FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF PUBLIC UNIVERSITIES IN KENYA

BEDAN MAINA NGARI

D53/OL/CTY/26338/2015

A RESEARCH PROPOSAL SUBMITTED TO THE SCHOOL OF BUSINESS, ECONOMICS AND TOURISM IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE WARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION (FINANCE OPTION) OF KENYATTA UNIVERSITY

DECEMBER 2024

DECLARATION

Student Declaration

This research endeavor is entirely my own and hasn't been submitted for an award at any other institution.

Signature:_____ Date:_____

Bedan Maina Ngari

D53/OL/CTY/26338/2015

Supervisors Declaration

I confirm that the work reported in this research project was carried out by the candidate under my supervision.

Signature:_____ Date:_____

Dr. Eddie Simiyu

Department of Accounting & Finance,

School of Business, Economics and Tourism,

Kenyatta University

DEDICATION

In recognition of my beautiful loving wife Catherine's assistance, thought, encouragement and support during the entire process, this project is dedicated to her. To my kids, Stacie, Elle, Ethan and Maya, as a motivation to reach for the moon and to always do better for themselves.

ACKNOWLEDGEMENT

I give thanks to God that I have life, good health, and enough grace to think of this idea. Appreciation to Dr. Eddie Simiyu, for all the help in making sure that this project is approved. We are grateful for your support and encouragement. Yes, you were patient with me and gave me the advice I needed quickly.

I'd like to thank the Kenyatta University fraternity and the Accounting and Finance department for their unwavering support in assisting me in achieving my academic objectives. The assistance I got from coworkers and classmates during the training, as well as the frequent updates I got when I started preparing my project, particularly regarding deadlines and important proposal requirements. Having your help has been essential to bringing this project this far.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

OPERATIONAL DEFINITION OF TERMS

Financial performance: Financial results that a university reports from its operations over a specified timeframe. Among the metrics is the net surplus/deficit.

Financial management practices: These are the strategic planning and optimal use of financial resources to maximize opportunities for current and future financial operations improvement. Among the metrics are capitalization, financial reporting, and financial planning.

Financial Planning: Introducing or starting the process of allocating university resources in order to meet predetermined goals. The measure here includes cash planning, financial objectives, contingency planning, and financial forecasting.

Financial Reporting: This is the dissemination of the results of the financial operations of the universities in a given period to ascertain if and whether allocated resources have been utilized properly or otherwise. Its measures are financial statements, financial reporting frequency, financial reporting standards, and quality of financial reports

Fully fledged Universities: These are universities that are qualified or completely developed.

Funding Capitation: The sum of money provided by the government to the university to support its operations. The measures include adequacy of government funds, increased number of students, amount of funds availed, and size of the university.

Public university: These establishments educate the public and primarily rely on public funds to support their operations.

ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
APA	American Psychological Association
CFO	Chief Financial Officer
CS	Cabinet Secretary
CUE	Commission of University Education
DUC	Differentiated Unit Cost
FM	Financial Management
FMP	Financial management practices
KMTC	Kenya Medical Training College
KTDA	Kenya Tea Development Agency
KUCCPS	Kenya Universities and Colleges Central Placement Service
NACOSTI	National Commission of Science, Technology and Innovation
NGOs	Non-Governmental Organizations
NPM	New Public Management
ROA	Return on Asset
SAP	Structural Adjustment Program
SMEs	Small Medium Enterprises
SPSS	Statistical Package for Social Sciences
TUK	Technical University of Kenya
UFB	University Funding Board
UK	United Kingdom
UON	University of Nairobi
US	United States
USA	United States of America
USAID	United States Agency for International Development
UWSP	University of Wisconsin–Stevens Point
VIF	Variance Inflation Factor
WCM	Work Change Management

ABSTRACT

Public university is an institution that provides higher education for the citizens and mostly rely on government funding to carry out its activities. Public universities are institutions governed by the Universities Act, No. 42 of 2012, tasked with enhancing the level of services provided to citizens. When sensible financial control is applied to university expenditures and investment choices, service delivery is made possible. The financial performance of the universities have been worrying, for instance, in the year 2021, the institutions posted a deficit of Ksh 6.2 billion while in 2022, had a deficit of Ksh 1.332 billion. In light of this, the study looked at how methods for managing money affected Kenyan public universities' performance. The study focused on financial reporting, financial administration and the impact of capital budgeting on university performance. Meanwhile, capitation was employed as a moderating variable. Further, the research adopted a null hypothesis where it sought to ascertain connection amid the study variables. Three theories served as the foundation for the research: the economic theory of allocative efficiency, the new public management theory, and the ratio analysis theory. It embraced a descriptive cross-sectional survey where the target population was all the 32 public universities listed by Commission of University. The study used all the fully-fledged universities as the unit of analysis. Questionnaire was used in collecting data as a primary source that consisted of close-ended questions. The respondents included 32 Chief Financial Officers in charge of Finance and planning from all the 32 public universities in Kenya. Thus, all 32 respondents were targeted in the study meaning that the census was used due to manageability and accessibility of the target population. The investigation employed primary and secondary data. The questionnaire tested for validity and reliability by use of experts in financial field and internal measures of consistency. The investigator then carried out a test run to evaluate the tool's usability and lucidity. Meanwhile, audited financial reports as availed online and at Kenya Bureau of Statistics by the Auditor General was used as secondary sources of data for the period 2018-2022. Data was analyzed utilizing descriptive analysis (frequency and percentage) and inferential statistics (Pearson and multiple regression analyses). Diagnostic tests were used in the study to assess the regression model's dependability. The use of a NACOSTI data gathering permission was upheld, among other ethical considerations. The research suggested that financial planning, financial reporting, capital budgeting, and capitation had positive significant link with the financial health of the public universities. In connection to financial planning, the study concludes that the universities had financial planning mechanisms in place that aided financial management. On financial reporting, it concludes that the public universities embraced sound, reliable and standard financial reporting practices. Regarding capital budgeting, it concludes that most of the institutions had good capital budgeting practices including involvement of all departments across the Universities, having budgeting committees, and allocation of budgets based on priority. On capitation, it concludes that the total amount of funds disbursed by the government was inadequate and untimely and this affected seamless operations at the Universities. Concerning financial performance, the study concludes that the Universities did not consistently meet their financial budgetary needs since the funding and donations were not able to sustain provision of education services. Among the recommendations is that given the meagre financial resources in their possession, the universities should ensure that funds allocated for specific activities should be specifically used for the intended purposes. According to the report, in order to prevent disruptions to university operations, the government should make sure that the funds are provided to the universities in a timely and complete manner.

CHAPTER ONE
INTRODUCTION

1.1Background to the Study

Financial performance is one of the goals that drives any organization, including academic institutions. Choosing the optimal strategy to increase shareholder wealth is a crucial decision for universities looking to improve their financial performance (Osadchy, Akhmetshin, Amirova, Bochkareva, Gazizyanova & Yumashev, 2018). In the end, the output of graduates created would be impacted by the universities' poor financial performance. However, as the university works to strengthen its financial standing, the calibre of its graduates rises as well, which greatly contributes to the growth and improvement of the economy as a whole (Osiorenoya, 2015). According to Chebiwot, Misoi, and Wanza (2020), implementing a performance management program for staff, providing feedback to employees, and using financial management strategies can all lead to improved performance in public universities. While Balci (2017) noted that financial performance for public universities can only be improved after adoption of financial management practices including budgeting, auditing and putting in place financial control measures to help cut down huge expenses. The administration of the university should create plans that are perfectly in line with financial management procedures and ensure that the plans are put into action in a way that will yield the desired outcomes.

There are financial surpluses and deficits at public universities (Tarus, Gichoya, & Muumbo, 2015). The reasons behind the rise in fiscal deficits were attributed to the differences in university revenue and expenditure growth rates, which can occur when revenue grows more slowly than expenditure, or when revenue declines faster than expenditure increases. This has an impact on academic achievement in universities.

Sometimes public universities cannot afford what they are supposed to. One of the roles of management in every institution is budgeting. One needs to be determined to keep appropriate control over both expenditures and revenue, estimate income in a manner that is reasonably accurate, and carefully forecast future costs by studying past cost data in order to build a budget (A & C Black, 2006; Wikipedia, 2007). The problem here is that several government departments failed to meet their financial commitments. While some people do not develop precise budgets, others create them but do not stick to them. They all lead to poor financial results. Consequently, making a budget by itself is

insufficient; making a precise and workable budget is just as important. Public universities also deal with a wide range of liquidity issues. In the fiscal year that ended in June 2015, for example, an audit of public universities found that 11 of them were having severe financial difficulties, made worse by the fact that their current obligations were more than their current assets (Makokha & Mutisya, 2016). This exemplifies the problems with liquidity that Kenya's public universities face. Therefore, these institutions have been finding it extremely difficult to pay the majority of their monthly financial obligations because of their low operating capital.

Global university financial performance comparisons show some intriguing, if not quite consistent, patterns. According to a recent poll conducted in the UK by British Council Research (2020), the number of domestic and international students has decreased because of the Covid-19 pandemic, which has resulted in a major decline in university revenue. More specifically, a decline in students from East Asia is predicted to cost UK universities £460 million in losses (British Council, 2020). According to a number of international characteristics, such as research and industry income, the majority of Indian universities do poorly (Malley, 2019). Furthermore, a survey disclosed that Indian colleges were dependent on funds from their alumni. The government's incapacity to pay grants for three years provided an explanation for this (The Times of India, 2013).

There are universities in the United States that perform better financially than others, according to data on higher education. For example, Cornell University's management has sought to expand revenue streams to handle costs in a way that is consistent, rational, and obvious across colleges and units in order to ensure a smooth operation (Flaherty, 2018). In order to guarantee that financial management procedures are appropriately adopted, the University of Washington has established an environment that facilitates the reallocation of resources when needed. Additionally, the University of Florida campus has implemented financial management mechanisms that support innovative and financially sustainable entrepreneurial endeavors. University of Oregon Associate revenues that are firmly related to revenue-generating operations have been shown to increase financial performance. The distribution of resources among spending categories, however, showed a wide disparity, according to a 2018 University of Wisconsin–Stevens Point (UWSP) financial report. The elimination of 13 programs, including English and history, and the acquisition or development of 16 specialties in

industries with high employment demand led to the discovery that most institutions were grossly underfunded (Flaherty, 2018).

The majority of universities in Africa struggle to pay their debts on time, which includes paying academic and support workers as well as other creditors. For instance, within the past ten years, Nigerian institutions' educational standards have drastically deteriorated. Saint (2013) asserts that research performance and other revenue-generating activities, such assets, were weak points for Nigerian universities. Such poor financial performance may have been caused by a variety of factors, including military intervention in governance, which led to a decrease in grants or financial support to public universities, the emigration of highly skilled and experienced academic professors, erratic government policies regarding education, and the introduction of structural adjustment programs (SAP). The latter had an effect on the total financial health of multiple schools by reducing government assistance for universities and other higher education establishments. Tuition and education levies were consequently put into place; today, they only make up 10% of university spending (Aina, 2022). Therefore, a significant amount of the issue with universities' insufficient finance is attributable to them.

The majority of South African universities have seen increases in their financial performance. For instance, there was a net change of R5 364 million in universities' cash stock for the 2019 fiscal year. For the fiscal year that ended on December 31, 2019, cash flows from operating activities totaled R72 769 million in expenses and R88 428 million in revenue. Operating activities thus produced an R15 659 million net cash inflow (Okello, Van Dyk, & Vorster, 2020). For the 2019 fiscal year, transactions involving non-financial assets led to a net cash outflow of R7 017 million. The cash surplus for 2019 was R8 642 million. For the 2019 fiscal year, the net purchase of non-cash financial securities led to a cash loss of R2 995 million. The net change in universities' cash stock was R5 364 million. The accounting system used by higher education institutions maintains accounts on an accrual basis of recording, which means that while revenues and expenses are recorded in the period to which they relate to surpluses and transactions, deficits, liabilities, and assets resulting from these transactions are carried over to the following fiscal year.

In Kenya, poor financial management practices have led to not only Universities falling into high debt burdens but also to total failure and shut down. The review done Commission of University Education (CUE) recommended for closure of some Kenyan universities. Another 11 universities were insolvent and unable to cater for its financial obligations(Auditor General's report of 2017). Financial reports from public universities, according to Tanjeh (2018), usually indicate poor financial planning, control, monitoring, and general administration. These studies also demonstrate inadequate resource use, allocation, and accountability, which has a negative impact on the public's service delivery, the economy, and the quality of services provided. Lightbody (2017) claims that financial management initiatives in public institutions have been compelled to take on a subordinate position and have not garnered much attention from the academic community or the literature due to political meddling and never-ending internal management issues. A failing public university system can also be attributed to poor financial management and an unstable business environment, claim Lakew and Rao (2019). As a result, the study's focused on public universities' financial performance and financial management strategies.

1.1.1Financial Management Practices

The management of funds is the processes involved in managing financial assets, such as forecasting, budgeting, capital budgeting decisions, accounting, and financial reporting (Lightbody, 2017). The methods, procedures, internal controls, and practices that pertain to how an organization handles its income, outlays, assets, liabilities, and contingencies are referred to as financial management. It also encompasses the processes for tracking financial and operational performance, managing risk, reviewing budget performance, and providing updates on these activities both internally and externally.

The goal of financial oversight in public institutions is to make sure that resources are available when needed and that they are gathered and used as profitably as possible for all parties involved (Waddell, 2018). Public academic institutions may be severely impacted by the need for financial management procedures. The efficient administration of financial resources in compliance with the budget is essential to a public university's ability to function. But history demonstrates that, in contrast to the expanding range of development activities that could obtain such support, public

academic institutions' financial management practices are often inadequate and constrained by resource shortages (Femi, Michael & Abosede, 2018).

One of the main goals of short-term financial management in non-profit organizations, such as public universities, is to ensure that the organization's operations run smoothly (Musau, 2014). Additionally, it guarantees a balance between maintaining the organization's liquidity and having adequate cash flow for activities. Any business that wants to survive in the long run needs to manage its working capital well since without it, it cannot properly fulfil its daily responsibilities.

Nonetheless, unlike profit-making firms, dividend policies are not in place at public institutions like universities because they are non-profits (Cheruiyot, Oketch, Namusonge, Sakwa, Mutai, & Robert, 2017). However, the nation's public universities get funding from the government. Their non-profit status makes them eligible for a larger share of government support. Despite this, public universities have complained about poor funding or delayed funding disbursements that disrupt their regular operations.

When it comes to investing, public universities are allowed to do so in order to fund their operations (Shapiro & Hanouna, 2019). They have received authorization to work with private investors on facility expansion. The approval is a part of a bigger government initiative to use private funding to close a widening gap in infrastructure finance. Other public colleges who are interested are anticipated to participate in the program. Over the next couple of years, the government anticipates receiving billions in private funding through the framework for public-private partnerships as an investment initiatives. Similar to for profit firms, public universities do engage in investments.

In terms of corporate financial management procedures and liquidity (for profits), higher liquidity means that an investment can be sold for fair value or current market value more easily and more quickly. In order to satisfy their short-term obligations, businesses typically convert their assets into cash, obtain cash through a loan, or have cash on hand (Chen, Shen, Kao & Yeh, 2018). However, because public universities typically receive a larger share of their funding from the government, using liquidity to support their operations may be challenging or even impractical. Therefore, unlike public colleges that rely on student tuition fees and government funding, any lucrative

organization or entity will eventually go bankrupt after failing to pay its short-term creditors their debts.

