its objectives through effective management and governance. Performance according to George, Walker, and Monster (2019), encompasses three specific areas of a firm's results: shareholder return, financial performance, and merchandise market performance. This investigation will put a focus on financial performance. The firm's overall health during a specific time period is its financial performance (Macharia & Mungai, 2021).

Financial performance is measured in different ways. Aduralere (2019) used return on assets (ROA) to quantify performance of a firm. Belás and Gabčová (2016) measured performance in terms of customer loyalty, sales growth, profitability and return on investment. Pinto et al. (2017); Elshaday, Kenenisa and Mohammed (2018); Ouma and Ndede (2020) measured financial performance by profit after tax (PAT).

Financial ratios like the profitability, leverage, activity, and liquidity ratios can also be used to assess financial success. Inventory turnover and debtor turnover are used to measure activity ratios. Gross profit margin and return on investment profitability ratios (Ngatia, 2018). Return on total assets is another metric for measuring performance. One of the profitability metrics, return on total assets (ROTA), and gauges how effectively a corporation is able to make use its assets to make profits (Shrotriya, 2019). In this investigation, the performance of a county will be measured

using the following metrics; the collected revenue, the after-tax profits, the financial obligations abilities.

### **1.1.3 West Pokot County Government**

Kenya's constitution establishes 47 local governments. Every year, County Government is mandated to carry out advancement projects in together with the Kenyan Government. County Government development in Kenya has remained a significant challenge despite the annual spending allocation because of the theft of financial resources as a result of inadequate internal control systems (GOK, 2013).

One of the 14 counties of the Rift Valley is West Pokot County. Pokot and the Sengwer minority community make up the majority of the population in West Pokot County, which has its headquarters in Kapenguria. The county government comprises of 10 ministries.

## **1.2 Research Problem**

The amount of money the county collects is supposed to represent how well any district in any nation is performing. Any county's success depends on efficient management of account payables. Effective account payable contributes to enhanced performance in an organization (Ikechukwu & Nwakaego (2018).

However, the West Pokot County government in Kenya has been performing worse. As per a West Pokot County government, Kenya report (2018), the revenue collection has been declining in the county. The amount of collected revenue has been too way below the projected county revenue. For example, in 2021, West Pokot County had a projected county revenue of 7.613 billion but only collected 5.12 billion. Further, the

West Pokot county employees have been complaining of delayed salaries. This has greatly resulted to poor service delivery of the county government services to its citizen. In addition, there has been a lot of complains of the West Pokot county residents of poor infrastructural development (Arusei, 2022). If nothing is done to the performance of West Pokot county government then the residents of the county will continue to suffer.

The Kenyan West Pokot County Government's performance and governance strategies were the main topics of Arusei (2022). The study's emphasis on governance tactics and results revealed a conceptual gap. The current investigation will focus on accounts payable and financial performance. The investigation by Kithinji et al. (2022) concentrated on the impact of account payable administration on Kenya's public universities' financial performance. The study also used a causal exploration design exposing a methodological flaw. The recent investigation used a descriptive research design. Ikechukwu and Nwakaego (2018) research was conducted in Nigeria, there is a contextual gap. Therefore, the recent investigation concentrated on how accounts payable affects West Pokot county performance.

### **1.3 Research Objective**

To determine the effect of accounts payable management on West Pokot County government, Kenya financial success.

### **1.4 Value of the Study**

The county executive will use the investigation outcomes to understand the aspect of account payable that is of so much importance to the performance of the county. The

county government will also be able to understand the need of formulating policies in relation to account payable.

The investigation might also serve as guidance for policy makers in putting accounting information systems into place. The research's direct benefits will be professors and investigators in the field of public finance. Results offered vital information to close knowledge gaps and serve as a foundation for later use.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This segment comprised the literature review for this examination. The literature was grounded on variables of the study. This chapter also contained theoretical postulations which supported the survey. The conceptualization model was also part of the chapter. The chapter closed with summary of literature.

#### **2.2 Theoretical Review**

This segment contained the hypothesis that informed this investigation.

##### **2.2.1 Transaction Cost Theory**

Ferris (1981) developed the supposition. According to the theory, good payables management has the potential to reduce the exchange costs associated with paying invoices. This basically means that an organization can accumulate the debts and pay them off in monthly or quarterly instalments rather than having to constantly enlist the help of different people, which would increase the association's costs. Therefore, the company needs to be aware of the creation strategy and the payment schedule (Williamson, 2013). The county government also has the choice of maintaining the item stream by using plans for large inventories via recognition. The cost of capacity and stock keeping can increase as a result. The idea, which links accounts payable to financial performance, ignores the scope and mode of corporate activity.

Further, this hypothesis is dependent on the management and direction of consumption on payables in order to supplement the normal income, which would then be advantageous. A company or financial supporter may fail to pay their debts on time, which may reduce the amount of money available for continuing the advertisement. In the end, this might affect and shorten the deal stages.

In order to explain the independent variable, account payable, in this inquiry, this theory is applied. The theory supports outlining the compensation due CEOs, along with how the equivalent might affect or reduce benefits. Accounts payable will be evaluated in the current study based on timeliness, practices, structure, and controls.

The transaction cost hypothesis is able to uphold that accounts payable has a lot benefits to the management of an organization. The theory upholds that a Investors might wind up paying their bills on time, which would leave less money for operating the company (Deloof, 2003). This would in the long run reduce the sales which would negatively affect the success of the firms.

### **2.2.2 The Theory of Budgeting**

Hirst (1987) formulated the hypothesis. According to the theory, good budgetary management helps businesses prepare for potential threats and opportunities by identifying differences between their goals and actual results and setting up an efficient control system (Shields & Young, 2013). The definition of efficient budgetary monitoring generally includes the budgets as a fundamental component of an effective control mechanism. A budget projects potential financial outcome to assess the chosen plan's financial viability. The majority of firms formalize this system by creating

annual budgets and tracking the effectiveness of expenditures. Budgets are thus nothing more than a collection of plans and presumptions (Silva & Jayamaha, 2012).

According to Shields and Young (2013), the budgets detail the quantity, amount, and mastery of the resources needed while also illustrating the financial effects of the business initiatives. Setting short- to medium-term goals helps to create goals for an orderly administration approach as well as predictions of future sales revenues and expenses. By comparing actual results to planned budgets and making required corrections, management and task management benchmarks are provided (Sharma, 2012). Budgets can further affect staff attitudes and behavior by interpreting business aims and serving as a standard by which to measure efficiency. Hancock (2009) saw this type of organizational planning as the cornerstone of management.

