THE EFFECT OF WORKING CAPITAL MANAGEMENT ON SHARE RETURNS OF COMPANIES LISTED IN THE NAIROBI SECURITIES EXCHANGE

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SEPTEMBER, 2015.
DECLARATION

Declaration by Student

I hereby declare that this Research Project is my original work and has not previously, in part or in entirety, been presented to any other University towards the award of any degree.

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Approval by Supervisor:

This Research Project has been submitted for examination with my approval as the University supervisor.

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To the lord almighty, I give thanks for the strength, grace and good health without which undertaking and completing this course would not have been possible.

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Lastly, my colleague Felix Muindi was of great assistance during the project. Many thanks for the support.
DEDICATION

To my wife Lucy Nyaga, Son Allan Nyaga and daughter Sarah Nyaga, I will be forever indebted for your love and support during the project.

To my grandfather Albert Nyaga Githae, your encouragement, zeal and love for education have been a great motivation in my academic pursuit.

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May the lord almighty bless you all.
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ABSTRACT

This study investigated the relationship between working capital management and share returns of the 64 companies listed on the Nairobi stock exchange for the period 2010 to 2014. A census methodology was used to select the companies for study. Secondary data was collected for share prices from the NSE handbook while working capital data was obtained from the audited financial statements of the listed companies and data was analyzed using SPSS. The study found a negative but insignificant relationship between average collection period and share returns while there was a positive but insignificant relationship between average payment period and share returns, and cash conversion cycle and share returns. The study recommends that even though there was no significant relationship between working capital and share returns, managers should pay attention to working capital performance as deterioration of performance on working capital could result in significant effect on share returns.
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<table>
<thead>
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<th>Description</th>
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<tr>
<td>ACP</td>
<td>Average Collection Period</td>
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<td>APP</td>
<td>Average Payment Period</td>
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<td>ATS</td>
<td>Automated Trading System</td>
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<td>CBK</td>
<td>Central Bank of Kenya</td>
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<td>CCC</td>
<td>Cash Conversion Cycle</td>
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<td>CDS</td>
<td>Central Depository System</td>
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<td>CMA</td>
<td>Capital Markets Authority</td>
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<td>ITD</td>
<td>Inventory Turnover Days</td>
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<td>NOWC</td>
<td>Net Operating Working Capital</td>
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<td>NSE</td>
<td>Nairobi Securities Exchange</td>
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<td>OC</td>
<td>Operating Cycle</td>
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<td>OLS</td>
<td>Ordinary Least Squares</td>
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<td>ROA</td>
<td>Return on Assets</td>
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<td>SPSS</td>
<td>Statistical Packages for Social Sciences</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Working capital management involves making decisions of the amount and composition of current assets and the financing of these assets (Ehrhardt and Brigham, 2011). Eljelly (2004) noted that efficient working capital management involves planning and controlling current assets and current liabilities in a manner that eliminates the risk of inability to meet due short term obligations on the one hand and avoid excessive investment in these assets on the other hand. Van Horne and Wachowicz (2004) further observed that excessive levels of current assets may have a negative effect on the firm’s profitability whereas a low level of current assets may lead to lower level of liquidity resulting in difficulties in maintaining smooth operations.

This study will be based on the Operating Cycle Theory proposed by Park and Gladson (1963) which views each component of working capital (namely inventory, receivables and payables) as having two dimensions: time and money and proposes that when it comes to managing working capital – time is money. The theory argues that a firm’s ability to move cash faster around the cycle or reduce the amount of money tied up in working capital will help the business to generate more cash or reduce the amount of borrowing to fund working capital. Consequently, a firm could reduce the cost of bank interest or have additional free money available to support additional sales growth or investment. Similarly, negotiating longer terms or increased credit limits with suppliers can help to finance future sales. The theory follows a business operating cycle through which raw materials are converted into goods which in turn are sold in cash or credit after which money is collected to pay suppliers as and when they fall due and also meet other operational needs. The theory is found suitable for the study because it includes all the components of working capital (Inventory, receivables and payables) and the operating cycle corresponds to the Cash Conversion Cycle (CCC) which is one of the measures of working capital management.

Nairobi Securities Exchange (NSE) is a company licensed by the Capital Markets Authority (CMA) to facilitate the trading of financial products through the provision of a trading platform for listed securities. The company has recently self-listed becoming part of the 64 companies as at the end the year 2014. Companies listed on the NSE constitute an important component of the
Kenyans economy and play a fundamental role in facilitating transactions in the capital markets and providing economic returns to the investors.

1.1.1 Working Capital Management

Rimond (2001) asserted that working capital management consists of the optimal composition of working capital items namely the current assets and current liabilities in such a way that maximizes the efficiency of the company and increase shareholder’s wealth. Any decision that is made with regard to working capital management by the finance managers has powerful effects on the organizational operational efficiency and will change the company’s value and eventually shareholder wealth. In practice, working capital management has become one of the most important issues in the organizations where many financial executives are struggling to identify the basic working capital drivers and an appropriate level of working capital (Lamberson, 1995).

Working capital management as one of the management strategies has been used for the purpose of maximizing firm’s value (Eljelly, 2004). A large number of business failures have been attributed to the inability of financial managers to plan and control properly the current assets and current liabilities of their respective firms (Smith, 1980). According to Deloof (2003) efficient management of working capital is a fundamental part of the overall corporate strategy in creating the shareholders’ value. Firms try to keep an optimal level of working capital that maximizes their value. This implies that there is a certain level of working capital requirement which potentially maximizes returns and hence the value of the firm.