Financial management is essential in organizations when it comes to money. Profit-making businesses, for example, use capital budgeting procedures to evaluate various investment ideas and calculate the proper investment levels (Finkler, Calabrese, & Smith, 2022). As a result, choosing capital investments in corporate financing requires financial managers to evaluate the company's investment options. Therefore, one of the main motivations driving corporate finance is the desire to receive dividends in return for their investment. However, because public institutions are not for profit, their daily operations are the main focus of any ideas for investments, especially in assets.

Firms can use prudent financial management practices to promote dividend decision-making. This suggests that businesses can use prudent financial management to generate significant profits and increase dividend payments to shareholders (Byrne & O'Connor, 2017). This suggests that stockholders invest with the intention of earning dividend income. Therefore, the company's dividend policy determines the amount of dividend paid to stockholders. The choice of which cash earnings should be reinvested back into the business and how much should be distributed to investors from either current or cumulative retained earnings will partly be anchored financial management practices. As a result, investors purchase shares in hopes of receiving dividend income, but the dividend amount also depends on how well finances are managed. While public colleges do adopt sound financial management techniques, they are not motivated by dividend policies, which are businesses' pursuit of profits rather than the distribution of dividends to shareholders.

The working capital to total assets ratio for businesses will show how liquid they are at any particular time. The financial management team's capacity to efficiently handle the working capital components of receivables, inventory, and payables determines the company's profitability. Working capital management has an effect on a company's profitability and liquidity, and it is well-known in both domains. Working capital policy is determined by two choices: the amount of current assets to be invested in and the method of financing it (Finkler, Calabrese, & Smith, 2022). They continued by explaining that there is a trade-off between risk and earnings when it pertains to a

company's present asset and liquidity levels with respect to its overall corporate structure and cash flow.

Walker and Petty (2014) outlined the main areas of financial management as follows: sources of funding, which includes short- and long-term financing, intermediary financing, and going public; fixed asset and profit planning; investment decision-making; and financial planning, which includes cash, receivables, and inventory management. Mohd, Harif, Osman, and Hoe (2016) list the following as components of financial management: financial preparation and oversight, accounting for finances, financial evaluation, managerial accounting, funding of capital, and working capital oversight. However, Marembo (2013) points out that the most common financial management techniques used by businesses include working funding, fixed asset management, finances, risk management, cash budgeting, and capital layout management. Working capital oversight, financial planning, financial management, accounting information structures, funding choices, and investing decisions are all included in McMahon, Holmes, Hutchinson, and Forsaith's (2013) definition of monetary management methods in Australia, the UK, and the USA. In addition to examining the effect of capitation on the institution's financial health, this study will concentrate on capital budgeting, financial reporting, and financial planning as desirable financial management techniques. Public colleges have been accruing debt since 2013, even before the differentiated unit cost (DUC) mechanism was put into place. In the end, the 2020–2021 financial performance exceeded Shs. 60 billion.

Several empirical studies have been conducted in this area. For instance, Mathenge and Muturi (2017) examined the effects of financial management procedures on the financial well-being of Kenyan public colleges and discovered that accounting supervision and yearly budget compliance significantly affect these institutions' financial performance. Additionally, in her research on the correlation amid financial management methods and effectiveness of Kenya's independent sub-county treasuries, Muthama (2021) found that the vast majority of sub-county treasuries have used WCM procedures. Majimbo (2016) posits how financial management techniques affect Windle International Kenya's donor-funded projects' capacity to be financially sustainable. The study discovered that work change management (WCM) and financial statements were two financial management strategies that improved the projects' financial viability. Ariyo, Onileowo, and Oke (2020) found a substantial association

between financial planning and control and the entity's financial performance when they operationalized risk management, cash budgeting, and control of cash into financial oversight. A study by Orendo and Muturi (2019) identified a robust correlation between budgeting, financial planning, and financial success. Empirical research indicates a link between financial performance and financial management strategies.

In the recent past, student loan debt is overwhelming colleges. If they had not received funding from the government, many may have been forced to close, been declared insolvent, and have their assets auctioned. For example, more students than ever before will be admitted to the universities this fiscal year, despite a major fall in government financing (Kathomi, Njeru, & Ocharo, 2022). Nevertheless, low capitation is a major contributing factor to the financial issues. It is unfortunate that the government merely provides the institutions with crumbs while expecting them to provide first-rate services. The management of public universities is having an awful time attempting to survive and make ends meet. Paying salary and regulatory deductions from employees is a difficult task.

Years ago, the government began funding universities using the "Differentiated Unit Cost" (DUC) model, which made problems worse because of the low capitation rate (Mukhwana, Kande, Nandokha, & Too, 2020). Resources are distributed to schools under this arrangement based on the quantity of undergraduates enrolled in public universities. Previously, each academic program received a single charge of US$1,200. Larger, more established universities, like as KU and UON, favored this approach. Under the new paradigm, university academic programs were split into 14 clusters, with a fixed cost of instruction for each cluster. Universities, meanwhile, are already grumbling and saying they are facing budgetary issues. Kande, Too, and Mukhwana (2018) and this may indicate evident issues that, if ignored, could cause the institutions to face severe financial difficulties and compromise the standard of instruction. Thus, as variables that shaped the particular research objectives, the study concentrated on capital budgeting, financial reporting, and financial planning.

1.1.2 Financial Performance

Financial performance might be used to compare similar businesses within a single industry or to contrast sectors or firms as a whole. It functions as a broad indicator of the overall financial health of a company over a given period of time. The process of

figuring out how a business's practices and activities impact its bottom line is known as financial success (Campbell, 2017). The culmination of all organizational activities and work procedures is the efficiency of the organization. Appropriate metrics enable businesses to concentrate their efforts on achieving their strategic goals, according to Donald and Delno (2018). Public organizations, including colleges, use financial performance standards that are comparable to those used by participants in the private sector. At public universities and other public organizations and businesses, some measures that might be employed are return on assets, net surplus, profitability, and net deficits or losses (Kinyanjui, 2018).

Financial indicators such as ROE, ROA, return on sales, return on investment, return on capital utilized, and sales growth are a few examples of how an organization's performance is evaluated (Gerrit & Abdolmohammadi, 2015). An organization's capacity to attain environmental balance and an improvement in total returns are positively connected with sales growth. Returns on Assets shows the profits over the total. It provides a broad overview of how well the management allocates resources to make money. On the other hand, returns on investments comprise evaluating an investment's efficiency or contrasting the efficiency of many investments (Gorman, 2014). While return on equity is computed by dividing the median revenue by stakeholder shareholder equity, the return on invested capital gauges the viability of expenditures undertaken by a business. These economic achievement measurements may be obtained from the financial reports of a business.

For non-profit making institutions, various financial measures have been embraced. These includes but not limited to liquidity, net surplus/deficit, budget overruns, and staff costs. Regarding liquidity, Waswa, Mukras, and Oima (2018) have defined the variable as the phrase used to express how simple it is to transform assets into cash. Whatever else is compared to, cash is the most liquid asset. This is due to the fact that it is always simple and quick to use. Both individuals and businesses need liquidity. Even when an individual has a large net worth based on the value of all of their assets, they run the danger of running into problems if they are unable to sell those assets for cash. It is the same for businesses. If money is not coming in, they may quickly encounter financial difficulties.

Second, non-profit organizations have also utilized net surplus/deficit as a financial metric. All items of revenue and expense recorded during the period should be included in the computation of the net surplus or deficit for the period (Kahenda, 2022). All revenue and expense items reported during the quarter are usually included in the assessment of the net surplus or deficit for the period. This category includes extraordinary items and the outcomes of accounting estimate changes. Nonetheless, there can be circumstances in which some things can be subtracted from the net surplus or deficit for the present period.

Thirdly, non-profit organizations can also use the staff cost ratio as a financial indicator. Staff expenditures account for the majority of the organization's ongoing or administrative expenses. These expenses cover paying for training, paying for medical care, paying for salaries and wages of employees, and even funding pension plans and retirement benefits (Mukhwana, *et al,* 2016). According to Nwachukwu (2009), money is an extremely emotive subject in any business, whether it be in the public or private sector. This is true for both management and staff. He further argues that inadequate compensation is a persistent source of annoyance and that constant conflict between labor and management will lower productivity and, consequently, profitability.

The fourth financial measure for non-profit organizations is the budget overruns. Over the past ten years, the national treasury has expanded funding assistance for public universities in Kenya in response to their expansion. Approximately 60–70% of the money is allocated to tasks connected to purchasing (Shihemi, 2016). In response to this phenomenon, the public universities have put procurement contract management action plans into place with the aim of enhancing procurement performance. Despite the creation of regulatory bodies, there are still a lot of situations involving cancelled, unfinished, and defaulted contracts. These can cause large financial losses as well as delays in time.

Further, the rising enrollment in Kenya's public institutions, which rose from 546,699 in academic year 2020–2021 to 562,066 in the following year, and was anticipated to reach 600,000 in 2022–2023, has compromised their financial stability (KIPPRA, 2023). Furthermore, the stress has been placed on institutions and students due to underfunding and resource gaps that exceeded two-fold in the academic years 2020–2021 and 2022–2023 amid rising education administration costs and rising student

enrollment. This has been made worse by unpaid invoices, which as of February 2022 totaled Ksh 62 billion. This is an indication of a financial concern that if not addressed may cripple the education sector.

For example, the auditor reports on Kenyan public universities for the period 2019 and 2020 indicate worrying trend as far as their financial performance is concerned. Specifically, The Technical University of Kenya, Nairobi University, and Kenyatta University all reported deficits for the 2019 fiscal year of Kshs. 0.686B, Kshs. 1.3B, and Kshs. (0.678B), respectively. In 2020, there was a comparable pattern of growing deficits, with the UON reporting a Ksh 1.62B deficit and Kenyatta University reporting a Ksh 1.3B deficit (Education Sector, Medium Term Expenditure Framework, 2023/24 –2025/26). These figures show a concerning trend that requires a long-term fix, which is why using suitable financial management techniques is necessary to make sure the limited financial resources are used effectively.

Within the framework of public colleges, it can be difficult to ascertain their financial performance since they were not established to generate profits like the private institutions. Just like any other public institution, the surplus/deficit was used as an indicator for financial performance. Table 1.1 shows public universities' grapple with finances over-time.

Table 1.1Budget-Deficit Statistics

Financial Year	Total Income 000'	Total Expenditure '000'	Deficit '000'
2014-2016	226,430.27	230,107.02	(3,676.75)
2015/2016	279,617.98	281,487.54	(1,869.56)
2017/2018	85,700.00	88,900.00	(3,200.00)
2019/2020	41,180.00	47,880.000	(6,730)
2021/2022	90,450.00	91,782.00	(1,332)

Source: CUE (2014-2022).

1.1.3 Financial Management Practices and Financial Performance

A clear correlation between improved financial outcomes and sound financial management techniques has been established by research. In this respect, McMahon et al. (2013) give a survey of their studies on ways to handle finances in the US, the the

UK, and Australia. Their evaluation of the financial management techniques' context covers several areas: accounting procedures, budgeting and planning, financing options, and investment decisions. Despite the fact that these earlier studies concentrated on financial management, they overlooked crucial elements like working capital management, which includes inventory control, cash management, financial reporting processes, and financial control. According to Baker, Dutta, and Saadi (2017), companies that implemented advanced budgeting strategies as a means of managing their finances outperformed average in terms of their financial performance. Nyongesa (2015) examined the connection amid Kenyan insurance businesses' financial management techniques and their overall financial performance. According to the study, financial management techniques like financial planning, control, and reporting on financial performance were consistently and significantly positively correlated.

A study on financial management techniques and their effect on organizational success was conducted in 2018 by Ahmed, Babar, and Kashif. This study explores the correlation amid methods of financial administration, like managing working capital, capital layout decisions, dividend policies, and investment appraisal procedures, and financial performance assessment in the corporate sector of Pakistan, and organizational performance. The findings suggested that, in the Pakistani business sector, financial management techniques and organizational performance have a positive and substantial association. Gloy and LaDue (2013) looked into how firm profitability was impacted by financial management strategies. The study examined the effects of business analysis and control, analysis of investments, and decision-making on return on asset (ROA). The findings demonstrate that profitability is positively impacted by financial reporting and analysis in a statistically meaningful way. Birech, Kevin, and Alang'o (2016) carried out research on the correlation amid financial planning and the financial success of Nandi County organizations in Kenya. According to the research's findings, the Nandi County government's sound financial planning enhanced financial performance by raising accountability across the board for decision-making. Additionally, a considerable positive correlation were shown amid the Nandi County Government's financial success and financial planning. The aforementioned research show a substantial beneficial correlation amid financial management strategies and financial outcomes.

1.1.4 Government Capitation

Since the founding of Kenya's first university, higher education has expanded significantly over time (Mwendwa et al., 2024). Although higher education was first provided without charge, as times have changed, students now have to pay larger fees in order to attend. The government has set a capitation rate for funding institutions of higher education (Nganga, 2020). This has not been enough to cover the growing expenses of these higher schools.

The government capitation dropped from the projected 80% of tuition prices to 48% by the time the new finance model was introduced (Mwendwa, Gatauwa, & Mungai, 2024). The government will need to enhance funding for higher education because more students are expected to enroll in college in 2025. Universities are left on their own to generate additional revenue to cover their high operating expenses. In an attempt to fill the financing gap left by the government, they have resorted to student fees.

1.1.5Public Universities in Kenya

In order for developing countries to prosper in a knowledge-driven and dynamic world, higher learning were viewed as a critical component of development in which they must invest attention (Mange, 2013). According to Mange, a university education is essential to the advancement of humanity on a worldwide scale. By growing the number of universities, Kenya, one of the growing countries, has taken the lead in raising the bar for education. Public colleges have grown independently since independence. The Commission for University Education (CUE), an entity entrusted with constructing universities as well as standardizing, accrediting, controlling, and supervising them, has approved thirty-two public universities. The educational institutions offer a variety of qualifications, including honorary degrees, doctor of philosophy, doctor of science, post-graduate certificates, diplomas, and higher national diplomas.

Some state universities in Kenya were deemed technically insolvent according to the auditor general's findings (Auditor-General, 2019), which exposed a financial crisis in Kenya's higher education sector and shed light on the reasons why these institutions are unable to pay their obligations. This suggests that financial management concerns may arise at public colleges taught by some of the best minds in the country.

A few governmental universities in Kenya have declared bankruptcy. There are terrible weather conditions, extremely subpar facilities (e.g., foul-smelling pit latrines, road and

path networks, internet facilities), inadequate water supply, inadequate workspace for lecturers, a lack of important social amenities and poor maintenance of those that are available, and inadequate power in some higher education institutions. Many of these universities' laboratories lack basic supplies and equipment, as well as highly skilled and knowledgeable technicians who can independently and successfully supervise undergraduate and graduate students' hands-on learning experiences (Kinyanjui, 2018). Due to these reasons, the study's main focus is on how approaches to financial management affect Kenya's public universities' financial standing.