Since considering potential courses of action during budget planning processes becomes a crucial part and improves rationality, the budgeting guides hypothesis in the budgetary compliance role in this investigation. The budget makes it possible to define a performance benchmark and compare the actual outcomes to the stated standard. Those concerned must look forward rather than backward (Scott, 2015).

Funds had a trait as of having several roles which included clear goals, teaching computer programming, encouraging regulation, and hiring outside help (Selznick, 2014). By associating the performance metrics in contradiction of the budget," Fisher provided an example of how to make goals plain, communicate objectives, and code learning while performance metric illumination for specific corporation employees (Goldstein, 2015). Budgeting is one of the determinants of financial management in the study and thus the theory of budgeting is very important in this investigation.

## **2.3 Determinants of Financial Performance of County Governments**

This segment contains the determinants of financial performance. They included; budgeting, cash management and fraud management.

### **2.3.1 Budgeting**

A budget is a document that is prepared in beforehand even before the fiscal year that clearly outlines the government expected expenses, income or objectives. In Kenya, the budget is frequently regarded as an essential tool for economic governance (Lenard & Ngaba, 2020). If properly understood and used, planning is one of the most valuable and effective management accounting tools (Isaboke & Kwasira, 2018).

Budgeting encourages the effective use of resources that are already available, improves the making of the decision and also offers a benchmark that is good for the valuation of the efficiency of the society. The value and effectiveness of planning supports the definition of goals of the organization, the assignment of duties to achieve those goals, and, ultimately, the implementation of those goals (Lenard & Ngaba, 2020). Budgetary adherence to spending absorption at Kenya's Kericho county government.

### **2.3.2 Cash Management**

One of any company's key goals is to control its cash flow. It involves controlling the inflow and outflow of cash as well as the cash balances that the company withholds (Sitienei & Thuita, 2021). Determine the goal cash balance as well as the actual cash shortage or excess as part of your cash management procedures.

Controlling cash flows into and out of the county, as well as the cash balances held by the organization at any one time, whether through deficit financing or cash spending surpluses, is the focus of cash management. Sitienei and Thuita (2021) added that keeping a decent level of control over the cash situation, preserving sufficient liquidity for the business, and ensuring that extra cash is utilized profitably are all objectives of cash management. Since it involves regulating cash transfers both inside and outside the company as well as cash balances kept by the organization at any given moment, cash management is a crucial task for every corporation (Ouma, 2021).

### **2.3.3 Fraud Management**

Fraud is defined as any deliberate deception or false representation done for monetary benefit or to intentionally hurt another person. Fraud can involve behaviours like identity theft, embezzlement, and misrepresenting financial records when it comes to commercial or financial transactions (Kimathi, 2018). All organisational levels, from high management to front-line staff, must participate in a proactive, continuing strategy for fraud reduction. Businesses and organisations can lower the risk of fraud and safeguard themselves, their clients, and their brand from monetary losses and reputational harm by putting the right procedures in place (Onyango, 2022).

Protecting a company from financial losses, reputational harm, and legal liabilities brought on by fraudulent behaviour is the aim of fraud management (Onyango, 2022).

Firms that are in a position of handling the sensitive info of persons that do operation in risky circumstances may find it extremely difficult. Fraud mitigation methods can thus be employed in such a firm (Roy & Prabhakaran, 2022).

## **2.4 Empirical Studies**

Gakurya and Olouch (2018) looked at how the performance of coastal county government ministries was impacted by accounts payable management. The payables had noteworthy impact on success of the firms. The account payable hotel performance analysis was the main topic of Anggoro (2022). This study's design was completed at the hotel. Vendors who attended to fill out the provided questionnaire were interviewed. The survey-based quantitative descriptive data analysis employed in this study makes use of the mean and median calculation methodologies. It was discovered that account payable affected hotel performance.

Kithinji et al. (2022) concentrated on the influence of account payable administration on Kenya's public universities' financial performance. A quantitative research design was employed. The investigation showed that management of account payable had an association with the public universities' performance.

Mittal and Monika's (2020) indicated that contribution and getting trade credit affected financial performance for the years 2011 through 2019 for these companies was established. The conclusion implied that accounts payable usage was influenced by accounts receivable. The conclusion is that good accounts receivable management can affect company's profitability and worth.

Ikechukwu and Nwakaego (2018) focused on the payables impact on the Nigerian enterprises' performance. Descriptive were of use in this investigation. Outcomes of the study were clear that payables had a noteworthy association with success of the enterprises.

Accounts payable was the subject of Yan et al. (2021). According to research findings, incorporating the core enterprise into the conventional accounts receivable financing model can help to improve the accounts receivable's credibility and, to a certain extent, lessen the bank's loan risk. This will help the accounts receivable financing concept become a reality. The three parties will be able to achieve three-win outcomes with the support of the receivable financing mode operating successfully.

Mutai and Kimani (2019) made a special focus on payables methods effect on the public institutions' liquidity. The investigation made use of census approach. The outcomes of the investigation were clear that payable had noteworthy impact on liquidity. Charles and Tibbs (2018) also indicated that the payables highly affected the success of the firms.

Malikova (2022) put a strong emphasis on managing accounts payable and receivable. because businesses and organizations have a shortage of cash when receivables are received late. As a result, the company requires more working assets to fund its present operations, which in turn causes the degree of solvency to decline because it is unable to pay its bills on time. Basic terms and phrases: liabilities, solvency, financial soundness, accounts receivable, and creditor snow Receivables must be received promptly and in full in order for any business entity's operations to be effectively continued.

Yaremenko (2018) concentrated on how accounts receivable and accounts payable accounting information is formed. The study is based on the findings of current domestic and international perspectives on the unique aspects of managing accounts

receivable and payable. Accounts payable and receivable management fundamental techniques are established. the area in which results were applied.

## 2.5 Conceptual Framework

This is a context that includes elements that signify the problems of a system under observation that have been seen, experienced, and studied. This is typically a synthesis of several ideas drawn from the research domains and used as the basis for a subsequent presentation (Wong & Wai-Yee, 2015). The connection amongst dependent and independent variables serves as the basis for figuring out predicted results.