Firms monitor their working capital using various measures. These include ratios such as the Inventory Turnover Days (ITD), Accounts Receivable Period (ACP), and Average Payment Period (APP). ITD measures the average time taken from conversion of raw materials to goods or purchase stock for resale. ACP measures the average time taken from sale of goods on credit to receipt of cash while the APP measures the average time taken from purchase of raw materials or goods for sale to the time payment is made to the supplier. A combination of these measures results in one measure termed as the Cash Conversion Cycle (CCC) which is the process through which firms purchase or produce inventory, hold it for a time, and then sell it and receive cash. A short cash conversion cycle typically indicates a more efficient working capital management. Another common measure of working capital is the Net Operating Capital (NOWC) which is
defined as current operating assets minus current operating liabilities. Marketable securities not used in operations, cash in excess of operating needs and other short term investments are generally not considered to be operating assets and therefore not included in calculating NOWC.

1.1.2 Share Returns

Rutto (2014) defined stock return as the change in stock prices relative to the initial prices at the point of investor’s decision to purchase the stock. Jordan and Fischer (2002) defined return as the motivating force and the principal reward in the investment process and it is the key method available to investors in comparing alternative investments. They document that return has two components. The basic component is the periodic cash receipts (or income) on investments, either in the form of interest or dividends. The second component is the change in the price of the asset, commonly called capital gain or loss. This element of return is the difference between the purchase price and the price at which the asset can be sold.

According to Reilly and Brown (2003), stock return is the compensation for the time, the expected rate of inflation and the uncertainty of the return after investing in stocks. Chandra (2006) on the other hand describes a stock return as the income on a stock at the end of a given time period expressed as a percentage of the worth of the stock at the start of the same period. Stock returns are measured as the continuously compounded daily, weekly, monthly or annual percentage change in the share price of a stock. The usual sources of income for stocks include dividends, returns on capital and capital appreciation.

Return can be measured by computation of arithmetic rate of return, the approximation method (Scott, 1998), whereby a stock/portfolio end value is deducted from the beginning value then divided by the beginning value. This measure ignores the withdrawals and additional investments made within the investment period. Time Weighted returns is another return measurement method that compounds the rate of growth in a portfolio through elimination of the distorting effects created by inflows of new money. It is also referred to as geometric mean return as the reinvestment is captured by using the geometric total and mean, rather than the arithmetic total and mean. Weighted portfolio returns measurement approach recognizes the weight of securities in a portfolio at the beginning of the investment period which is then applied
to the rates of returns achieved by the security or asset class at the end of the investment period (Scott, 1998).

**1.1.3 Working Capital Management and Share Returns**

Working capital management is important as it helps a firm to determine the appropriate levels of working capital components for the smooth running of the firm. When stock increases, more cash is held in form of stock which could lead to cash shortage to meet financial obligations as and when they fall due. Failure to meet obligations may either lead to termination of credit services, increase in price by supplier to cater for the expected delays or simply reputational risk. Lower stocks on the other hand may result in shortage of raw materials or stock for sales hence affects the turnover. Longer accounts receivable days on the other hand may result in lack of cash required to finance operations and eventually result in increased bad debts which in turn reduces the profits. A firm may also need to borrow to finance its short term needs and therefore increase the cost of financing. Conversely, short accounts receivable days can result in availability of funding for smooth operations but also can result in reduced sales where customers are not availed sufficient time to pay.

How a firm manages its working capital can therefore affect the profitability of the firm. Since maximization of investor returns is considered one of the key goals of the firm, higher profits may result in higher returns and vice versa. It is therefore imperative that a firm finds an appropriate balance in working capital management for efficient operations. As observed by Harris (2005), working capital management helps a firm to be able to finance the difference between short term assets and short term liabilities. Effective working capital management is crucial to a firm’s long run growth and survival. For example, if a firm lacks the working capital needed to expand production and sales, it may lose revenues and profits. Working capital is also used by firms to maintain liquidity, that is, the ability to meet its cash obligations as they come due. McGuigan (2009) observed that a firm’s working capital position is not only important from an internal stand point but also widely used as a measure of a firms risk and therefore may affect a firm’s ability to obtain debt financing. The optimal level of working capital investment is the level expected to maximize shareholders wealth.
Mohammad and Saad (2010) noted that there is a relationship between working capital variables with the firms’ market value and profitability. The study demonstrated that this relationship is significantly negative and asserted that there is importance of managing working capital requirements to ensure an improvement in firms’ market value and profitability. Kieschnick, Laplante and Moussawi (2010) concluded that the value of an additional dollar invested in net operating working capital is less than a dollar held in cash. This result demonstrates how important it is to manage working capital efficiently. They further observed that on average an additional dollar invested in net operating working capital at the mean level of such investment reduces firms’ value. The management of the short-term assets and liabilities therefore warrants a careful investigation since as observed by Smith (1980); the working capital management plays an important role for the firm’s profitability and risk as well as its value.

1.1.4 Nairobi Securities Exchange

NSE was constituted in 1954 as a voluntary association of stockbrokers registered under the Societies Act (NSE, 1997a) and was charged with the responsibility of developing the stock market and regulating trading activities. The first privatization at NSE was done in 1988 when the Kenya government sold 20% stake in Kenya Commercial Bank. This was later followed by the privatization of Kenya Airways when the government sold 51% of its shares to the public. In 2006, the Automated Trading System (ATS) commenced and thereafter the trading hours increased from two (10:00 am – 12:00 pm) to three hours (10:00 am – 1:00 pm). In November 2009, the automated trading in government bonds commenced with a view to increase liquidity by Central Bank of Kenya (CBK).

In July 2011, the Nairobi Stock Exchange Limited changed its name to the Nairobi Securities Exchange Limited. The change of name reflected the strategic plan of the Nairobi Securities Exchange to evolve into a full service securities exchange which supports trading, clearing and settlement of equities, debt, derivatives and other associated instruments. In the same year, the equity settlement cycle moved from the previous T+4 settlement cycles to the T+3 settlement cycle. This allowed investors who sell their shares, to get their money three (3) days after the sale of their shares. The buyers of these shares will have their CDS accounts credited with the shares, in the same time. In September 2011 the Nairobi Securities Exchange converted from a
company limited by guarantee to a company limited by shares and adopted a new Memorandum and Articles of Association reflecting the change.