1.1.6Regulatory Framework (University Funding Board)

A Board of Trustees identified as Universities Funding (UF) that has been in existence since 2016, oversees the management of the Fund. Section 53 of the Universities Act, 2012 founded the Universities Fund (UF) to provide universities with sustainable financing. Managing Universities Fund is the Trustees' primary responsibility. Creating a fair and transparent university funding selection process is one of the Trustees' main duties, along with advising the Cabinet Secretary on matters pertaining to finance for higher education (McCowan, 2018).

According to the framework, Government funding are distributed to public universities according to number of sponsored students and courses they are undertaking. Universities also receive funding from other sources in addition to government subsidies. This is additional funding for public universities, which also receive funding from the government, recurring expenses, capital expenses, income-generating activities, and tuition fees among others. The universities funding structure was created to ensure equity in the distribution of monies. It specifies the prerequisites for student and institutional financing eligibility. The framework is laid out in a funding model which employs quantifiable and objective metrics for implementation considerations. The framework applies to students enrolled by KUCCPS and/or through admission, as well as authorized colleges and/or organizations acknowledged by CUE.

In theory, the government should pay for university programs at 80% of the entire cost, but in practice, this has decreased to roughly 48%, burdening colleges with debt. In February 2023, the CS Education claimed that financing for universities has not increased in tandem with the rise in the number of students’ eligible for government aid. For example, the financing required for public universities in current fiscal year

(2023) is Sh72 billion, but only Sh44 billion has been authorized, creating a Sh28 billion imbalance in the four 4 University funding

1.2Statement of the Problem

Poor financial management, which manifests as inefficient internal control mechanisms and financial resource mismanagement, is the main issue facing the majority of public universities. The auditor reports on Kenyan public universities for the period 2019 and 2020 indicate worrying trend as far as their financial performance is concerned. For example, the Technical University of Kenya, Nairobi University, and Kenyatta University all reported deficits for the 2019 fiscal year of Kshs. 0.686B, Kshs. 1.3B, and Kshs. (0.678B), respectively. A similar trend with increasing deficits were observed in the year 2020 where the UON recorded a deficit of Ksh. 1.62B as Kenyatta university registered Kshs. 1.3B deficit. Further, total spending for the fiscal years 2019–20 and 202–21 was KSh 446 billion against authorized budget of KSh 479.5 billion and KSh 499 billion against the budget that was approved of KSh 504 billion, respectively. KShs 553 billion is the projected budget for FY 2023–2024, 581 billion for FY 2024–2025, and 607 billion for FY 2025–2026. Despite this, the Sector faces a KSh 197B financing shortage for the fiscal year 2023/24 (Medium-Term Spending Framework for the Education Sector, 2023–2025–2026). Unless these trends are reversed, many institutions of higher learning are going to face challenges and eventually close down.

Prior research has concentrated on the finances and financial performance of different organizations. A study by Yogendrarajah, Kengatharan, and Suganya (2017) examined the connection amid financial management strategies and smaller businesses' success in Sri Lanka. In this respect, the research discovered an astounding correlation. Yohanes, Debela, and Shibru (2018) conducted a similar study in Ethiopia, concentrating on FM practices and the ability of smaller firms to succeed. Ali and Isak (2019) studied the financial performance and operating practices of service firms in Somalia. The various issues that have been found to have an impact on how money are handled in both public and private universities have not received much attention in Kenyan research. Since Demba (2013)'s research on the effect of financial management techniques on the financial performance of KMTCs did not particularly cover public universities, the current study is required. Therefore, it is impossible to draw inferences about public universities in Kenya from the study's findings. Mathenge and Muturi's

(2017) study sought to determine how financial management strategies affected Kenyan public universities' financial standing. The study looked at budget adherence and financial tracking as strategies for planning. The study's discussion of the factors were based on the agency, complexity, budgeting, and resource-based theories. The research suggested that financial monitoring and adherence to the annual budget have a major impact on the financial success of Kenya's public universities. However, the current research used reporting, monitoring, and capitation as independent variables to close the gap, whereas the previous study just used budgeting and monitoring. Rugutt (2018), concentrating on the Kenya Tea and Development Authority, connected FM practices and performance where noteworthy interaction was discovered. The current study is required to fill the knowledge gap because the study solely examined KTDA and neglected Kenyan public universities.

It is clear from the aforementioned research that some of them will be carried out in different settings, such as Ethiopia, Somalia, and other nations. Research gaps were left by those done in Kenya among SMEs and public universities in Kenya, which the researcher is attempting to address. By concentrating on extra factors, the current research sought to bridge this gap by figuring out how financial management practices affects the financial performance of Kenyan public universities.

Budgeting, financial reporting, and capitation are the elements of financial management that were examined in this study. Financial reporting was employed in this investigation to ascertain whether the allotted resources have been spent appropriately, and financial planning will be applied to determine how the universities spend their resources to achieve the established aims (Mohd, Harif, Osman, & Hoe, 2016). However, capitation showed how much funding the government gives universities in order for them to continue operating. According to the report, each of these factors improves the financial performance of Kenya's public universities.

1.3 Objective of the Study

The following overarching goals served as the research’s objectives:

1.3.1General Objective

To ascertain financial management practices and financial performance of public universities in Kenya.

1.3.2Specific Objectives

The research was dictated by the subsequent particular objectives:

i. Evaluate how financial planning affects Kenyan public universities' financial performance.
ii. Determine how financial reporting affects Kenya's public universities' financial performance.
iii. To ascertain how capital budgeting affects Kenyan public universities' financial performance.
iv. To ascertain the moderating effect of capitation on financial management and performance of Kenya's public universities.

1.5Research Hypothesis

The research utilized null hypothesis.

H_{01}: The financial planning of Kenya's state universities has no relationship with financial planning.

H_{02}: Financial reporting has no relationship with the financial performance of Kenya's public universities.

H_{03}: Capital budgeting has no relationship with Kenya's public universities' performance.

H_{04}: Capitation has no moderating influence on Kenya's state universities' performance and financial management practices.

1.6Significance of the Study

Policy makers: State Department of University Education and the University Funding Board would find this report useful. Specifically, it would provide guidance to different government agencies—such as companies and ministries—on the drafting of laws pertaining to public entities' financial management. The government department will be able to improve public universities' financial performance by implementing the recommendations from the study in their financial management practices.

University management: The research results may provide fresh insights on the performance and financial management of Kenya's public universities. To be more precise, the management will put the results into practice by modifying their financial management practices as needed to boost financial performance.

Public universities: The results and suggestions of this study could potentially be used by Kenya's public universities to guide their policy change initiative about efficient financial management techniques to enhance financial performance and serve as a reference for future research.

Research and academia: Other academicians may also use it as reference material to advance their research. The recommendations in this study material may help future researchers improve their studies in this field, and the researchers may consider it a valuable reference source. The analysis will highlight topics that may be investigated further and about which researchers could learn more. Additionally, it would aid in bridging the current knowledge gap in the field.

1.7Scope of the Study

The primary focus of the research was on the financial management practices employed by each of the 32 public colleges. Only 32 public universities formed the geographic scope of this study. Regarding content/variable scope, financial planning, financial reporting procedures, capital budgeting, capitation, and financial performance were employed in this research. The population scope included Chief Financial officers. The study covered the years 2018–2022. This period of time was chosen because numerous government-funded institutions had a noticeable trend toward financial deficits.

1.8Organization of the Study

The study's background, problem statement, variables, and goals are all covered in Chapter one. There are additional sections discussing the study's significance, scope, and limitations. Chapter two provided the theoretical framework and a review of the literature on financial management techniques and financial success in public universities. The conceptual framework highlighted the relationships between the variables and the gaps in the literature. The third chapter discussed the study methodology, which included the research design and the procedure for determining the sample size from the target population. It demonstrated the tool, method, and analysis process in addition to the data collection process. Findings and debates were provided in Chapter four, and conclusions and suggestions were included in Chapter five.

CHAPTER TWO
LITERATURE REVIEW

2.1Introduction

This chapter reviewed the theories that formed the basis of the investigation. This chapter also reviews the literature on financial management practices and performance, highlighting the gaps that was filled by the study.

2.2Theoretical Review

The economic theory of allocative efficiency, ratio analysis theory, and new public management theory all of which were covered in the following subsections.

2.2.1New Public Management Theory

The theory formed the basis of the study. Christopher Hood put this notion forth in 1991, and he called it a "Marriage of Opposites." This strategy aims to establish an administration through the application of decentralization, a market-based view of public services, minimum government, adaptability, openness, and debureaucratization. NPM was initially used by academics in the UK and Australia as a technique created in the 1980s to try to make public service models more like to private sector business strategies. Using public sector management models and techniques is intended to increase performance, efficacy, and efficiency in public agencies (Hyndman & Lapsley, 2016). As the private sector concentrates on customer service, under NPM, public entities also focus on improving customer service but the customers in this case are the citizens and the general population. Using this theory, a study by Islam (2015) pointed out that in NPM, the public employees are viewed as the public managers, while the citizens as the customers. Endeki and Minja (2021) also used this theory and found that, readjusting the connection amid public service managers and politicians is the main goal of NPM.

This theory connects to the current study by recommending that the management teams of public universities take into account using management concepts, methods, and practices that are used by private sector firms and private universities by harmonizing the relationship. To enhance the financial performance of the educational institution, it will establish a connection amid the financial management strategies employed by public universities and the models that Kenyan public universities have adopted. Just like the private sector pays for performance and work done, there is clear performance

targets and evaluations, then, the public universities should adopt these measures to improve financial health. The independent variable, the financial management techniques of Kenya's public universities, is therefore supported by the theory.

The new public management has several weaknesses. In particular, it places too much emphasis on markets and competition. This implies that government organizations pay less attention to social objectives, equity, and community service only thus ignoring other factors such as economic determinants of public finance management.

2.2.2Economic Theory: Allocative Efficiency

Michael Farrell first proposed the theory in 1957. It is also known as social efficiency, and it refers to the utilization of limited of financial resources to satisfy people's wants in a Pareto-optimal manner. The distinction made by economists is that the theory should not be confused with the best use of organizational resources to meet requirements. Within the concept of the theory, there is also a moral component. According to Chen and Irarrazabal (2015), using society's resources to address the needs of its citizens is regarded as morally just and socially responsible. Allocative efficiency is composed of three components: first, it ensures that financial resources are allocated appropriately to satisfy the needs and preferences of all parties involved; second, it explains the economic definition of efficiency, which is that financial resources are never wasted or deemed wasteful; and third, when allocative efficiency is achieved, no one is willing to exchange goods with another in an attempt to maximize the benefits that both parties will receive.

A study by Aparicio et al. (2017) used this theory and found that allocative efficiency may be used when allocating limited financial resources. Sometimes, this is done by trading with others to share the benefits, and other times, no one is ready to deal, but all parties involved still gain from using the resources. A study by Mbau (2019) found that management and leadership in the Kenyan public institutions can adopt the economic theory of allocative efficiency in distribution of its minimal resources in such a manner that the university benefits through increased financial performance. Therefore, with good financial planning, universities can effectively allocate the meagre resources provided by the national government to meet the students' education needs. For this reason, the idea relates to financial performance of public institutions.

Despite its usefulness in this research, the theory is not devoid of weaknesses. For example, stimulative policies can encourage certain public institutions to use dubious means to seek financial allocation to survive and have a negative effect on allocative efficiency. Therefore, unjust resource allocation to particular institutions can result in capital misallocation and reduce allocative efficiency.

2.2.3Ratio Analysis Theory

Euclid promoted the theory in his book "Elements" from 300 B.C. In the financial industry and other organizations that need to assess their financial performance, ratio analysis is an essential tool. This idea aids in decision-making for firms on day-to-day operations. It also highlights how different corporate divisions work together to improve financial performance and simplifies accounting statistics. In order to improve overall financial performance, this theory specifically facilitates the condensing and simplification of accounting data into the required format and highlights the relationships between the facts and figures of various business divisions (Uechi et al., 2015). It also helps the business reduce waste and inefficiencies so that its financial performance can be enhanced.

In other words, management can determine if an institution's financial situation is improving, declining, or staying the same over time by using ratios to spot a pattern. Ratio analysis allows the analyst to determine if a movement is advantageous or negative (Tamari, 1978). Sahu and Charan (2013) use this theory and found that management tasks including forecasting, organizing, and controlling can be aided by a trend analysis of significant ratios. The concept is significant to this research because it will elucidate whether or not financial management practices at public institutions promote the use of net surplus as an indicator of enhanced financial success.

The theory is not without its criticism. Thuita (2021) determined that data from the organization's financial accounts underpins ratio analysis. The organization's management could manipulate this data to portray a performance superior to what actually transpired. Consequently, ratio analysis may not accurately represent the true character of the organization, as simplistic analysis fails to detect information distortion.

2.3Empirical Review

The goal of this section is to review empirical research on the effectiveness and methods of financial management.

2.3.1Financial Planning and Financial Performance

Owembi and Omwono (2016) conducted a study on financial planning and its relationship to financial performance. The research's focal point was Kenya's Nandi County. Financial planning was operationalized as part of budgetary allocation, working capital management, financial objectives, financial goals, and management investment choices. The iceberg theory of money management was used in guiding the study apart from the modern portfolio theory and the agency as well as stakeholder theory. The adopted design was correlational with 80 staff from senior management team being targeted. After gathering information from primary sources, it was found that financial performance and financial planning clearly and significantly correlate. The project's limitation to Nandi County has produced a research gap that was filled by this study.

Mathenge and Muturi's (2017) study sought to determine how financial management strategies impacted Kenyan public universities' financial standing. The study looked at budget adherence as a planning and tracking tool. The study's explanation of the variables was based on agency theory, complexity theory, theory of budgeting, and resource-based theory. According to the study's findings, Kenya's public universities' ability to make money is significantly impacted by financial oversight, contingency planning, and adherence to the annual budget. However, the current study used reporting, monitoring, and capitation as independent variables to close the found gap, whereas the previous study just used budgeting and monitoring.

Ariyo, Onileowo, and Oke (2020) focused on small firms in Ekiti State in their study on financial planning and its connection to financial performance. The cross-sectional methodology of the investigation operationalized financial planning into cash projections, cash authority, cash budgeting/planning and handling risks. The investigation collected data from primary sources bolstered by a survey of fifteen small and medium-sized enterprises. The investigation found a strong correlation between the entity's financial success and financial planning as an independent variable. The study, which was notable for being carried out in Nigeria and concentrating on smaller

businesses, means that Kenyan conditions cannot be inferred from the findings. Therefore, by evaluating the impact of financial planning on the performance of Kenya's public universities, the current study aimed to close the gap.

Kang'aru and Tirimba (2018) emphasized nonprofit health organizations in their study to highlight the connection between financial health and financial planning. WCM, cash planning, inventory planning, and budgeting techniques were among the study's variables. The investigation focused on 108 nonprofit organizations in total, and a census design was chosen. Data was collected from primary sources. The research revealed a robust and favorable association amid financial performance and financial planning (financial objectives). The study at hand is significant, but it was conducted on nonprofit health organizations, whose organizational structures differ from those of public universities hence the call for this study.

With an emphasis on non-governmental organizations, Orendo and Muturi (2019) examined financial planning and its relationship to financial performance. The investigation especially targeted organizations financed by USAID. The study encompasses budgeting, financial forecasting, and contingency finance as factors. Financial performance and financial planning are significantly and directly correlated, according to the study, which gathered data from first-hand sources. There is a research gap that the current study filled since the aforementioned study was restricted to non-governmental organizations and did not include Kenyan public universities.