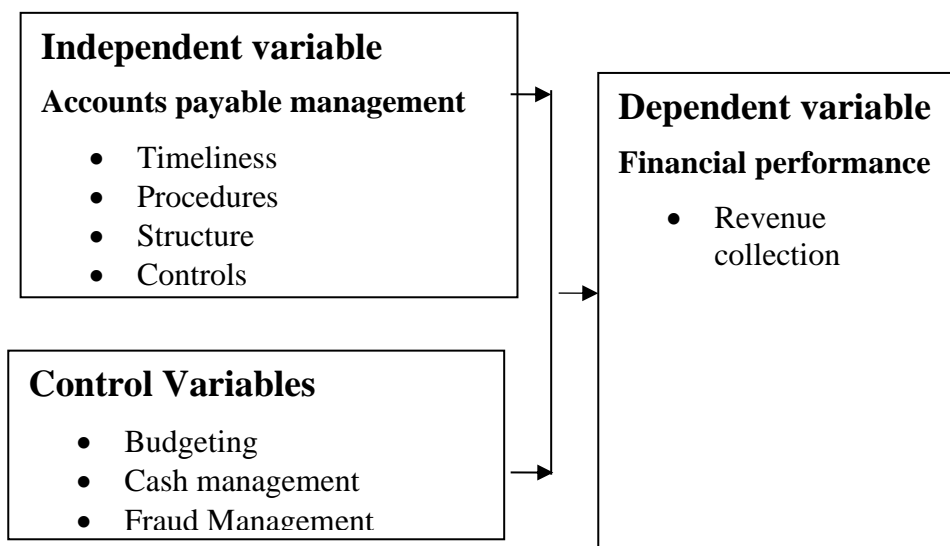


Figure 2.1: Conceptual Framework



## 2.6 Summary of Literature Review

**Table 2.1: Knowledge Gaps**

<b>Author</b>	<b>Focus</b>	<b>Findings</b>	<b>Gaps</b>	<b>Current study</b>
Gakurya and Olouch (2018)	performance of coastal county government ministries was impacted by accounts payable management	The payables had noteworthy impact on success of the firms	The investigation made a focus on coastal county government ministries presenting a gap that is contextual	West pokot county was the focus on the recent investigation
Kithinji et al. (2022).	influence of account payable administration on Kenya's public universities' financial performance.	The investigation showed that management of account payable had an association with the public universities' performance.	The investigation made a focus on Kenya public university presenting a gap that is contextual	West pokot county was the focus on the recent investigation
Mittal and Monika's (2020)	analysis of the financial performance of small cap enterprises concentrated on accounts receivable.	good accounts receivable management can affect company's profitability and worth.	Causal design was made use of in the investigation presenting a gap that is methodological	A design that was descriptive was used
Ikechukwu and Nwakaego (2018)	payables impact on the Nigerian enterprises' performance.	Outcomes of the study were clear that payables had a noteworthy association with success of the enterprises.	The investigation made a focus on Nigerian enterprises presenting a gap that is contextual	West pokot county, Kenya was the focus on the recent investigation

Mutai and Kimani (2019)	payables methods effect on the public institutions' liquidity	payables methods effects on the public institutions' liquidity	The investigation made use of census approach presenting a gap that is methodological	A design that was descriptive was used
Yaremenko (2018)	how accounts receivable and accounts payable accounting information is formed.	Findings revealed that the results are handled by the account payable	The approach adopted was an object-oriented one presenting a gap that is methodological	The current investigation was link accounts payable to performance

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The research approach that the investigator used is provided in this chapter. It covered the sampling strategy, target population, and study design. The chapter also covered data gathering tools, pilot study diagnostic events, and data scrutiny strategies.

#### **3.2 Research Design**

Meyers et al. (2016) indicated that good research design is a plan that outlines the approaches to be utilized for data gathering and examination, as well as a plan that identifies the causes and categories of info relevant to the investigation problem. The investigation was directed using the descriptive research design. Cooper and Schindler (2013) emphasize this further by stating that descriptive studies allow a researcher to define phenomena or features related to the population under study.

#### **3.3 Population**

The unit of analysis was all the employees working in West Pokot County government. The investigation populace was 248 employees working in the Finance & Economic Planning ministry in West Pokot County Government.

**Table 3.1: Target Population**

<b>Strata</b>	<b>Populace</b>	<b>Percentage</b>
Senior Managers	8	3.23
Managers	30	12.10
Employees	210	84.67
<b>Total</b>	<b>248</b>	<b>100%</b>

### **3.4 Sampling Techniques**

Yamane's (1967) formula was used in determining the sample size.

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

Where e is the level of precision (0.05), n is the sample size, N is the population size, and (248) is the population size.

$$n = \frac{248}{1 + 248(0.05)^2}$$

$$n = 150$$

$$n = 150$$

A sample size of 150 employees working in the Finance & Economic Planning ministry in West Pokot County Government was selected. The examination employed stratified sampling. Simple random sampling will also apply to select each respondent from each stratum.

**Table 3.2: Sample Size**

<b>Strata</b>	<b>P</b>	<b>Percentage</b>	<b>Sample size</b>
Senior Managers	8	3.23	4
Managers	30	12.10	19
Employees	210	84.67	127
<b>Total</b>	<b>248</b>	<b>100%</b>	<b>150</b>

### **3.5 Data Collection**

Primary info involved the use of the questionnaires that were structured. By classifying the responses in quantifiable categories, primary data will be operationalized to capture responses from the targeted respondents on a scale of 1 to 5. Each variable was operationalized in accordance with how other variables have been operationalized and how those same variables were recorded in the survey. According to Kothari (2019), structured surveys are composed of inflexible or leading choice questions that offer quantitative data.

The introductory letter was first delivered to the researcher. The collection of data for the primary study required consent from the University of Nairobi. This helped to minimize the non-response rate. In addition, the researcher personally administered the questionnaire.

### **3.6 Data Analysis**

SPSS software was used by the researcher to handle and analyse data. Editing, coding, categorization, and tabulation of obtained data was required for data processing in order to make them suitable for analysis. Both descriptive and inferential analysis used in the investigation. Tables was used to display the findings of the statistical analysis. Trend analysis was used to examine the secondary data.