As at 31\textsuperscript{st} December 2014, the NSE had 64 listed companies representing various sectors of the economy including the Agricultural sector, Automobiles and Accessories, Banking, Commercial and Service, Construction and Allied Energy and Petroleum and Insurance. Other sectors includes Investment, Investment Services, Telecommunication and Technology, Growth and Enterprise Market and Manufacturing and Allied. For the purpose of this study, companies in the banking, insurance and investment services will be excluded due to their unique nature of working capital. For these firms to create wealth to the shareholders, they must be profitable and also exhibit a healthy liquidity position (Weston and Copeland, 1988). When managing a quoted firm at the Nairobi Securities Exchange (NSE), a financial manager should therefore always ensure the firm is able to meet its financial obligations as and when they fall due. By enabling the quoted firms to meet their financial obligations promptly, Emery (1998) argues that a good measure of profitability instills a sense of confidence to the investors and thus wins their loyalty. On the contrary, a poor liquidity status could lead to inability of firms meeting their financial obligations.

1.2 Research Problem

When a firm holds its working capital in form of stocks or accounts receivables, there is likelihood of running short of cash to finance short term obligations as and when they fall due. This in turn may require a firm to borrow through short term loans or overdraft to finance routine operations hence increase operating costs. A firm may also be unable to attract long term debt if its working capital management is weak and therefore this may curtail availability of financing for the growth of the firm. On the other hand, stringent working capital management can reduce the sales of the firm either due to lack of stocks or due to inability of customers to buy goods. A reduction in sales can have an overall reduction in profitability and therefore affect the shareholders wealth.
Working capital in form of current assets and current liabilities forms an important component of the financial statements of firms listed on the Nairobi Securities Exchange. These statements constitute part of the information that investors use to make investment decisions. At the NSE, few incidences have been reported with regard to challenges related to working capital management. A case in point is the Uchumi supermarkets which in 2006 was placed under receivership and suspended from the NSE. At the time of the collapse, it was reported that the company had lost Ksh.250million due to stock-outs and incurred Ksh. 1.9 billion in warehouse charges. This was as a result of various factors at play including investment in more stock that led to tying up the much limited and scarce working capital, (Ngugi et.al, 2010). In a study to investigate the relationship between capital structure and performance of companies listed on the NSE, Maina and Mwasa (2014) concluded that the companies used more short term debt than long term. This is an indication that there is more short term financing needs among the companies pointing to concerns on the working capital management. It is therefore imperative that firms listed on the NSE must pay much attention to the management of working capital and understand its effect on shareholders wealth.

Bammeri and Dehani (2013) studied the effect of working capital management on stock returns of companies accepted in Tehran Stock Exchange and found a significant relationship between stock returns and inventory turnover but there was no significant relationship between stock returns with average collection period and average payment period. Mohammad and Saad (2010) also studied the effects of working capital on market valuation and profitability in Malaysia and found a significant negative association between working capital variables with firm’s performance. Hornbrink and Bratland (2013) observed no clear relationship between Swedish firms’ working capital policy and the stock return. Locally, Gitonga (2011) studied the relationship between working capital management and the value of 22 companies listed on the NSE for the period 2003 to 2009 and observed a negative relationship between average cash collection period, inventory turnover in days, cash conversion cycle and value of the firm. There was also a positive relationship between value of the firm and average payment period. The proposed study will extend this research by covering the period beyond 2009 since the period covered by Gitonga (2011) experienced a significant political transition in Kenya with the election of a new government in 2003 and also post-election political instability in years 2007
and 2008. Moreover, this study will cover a wider sample of 40 firms while Gitonga (2011) studied only 22 firms. This proposed study will therefore seek to answer the question; is there a relationship between working capital management and share returns?

1.3 Objective of the Study

The general objective of this study was to determine the relationship between working capital management and stock returns of the firms listed at the NSE. The specific objectives were to determine:

i. The relationship between average collection period and stock returns of the firms listed at the NSE.

ii. The relationship between inventory turnover days and stock returns of the firms listed at the NSE.

iii. The relationship between average payment period and stock returns of the firms listed at the NSE.

iv. The relationship between cash conversion cycle and stock returns of the firms listed at the NSE.

1.4 Value of the Study

The study will provide finance managers with a basis for developing appropriate working capital policies and practices that will inform their decisions to increase the value of the firm and therefore maximize shareholders returns. The study will also help to highlight benefits of efficient working capital management as a key performance indicator to firms by understanding how it contributes to the goal of shareholder wealth maximization.

Investors, security analysts, financial analysts and stock brokers will find this study useful as it will highlight the importance of working capital management when making analysis for investment decisions. Policy makers will obtain additional knowledge particularly on short term financing that can guide policy decisions regarding creation of appropriate environment for economic growth and stability.

The study will add to the existing body of knowledge and provide academicians and researchers a point of reference on the topic and an insight into the working capital management of
companies listed on the Nairobi Securities Exchange. The study will also add to the data available on the subject and build a foundation for further inquiry into the subject.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter will provide a review of working capital theories and models and also an empirical review of studies on the subject. Based on the review, an analysis of findings will be done to determine the gap that exists in the subject under investigation.

2.2 Theoretical Review
This section reviews the Keynesian theory of money and the operating cycle theories of working capital.

2.2.1 Keynesian theory of Money
Keynes (1936) formulated the General Theory of Employment, Interest and Money and identified three reasons why liquidity is important, the speculative motive, the precautionary and the transaction motive. The speculative motive is the need to hold cash to be able to take advantage of, for example bargain purchase opportunities that might arise, attractive interest rates and in the case of international firms, favourable exchange rate fluctuations. For most firms, reserve borrowing ability and marketable securities can be used to satisfy speculative motives.