2.3.2Financial Reporting and Financial Performance

The study by Oncioiu, Petrescu, Bîlcan, Popescu, and Anghel (2020) looked at the connection amid the reporting system's durability and the financial success of private service firms. The study used descriptive research design. The primary objective of the research was to ascertain and emphasize the accessibility of corporate sustainable reporting (financial statements) and its relationship to financial performance. Financial sustainability was found to need financial management, which has a positive link with the financial performance framework. However, rather than Kenya, which is a developing country, the research was conducted in Rome, a developed nation. Once more, it examined the reporting framework's sustainability, but it did not address financial reporting generally, which is why this research was necessary.

Al-Dmour, Abbod, and Al-Balqa (2018) carried out an investigation regarding the relationship between non-financial performance and the quality of financial reporting. The research was carried out in a Jordanian setting. A questionnaire was used to collect data for the inquiry, and 239 people answered it. Norms and frequency of financial reporting were two of the metrics used to gauge financial reporting. The investigation's findings demonstrated a strong correlation between the entity's non-financial performance and financial reporting frequency. However, because the study was restricted to Jordanian enterprises, which have a different geographic context, a more focused investigation like the one that is presently ongoing is required to look into the connection between financial reporting and the public universities' performance in the nation.

Osiorenoya (2015) studied financial reporting and its relationship to financial performance. The investigation focused mostly on Nigerian listed firms. The quality of financial reporting is one of the criteria examined by the investigation, with returns on assets, stocks, and profit after taxes serving as performance indicators. Financial report timeliness, relevance, and dependability were used as metrics for evaluating financial reporting. The investigation was reinforced by descriptive survey and cross-sectional design. It was mentioned that there is a strong correlation between ROA and the quality of financial reporting. One of the study's suggestions was that listed organizations should implement best practices for financial reporting in order to improve success. The research was however, done amongst listed firms in Nigeria while the current study was geared in ascertaining the effect of financial reporting on the financial health of public universities in Kenya to narrow the contextual knowledge gap.

Osadchy, Akhmetshin, Amirova, Bochkareva, Gazizyanova, and Yumashev (2018) conducted an investigation on financial statements and their influence on decision-making capacity. The main goal of the investigation was to strengthen the entity's financial statement preparation process. The study noted that an organization should take an integrated approach when preparing the financial statements. It is important to systematize the indicators of both financial and non-financial performance of the entity. However, the study was limited to financial statements and their link to decision making ability whereas the current study used financial reporting and financial performance as independent and dependent variables, respectively. Such an approach helped in bridging the identified research gap in the study by Osadchy et al. (2018).

Musili and Wepukhulu (2019) focused on financial reporting and its associated link with performance of an organization. The research was done inside Kenya's Ministry of Tourism. Nine state corporations served as the unit of analysis in the descriptive survey design that was used. The unit of observation was comprised of 103 respondents in total. The investigation was based on information obtained from primary sources. Financial performance and financial reporting, as determined by the accuracy, financial reporting standards, and timeliness of financial reports, were found to be directly and significantly correlated. The study's recommendations included the necessity for the organizations to monitor the amount of spending, regularly examine the budget, and make long-term financial projections. Nevertheless, the research did not concentrate on public universities hence the need for the current research to bridge the contextual research gap.

2.3.3Capital Budgeting and Financial Performance

Callahan and Waymire's (2017) study in the US looked into the connection between performance and budgetary control. The study employed data from secondary sources. Also employed was causal research. The control of budgets and its correlation with performance over the 2003–2004 era were investigated in this study with a sample of 19 sizable, typical American municipalities. The research's component analysis revealed a strong and positive association between bond rating and the efficiency of budgetary control (setting budgeting priority). Nevertheless, since the study was conducted in a developed economy, there is a research gap that needs to be filled with a local investigation.

Nickson and Mears (2021) investigated the connection between state ministries' operations and financial budget control in Boston, Massachusetts. To examine the relationship between state ministry performance and budgetary control, a sample of five ministries was selected. A 10-year evaluation and secondary data were both used. The model was used for regression analysis. It was shown that the effectiveness of state ministries and financial budget control through the use of a capable budget committee were significantly positively correlated. The regression study's findings demonstrated that good financial control practices have an effect on state ministries' performance. The results align with a study conducted by Obulemire (2020) that examined the financial management practices of well-known Nigerian companies. The research revealed that the budget council and interdepartmental group discussions were the most

widely used budgeting tools, with less emphasis on brainstorming. He also found that worker participation and passion in the financial process were hard to ignore.

Silva and Jayamaha (2018) also sought to evaluate the budgetary practices of Sri Lanka's garment industry and ascertain whether they significantly affected the industry's performance. Correlation and regression research, using data from the garment sector's financial statements, showed a strong relationship amid the budgetary process such as involvement and the success of Sri Lanka's apparel business. This illustrates how successful apparel companies uphold superior financial practices, which improve organizational performance and so demonstrate a positive relationship. Nevertheless, the research was undertaken in apparel industry while this research concentrated on public universities in Kenya.

Another study on capital budgeting and its relationship to the financial performance of Kenyan higher education institutions was carried out by Otieno (2019). The investigation's primary focus was on public universities. Among the participants contacted were the finance officials and accountants. The survey was used. The study was conducted from 2014 to 2017. The study found a clear relationship between a company's degree of financial health and budgeting planning, sufficient money, coordination, and control. The strategies for reducing expenses to achieve the goals were believed to fall under the purview of budgetary control. However, the study relied on information between 2014 and 2017 hence the call for a more recent study. The study did also not use surplus/deficit as the financial performance measure hence the need for the present research.

2.3.4 Moderating Effect of Capitation on Financial Performance

Cox (2012) investigated how Georgia's public institutions' academic performance was affected by capitation rates. A mixed research strategy was employed for this study. The survey included 4,689 managers and students from various departments. Funding capitation was measured by the amount of money allotted. Data was gathered using structured questionnaire whereas interview schedules was employed to collect information from departmental managers. The research discovered, through the utilization of descriptive statistics, that insufficient capitation rates had an impact on the functioning of the public institutions under investigation. The new research was

necessary because the previous one was conducted in a developed economy and its conclusions could not be applied to the Kenyan context.

In a different research, David and Paul (2014) examined the relationship amid capitation and Irish tertiary college achievement. The writers used an exploratory research design. Using an interview guide, data was collected from 200 employees of various postsecondary universities. By comparing the total number of students to the funds disbursed by the relevant authorities, the study, which employed thematic analysis, discovered that capitation installment frameworks were poorly programmed. As a result, many tertiary institutions were unable to effectively provide education programmes, which had an adverse impact on students' learning and overall performance. This research aims to close the contextual information gap that exists since, notably; the study was conducted among postsecondary institutions rather than public universities in Kenya.

Another work by Peter (2013) researched on capitation payment and performance of public institutions such as health and schools in Thailand. Peter's research employed a qualitative design that facilitated the use of focus groups and observation. Employees, students, and the management team provided information. Content analysis was utilized to examine the data. Because capitation payments were shown to be an important source of funding for many public service providers, most of the institutions were able to achieve a profit margin of between 20% and 30%. Furthermore, a strong positive association between capitation payment and the performance of the selected institutions was demonstrated by the study.

Furthermore, Osei, Owusu, Asem, and Kotey (2009) investigated how capitation funds affected the quality of education in Ghana. They made use of data from Ghana's 138 school districts between 2003 and 2007. The research employed regression analysis, and the findings indicated that among the selected educational facilities, capitation grant had no appreciable effect on gross enrolment or pass rates. For improved performance, class attendance and classrooms’ retention go hand in hand hence the question arises as to whether introducing capitation grant can improve education outcome vis-à-vis performance thus the need for the current study to determine in the Kenyan context the effect of capitation on the performance of public universities in Kenya.

Furthermore, Owuor, Agusioma, and Wafula studied the effect of handling receivables on the performance of Kenya's chartered public institutions in 2021. The study used both descriptive and inferential research designs. They targeted all 31 charter public institutions. The method of the census survey was utilized. In the study, SPSS Version 25 was used for analysis. It was demonstrated that receivable management had an indirect significant impact on these universities' success, with a p value of 0.000 and a beta coefficient (β) of -0.875, demonstrating a negative correlation between the variables.

Again, Murage and Onyuma (2015) evaluated the financial performance of Egerton University's IGUs and its Constituent Colleges. The researcher gathered secondary data from financial statements and used financial ratios to analyze financial performance over a ten year-period. Through inferential statistics, the study found that, Module II programs were more profitable IGU. Again, Egerton's IGUs reported a fifteen percent rate of ROI with a liquidity ratio above three. This is indication that the university had realized improved financial performance over time. However, the study only looked at financial success as a dependent variable and was unable to ascertain how it related to capitation. For this reason, the current research, which intends to close this gap by probing the impact of capitation on public university success in Kenya, is timely.

Furthermore, Ngowi (2015) looked into the issues surrounding the government's capitation fund distribution to public secondary schools and how it affected academic performance in the Kinondoni District. The study measured capitation grants using the total number of registered students and the sufficiency of money obtained. The study employed narrative analysis as a method of qualitative data analysis. All of the school heads were chosen for the research. The research observed that, use of capitation grants improved the quality of education in some aspects. However, the availability of the capitation grants was insufficient, and payments were disbursed slowly, which made it difficult for schools to carry out their lesson plans on time and had an impact on overall performance. There is a need for this study, which will explicitly focus on all public universities in Kenya, because the previous one only examined public secondary schools, and its conclusions may not be applicable to or informative of the circumstances at Kenya's public universities.

In a second study, Owuor, Gudo, and Onditi (2016) examined how capitation grants affected the implementation of free primary education in Kenya's Seme Sub-county. A descriptive survey approach was used in order to collect data that was both quantitative and qualitative. Quantitative data were assessed descriptively and by the Pearson correlation test using SPSS version 22. It was found that the capitation award caused both the purported increase in enrollment and the decrease in the school dropout rate. Consequently, a strong positive connection was found amid capitation and the Pearson correlation test. The way in which students execute and perform. The study's concentration on public elementary schools, which are located in a certain geographic area, creates a research gap. In order to close this gap, the current study concentrated on how capitation affects Kenya's public universities' performance.

2.3.5Financial Performance

Otieno (2019) evaluated the impact of using budgetary control on the financial performance of Kenya's public universities. Nairobi County's five main public universities participated in the census. The secondary data required to compute the financial performance measures was available from the public universities' audited financial reports for the three fiscal years 2014–2017. Techniques for analyzing descriptive and correlational data were used. Using a 95% confidence level and an alpha value of 0.05, regression analysis was performed to see if the independent and dependent variables had a significant association. The results demonstrated a strong relationship amid financial performance of Kenya's public universities and their ability to plan, coordinate, and manage their budgets. This study was necessary because the previous one did not employ surplus deficit as a financial performance metric.

Chetambe (2013) examined the impact of financial education on the financial health of Kenyan colleges and found that the financial performance of public colleges was not significantly affected by financial education. Numerous studies have examined the link between leverage financing and an organization's financial performance; however, the majority of these studies concentrate on businesses that leave private and public colleges, even if these businesses also incur debt to fund their operations. However, the study was based on colleges rather than universities hence a contextual research gap. This brings the researcher to the study of Kenyan public universities' financial performance and financial management techniques.

In their 2021 study, Owuor, Agusioma, and Wafula aimed to investigate the impact of managing receivables on the financial performance of Kenya's chartered public universities. To analyse the data, both inferential and descriptive research designs were used. Since all 31 of Kenya's chartered public universities were the target population, data was gathered using the census survey approach. From the corresponding institutions' audited annual statements for the years 2017, 2018, and 2019, data from secondary panels was taken out. The analysis of descriptive and inferential statistics was done utilizing SPSS Version 25. The research demonstrated that the financial performance of Kenya's chartered public universities was significantly and indirectly impacted by accounts receivable management ($p=0.000$, $\beta= -0.875$). However, the study made use of ROA, whereas this study made the use of surplus deficit.

Further, a study by Kimathi (2019) investigated how debt financing affected Kenyan public universities' financial results. A descriptive statistics was employed. To get secondary data for this study, public university financial accounts for the years 2014–2018 were examined. The link amid the research variables was determined using multiple linear regression analysis. The study's findings indicated a favorable correlation between debt financing and Kenya's state universities' financial health..

2.4Summary of Literature and Gaps

In this subsection, the study presented the summarized literature used in the research. The gaps are subsequently identified as well as how they were bridged.

Table 2.1Summary of Literature and Gaps

Author(s)	Study	Key Findings	Gaps	Focus of present study
Ariyo, Onileowo and Oke (2020)	Financial planning and its link with financial health focusing on smaller firms in Ekiti State	Financial planning is significantly connected with financial health of the entity.	The research was conducted among SMEs	The current investigation concentrated on Kenya's public universities.
Oncioiu, Petrescu, Bîlcan, Petrescu, Popescu and Anghel (2020)	Sustainability of the reporting framework and its link with financial performance.	indicators of corporate social reporting can be integrated within the financial health framework of the entity	The research looked at financial reporting sustainability	The planning, capitation, and financial reporting are the main objectives of this study.
Orendo and Muturi (2019	financial planning and its link with financial performance with focus on non-governmental entities	financial planning and financial performance are linked with each other in significant and direct terms	the inquiry focused on USAID funded entities	The research concentrated on public universities in Kenya.
Ibrahim and Mustapha (2019)	mechanisms of financial control and their link with profitability of manufacturing entities in Nigeria	A direct and significant link was noted between financial control and the ability of the firm to perform financially	The study was carried out in Nigeria	The present study was done in Kenya
Wanyama, Okello and Otinga (2019)	Financial control and its link with profitability of sugar manufacturing entities.	There is a solid correlation amid financial performance and financial controls.	The research concentrated on manufacturing entities	The research concentrated on public universities in Kenya.
usili and Wepukhulu (2019)	Financial reporting and its associated link with performance of an organization.	Financial reporting and financial success were found to be directly and significantly correlated.	The study covered general performance of the entity	The emphasis of the present study was specifically on financial performance of all public universities

Kang'aru and Tirimba (2018)	To highlight the connection amid financial performance and financial planning	The relationship amid financial performance and financial planning is strong and good.	centered on non-profit organizations (NGOs)	The current research concentrated on public universities in Kenya.
Muhunyo and Jagongo (2018)	An analysis of internal systems of control and their link with financial health of the public Universities in Nairobi City	the systems of internal control and financial health of the entity are significantly connected with each other	The study focused on internal control systems	The present research was on financial planning, capitation and reporting
Mathenge Phyllis Wangari, Muturi Willy (2017)	Concentrated on how financial management techniques affect Kenya's state universities' financial performance.	The study discovered that annual budget adherence and financial monitoring significantly impact the financial health of Kenya's public universities.	Nevertheless, the research only used budgeting and monitoring as independent variable.	The current study used reporting, monitoring and capitation as independent variable to bridge the identified gap
Kiprop and Tenai (2017	An analysis of risk monitoring and its link with performance of financial entities.	Risk monitoring and financial performance of an entity are significantly linked with each other.	The financial institutions participated in the study.	But the present investigation concentrated on financial management techniques and cover all Kenyan public universities.
Ngowi (2015)	Investigated the concerns of disbursement of capitation grants by government to public secondary schools and its effect on academic performance: a case of Kinondoni District	The study found that using capitation grants raised the standard of instruction in a few areas.	However, because the study's focus was on public secondary schools, its conclusions might not apply to or provide insight into the circumstances at Kenya's public universities.	Thus, the need for this study that was specifically focusing on all public universities in the country.