### 3.6.1 Analytical model

Regression that was used included;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots\dots\dots \text{Equation 3.1}$$

Where;

**Y** represents financial performance of West Pokot County Government, Kenya

**$\beta_0$**  represents the y-intercept

**$\beta_1, \beta_2, \beta_3$  and  $\beta_4$**  represent coefficients of independent variable

**$X_1$** - Account payables

**$X_2$** - Budgeting

**$X_3$** -cash management

**$X_4$** - fraud management

**$\varepsilon$** - represent term error

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

The data analysis, conclusions, and interpretation are presented in this chapter. through addition to prose talks, results are given through tables, charts, and diagrams. The studied data was organized under many categories that replicated the study's goals.

#### 4.2 Response Rate

The Finance & Economic Planning ministry employees of the West Pokot County Government received 150 inquiries.

**Table 4.1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Brought back	109	82.67%
Did not return	41	27.33%
<b>Total</b>	<b>150</b>	<b>100%</b>

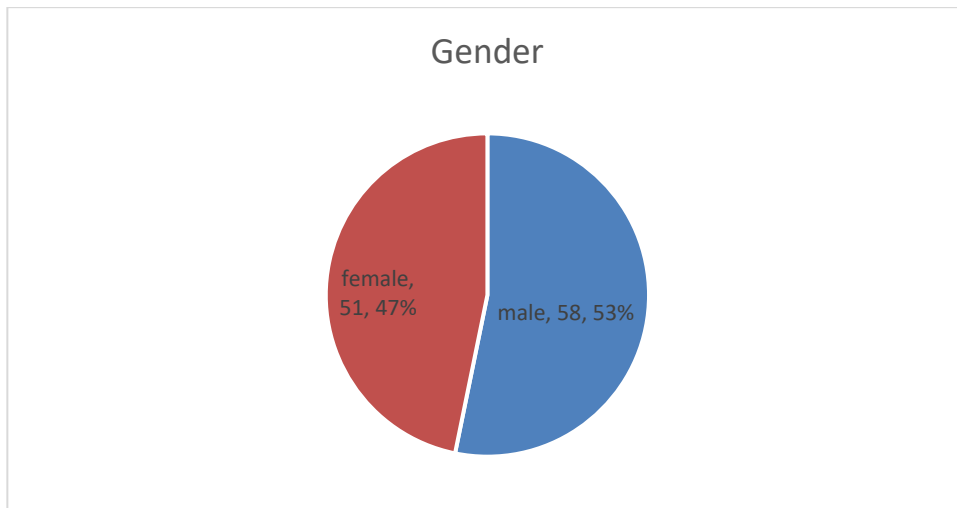
The entire response rate was 82.67%, as indicated on Table 4.1, and 109 questions were filed and retracted in total. Consequently, for this experiment, the response rate was excellent.

#### 4.3 Demographic Results

Outcomes of the demographics were displayed.

##### 4.3.1 Respondents Gender

The defendants displayed their gender.

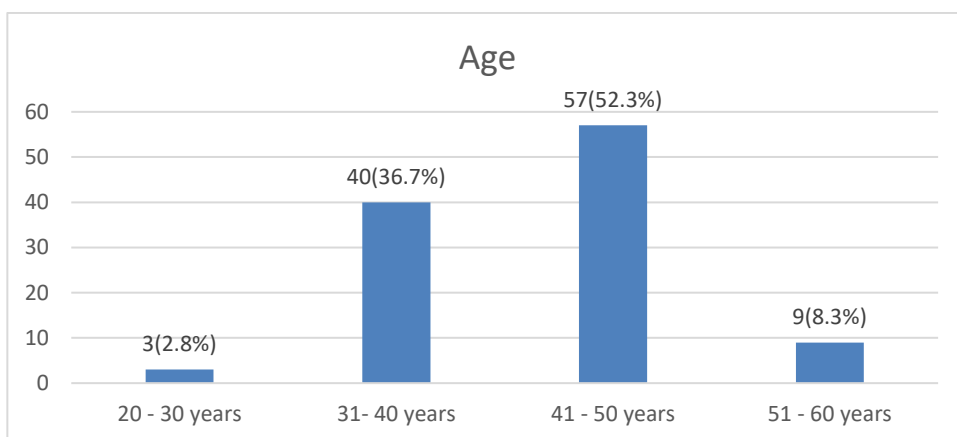


**Figure 4.1: Respondents Gender**

Most of the defendants 58(53%) were male while 51(47%) were female. This infers that most of employees in the Finance & Economic Planning ministry in West Pokot County Government were men.

### 4.3.2 Respondents Age

Respondents age outcomes were displayed in figure 4.2.



**Figure 4.2: Respondents Age**

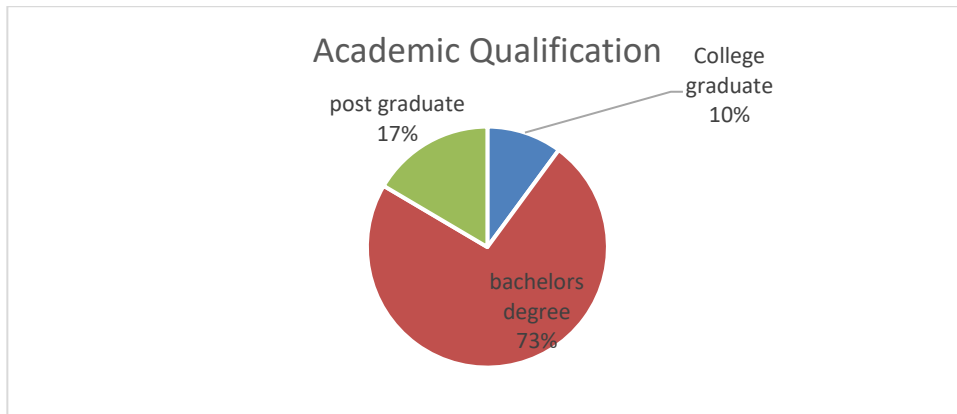
Outcomes inferred that 57(52.3%) were 41 – 50 years, 40(36.7%) were 31 – 40 years, 9(8.3%) were 51 – 60 years while only 3(2.8%) who were 20 – 30 years. This infers



that most of the employees working in Finance & Economic Planning ministry in West Pokot County Government were between 30 and 50 years.

### 4.3.3 Highest Academic Qualification

Academic qualifications of the employee's outcomes were presented in Figure 4.3.