Keynes (1936) further argued that the precautionary motive is the need for a safety supply to act as financial reserve. Once again, there is probably a precautionary motive for liquidity. However, given that the value of money, market instruments are relatively certain and instruments such as Treasury bills are extremely liquid, there is no real need to hold substantial amount of cash for precautionary purpose. Cash is needed to satisfy the transaction motive, the need to have cash on hand to pay bills. Transaction related needs come from collection activities of the firm. The disbursement of cash includes the payment of wages and salaries, trade debts, taxes and dividends. This theory is crucial in the study of working capital as it reveals the various factors that may determine how working capital is managed in a firm.
2.2.2 Operating Cycle Theory

Operating cycle theory holds that money is blocked first in raw materials, labor and other conversion costs come later, selling and distribution costs come at the end. Thus all items do need cash support for the entire operating cycle days. Hence the need to aggregate working capital could be more accurately derived by considering each component of working capital.

Park and Gladson (1963) held that the one year temporal standard to determine the currentness was arbitrary and not universally valid. What was current or noncurrent depended on the nature of core business activity marked by technological requirements and trading practices. They used the term ‘natural business year’ within which an activity cycle is completed. The yardstick for judging currentness of an item, both assets and liabilities, would be ‘natural business year’. The natural business year concept was developed later into Operating Cycle (OC) theory of working capital. The theory views each component of working capital (namely inventory, receivables and payables) as having two dimensions: time and money and proposes that when it comes to managing working capital – time is money.

Park and Gladson (1963) further argued that if money can move faster around the cycle (e.g. collect monies due from trade receivables more quickly) or reduce the amount of money tied up (e.g. reduce inventory levels relative to sales), the business will generate more cash or it will need to borrow less money to fund working capital. As a consequence, the cost of bank interest can reduce or additional free money will be available to support additional sales growth or investment. Similarly, if improved terms with suppliers can be negotiated such as getting longer credit or an increased credit limit; this can free finance to help fund future sales. This theory provides a strong foundation for this research due to its strong association with the cash conversion cycle which is the measure of working capital management used in this study.

2.2.3 Working Capital Models

This section will provide a review of 2 models that are found in working capital literature, the Baumol Model and the Miller Orr Model.
2.2.3.1 Economic Order Quantity Model

The Economic order quantity (EOQ) model of inventory management was developed by Ford W. Harris in 1913. The model argues that the Economic Order Quantity is that size of the order which gives maximum economy in purchasing any material and ultimately contributes towards maintaining the materials at the optimum level and at the minimum cost. The economic order-quantity model considers the trade-off between ordering cost and storage cost in choosing the quantity to use in replenishing item inventories. A larger order-quantity reduces ordering frequency, and, hence ordering cost/month, but requires holding a larger average inventory, which increases storage (holding) cost/month. On the other hand, a smaller order-quantity reduces average inventory but requires more frequent ordering and higher ordering cost/month. The cost- minimizing order-quantity is called the Economic Order Quantity (EOQ), Mc Guigan (2009). The model assumes that the demand rate for stock is known and constant and that orders to replace an inventory of an item are instantaneous which the case in practice is not always. The model is used in practice to ensure that optimal levels of stock are maintained at the most economic cost. This model is important for this study at it contributes to the management of Inventory Turnover Days (ITD) which is one of the variables used to measure efficiency of working capital management.

2.2.3.2 Baumol Model

Baumol Model of cash management considers cash management similar to an inventory management problem. Baumol (1952) argued that as firms attempt to minimize the cost of holding cash and the cost of converting marketable securities to cash. The model is applicable under several assumptions: that the firm is able to forecast its cash needs with certainty and receive a specific amount at regular intervals; the firm’s cash payments occur uniformly over a period of time; that is a steady rate of regular inflows; the opportunity cost of holding cash is known and it does not change over time; and the firm will incur the same transaction cost whenever it converts securities to cash. The firm incurs holding costs for keeping the cash balance. It is an opportunity cost i.e. the return foregone on the marketable securities.
2.2.3.3 Miller Orr Model

One limitation of Baumol model is that it does not allow cash flows to fluctuate. Firms in practice do not use their cash balance uniformly nor are they able to predict daily cash inflows and outflows. The Miller-Orr Model overcomes this shortcoming and allows for daily cash flow variation. It assumes that net cash flows are normally distributed with a zero value of mean and standard deviation.

Miller and Orr (1966) proposed that there are two control limits namely; the upper and lower control limits as well as a return point. If the firm’s cash flows fluctuate randomly and hit the upper limit, then it buys sufficient marketable securities to come back to a normal level of cash balance. Similarly, when the firm’s cash flows go below the lower limit, it sells sufficient marketable securities to bring the cash balance back to the marketable level. This model is crucial to working capital management as it can help determine the limits within which a firm can hold its cash and therefore its working capital management.

2.3 Determinants of Share Returns

Share prices can be affected by a wide variety of factors. These include performance of the company, industry performance and the general economic trends.

2.3.1 Corporate performance

Share prices tend to anticipate the future so they can rise if a company has good prospects and fall if the outlook is not promising. Muchiri (2014) observed that price earnings (PE) ratio which is given by market price per equity share divided by earning per share of the firm indicates the price that investors are willing to pay for net profit earned per share. Since this ratio reflects market expectations about future performance of a firm the higher the ratio denotes higher investors’ expectations about future earnings. Investors would therefore be willing to pay more for a firm with a higher PE ratio and a positive significant relationship is therefore expected between stock prices and PE ratio. The study also noted that the stock performance is explained by profitability of a firm. Profit after tax is the earnings available to equity shareholders which are used to distribute dividends, thus the higher the profits the higher the dividends payment. Dividend seeking investors wish to earn current income in form of dividends rather than capital
gains and will prefer firms that pay higher dividends. This creates greater demand for higher paying dividends stocks in turns triggers market prices of the stock and hence stock returns.