2.5 Conceptual Framework

Conceptual framework is an illustration showing the link between research variables. Figure 2.1 is the study's conceptual framework.

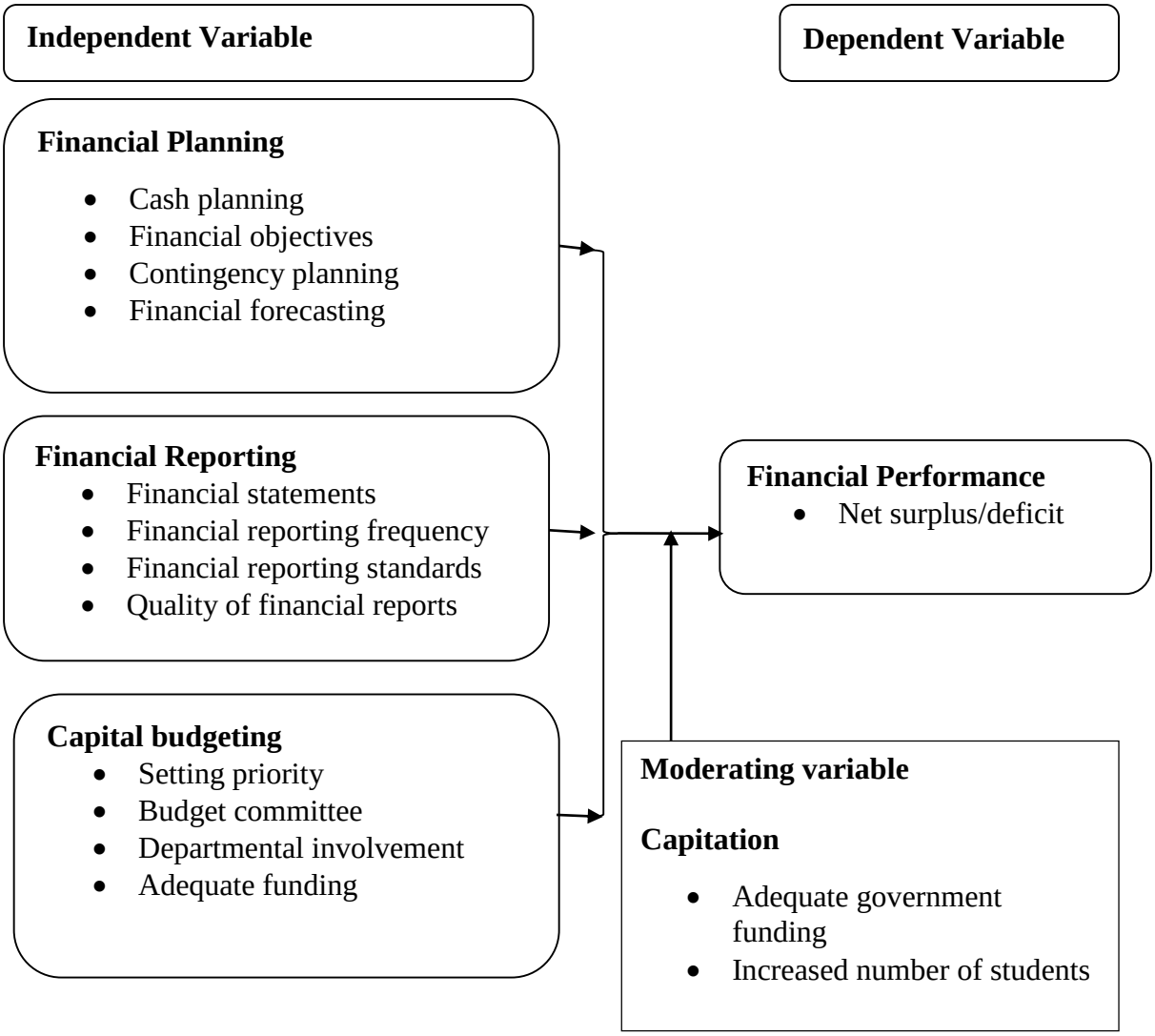


Figure 2.1: Conceptual Framework

CHAPTER THREE
RESEARCH METHODOLOGY

3.1Introduction

The population and research design of the study were covered in this part. Additionally, techniques, data gathering tools, and sample size are described. The methods for data analysis and ethical considerations were also discussed in this chapter.

3.2Research Design

Creswell and Clark (2017) posit that research design is the framework, plan, and tactic of an inquiry that is designed to control variation and find answers to research questions. For the investigation, a design based on descriptive data was employed. For this study, the descriptive research approach is beneficial since it facilitates the collection of primary and secondary data. By using descriptive statistics, it also made data presentation and understanding easier. Thus, the study only concentrated on performing a descriptive cross-sectional survey, which mainly answered questions concerning how, where, what, and when about particular events, according to Yin (2017). The method makes it easier for the researcher to get relevant participant viewpoints that supported the formulation of findings. The approach was chosen because it made it simpler for the researcher to compile participant opinions on financial performance and FM practices. The cross sectional design helped the study to cover the public Universities operating in Kenya. Cross-sectional design was employed in the study since it allows researchers to compare multiple factors at once. The study, for instance, made it easier to compare financial success with financial planning, capitation, and financial reporting. Various studies including Owuor et al. (2016); Oncioiu et al. (2020); and Osiorenoya (2015) used similar design.

3.3Empirical Model

To determine the relationships between the research variables, inferential statistics using multiple regression was carried out (Mugenda & Mugenda, 2003). The format of the linear regression model was as follows:

$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$……Model 1….Reduced model …….3.1

Where:

Y: Financial Performance

β_0: Constant

X_1: Financial planning

X_2: Financial reporting

X_3: Capital budget

β_1, β_2, and β_3: Coefficient of Financial Management Practices

ε: error term.

The correlation amongst independent and dependent variables can be changed by using moderating variables. Therefore, capitation was employed as a moderating variable in this study. As a result, the following model was employed to ascertain how the independent factors interact with the moderating and dependent variables:

The moderating effect model

The reduced model or direct effect model, where the independent variable have a direct bearing on the dependent variable was expressed as follows:

Step one

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \ldots\ldots \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{Equation 3.2}$$

Where:

The moderating effect model

Step two inclusion of the moderator as independent variable

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_4 M + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{Equation 3.3}$$

Where:

Step two interaction effect

$$Y=\alpha+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3+\beta_4 X_4+\beta_5 M+\beta_6 X_1{}^{*}M+\beta_7 X_2{}^{*}M+\beta_8 X_3{}^{*}M+\beta_9 X_4{}^{*}M + \ldots \text{Equation 3.4}$$

Where

$\beta_6 X_2{}^{*}M$, $\beta_7 X_3{}^{*}M$, $\beta_8 X_3{}^{*}M$, $\beta_9 X_4{}^{*}M$ =interaction of moderator and independent variables

Threshold: if the r^2 of the moderating model is more than the r^2 of the direct effect model, then the moderator has an effect hence the relationship should be accepted and vice versa.

3.3.1Operational and Measurement of Variables

In this part, study presented operationalization and measures of various research variables. These included dependent, independent, and moderating variables.

Table 3.1Operational and Measurement of Variables

Variable	Variable Type	Operationalization	Measurement
Financial planning	Independent variable	Cash planning Financial objectives Contingency planning Financial forecasting	5 – point Likert Scale
Financial reporting	Independent variable	Financial statements Financial reporting frequency Financial reporting standards Quality of financial reports	5 – point Likert Scale
Capital budgeting	Independent variable	Setting priority Budget committee Departmental involvement Adequate funding	5 – point Likert Scale
Financial performance	Dependent variable	Net surplus/deficit	Yearly secondary data (5 years)
Capitation	Moderating variable	Adequacy of funds from government Increasing number of students	5 – point Likert Scale

Source: Researcher (2021).

3.4Target Population

A population is a set of individuals or items wherein a sample is extracted for statistical analysis (Mugenda & Mugenda, 2003). The 32 chief financial officers (CFO) of Kenya's public universities, which make up the study's unit of analysis who oversee finance and planning was among the respondents. Appendix I lists these universities as the target population (CUE, 2020). The unit of observation was the CFOs while unit of analysis was universities. Because they depend on government funding to boost their income rather than student fees at private universities, public higher education

institutions were chosen for this study. 32 participants therefore constituted the study's target group.

3.5Sample Size and Sampling Technique

The technique a researcher employs to collect subjects, locations, or objects for research is known as a sampling strategy (Yin, 2017). Here, it refers to the process by which the researcher chooses the most suitable sample for analysis. A sample is a purposefully chosen subset of the target or obtainable population that is used to represent it in order to examine its features and gain more understanding of the population overall. In addition to overseeing financial management, the CFOs are responsible for document stewardship and ensuring that management policies, regulations, and laws are followed. The CFO's job is vital to the colleges' financial stability. As a result, the research identified CFOs in control of finance and planning from all public institutions using the purposive sample technique. Given the small, manageable, and easily accessible population under investigation, a census was conducted, as suggested by Creswell and Clark (2017). Consequently, the 32 respondents were targeted, as displayed in Table 3.2 below:

Table 3.2Sample Size

Position	Frequency
Chief Financial Officers	32
Total	**32**

3.6Data Collection Instrument

Data collection techniques are instruments for acquiring empirical facts to generate novel insights into a situation and address inquiries that motivated the study project. These are the methods used to gather the information. They have to be dependable and steady. A researcher must create tools in order to gather the required data, claim Mugenda & Mugenda (2003). The most often utilized tools in social science research include observational forms, interview schedules, and questionnaires.

Primary and secondary sources of data was acquired for this project. The primary data for the study was gathered using the questionnaires that the researcher designed. The researcher designed a questionnaire with the intention of gathering pertinent responses from the target market. Each question was designed to precisely address one of the

objectives of the research. Leedy (2002) asserts that results from structured surveys are more reliable and that the data is simpler to tabulate and analyze than information obtained in other methods. The questionnaires employed to gather data contained closed-ended questions. The researcher collected secondary data from the audited financial reports that were accessible online and at the Kenya Bureau of Statistics for a five-year period (2018–2022).

3.7Pilot Study

Pre-testing is the practice of evaluating one's instruments on a small sample of participants who are representative of the study's responses (Chandran, 2004). Pre-testing is crucial since it guarantees that the questionnaire measures the intended variables and that the respondents comprehend the questions. Through this procedure, the researcher can find mistakes in the questionnaire and get valuable feedback on how to reword or restructure the questions to make them more pertinent. According to Chandran (2004), not pre-testing could significantly lower the caliber of the data and findings. Mugenda and Mugenda (2003) issue a warning, stating that there should not be an excessive amount of cases in the pre-test. Depending on the sample size, the two authors suggest that a pre-test sample should fall between 1% and 10%. One employee from each university's financial department was chosen at random to complete a research questionnaire for pretesting purposes. To verify the instrument's dependability, a random sample of at least ten institutions was employed, requiring only ten financial workers. The final data gathering exercises did not involve the selected staff. The researcher was able to evaluate the instrument's usability and clarity thanks to the pilot study. The pilot study's feedback was utilized to enhance the questionnaire.

3.7.1Validity of the Research Instrument

An instrument's validity is determined by how well it measures the objectives (Hair & Lukas, 2014). Construct validity was tested in this research. Regarding this, the supervisor went over the questionnaire's contents and verified whether or not they align with the measurements specified in the conceptual framework throughout the literature study. After this was finished, the questionnaire was prepared for data collection and any necessary modifications was performed. The research assessed face validity, content, and construct. In order to ensure content authenticity, the researcher distributed the questionnaire to financial specialists who assisted in analyzing it and taking into account any comments made. In order to ensure construct validity, the supervisor

compared the questionnaire's contents to the constructs illustrated in the conceptual framework. Any necessary adjustments was made following this evaluation. So as to ascertain whether the questionnaire measures FM practices, the supervisor subjectively examined the questionnaire's face in order to determine face validity.

3.7.2Reliability of the Research Instrument

Cypress (2017) defines reliability as the capacity of research apparatus to yield consistent outcomes, indicating their dependability. The Cronbach Alpha score was utilized in this research to evaluate the instrument's reliability. As a result, Cronbach Alpha coefficient values more than 0.7 indicated the reliability of the research tool. The findings depicted in Table 3.3 exhibits that all the variables had their Alpha reliability values over 0.700 hence the data was reliable thus deemed satisfactory for main data gathering exercises.

Table 3.3Reliability scores

	Cronbach′s Alpha	No. of Items
Financial planning	0.978	7
Financial reporting	0.977	5
Capital budgeting	0.857	4
Capitation	0.857	4
Financial performance	0.950	5

3.8Data Collection Procedure

In this study, each respondent received the exact same set of questions and instructions during completion of the questionnaires via email. Online questionnaire administration was recommended because it was cost-effective, enables respondents to complete the surveys at their convenience, and resulted in more genuine or accurate responses due to the potential anonymity of the respondent. The questionnaire had a cover note outlining the goal of the research.

3.9Data Analysis and Presentation

Upon the conclusion of gathering data, the quantitative data was exported to SPSS version 25.0 and reviewed for consistency and completeness before being imported into MS Excel. The study used descriptive analysis to generate the percent and frequencies.

The correlation amid the independent components and the dependent research variable was ascertained using multiple regression's inferential statistics.

The study additionally perform diagnostic tests to ensure that the data was suitable for regression analysis. Among the diagnostic tests run were multicollinearity, autocorrelation, heteroscedasticity, and normality tests covered below:

3.9.1Multicollinearity

When one or more independent variables in a multiple regression equation have a significant correlation with one another, this is known as multicollinearity (Andren, 2007). Determining the effect of each independent variable on the dependent variable will be challenging due to multicollinearity. The VIF was utilized in the research to test for multicollinearity. Multicollinearity is absent when the VIF is more than 1 and less than 10, and vice versa.

3.9.2Autocorrelation

The presence of autocorrelation suggests a long-term link between the independent variables. This research utilized the Wooldridge Drukker (DW) test to ascertain the presence or absence of autocorrelation. If autocorrelation is 2, then there won't be any serial correlation in idiosyncratic errors. Meanwhile, if the autocorrelation is less than two, there was a positive correlation; if it is larger than two, there was a negative autocorrelation.

3.9.3Heteroscedasticity

Heteroskedasticity, which happens when a regression model's error component stays constant across time, is one of the linear regression model's hypotheses. Heteroscedasticity was checked in this study using the Breusch Pagan Test. If the P-value was less than 0.05, the null hypothesis showing the presence of heteroscedasticity was embraced; if it was larger than 0.05, it was rejected.

3.9.4Normality

Using a normality test, one may ascertain if the sample data came from a population that was normally distributed. The residual PP plot graphs was used in the normalcy test to determine whether normalcy exists. The absence of a regularly distributed set of

data along the diagonal line is the null hypothesis. If the data are regularly distributed, the null hypothesis was to be rejected, and vice versa.