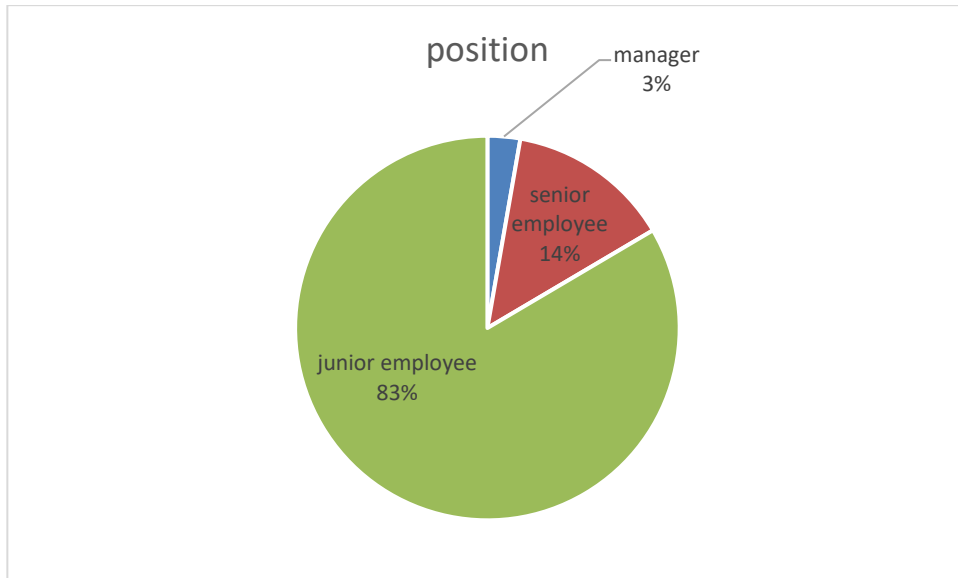


**Figure 4.3: Highest Academic Qualification**

The outcomes were clear that 73% of the employees had a bachelor's degree, 17% had a post graduate degree while 10% were college graduates. This infers that most employees working in Finance & Economic Planning ministry in West Pokot County Government were educated.

### 4.3.4 Position Working

The position that the respondents were working for results were presented in Figure 4.3.



**Figure 4.4: Position**

The outcomes showed 83% of the respondents indicated that they were junior employee, 14% were senior employees, 3% were managers. This infers that most employee that responded were junior employees.

## **4.4 Descriptive Results**

Descriptive results were presented.

### **4.4.1 Account Payables**

In Table 4.2, descriptive findings for accounts payable were shown.

**Table 4.2: Outcomes for Account Payables**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std.D ev</b>
The county has the funds to pay its vendors on schedule	29.40%	28.40%	11.90%	20.20%	10.10%	2.53	1.36
The county has laid good procedures on handling the suppliers	11.00%	11.90%	17.40%	37.60%	22.00%	3.48	1.27
All payments owed by the county are paid as agreed	44.00%	22.00%	8.30%	16.50%	9.20%	2.25	1.40
IFMIS has made it easy to control expenditure owed by county	11.00%	1.80%	23.90%	35.80%	27.50%	3.67	1.22
There are controls on the payment of suppliers	8.30%	8.30%	25.70%	27.50%	30.30%	3.63	1.23

The outcomes showed that most of the employees who were 57.8% disagreed that the county has the funds to pay its vendors on schedule (mean = 2.53, std.dev= 1.36). This infers that West Pokot County Government were not able to pay all their vendors on time. The outcomes showed that most of the employees who were 59.6% agreed that the county has laid good procedures on handling the suppliers (mean = 3.48, std.dev= 1.27). This infers that the county had good procedures that had been put in place to be able to handle suppliers. The outcomes showed that most of the employees who were 66.0% disagreed that the all payments owed by the county were paid as agreed (mean

= 3.48, std.dev= 1.27). This infers that West Pokot County government was not able to pay all their debts on time. The outcomes showed that most of the employees who were 63.3% agreed that all IFMIS had made it easy to control expenditure owed by county (mean = 3.67, std.dev= 1.22). This infers that West Pokot County Government was able to control its expenditure. The outcomes showed that most of the employees who were 57.8% agreed that there were controls on the payment of suppliers (mean = 3.63, std.dev= 1.23). This infers that West Pokot County Government had put in place controls of that regulated the payment of suppliers.

#### 4.4.2 Budgeting

In Table 4.3, descriptive findings for budgeting were shown.

**Table 4.3: Outcomes for Budgeting**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Automation of budget planning has resulted in effective budgeting	10.10%	14.70%	5.50%	33.00%	36.70%	3.72	1.36
The county does timely planning of the budget	4.60%	12.80%	3.70%	31.20%	47.70%	4.05	1.20
The county government managers does good coordination of the budget	5.50%	15.60%	6.40%	42.20%	30.30%	3.76	1.20
The county government officials does close monitoring of the budget	41.30%	20.20%	17.40%	16.50%	4.60%	2.23	1.27
There is effective control of the budget in the county	11.00%	7.30%	9.20%	25.70%	46.80%	3.90	1.36

It was evident that 67.7% were in agreement that automation of budget planning had resulted in effective budgeting (mean=3.72, std.dev=1.36). This infers that west Pokot county government did automation which helped in budget planning. Further results were clear that most employees, 78.9% were in agreement that the county does timely planning of the budget (mean=4.05, std.dev=1.20). This infers that west Pokot county government did their budgets on time. Further, 72.5% were in agreement that the county government managers does good coordination of the budget (mean=3.76, std.dev=1.20). This infers that west Pokot county government did budget coordination. Further results were clear that most employees, 61.5% were not in agreement that the county government officials does close monitoring of the budget (mean=2.23, std.dev=1.27). This infers that West Pokot county government were not able to do close monitoring of the budget. Further, 72.5% were in agreement that there was effective control of the budget in the county (mean=3.90, std.dev=1.36). This infers that West Pokot county government were able to do a good budgetary control.

#### **4.4.3 Cash Management**

In Table 4.4, descriptive findings for management of cash were shown.