2.3.2 Industry Performance
A company’s stock price may go up or down depending on whether investors think its industry is growing or contracting. For example, a company may be doing well financially, but if its industry is declining, investors might question the company’s ability to keep growing. In that case, the company’s stock price might fall. Conversely, when an industry is performing well, the price may increase. A study by Hao and Zhang (2007) found that the returns of less profitable firms in an industry are more highly correlated with industry returns than are those of more profitable firms confirming that industry performance can affect share returns especially for small firms.

2.3.3 Economic Conditions
If economic conditions are good and expected to continue that way, investors tend to feel confident. Companies are more likely to perform well and deliver strong profits when the economic climate is benign so they are more likely to pay rising dividends. Under such circumstances, demand for shares tends to rise and prices increase; if the economic climate is difficult however, investors may feel nervous. They may worry that a company’s profitability will suffer if economic conditions are difficult. Fears about future profits tend to reduce demand for shares so prices may fall. This argument was confirmed by Omondi and Olweny (2011) in the study on the economic factors affecting share volatility of NSE listed companies which concluded that micro-economic factors, foreign exchange rate, interest rate and inflation rate affect stock return volatility at the NSE.

2.4 Empirical Review
Lazaridis and Tryfonidis (2006) investigated the relationship between corporate profitability and working capital management on a sample of 131 companies listed on the Athens Stock Exchange with data from 2001 to 2004. The findings indicated a negative relationship between cash conversion cycle and profitability confirming the view that a decrease in the cash conversion
cycle will generate more profit. The study also argued that an efficient working capital management was vital for increasing the shareholders worth.

Gill, Biger and Mathur (2010) extended the work of Lazaridis and Tryfonidis by exploring the relationship between working capital management and profitability on 88 American firms listed on the New York stock exchange during the years 2005 to 2007. A strong negative correlation between the gross operating profit and accounts receivables was observed indicating that if the average collection period increases it will have a negative impact on the profitability.

In Kenya, Mathuva (2010) examined the influence of working capital management on corporate profitability of 30 firms listed on the Nairobi Stock Exchange for the periods 1993 to 2008. Using Pooled OLS and fixed effects regression models, the findings revealed that there was a highly significant relationship between the time the firm takes to collect cash (accounts receivable) and profitability. The conclusions from this study were that more profitable firms took the shortest time to collect cash from their customers and that there was a highly significant positive relationship between the period taken to convert inventories into sales and profitability.

Gitonga (2011) studied the relationship between working capital management and value of 22 companies quoted on the Nairobi Stock Exchange for the period 2003 to 2009. Analyzing the average stock price for the period using Pearson correlation coefficient, the study observed that there was negative relationship between firm’s value and all working capital components apart from average payment period. The conclusion from the study was that there was a statistical relationship between working capital management and the value of firms quoted in the NSE.

Mansoori and Muhammad (2012) also examined the effect of working capital and profitability of firms in Singapore for the period 2004 to 2011. Applying panel data analysis including pooled OLS regression and fixed effect estimation they found that cash conversion cycle negatively associated to the Return on Assets (ROA). It was therefore concluded that managers can improve performance by managing working capital efficiently. It was also noted that all the components of cash conversion cycle (receivable conversion period, inventory conversion period, and payable deferral period) had a negative relationship with profitability. These results demonstrated that firm’s profitability was increased by decreasing receivable conversion period
and inventory conversion period. The negative relationship between payable conversion period and profitability might stem from the fact that more lengthening of payable deferral period would damage firm’s reputation, and consequently decrease profitability. Similar studies were done in India, Pakistan and Turkey with consistent findings.

Hornbrink and Bratland (2013) studied the relationship between working capital policies and stock performance on the Swedish stock market for the period 2009 to 2012. The results of this study showed no clear relationship between Swedish firm’s working capital policy and the stock return, working capital policy hand some effect on the volatility of stocks. The study concluded that working capital policy plays a part in firm’s stock performance across different sectors even though there was no clear pattern.

Bammeri and Dehani (2013) also studied the effect of working capital management on stock returns of companies in Tehran Stock Exchange. Examining 112 listed companies for the period 2002 to 2011, the results showed that there was no significant relationship between accounts receivable collection period and stock returns, accounts payable payment period and stock return and also between cash conversion cycle with stock returns but revealed that there was a significant relationship between goods inventory cycle period and stock returns.

2.5 Summary of Literature Review

The studies by Lazaridis and Tryfonidis (2006), Gill, Biger & Mathur (2010), Mathuva (2010) as well as Mansoori and Muhammad (2012) clearly demonstrated the existence of a significant negative relationship between working capital and profitability. There is however scanty literature on the relationship between working capital and share returns. The study by Hornbrink and Bratland (2013) on the relationship between working capital policies and stock performance focused on policies but did not find a clear relationship between working capital policy and the stock return. Bammeri and Dehani (2013) also found no clear relationship between working capital management on stock returns. Contrary to these findings, Gitonga (2011) observed a significant negative relationship between firm’s value and all working capital components apart from average payment period. Given the lack of a specific study on the relationship between
working capital management and share returns, and the inconsistent results from related studies, it is clear that there exists a gap in this area and therefore warrants investigation.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter provides a description of the research design, the population, sample size and
design, data collection, analysis and tests of significance.

3.2 Research Design
The study used descriptive design methodology because it attempts to describe, explain and
interpret conditions as they are. As observed by Kothari (2004) the purpose of a descriptive
research is to examine a phenomenon that is occurring at a specific place and time and the
researcher has no control over the variables and can only report what has happened or what is
happening. The methodology enabled the arrangement, summarizing and presentation of data to
observe trends and relationship between the variables under study.