Table 3.4Summary of Diagnostic Test

Test	Test Applied	Conclusions
Autocorrelation Test	Wooldridge Drukker test	If the P>0.05, no serial correlation
Heteroskedasticity	Breusch Pagan Test	If the P-value is less than 0.05, then there is heteroscedasticity
Multicollinearity	Variance of Inflation Factors (VIF)	VIF within 1-10 signify absence of multicollinearity
Normality Test	PP and QQ plots	Check if the data points fall along the PP line then normality is assumed

3.10Ethical Considerations

The investigator plans to receive an introduction letter outlining the goals of the study from Kenyatta University. Before gathering data in the field, a research authorization from the NACOSTI was also requested. The researcher made sure that every source used in the research was properly cited in accordance with the American Psychological Association (APA) style. As a result, there were fewer cases of plagiarism. On the surveys, respondents were not required to reveal their identity. Respondents were only asked to participate voluntarily in the research; they were not forced or threatened into doing so. Respondents therefore elected not to participate in the study if they so desire. The investigator endeavored to guarantee participants that the data gathered would be utilized exclusively for scholarly purposes.

CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSION

4.1Introduction

In this chapter, the study presented results for data gathered using questionnaire as per research methodology in chapter three. The sections begin with the presentation of questionnaire return rate followed by respondents' personal information. The third section consist of descriptive results for the research objectives. This is subsequently followed by diagnostic tests' results. The next section entails results for Pearson correlation and regression. Lastly, discussions for the research findings are also presented.

4.2Questionnaire Response Rate

The researcher distributed questionnaire to 32 respondents, out of which 20 chief finance officers filled and returned the data collection tool. This gave a percentage response rate of 62.5%. Mugenda and Mugenda (2009) aver that a questionnaire return rate of 50% of the sample size is satisfactory for data analysis hence this response rate is good for data analysis.

4.3Respondents' Personal Information

This subsection aimed to ascertain the distribution of participants based on age, tenure at the institution, and educational attainment. The results are presented in the subsequent subsections.

4.3.1Respondents' Age

Respondents had to indicate which age groups they fell into. Figure 4.1 displays the findings.

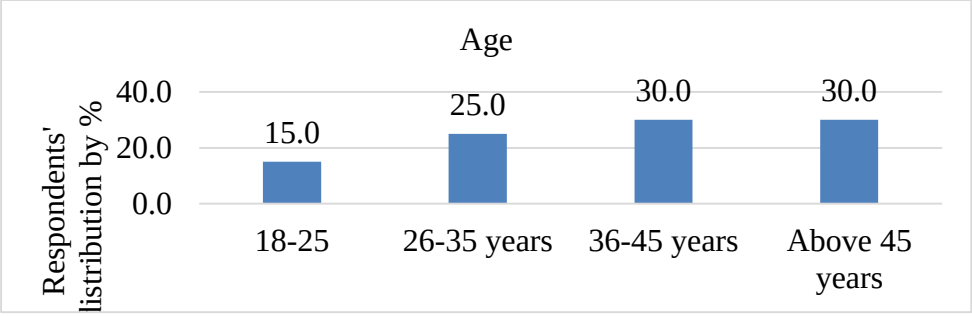


Figure 4.1Respondents' Age

Source: Research data (2024)

Figure 4.1 displays that 30% of the responders were above 45 years and those respondents in the age bracket of 36-45 years reported same percent. Further, 25% of the responders fell in the age bracket of 26-35 years while those between 18-25 years were reported to be 15%. From the results, it can be concluded that most of the Chief Financial Officers (CFO) youthful hence could be entrusted with the long term financial management practices across the universities.

4.3.2Duration at the University

The researcher requested that participants specify the duration of their employment at their respective universities in years. The findings are illustrated in Figure 4.2.

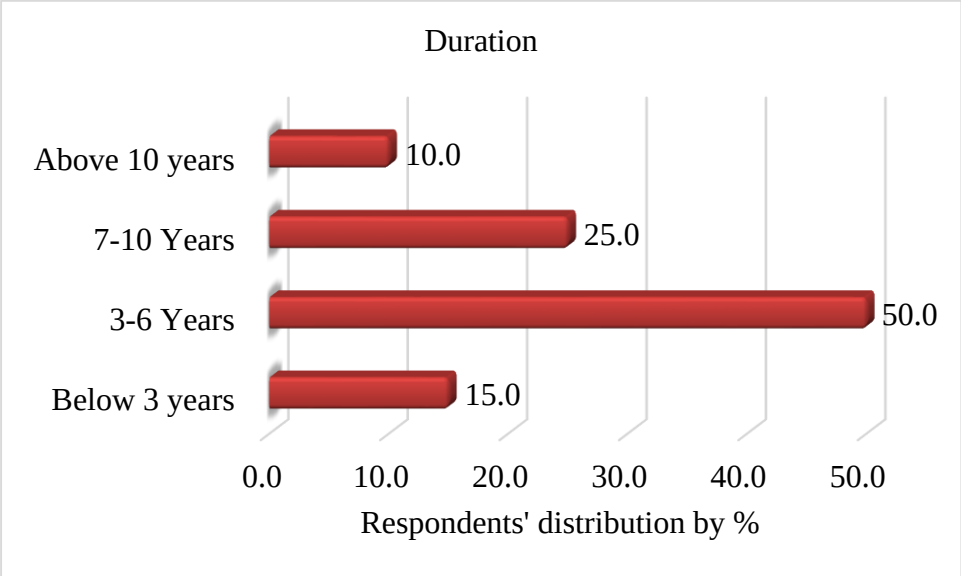


Figure 4.2Duration at the University

Source: Research data (2024)

As presented in Figure 4.2, 50% of the respondents had stayed in their respective universities for a period of 3-6 years. Those who stayed for 7-10 years as represented by 25% subsequently followed this. Meanwhile, those below 3 years were reported to be 15% while the rest (10%) were below 3 years. From these results, it can be said that most of the CFOs had garnered adequate insofar as financial management practices (FMP) and financial health of their respective universities were concerned hence they had knowledge on the status of FMPs by these institutions.

4.3.3Highest Level of Education

The researcher aimed to ascertain the distribution of responders by their highest educational level. The results are shown in Figure 4.3.

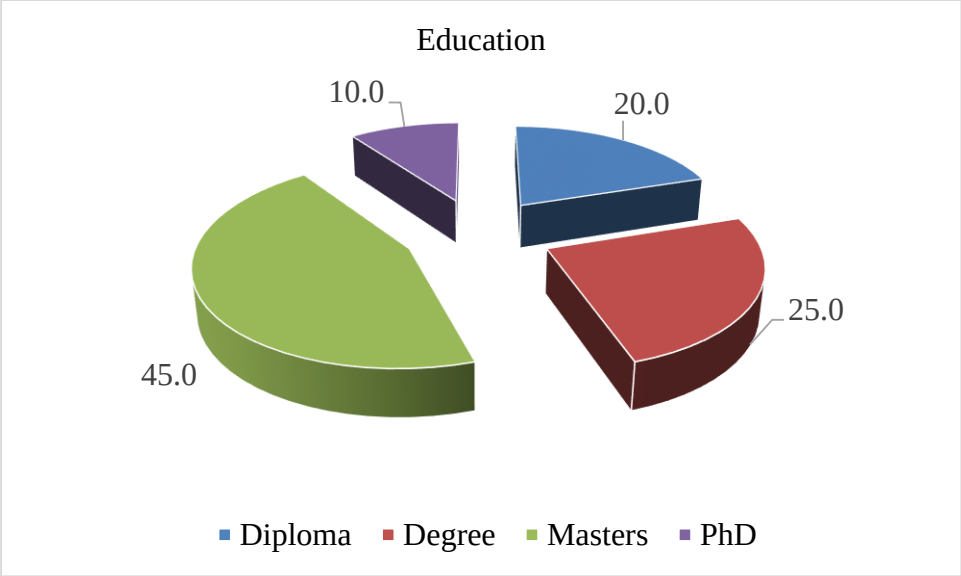


Figure 4.3Highest Educational Level

Source: Research data (2024)

In Figure 4.3, the results suggest that, 45% of the responders had masters in various finance disciplines and this was followed by CFOs with degree, and diploma as reported by 25% and 20%, respectively. The results suggest that the CFOs were fairly learned hence they could be entrusted with the financial management of their various universities.

4.4 Descriptive Statistics of Financial Planning on Financial Performance of Public Universities in Kenya

The research used descriptive statistics to promote basic interpretation of results utilizing frequencies, percentages, mean, and standard deviation. In this section, the results for various statements related to financial planning and performance of public universities were presented. The results are based on a Likert scale of 1-5 where: 1= very little extent; 2=Little Extent; 3=Moderate Extent; 4=Large Extent and 5=Very Large Extent. The findings are displayed on Table 4.1.

Table 4.1: Descriptive Statistics of Financial Planning on Financial Performance of Public Universities in Kenya

	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean	Std. Dev
Our University has a cash flow forecast for all its cash collection and expenses	1 (5)	1 (5)	0	16 (80)	2 (10)	3.85	0.875
The University has good financial plans that promotes attainment of the institution's financial objectives	1 (5)	2 (10)	0	16 (80)	1 (5)	3.70	0.923
The cash flow budgets are updated on a daily basis	2 (10)	0	1 (5)	14 (70)	3 (15)	3.80	1.056
Our University has financial risk management plan in place	1 (5)	1 (5)	0	13 (65)	5 (25)	4.00	0.973
The University has working cash control measures	2 (10)	2 (10)	0	10 (50)	6 (30)	3.80	1.281
Our University matches maturity periods for both assets and liabilities	2 (10)	2 (10)	1 (5)	13 (65)	2 (10)	3.55	1.146
Financial plans we have reduces chances of wastages in the University	2 (10)	1 (5)	0	15 (75)	2 (10)	3.70	1.081

Source: Research data (2024)

In Table 4.1, it was found out that the 80% agreed to a large extent that the Universities had a cash flow forecast for all its cash collection and expenses. The results are in uniform with a study by Orendo and Muturi (2019) that established that having financial plans including cash collection mechanisms and internal controls improves financial performance. On whether the Universities had good financial plans that promotes attainment of the institution's financial objectives, 80% agreed with statement to a large extent. The outcomes are congruent with a research by Mathenge and Muturi (2017) that revealed that effective and efficient financial plans enhances achievement of financial goals. It was also found that the cash flow budgets were updated on a daily basis to a large extent as reported by 70%. The universities were also found to have financial risk management plans as reported by 65% (large extent) and 25% (very large extent). Sawe (2022) found that using financial management practices such as regular updating of financial activities including financial management plans goes a long way in improving financial resources.

Again, it was established that the Universities had working cash control measures as revealed by 50% (large extent) and 30% (very large extent). Additionally, the

Universities were found to have matched maturity periods for both assets and liabilities as indicated by 65% (large extent). In yet another research, Owembi and Omwono (2016) good financial management including prompt use of assets and liabilities promotes financial performance. Lastly, it was revealed that financial plans had reduced chances of wastages in the Universities as shown by 75% (large extent) respondents. From the outcomes it can be said that the Universities had embraced commendable financial planning systems. The findings are consistent with yet another inquiry by Kang'aru and Tirimba (2018) that found that financial planning and financial performance were positively and significantly connected.

4.5 Descriptive Statistics of Financial Reporting on Financial Performance of Public Universities in Kenya

On the second objective, the results for various statements in connection to financial reporting and performance of public universities are analyzed. The results are based on a Likert scale of 1-5 as exhibited in Table 4.2.

Table 4.2: Descriptive Statistics of Financial Reporting on Financial Performance of Public Universities in Kenya

	1 (%)	2 (%)	3 N (%)	4 (%)	5 (%)	Mean	Std. Dev
Our accounting team submits reliable financial statements to relevant authorities	2 (10)	1(5)	0.0	11 (55)	6(30)	3.95	1.146
Our University has a finance committee that submits relevant accounting reports	0	3 (15)	1(5)	10 (50)	6 (30)	3.95	0.999
Our finance team adheres to timeliness when submitting reports to relevant persons	1(5)	1(5)	0.0	10 (50)	8 (40)	4.15	1.040
Our University finance team adheres to completeness and correctness when reporting financial outcomes	2 (10)	0.0	1(5)	11 (55)	6(30)	3.95	1.146
The quality of financial statements prepared by our University are of high standards and unbiased	0.0	1 (5)	1(5)	10 (50)	8 (40)	4.25	0.786

Source: Research data (2024)

Table 4.2 shows that 55% and 30% of participants who reported to a large and very significant extent, respectively, indicated that the accounting teams provided

trustworthy financial statements to the appropriate authorities. The results resonate with a study by Al-Dmour et al. (2018) that revealed that reliability of financial reports boost stakeholder confidence. Regarding, whether the Universities have a finance committee that submits relevant accounting reports, 50% reported that they had to a large extent while 30% said they had such finance committees to a very large extent. The results conforms with a study by Osadchy *et al.* (2018) that found that study an organization should take an integrated approaches when preparing the financial statements.

Moreover, it was found that the institutions' finance team adheres to timeliness when submitting reports to relevant persons as supported by 50% (large extent) and 40% (very large extent). The research further found that the Universities' finance team adheres to completeness and correctness when reporting financial outcomes as showed by 55% (large extent) and 30% (very large extent). Lastly, the quality of financial statements prepared by the University were of high standards and unbiased as reported by 50% (large extent) and 40% (very large extent) respondents. Based on these findings, it can be said that the Universities conformed to various financial reporting practices to promote financial performance.

4.6 Descriptive Statistics of Capital Budgeting on Financial Performance of Public universities in Kenya

Regarding the third objective, the results for statements on the financial reporting and performance of public universities were analyzed. The results are illustrated in Table 4.3.

Table 4.3: Descriptive Statistics of Capital Budgeting on Financial Performance of Public universities in Kenya

	1 (%)	2 (%)	3 N (%)	4 (%)	5 (%)	Mean	Std. Dev
All departments are usually involved in budget making	3 (15)	0	0	15 (75)	2 (10)	3.65	1.182
There is a budgeting committee in place	2 (10)	1 (5)	1 (5)	12 (60)	4 (20)	3.75	1.164
Budget allocation adheres to priority	2 (10)	0	1 (5)	10 (50)	7 (35)	4.00	1.170
Allocated funds on certain activities are sometimes diverted to emergency issues	2 (10)	1 (5)	0	10 (50)	7 (35)	4.00	1.170
Funds are adequate for our budgeting needs	0	3 (15)	0	13 (65)	4 (20)	3.90	0.912

Source: Research data (2024)

The findings in Table 4.3 suggests the results showed that all departments across the Universities are usually involved in budget making as said by 75% (large extent) of the respondents. In concurrence, a study by Mathenge and Muturi (2017) revealed that cash budgeting requires involvement of all stakeholders. The research also found that, the Universities have budgeting committees in place as indicated by 60% (large extent) and 20% (very large extent). It was also found that budget allocation adheres to priority to a large extent and very large extent as supported by 50% and 35% respondents, respectively. In concurrence, a study by Sawe (2022) established that cash budgeting based on needs improves financial performance.

Further, it was revealed that the allocated funds on certain activities were sometimes diverted to emergency issues as said by 50% (large extent) and 35% (very large extent) respondents. Meanwhile, the study again found that 65% of the respondents said that funds were adequate for our budgeting needs to a very little extent while 20% reported it was adequate to a little extent. It can be interpreted that despite that departments were involved and budget committee in place, the funds were not adequate.

4.7 Descriptive Statistics of Moderating Effect of Capitation on Financial Management and Performance of Public Universities in Kenya

In regard to test moderating variable, the results for its various statements were analyzed and exhibited in Table 4.4.