**Table 4.4: Outcomes for Cash Management**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Preparing cash budget has been fundamental in the financial operation of the county	11.90%	0.00%	3.70%	18.30%	66.10%	4.27	1.31
Determining the target cash balance enhances performance of the county	6.40%	5.50%	10.10%	22.90%	55.00%	4.15	1.20
Determining occurring cash shortage/surplus enhances financial strength of the county	8.30%	3.70%	5.50%	19.30%	63.30%	4.26	1.24
The county has invested a lot in cash flow management	52.30%	9.20%	5.50%	15.60%	17.40%	2.37	1.63

It was evident that 84.4% were in agreement that preparing cash budget had been fundamental in the financial operation of the county (mean=4.27, std.dev=1.31). This infers that the county prepared cash budget which helped them in their financial operation. Further results were clear that 84.4% were in agreement that determining the target cash balance enhances performance of the county (mean=4.15, std.dev=1.20). This infers that having a clear cash balance enhanced the county success. Outcomes showed that 82.6% were in agreement that determining occurring cash shortage/surplus enhances financial strength of the county (mean=4.26, std.dev=1.24). This infers that having a clear cash balance enhanced the county success.

Further results were clear that 84.4% were not in agreement that the county had invested a lot in cash flow management (mean=2.37, std.dev=1.63). This infers that West Pokot County Government had not made much investment on the on the cash flow management of the county.

#### 4.4.4 Fraud Management

In Table 4.5, descriptive findings for management of fraud were shown.

**Table 4.5: Outcomes for Fraud Management**

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.Dev
I am familiar with the organization's fraud prevention and detection policies.	7.30%	0.00%	21.10%	20.20%	51.40%	4.08	1.18
Employees have received training in their particular job function on how to spot and prevent fraud.	29.40%	18.30%	20.20%	17.40%	14.70%	2.70	1.43
To report any fraud in the county, there are channels and hotlines available.	11.00%	5.50%	12.80%	24.80%	45.90%	3.89	1.34
The county encourage employees to report any suspected fraud or unethical behavior	8.30%	9.20%	13.80%	24.80%	44.00%	3.87	1.30
The county conduct a risk assessment to identify areas vulnerable to fraud	9.20%	10.10%	16.50%	22.00%	42.20%	3.78	1.34
The county performs routine internal audits to evaluate how well its fraud prevention measures are working.	6.40%	6.40%	18.30%	22.90%	45.90%	3.95	1.22

The outcomes showed that most of the respondents who were 71.6% were in agreement that they were familiar with the organization's fraud prevention and detection policies (mean=4.08, std.dev=1.18). This infers that West Pokot County had

put in place measures of detecting and preventing fraud. The outcomes were also clear that most of the respondents who were 47.7% were not in agreement that employees received training in their particular job function on how to spot and prevent fraud. (mean=2.70, std.dev=1.43). This infers that West Pokot County had not put in place clear measures of detecting and preventing fraud.

Further outcomes were clear that 70.7% were in agreement that to report any fraud in the county, there were channels and hotlines available. (mean=3.89, std.dev=1.34). This infers that West Pokot County had put in place channels that were used to report frauds. Further, 68.8% were in agreement that the county encourage employees to report any suspected fraud or unethical behavior (mean=3.87, std.dev=1.30).

Further outcomes were clear that 64.2% were in agreement that the county conducted a risk assessment to identify areas vulnerable to fraud (mean=3.78, std.dev=1.34). This infers that West Pokot County were able to areas that were vulnerable to fraud. Further 68.8% were in agreement that the county performs routine internal audits to evaluate how well its fraud prevention measures are working (mean=3.95, std.dev=1.22). This infers that West Pokot County were able to do regular audits to prevent fraud.

#### **4.4.5 Financial Performance**

In Table 4.6, descriptive findings for financial success were shown.



**Table 4.6: Outcomes for Financial Performance**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Dev</b>
Public funds are spent in projects budgeted for	11.00%	2.80%	6.40%	29.40%	50.50%	4.06	1.30
The revenue collected by the county government is increasing	11.00%	0.00%	12.80%	28.40%	47.70%	4.02	1.27
Financial reports of the county are accurate and represent true state of affairs	49.50%	7.30%	18.30%	6.40%	18.30%	2.37	1.57
All funds spent in the county can be accounted for	35.80%	18.30%	17.40%	17.40%	11.00%	2.50	1.41
The county has sustainable debt levels	8.30%	4.60%	13.80%	38.50%	34.90%	3.87	1.19

The outcomes showed that 79.9% were in agreement that Public funds were spent in projects budgeted for (mean=4.06, std.dev=1.30). This infers that the county were able to follow their projected capacity. Further results showed that 76.1% were in agreement that the revenue collected by the county government is increasing

(mean=4.02, std.dev=1.27). This infers that there was increase in revenue in West Pokot County over the years.

Further results were clear that 56.8% were not in agreement that financial reports of the county were accurate and represent true state of affairs (mean=2.37, std.dev=1.57). This infers that the financial reports of West Pokot County were not accurate. Further results were clear that 54.1% were not in agreement that all funds spent in the county could be accounted for (mean=2.50, std.dev=1.41). This infers that the funds of West Pokot County could be accounted for. In addition, outcomes were clear that 73.4% were in agreement that the county had sustainable debt levels (mean=3.87, std.dev=1.19). This infers that West Pokot County was able to have sustainable amounts of debts.

#### **4.5 Inferential Analysis**

The inferential that were done were correlation and regressions.

### 4.5.1 Correlation Outcomes

**Table 4.7: Correlation Outcomes**

		<b>Financial Performan ce</b>	<b>Account payable</b>	<b>Bud getin g</b>	<b>cash manage ment</b>	<b>Fraud managem ent</b>
Financial Performanc e	Pearson Correlatio n Sig. (2-tailed)		1			
Account payable	Pearson Correlatio n Sig. (2- tailed)	.567** 0.000	1			
Budgeting	Pearson Correlatio n Sig. (2- tailed)	.734** 0.000	.541** 0	1		
Cash managemen t	Pearson Correlatio n Sig. (2- tailed)	.729** 0.000	.380** 0	.685* 0	1	
Fraud managemen t	`,` Sig. (2- tailed)	.725** 0.000	.397** 0	.750* 0	.737** 0	1

Account payable had a substantial and positive link with West Pokot County's financial performance ( $r = 0.587$ ,  $p = 0.000$ ). This implies that West Pokot County's financial performance and account payable have a moderately significant positive linear correlation. The outcomes were in agreement with Kithinji et al. (2022) whose findings showed that management of account payable had an association with the public universities' performance.