3.3 Population of the Study
A census methodology was used in the study as the population of interest included all the 64
companies listed on the NSE for the period 1st January 2010 to 31st December 2014 as per the
NSE handbook. Firms that merged or delisted from the Nairobi Securities Exchange for any
reason during the period 2010 to 2014 and newly listed firms during the period were excluded
from the study. Due to the unique nature of trading and difference in definition of working
capital, firms in the financial sector such as banks, insurance and investments were excluded
from the study. After excluding the above companies, 40 firms were included in the study.

3.4 Data Collection
Secondary data was collected for share prices from the NSE handbook while working capital
data was obtained from the audited financial statements of the listed companies. A data
collection sheet was used as per attached appendix. For the purpose of calculating accounts
receivable, inventory and accounts payable ratios, data for the year prior to the period was used.

3.5 Data Analysis
The data was analyzed using descriptive statistics, correlation analysis and multiple regression
analysis. The different variables in the study were analyzed using descriptive measures such as
mean, median and standard deviation. Coefficient of correlation was used to measure the degree of association between different variables under consideration. Multiple regression analysis was used to estimate the causal relationship between stock price and the working capital variables. The Statistical Packages for Social Sciences (SPSS) was used to analyze data because of its ability to simplify repetitive tasks and handling complex data manipulation and analysis.

The study sought to establish the relationship between working capital management and stock returns by testing the following hypotheses which were derived from the general objective and specific objectives of the study:

**H$_1$:** The relationship between average collection period and stock returns for the firms listed at the NSE is not significant.

**H$_2$:** The relationship between inventory turnover days and stock returns for the firms listed at the NSE is not significant.

**H$_3$:** The relationship between average payment period and stock returns for the firms listed at the NSE is not significant.

**H$_4$:** The relationship between cash conversion cycle and stock returns for the firms listed at the NSE is not significant.

**H$_5$:** The relationship between average collection period, inventory turnover days, average payment period, cash conversion cycle and stock returns for the firms listed at the NSE is not significant.

To examine the effect of each working capital management component and the simultaneous effect on the share returns of the firms listed at the NSE the study adopted the model proposed by Bammeri and Dehani (2013) below:-

$$R_{it} = \beta_0 + \beta_1 ACP_{it} + \beta_2 APP_{it} + \beta_3 CCC_{it} + \beta_4 ITD_{it} + \varepsilon_{it}$$

Where:

$R_{it}$ = Share returns at time $t$; $i = 1, 2 \ldots \ldots 40$ firms
\( \beta_0 = \) The intercepts of the equation
\( \beta_1 ACP_{it} = \) Coefficients of Average Collection Period\(_{it} \) variables
\( \beta_2 APP_{it} = \) Coefficients of Average Payment Period\(_{it} \) variables
\( \beta_3 CCC_{it} = \) Coefficients of Cash Conversion Cycle\(_{it} \) variables
\( \beta_4 ITD_{it} = \) Coefficients of Inventory Turnover Days\(_{it} \) variables
\( \varepsilon_{it} = \) Error term

### 3.5.1 Operationalisation of Variables

Share returns was used as the dependent variable and the Log formula was used to calculate the share returns. Share returns were calculated using the following formula:

\[
R_{it} = \log \left( \frac{P_t}{P_{t-1}} \right)
\]

Where:
\( R_{it} \) = return of firm \( i \) at period \( t \)
\( P_{t-1} \) = price at the beginning of the period
\( P_t \) = price at the closing of the period

Working capital management as whole constituted the independent variable and was measured using the following:

Cash Conversion Cycle (CCC) = Average collection period (ACP) + Inventory turnover days (ITD) – Average payment period (APP).

\( ACP = \) Average Accounts Receivable/Average Daily Sales

\( ITD = \) (Average Inventory holding/Cost of Goods Sold) \( \times 365 \)

\( APP = \) (Average Accounts Payable/ Cost of Goods Sold) \( \times 365 \)
3.6.2 Test of Significance

Test of significance was done using the coefficient of determination to indicate the variations in stock returns that are accounted for by the variations in working capital management and p-value to indicate the strength of association between working capital management and share returns.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents descriptive and regression statistics of the data analysis of the study variables. This includes descriptive statistics of share returns, Average Collection Period, Inventory Turnover Days, Average Payment Period and the Cash Conversion Cycle of the firms listed at the NSE using means, standard deviation, coefficient of variation, kurtosis and skewness. The regression analysis of share returns and working capital management and the test of significance.

4.2 Descriptive Statistics

The following table 4.1 represents the descriptive statistics for the working capital management variables and share returns:

Table 4.1: Descriptive Statistics on Working Capital Management and share Returns

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACP</td>
<td>115</td>
<td>185.81</td>
<td>-0.11</td>
<td>185.70</td>
<td>5478.72</td>
<td>47.64</td>
<td>40.55</td>
<td>1644.67</td>
<td>0.98</td>
<td>0.68</td>
</tr>
<tr>
<td>ITD</td>
<td>115</td>
<td>232.51</td>
<td>0.43</td>
<td>232.94</td>
<td>8255.00</td>
<td>71.78</td>
<td>49.48</td>
<td>2448.51</td>
<td>0.98</td>
<td>0.83</td>
</tr>
<tr>
<td>APP</td>
<td>115</td>
<td>360.65</td>
<td>1.29</td>
<td>361.95</td>
<td>6613.13</td>
<td>57.51</td>
<td>55.91</td>
<td>3126.25</td>
<td>2.36</td>
<td>8.22</td>
</tr>
<tr>
<td>CCC</td>
<td>115</td>
<td>210.64</td>
<td>1.85</td>
<td>212.48</td>
<td>7120.60</td>
<td>61.92</td>
<td>47.14</td>
<td>2222.06</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>RETURNS</td>
<td>115</td>
<td>2.73</td>
<td>-1.82</td>
<td>0.91</td>
<td>-2.87</td>
<td>-0.02</td>
<td>0.44</td>
<td>0.20</td>
<td>-1.09</td>
<td>2.89</td>
</tr>
</tbody>
</table>

Table 4.1 above reports that firms listed at the NSE on average take 48 days to collect outstanding accounts receivables with shortest time of less than 1 day and longest time of 186 days, 58 days to pay their accounts payable with shortest time of 2 days and longest time of 362 days, 72 days to convert raw materials to finished goods with shortest time of less than 1 day and longest time of 232 days and a cash conversion cycle of 62 days with shortest of 2 days and longest time of 213 days. This means that it takes an average of 62 days for companies listed in
the NSE to convert raw materials into cash. Shares of the firms listed at the NSE have on average returns of -2.87 with a minimum of -1.82 and a maximum of 0.91.