Table 4.4: Descriptive Statistics of Moderating Effect of Capitation on Financial Management and Performance of Public Universities in Kenya

	1 (%)	2 (%)	3 N (%)	4 N (%)	5 N (%)	Mean	Std. Dev
The total amount of funds disbursed by the government adequate	5 (25)	14 (70)	1 (5)	0	0	1.80	0.523
There has been seamless operations at the University because of regular government financial support	7 (35)	11 (55)	0	1 (5)	1 (5)	1.90	1.021
The annual funding by the government is timely hence presence of seamless service provisions	7 (35)	12 (60)	0	0	1 (5)	1.80	0.894
There is need to increase funding capitation due to high rate of student enrolment	0	0	3 (15)	9 (45)	8 (40)	4.25	0.716

Source: Research data (2024)

In Table 4.4, it was found that the total amount of funds disbursed by the government was adequate to a little extent (70%) and to a very little extent (25%). The results are similar to a study by Cox (2012) that found that, capitation rates were not sufficient and this affected the performance of the studied public institutions. It was established that there has been seamless operations at the University to a little extent (55%) and very little extent (35%). Similarly, a study by David and Paul (2014) found that most learning institutions did not effectively program use of capitation fee as such many tertiary institutions failed to meet learning expenses.

Again, whether annual funding by the government is timely, 60% and reported it was timely to a little extent while 35% said it was to a very little extent. The outcomes are comparable to the findings by Ngowi (2015) who revealed that the capitation grants' provision was inadequate, disbursement was delayed thus making it hard for schools to timely implement education plans, and this affected the overall performance. The study also found that there is need to increase funding capitation due to high rate of student enrolment as reported by 45% (large extent) and 40% (very large extent). From the results, it can be said that capitation by the government was not adequate thus had implications on the financial health of the Universities. The results contradict the position by Peter (2013) who found that that capitation payment was an integral source of funding for many public service providers hence most of the institutions were able to realize about 20%-30% of profit margin.

4.8 Descriptive Statistics for Financial Performance of Public Universities in Kenya

Table 4.5: Descriptive Statistics

	N	Min	Max	Mean	Std. Dev.
Net surplus/deficit	143	-6104562833.3	860913331.00	-331693396.94	866323749.238
Valid N (listwise)	143				

As shown in Table 4.5, the minimum deficit was -6104562833.3 while the maximum surplus was 860913331.00 with a mean score of -331693396.94 varying at 866323749.238. The results mean that the public universities performed poorly financially as shown by a negative mean and this is an indication of deficits in nearly all the institutions studied.

Table 4.6: Descriptive Statistics for Financial Performance of Public Universities in Kenya

	1 (%)	2 (%)	3 (%)	4 N (%)	5 (%)	Mean	Std. Dev
Our University has consistently met its financial budgetary needs over the past five years	7 (35)	10 (50)	1 (5)	2 (10)	0	1.90	0.912
Funding and donations are able to sustain provision of education services	8 (40)	10 (50)	1 (5)	0	1 (5)	2.05	1.234
The surplus of funds in the University have been increasing in the recent past	8 (40)	8 (40)	0	4 (20)	0	2.00	1.124
The university has registered high enrolment rates due to adequate funding	12 (60)	4 (20)	2 (10)	2 (10)	0	1.70	1.031
The university has witnessed increase in number of faculty in the recent years	1 (5)	1 (5)	2 (10)	11 (55)	5 (25)	3.90	1.021

Source: Research data (2024)

As reported in Table 4.6, the research revealed that Universities had consistently met its financial budgetary needs within the last five years to a little extent (35%) and a very little extent (50%). Nonetheless, a study by Obulemire (2020) found that learning institutions in Nigeria efficiently met their budgetary needs. It was reported that the funding and donations are able to sustain provision of education services to a little extent (50%) and to a very little extent (40%). The results contradict a study by Murage

and Onyuma (2015) that found that universities had realized improved financial performance over time.

Again, the research ascertained that the surplus of funds in the University have been increasing in the recent past to a very little extent (40%) and to a little extent (40%). In disagreement, a study by Ngowi (2015) that found that grants were inadequate thus making it hard for schools to timely implement education plans and this affected the overall performance. Further, it was found that to a very little extent (60%) and little extent (20%), the Universities had registered high enrolment rates due to adequate funding. This means that the funds were inadequate. However, a study by Kimathi (2019) found that inadequate funding hampers operations among Kenyan public universities. Lastly, the Universities had witnessed increase in number of faculty in the recent years as reported by 55% (large extent) and 25% (very large extent).

4.8.1Financial Performance (Surplus/Deficit)

The study collected secondary data on surplus and deficit for all the public universities. The data was gathered for a period of five years (2018-2022). The results for some of the universities are presented in the figures below. From the results, it is clear that majority of the public universities operates on deficits and this is a worrying trend.

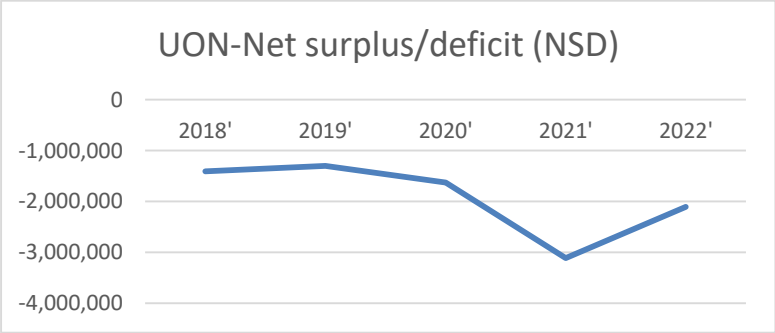


Figure 4.4: UON-Net surplus/deficit

Source: Researcher (2024)

The results in Figure 4.4 suggests that the university has been operating on deficits over the years.

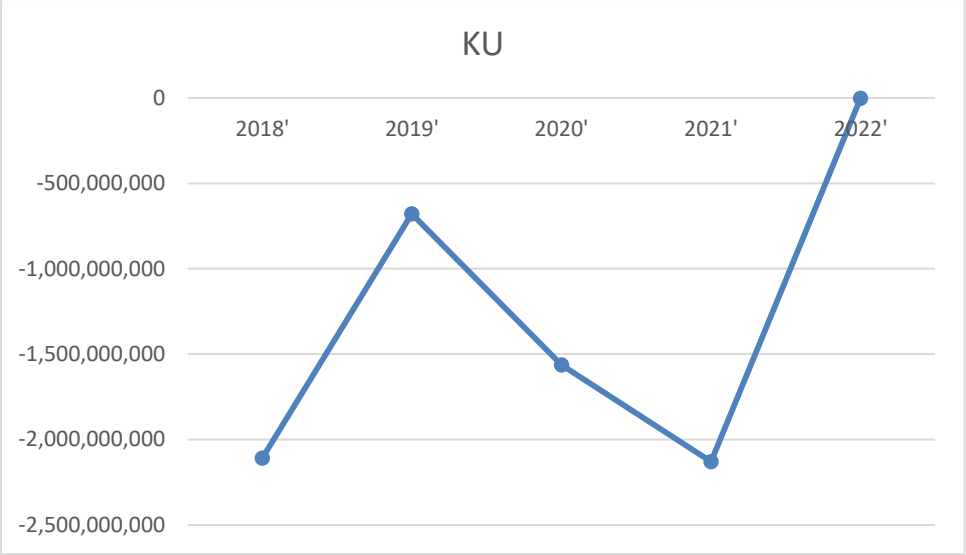


Figure 4.5: KU-Surplus/Deficits

Source: Researcher (2024)

As presented in Figure 4.5, it is evident that KU has been operating on deficits over the years as shown by the above trend analysis.

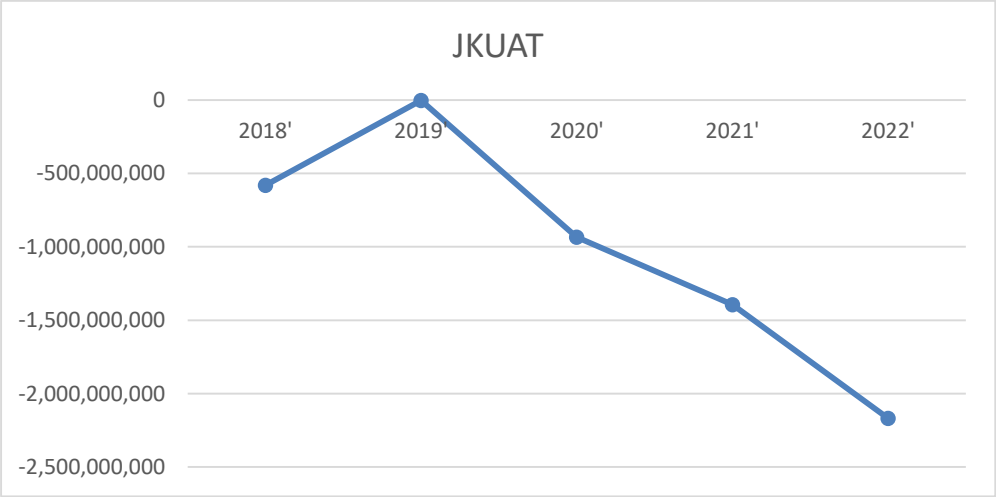


Figure 4.6: JKUAT-Surplus/Deficits

Source: Researcher (2024)

The results illustrated in Figure 4.6 suggets that the institution has also been operating on deficits in the five year period.

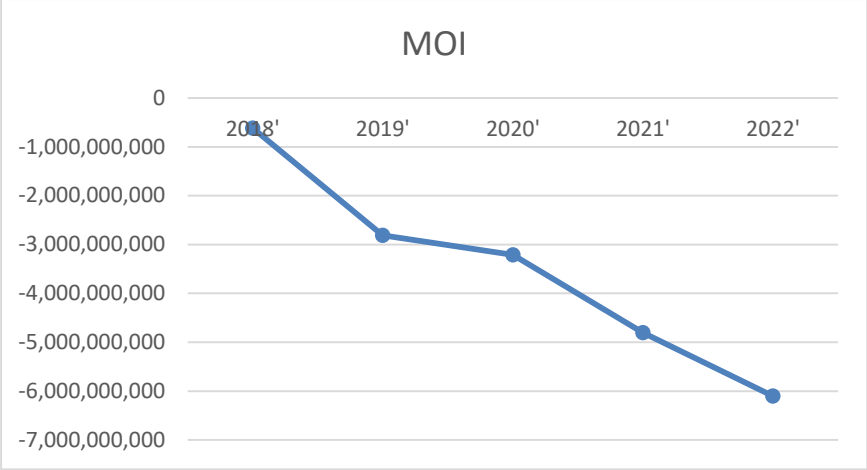


Figure 4.7: MOI-Surplus/Deficits

Source: Researcher (2024)

The trend analysis in Figure 4.7 implies that the institution operates on deficit. From the results, the situation seem to be on downward trend at an alarming rate**.**

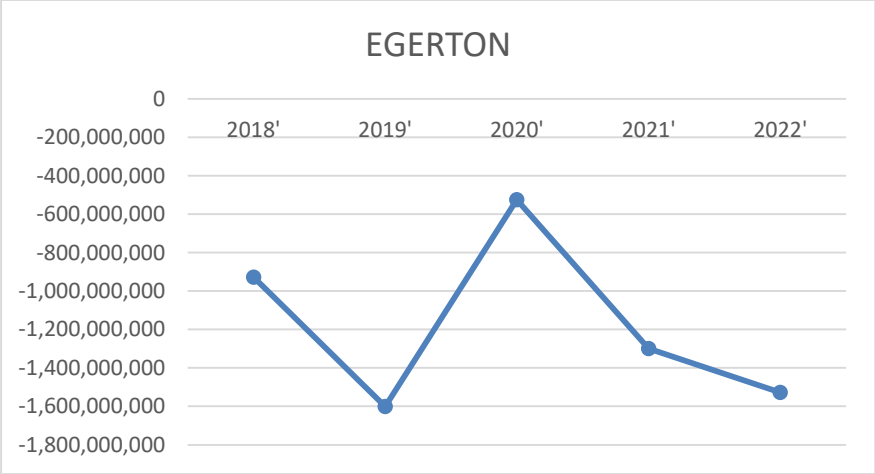


Figure 4.8: EGERTON-Surplus/Deficits

Source: Researcher (2024)

The analysis in Figure 4.8 indicates that the institution has been operating with zero surplus over the years.

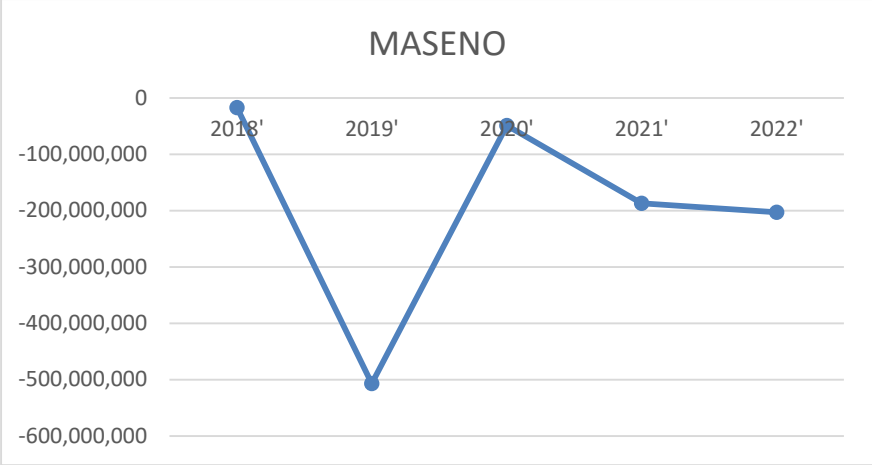


Figure 4.9: MASENO-Surplus/Deficits

Source: Researcher (2024)

The surplus/deficit trend analysis for the institution is presented in Figure 4.9. It indicates that the institution has been operating with zero surplus over the years.