A substantial and favourable link between budgeting and West Pokot County's financial success was evident ( $r = 0.734, p = 0.000$ ). This suggests that budgeting had a significant optimistic linear connection with West Pokot County's financial performance. The outcomes were also in agreement with the theory of budgeting that indicated that budget makes it possible to define a performance benchmark and compare the actual outcomes to the stated standard. Those concerned must look forward rather than backward (Scott, 2015).

There was also evidence of a substantial and favourable link between cash management and West Pokot County's financial success ( $r=0.729, p=0.000$ ). This suggests that management of cash had a noteworthy positive linear relationship with West Pokot County's financial success. Eton et al. (2019) claimed that cash management had a significant impact on the financial performance of commercial enterprises in Northern Uganda: A Case of Lira District.

A substantial and favourable link between West Pokot County's financial performance and fraud management was evident ( $r=0.729, p=0.000$ ). This suggests that fraud management had a significant positive linear relationship with West Pokot County's financial success. Fakunmoju and Olukayode (2021) discovered that fraud management procedures had an effect on the non-financial success.

#### **4.5.2 Regression Analysis**

Regression analysis was done amongst account payable, budgeting, cash management, fraud management and financial success.

**Table 4.8: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.833a	0.694	0.682	0.52815

The outcomes showed that R was 0.833 while R squared was 0.694. Accordingly, it was implied that budgeting, cash management, fraud management, and accounts payable were shown to be effective variables in explaining financial success. This suggests that 69.4% of the variations in the dependent variable, financial performance, can be explained by account payable, budgeting, cash management, and fraud management. This result serves as more evidence that the model used to associate the relationships between the parts was appropriate. The study's findings corroborated those of Ikechukwu and Nwakaego (2018), who discovered a significant relationship between payables and business success.

**Table 4.9: ANOVA Test**

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	65.828	4	16.457	58.999	.000b
Residual	29.01	104	0.279		
Total	94.838	108			

The results demonstrate that the overall model was measurably large, which is supported by a p value of 0.000, which is lower than the fundamental p value of 0.05. An F statistic of 58.999, which indicates that budgeting, cash management, and fraud control were effective predictors of financial performance, supported this.

**Table 4.8: Regression of Coefficient**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-0.46	0.292		-1.576	0.118
Account payable	0.326	0.088	0.238	3.685	0.000
Budgeting	0.203	0.091	0.205	2.214	0.029
Cash Management	0.265	0.069	0.322	3.829	0.000
Fraud management	0.223	0.086	0.24	2.598	0.011

Accounts payable have a  $\beta$  of 0.404 and a corresponding p value of 0.0000, according to Table 4.8. The fluctuation in the financial performance of the West Pokot County Government is explained by this implied account payable to the tune of 0.326. The research findings also agreed with Mutai and Kimani (2019) who indicated that the payables highly affected the success of the firms.

It was evident from the results that budgeting has a  $\beta$  of 0.203 and a corresponding p value of 0.0000. The volatility in West Pokot County Government's financial performance is explained by implicit budgeting to a degree of 0.029. The findings were also in agreement with the theory of budgeting that indicated that budget makes it possible to define a performance benchmark and compare the actual outcomes to the stated standard. Those concerned must look forward rather than backward (Scott, 2015).

Additionally, it was evident from the results that cash management had a  $\beta$  of 0.265 and a corresponding p value of 0.0000. The variation in the financial performance of the West Pokot County Government is 0.265 percent, as indicated by the suggested cash management. The results were in line with those reported by Eton et al. (2019),

who claimed that cash management had a significant impact on the financial success of commercial enterprises in Northern Uganda: A Case of Lira District.

Additionally, it was evident from the results that fraud management has a  $\beta$  of 0.223 and a corresponding p value of 0.011. The fluctuation in the financial performance of the West Pokot County Government is explained by implied fraud management to the tune of 0.223. Fakunmoju and Olukayode (2021) discovered that fraud management procedures had an effect on the non-financial performance of a few selected deposit money banks in Lagos State, Nigeria.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of this study was to determine how the Kenyan West Pokot County government's accounts payable management affected its financial performance. The section's overview of the results was emphasized. The chapter included an outline of the study's conclusions and suggestions.

#### **5.2 Summary of the Findings**

From the investigation, employees disagreed that county has the funds to pay its vendors on schedule. Employees also agreed that the county has laid good procedures on handling the suppliers. However, employees disagreed that the all payments owed by the county were paid as agreed. The outcomes showed that most of the employees agreed that all IFMIS had made it easy to control expenditure owed by county. The outcomes showed that most of the employees agreed that the there were controls on the payment of suppliers. The outcomes further demonstrated that account payable had a favourable and considerable impact on West Pokot County's financial success.

Outcomes indicated that automation of budget planning had resulted in effective budgeting. Further results were clear that most employees were in agreement that the county does timely planning of the budget. In addition, outcomes were clear that most employees were in agreement that the county government managers does good coordination of the budget. Further results were clear that most employees were not in agreement that the county government officials does close monitoring of the budget.



In addition, outcomes were clear that most employees, were in agreement that there was effective control of the budget in the county. The outcomes further demonstrated that budgeting had a favourable and considerable impact on West Pokot County's financial performance.

Outcomes showed that preparing cash budget had been fundamental in the financial operation of the county. Further results were clear that most of the employees of west Pokot county government were in agreement that determining the target cash balance enhances performance of the county. Outcomes showed that most of the employees of west Pokot county government were in agreement that determining occurring cash shortage/surplus enhances financial strength of the county. Further results were clear that most of the employees of west Pokot county government were not in agreement that the county had invested a lot in cash flow management. The outcomes further demonstrated that management of cash had a favourable and considerable impact on West Pokot County's financial performance.

It was evident that employees in the county were aware of the organization's policies and processes for identifying and preventing fraud. The results also made it evident that the majority of respondents did not agree that employees had received training on how to spot and avoid fraud in the course of their employment. Further outcomes were clear that most employees were in agreement that there were networks available to report any deceitful action in the county. Further outcomes were clear that most employees were in agreement that the county conducted a risk assessment to identify areas vulnerable to fraud. It was evident that county regularly conducts internal audits to evaluate the efficacy of its fraud prevention systems. The outcomes further

demonstrated that management of fraud had a favourable and considerable impact on West Pokot County's financial performance.

### **5.3 Conclusions of the Study**

The study conclude that account payable had a positive and noteworthy impact of the county financial success. The study comes to the further conclusion that longer accounts payable credit timelines improve financial success. The study comes to the conclusion that account payables processes independently have a good impact on the financial performance county governments. Therefore, improving accounts payable processes will improve the financial success of county governments' ministries.