The measure of asymmetry shows that working capital management variables are right skewed to their means because they have a skewness statistics greater than zero (average collection Period has 0.98, inventory turnover days has 0.98, average payment period has 2.36 and cash conversion cycle has 1.10). Conversely, share returns are skewed to the left with a statistic of -1.09. The measure of peakedness shows that both working capital and share returns have flatter distributions than a normal distribution because all the statistics are less than 3.

4.3 Regression Analysis

This section presents the findings of the study of the relationship between working capital management variables which include the Average collection period, Average Payment Period, Inventory Turnover Days, Cash Conversion Cycle and share returns of companies listed on the NSE. The objective of the study was to assess the individual effect of each of the variables and also the combined effect of the four variables.

Regression analysis was carried out and the results were tabulated on the table 4.2 below:

**Table 4.3: Working Capital Management and Share Returns Coefficient Summary**

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.0694</td>
<td>.0809</td>
<td>-.8586</td>
</tr>
<tr>
<td></td>
<td>ACP</td>
<td>-.0013</td>
<td>.0018</td>
<td>-.1198</td>
</tr>
<tr>
<td></td>
<td>APP</td>
<td>.0006</td>
<td>.0012</td>
<td>.0805</td>
</tr>
<tr>
<td></td>
<td>CCC</td>
<td>.0011</td>
<td>.0010</td>
<td>.1205</td>
</tr>
</tbody>
</table>

Source: Author, 2015.

Based on the results tabulated on table 4.2 above, the following regression model is derived.

\[ R = -0.0694 - 0.0013ACP + 0.0006APP + 0.0011CCC + \epsilon \]

The above equation presents intercept of -0.0694 which represents the value of share returns when the value of working capital management is zero. The results of the individual and combined effects of each variable is discussed below.
4.3.1 Relationship between Average Collection Period and Share Returns
The first hypothesis stated that the relationship between average collection period and share returns for the firms listed at the NSE is not significant. The results of the findings indicated that the coefficient of average collection period is -0.0013 which represents the change in share returns that results from a unit change in average collection period. The result indicates that there is negative but insignificant relationship between share returns and average collection period hence the study failed to reject the first hypothesis.

4.3.2 Relationship between Inventory Turnover days and Share Returns
The second hypothesis stated that the relationship between inventory turnover days and share returns for the firms listed at the NSE is not significant. The inventory turnover day’s variable was excluded from the model results implying that there is no relationship between inventory turnover days and share returns hence the study failed to reject the second hypothesis.

4.3.3 Relationship between Average Payment Period and Share Returns
The third hypothesis stated that the relationship between average payment period and share returns for the firms listed at the NSE is not significant. The results of the findings indicated that the coefficient of average collection period was 0.006 which represents the change in share returns resulting from a unit change in average collection period. This means that there is a positive but insignificant relationship between average payment period and share returns hence the study failed to reject the third hypothesis.

4.3.4 Relationship between Cash Conversion Cycle and Share Returns
The fourth hypothesis stated that the relationship between cash conversion cycle and share returns for the firms listed at the NSE is not significant. The results of the findings indicated that the coefficient of cash conversion cycle was 0.0011 which represents the change in share returns resulting from a unit change in cash conversion cycle. This means that there is a positive but insignificant relationship between average payment period and share returns hence the study failed to reject the fourth hypothesis.
4.3.5 Relationship between Working Capital and Share Returns

The general objective of this study was to determine the relationship between working capital management and share returns of the firms listed at the NSE. Working capital management was measured by the use of average collection period, average payment period, and inventory turnover days and cash conversion cycle. The study predicted that there is an insignificant relationship between working capital management and share returns for the firms listed at the NSE in the fifth hypothesis.

Table 4.3: Working Capital Management and share Returns Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.110*</td>
<td>.012</td>
<td>-.015</td>
<td>.012</td>
</tr>
</tbody>
</table>

Source: Author, 2015.

From the regression results in Table 4.3 above, the coefficient of correlation 0.110 shows that the relationship between working capital management and share returns is insignificant though positive. The coefficient of determination (R^2 = 0.012), which denotes the amount of variation in the dependent variable (share returns) that is explained by the independent variable (working capital management) indicating that 1.2% variation in share returns results from a change in average collection period, average payment period and cash conversion cycle jointly. The study therefore failed to reject the fifth hypothesis which stated that the relationship between average collection period, inventory turnover days, average payment period, cash conversion cycle and stock returns for the firms listed at the NSE is not significant.
4.5 Correlation Analysis

Table 4.4: Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>RETURNS</th>
<th>ACP</th>
<th>ITD</th>
<th>APP</th>
<th>CCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearosn Correlation</td>
<td>RETURNS</td>
<td>1.000</td>
<td>.022</td>
<td>.089</td>
<td>-.009</td>
</tr>
<tr>
<td></td>
<td>ACP</td>
<td>-.022</td>
<td>1.000</td>
<td>.331</td>
<td>.762</td>
</tr>
<tr>
<td></td>
<td>ITD</td>
<td>.089</td>
<td>.331</td>
<td>1.000</td>
<td>.519</td>
</tr>
<tr>
<td></td>
<td>APP</td>
<td>-.009</td>
<td>.762</td>
<td>.519</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>CCC</td>
<td>.085</td>
<td>.304</td>
<td>.719</td>
<td>.014</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>RETURNS</td>
<td>.408</td>
<td>.408</td>
<td>.173</td>
<td>.461</td>
</tr>
<tr>
<td></td>
<td>ACP</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>ITD</td>
<td>.461</td>
<td>.000</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>APP</td>
<td>.183</td>
<td>.000</td>
<td>.000</td>
<td>.442</td>
</tr>
<tr>
<td></td>
<td>CCC</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>RETURNS</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>ACP</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>ITD</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>APP</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>CCC</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>115</td>
</tr>
</tbody>
</table>

Source: Author, 2015.

The findings in the correlation analysis table 4.4 above shows that the relationship between average collection period and share returns is –0.022 showing that there is a negative association between average collection period and share returns. The relationship is not significant at p>0.05. Similarly, the relationship between average payment period and share returns is -0.009 showing that there is a negative association between average payment period and share returns. The relationship is not significant at p>0.05. On the other hand, the relationship between inventory turnover days and share returns is 0.089 showing that there is a positive association between inventory turnover days and share returns which is not significant. The relationship between cash conversion cycle and share returns is 0.085 showing that there is a positive association between cash conversion cycle and share returns. The relationship is also not significant.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter summarizes the findings of the research study of the relationship between working capital management and share returns of companies listed on the Nairobi Securities Exchange. The chapter also draws conclusions from the findings, provides recommendations for further research and highlights the limitations of the study.

5.2 Summary of Findings
The study first investigated the relationship between each of the working capital management variables with the share returns. Regression results showed that the relationship between average collection period and share returns was negative at -0.0013, but the effect was not significant. The relationship between average payment period and share returns was however positive at 0.006 but the effect was also not significant. Similarly, the relationship between cash conversion cycle and share returns was positive at 0.0011 but the effect was not significant. The inventory turnover days was excluded from the model results meaning that inventory turnover days had no effect on share returns. The regression results on a combination of all the working capital variables produced a coefficient of determination, $R^2 = 0.012$ indicating that only 1.2% variation in share returns results from a change in average collection period, average payment period and cash conversion cycle jointly. This result shows that there is an insignificant relationship between working capital management and share returns. The exclusion of inventory turnover days from the model results means that the variable has no significant relationship with share returns when combined with other variables.

An analysis of the descriptive statistics showed that working capital management variables are right skewed to their means because they have a skewness statistics greater than zero. Conversely, share returns are skewed to the left. The measure of peakedness shows that both working capital and share returns have flatter distributions than a normal distribution because all the statistics are less than 3. It is also notable that shares of the firms listed at the NSE have on
average returns of -2.87 with a minimum of -1.82 and a maximum of 0.91, meaning that there was a general reduction in share returns during the period.

5.3 Conclusions of the Study
The findings of this study show that there is negative but insignificant relationship between share returns and average collection period hence failed to reject the first hypothesis. On the other hand, the relationship between share returns and average payment period and share returns and cash conversion cycle is positive but insignificant hence the third and fourth hypotheses were not rejected. The exclusion of inventory turnover days from the model results means that the variable has no significant relationship with share returns when combined with other variables. It can therefore be concluded that working capital management has an effect on share returns, but the effect is not significant as only a small portion of changes in share returns is a result of changes in working capital management variables. This implies that share returns are significantly affected by other factors apart from working capital management.

5.4 Recommendations of the Study
While the findings of this study shows that the relationship between working capital and share returns is not significant, adverse working capital performance could eventually result in significant effect on share returns. It is therefore important for management to pay close attention to working capital performance.

In particular, managers should aim at decreasing the average collection period so as to improve the cash flow of the company and thereby increase share returns. Increase in average payment period on the other hand means that the company can take longer periods to pay their suppliers as long as this does not affect the reputation of the company and loss of other benefits such as early payment discounts and favorable prices. A longer average payment period means that a firm can have more cash available either to invest or to add more stock and therefore increase sales.
5.5 Limitations of the Study

The population of this study covered all the 64 companies listed on the Nairobi Securities Exchange but only 29 companies qualified for the study. Some of the firms were eliminated due to lack of sufficient data for the study such as having consolidated figure under current assets and current liabilities and therefore the individual working capital variables could not be isolated. The study also covered a period of only 5 years which is a short period and this may affect the results of the study.

The study did not apply any control variables and therefore could not determine the extent to which share returns were affected by other variables apart from working capital management variables. Due to these limitations, the findings of the study should not be generalized with certainty.

5.5 Suggestions for Further Research

This study should be done using a larger sample and over a longer period of time and use other companies that are not listed on the Nairobi Securities Exchange. A similar study can also be done for institutions in the finance and investment sector such as banks and insurance firms. The relationship between working capital management and share returns of other specific industries may also be done. Other measures of performance other than share returns should also be considered in future studies. Future studies should also apply control variables to isolate the effect of other variables other than working capital on share returns.
REFERENCES


Mathuva, (2010), The Influence of Working Capital Components on Corporate Profitability, a Survey on Kenyan Listed firms. *Faculty of Commerce, Strathmore University*.


# APENDIX

## Appendix – Data Collection Sheet

**THE EFFECT OF WORKING CAPITAL MANAGEMENT ON SHARE RETURNS**

<table>
<thead>
<tr>
<th>Ref</th>
<th>Company</th>
<th>Year</th>
<th>Average Accounts Receivables</th>
<th>Average Daily Sales</th>
<th>A C P</th>
<th>Average Inventory Holding</th>
<th>Cost of Goods Sold</th>
<th>I T D</th>
<th>Average Accounts Payable</th>
<th>Cost of Goods Sold</th>
<th>CCC</th>
<th>CCC</th>
<th>Opening Share Price</th>
<th>Closing Share Price</th>
<th>Share Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A. Baumann &amp; Co Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>ARM Cement Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>B.O.C Kenya Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bamburi Cement Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>British American Tobacco Kenya Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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