The study conclude that that budgeting had a positive and noteworthy impact of the county financial success. However, though the county government managers does good coordination of the budget the county government officials were not able to do close monitoring of the budget. It can therefore be further concluded that adopting a participatory budgeting process would improve project performance.

The study concluded that management of cash had a noteworthy impact of the county financial success. Further, though the county governments determined the board cash balance improves financial success of the county the county had invested very little on cash flow management.

The analysis came to the conclusion that effective fraud control contributed significantly to the county's financial success. The majority of county workers were aware of the organization's rules and practices for identifying and preventing fraud, but they had not received adequate training on how to do so in the context of their job.

## **5.4 Recommendations of the Study**

According to the survey, County Governments pay their invoices by the due dates. By doing this, it will be ensured that the suppliers are paid in line with the terms of the contract and that the county governments won't have to pay expensive fines when the suppliers decide to take such disputes to court.

The report suggests that county government ministries follow the guidelines for account payables. This will guarantee that county authorities' expenditures are within the suggested limit and that the use of financial resources is accountable. The study suggests setting account payable maturity dates before county administrations start working on projects. This will aid county administrations in planning procedures to ensure that finances are available for the projects to continue.

The researcher advised the county administration to strengthen its financial capacity throughout the budgeting process. This is important because it will make it possible for the government to manage its financial obligations well. The government would be able to pay its suppliers, creditors, and service providers on time as a result. Additionally, this will result in improved financial performance.

The county governments in Kenya should also often prepare cash budgets as well as determine the target cash balance and cash shortages to enhance the sustainability of the county. The county management further need to invest more on enough training for county employees on how to detect and prevent fraud in their job function

## **5.5 Areas for Further Research**

The goal of this scholarly work was to ascertain how the Kenyan West Pokot County government's accounts payable administration affected its financial performance. More research can be done in this area, however it should concentrate on other Kenyan counties including Kiambu, Nairobi, and Mombasa for comparison with the current study.

In addition, the study used only three determinants of financial performance. Other studies can focus on other determinants of financial performance such as internal controls, accounts receivable. Future studies could therefore focus on other working capital management practices that affect financial performance such as account receivable, inventory control

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## APPENDICES

### Appendix I: Introduction Letter

Dear Sir/Madam,

**RE: LETTER OF INTRODUCTION – ISAACK KEMBOI KIPTUM**

I am a postgraduate student pursuing a Master of Business Administration (Accounting Option). "*Accounts payable and financial performance in West Pokot county government, Kenya*" is the title of my study. Please fill out the questionnaire and secondary data sheet that are attached to supply the necessary information. The identities of the responders and all information gathered will be handled with the strictest confidence. On request, we could send you the executive summary of the results if you'd like. I'm grateful.

Yours sincerely

---

Isaack Kemboi Kiptum

## **Appendix II: Research Questionnaire**

### **Section A: General information**

1. Please specify your gender

Male ( )                      Female ( )

2. Please specify your age category

20 years and below ( )    20 -30 years ( )    31 -40 years ( )

41 -50 years ( )    51 -60 years ( )    more than 60 years ( )

3. What is your highest academic qualification?

Primary ( )    Secondary ( )    College ( )    Graduate ( )

Post graduate ( )

5. What is your position in the finance department?

Manager ( )    senior employee ( )    junior employee ( )

6. Using the following 5-point Likert scale, please indicate your level of agreement or disagreement with the statements in the tables: 1 indicates a strong disagreement, 2 disagreement, 3 neutrality, 4 agreement, and 5 strong agreement.

Kindly mark the appropriate response with a checkmark ( ).

**Section C: Accounts payable management**

<b>S/No.</b>	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The county has the funds to pay its vendors on schedule					
2	The county has laid good procedures on handling the suppliers					
3	All payments owed by the county are paid as agreed					
4	IFMIS has made it easy to control expenditure owed by county					
5	There are controls on the payment of suppliers					

**Section D: Budgeting**

<b>S/No.</b>	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Automation of budget planning has resulted in effective budgeting					
2	The county does timely planning of the budget					
3	The county government managers does good coordination of the budget					
4	The county government officials does close monitoring of the budget					
5	There is effective control of the budget in the county					

**Section E: Cash Management**

S/No.	Statement	1	2	3	4	5
1	Preparing cash budget has been fundamental in the financial operation of the county					
2	Determining the target cash balance enhances performance of the county					
3	Determining occurring cash shortage/surplus enhances financial strength of the county					
4	The county has invested a lot in cash flow management					

**Section F: Fraud Management**

S/No.	Statement	1	2	3	4	5
1	I am aware of the organization's policies and procedures for detecting and preventing fraud					
2	Employees have received training on how to detect and prevent fraud in their job function					
3	There are channels or hotlines available to report any fraudulent activity in the county					
4	The county encourage employees to report any suspected fraud or unethical behavior					
5	The county conduct a risk assessment to identify areas vulnerable to fraud					
6	The county conducts regular internal audits to assess the effectiveness of its fraud prevention controls					

**Section G: Financial performance in West Pokot County government, Kenya**

<b>S/No.</b>	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Public funds are spent in projects budgeted for					
2	The revenue collected by the county government is increasing					
3	Financial reports of the county are accurate and represent true state of affairs					
4	All funds spent in the county can be accounted for					
5	The county has sustainable debt levels					

**THANK YOU FOR YOUR TIME AND COOPERATION!**

## Appendix III: Data Collection Letter



**UNIVERSITY OF NAIROBI**  
**FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**  
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Our Ref. **D61/6091/2017**

**SEPTEMBER 12, 2023**

National Commission for Science, Technology and Innovation  
NACOSTI Headquarters  
Upper Kabete, Off Waiyaki Way  
P. O. Box 30623- 00100  
**NAIROBI**

**RE: INTRODUCTION LETTER: ISAACK KEMBOI KIPTUM**

The above named is a registered Masters in Business Administration candidate at the University of Nairobi, Faculty of Business and Management Sciences. He is conducting research on "**ACCOUNTS PAYABLE MANAGEMENT AND FINANCIAL PERFORMANCE IN WEST POKOT COUNTY GOVERNMENT, KENYA**".

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.



**PROF. JAMES NJIHIA**  
**DEAN, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**

JN/pgr