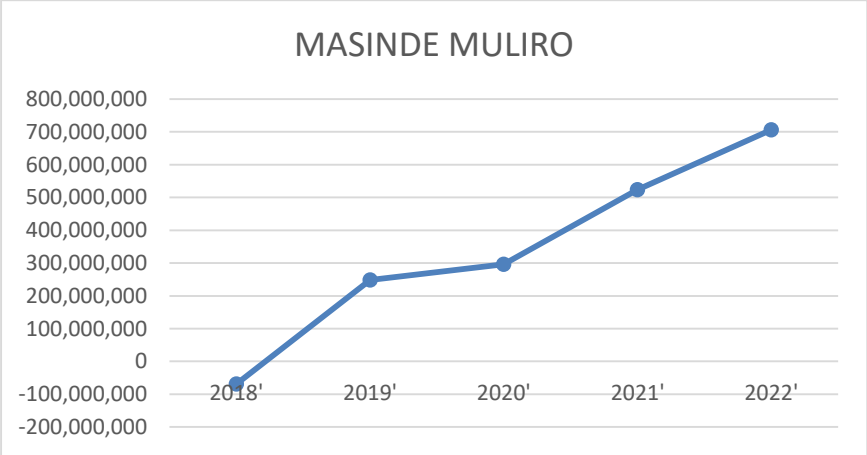
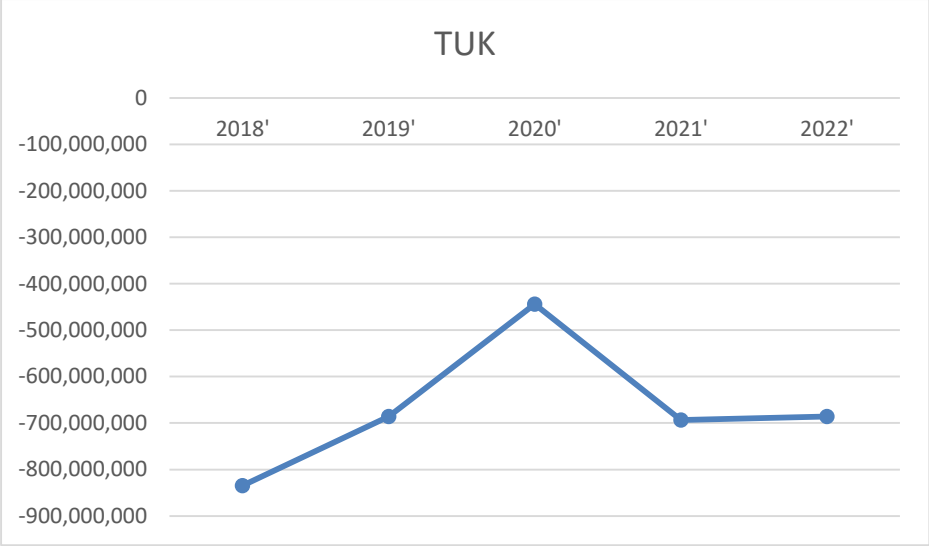


Figure 4.10: MASINDE MULIRO-Surplus/Deficits

Source: Researcher (2024)

The analysis in Figure 4.10 indicates that the institution has surplus over the years save for the year 2018 that it had nil surplus; it had deficit.



In Figure 4.11, the surplus/deficit trend analysis for TUK is presented. The result indicates that the institution has deficit over the years.

4.9Diagnostic Tests

The research employed a variety of diagnostic tests. These consisted of the normality test, heteroscedasticity, autocorrelation, and multicollinearity. In the subsequent sections, the findings are reported.

4.9.1Normality tests

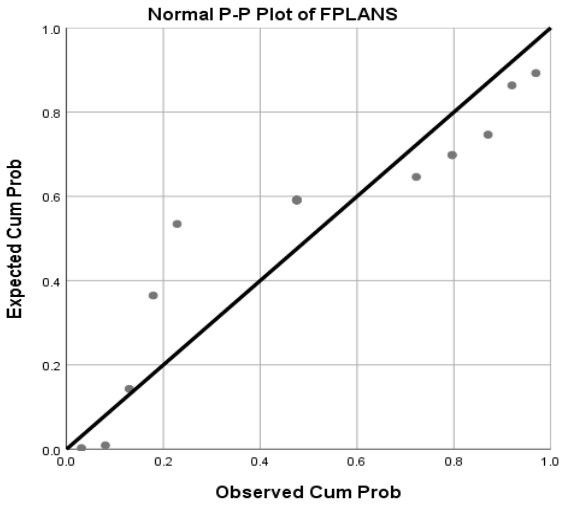


Figure 4.11: Normality tests for financial planning

Source: Research data (2024)

The P-P plot for financial planning containing observed values compared to expected normal values is displayed in Figure 4.11. The observed values were found to merge over the path of greatest fit, indicating that the data had a normal distribution.

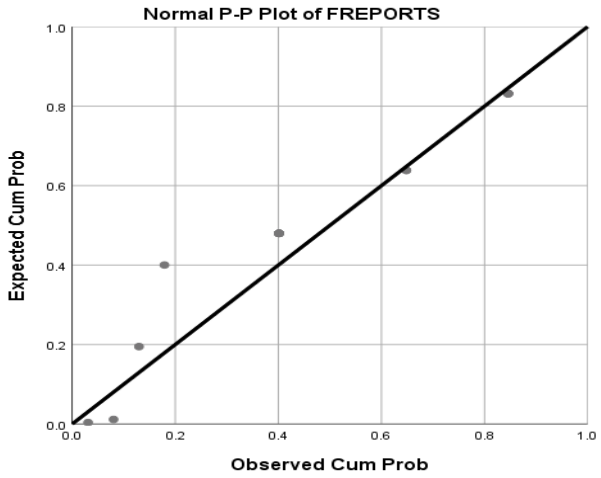


Figure 4.12: Normality tests for financial reporting

Source: Research data (2024)

The financial reporting P-P plot is displayed in Figure 4.112, where the observed values are plotted versus the expected normal values. The data appeared to be regularly distributed when the observed values were discovered to blend along a path of good fit.

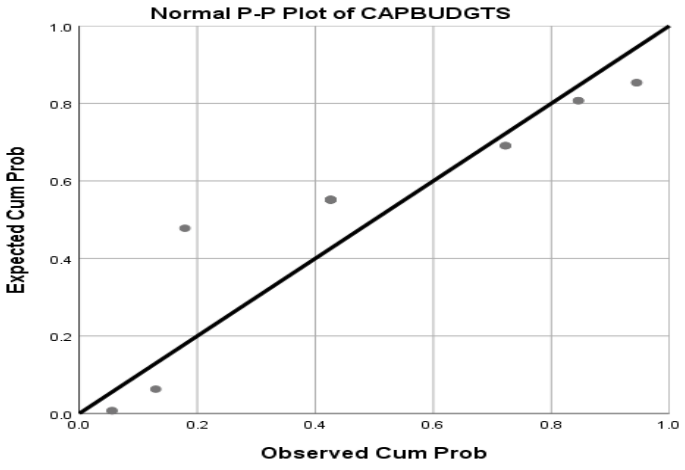


Figure 4.13Normality tests for capital budget

Source: Research data (2024)

The P-P plot of the capital budget with the observed values compared to the predicted normal values is displayed in Figure 4.13. The line of good fit between the observed values suggested that data in question was regularly distributed.

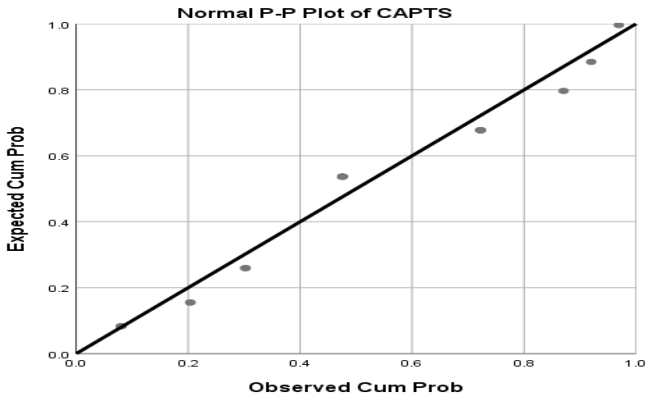


Figure 4.14: Normality tests for capitation

The capitation P-P plot of observed values versus expected normal values is displayed in Figure 4.14. It was discovered that the observed values merged around line, suggesting that it was normally distributed.

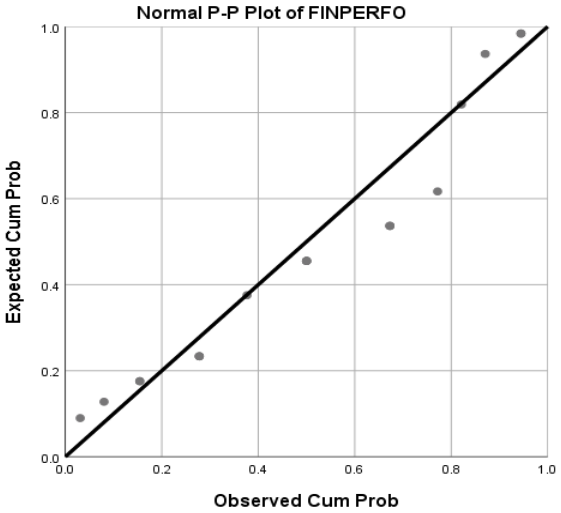


Figure 4.15Normality tests for financial performance

Source: Research data (2024)

The financial performance P-P plot, which contrasts the observed values with the anticipated normal values, is displayed in Figure 4.15. It was discovered that the observed values merged around the line of good fit, suggesting that the information was normally distributed.

4.9.2Heteroscedasticity

So as to test for heteroscedasticity, the research employed the null hypothesis, which states that error variance is homoscedastic utilizing the Breusch Pagan Test. The purpose of the hypothesis test was to ascertain whether there was sufficient data, at the 0.05 level of significance, to invalidate the null hypothesis. Table 4.7 exhibits the findings.

Table 4.7: Heteroscedasticity

	Heteroscedasticity
Variables	Sig
Constant	0.341
Financial planning	0.234
Financial reporting	0.564
Capital budget	0.407
Capitation	0.721
Financial performance	0.453

Source: Research data (2024)

From Table 4.7, the p values for all the variables was >0.05. Consequently, at a 95% confidence level, the null hypothesis was dismissed, suggesting that the data in question was homoscedastic.

4.9.3Autocorrelation

The research employed Wooldridge Drukker (WD) test to test for autocorrelation. The autocorrelation issue is managed by the strong standard errors. The range of the robust standard errors is 0–4. A score of about 2 indicates very little autocorrelation. Strong negative autocorrelation is indicated by a score of 4, whilst positive correlation is shown by a score of 0. The results of autocorrelation test are illustrated in Table 4.8.

Table 4.8Autocorrelation

Model		Sum of Squares	df	Mean Square	F	Woldridge Drukker
1	Regression	390.613	4	97.653	23.498	1.897
	Residual	62.337	15	4.156		
	Total	452.950	19			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Capitations, Capital budgets, Financial reporting, Financial plans

Source: Researcher (2024)

The WD result from Table 4.8 was 1.897, indicating the absence of autocorrelation. Because there was no indication of autocorrelation and the value was close to 2, the research did not disregard the null hypothesis.

4.9.4Multicollinearity

Using the VIF and Tolerance, the research assessed the multicollinearity among the independent variables. The variable with a VIF value larger than 10 needs to be eliminated from the model; otherwise, the VIF factors are only admissible if the results are less than 10. Table 4.9 presents the results.

Table 4.9Multicollinearity

	Collinearity Statistics	
	Tolerance	VIF
(Constant)	5.158	2.138
Financial planning	0.445	2.308
Financial reporting	0.362	1.206
Capital budget	0.240	4.918
Capitation	0.390	2.565

a. Dependent Variable: Financial performance

Source: Research data (2024)

As per Table 4.9, every variable had a VIF value <10 and a tolerance of more than 0.2, suggesting that multicollinearity was not present because the variables in question were not significantly correlated. Because 10 is the threshold value, any variable that could have produced a VIF of higher than 10 should have been eliminated.

4.10Pearson Correlations

The study carried out Pearson correlations to determine the association between the variables. The results are dispalyed in Table 4.10.

Table 4.10Correlations

		Financial planning	Financial reports	Capital budget	Capitation	Financial performance
Financial planning	Pearson Corr.	1				
	Sig. (2-tailed)					
	N	20				
Financial reports	Pearson Corr.	.958**	1			
	Sig. (2-tailed)	0.000				
	N	20	20			
Capital budget	Pearson Corr.	.973**	.964**	1		
	Sig. (2-tailed)	0.000	0.000			
	N	20	20	20		
Capitation	Pearson Corr.	.775**	.767**	.754**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
	N	20	20	20	20	
Financial performance	Pearson Corr.	.731**	.751**	.733**	.921**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	20	20	20	20	20

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

As presented in the correlation Table 4.10, financial planning has a beneficial correlation with financial success (r =0.731, sig.= 0.000<0.05). This means that an increase in financial planning will lead to an expansion in financial performance by 0.731. The study also found that, financial reporting has a positive correlation with financial performance (r =0.751, sig.= 0.000<0.05). This infers that a 0.751 boost in financial reporting will result in an advance in financial health. It was discovered that capital budgeting has a positive correlation with financial performance (r = 0.733, sig.= 0.000<0.05). This implies that an increase in capital budgeting can lead to an improvement in the financial performance by a unit change of 0.733. It became apparent that capitation exhibits a robust beneficial relationship with financial performance (r =

0.921, sig.= 0.000<0.05). This infers that a 0.921 upsurge in capitation will result in an improvement in financial success.

4.11Regression Analysis with no Moderating Variable

The research did a regression analysis to find out the connection between thestudy variables. The results are displayed in Table 4.11.

Table 4.11Regression Analysis with no Moderating Variable

Dependent variable = Financial performance				
Variables	Standardized Coefficient (β)	Standard errors	t-value	p-value
Constant	3.316	0.912	.262	0.375
Financial planning	0.107	0.141	0.141	0.009
Financial reporting	0.597	0.911	0.911	0.037
Capital budgets	0.054	0.066	0.066	0.049
Model summary:				
R	.752[a]			
R square	.566			
ANOVA:				
F-statistic (p-value)		6.953 (.003[b])		
	N = 20			

[a] = Constant; [b] = Coefficients of each variable.
Significance level = 0.05

Source: Research Data (2024)

As per Table 4.11's results, there was a positive correlation amongst the variables, with a correlation coefficient of 0.752. The R^2 of 0.566 indicates that the factors included in the model capital budgets, financial reporting, and financial plans account for 56.6% of the variation in financial performance. This suggests that 43.4% of the factors influencing financial success are due to other factors not included in this research. Further, the ANOVA results show that the model is significantly reliable. This is because the p-value of F-statistics (6.953) is <0.05; actually it is 0.003. This model is thus good fit for this study.

In terms of coefficients, the research found that, financial planning had a positive significant coefficient with financial performance (β = 0.107, p-value = 0.009<0.05).

This means that financial planning had a positive effect on financial performance. A one-unit increase in the financial planning improved financial performance by 0.107 percent. The results supports a study by Kang'aru and Tirimba (2018) that found that financial planning and financial performance were positively and significantly connected. The results are also in line with yet another research by Ariyo *et al.* (2020) that found that financial planning as was significantly connected with financial performance. The results also supports Orendo and Muturi (2019) who established that having financial plans including cash collection mechanisms and internal controls has effect on financial performance. The results also concur with a research by Mathenge and Muturi (2017) that revealed that effective and efficient financial plans enhances achievement of financial goals. Meanwhile, the results contradict a research by Ngowi (2015) that revealed that financial reporting had negative connection with financial performance. Further, a research conducted by Owembi and Omwono (2016) identified an adverse connection between financial planning and productivity. Additionally, the study contradicts a research conducted by Kimathi (2019) that found that financial reporting had no association with financial performance. In Nigeria, Obulemire (2020) found that financial planning and budgeting had negative effect on financial performance.

The research revealed that financial reporting had a positive significant coefficient with financial performance ($\beta = 0.597$, p-value = $0.037<0.05$). This suggests that financial reporting positively influenced financial performance. Therefore, a one-unit increase in the financial reporting improved financial performance by 0.597 percent. This finding supports a study by Al-Dmour et al. (2018) that established that financial reporting was significantly related with financial performance. The results are also in uniform by yet another research by Osadchy et al. (2018) that discovered that financial reporting improved financial performance of firms studied. Moreover, the findings also supports a research by Osiorenoya (2015) that revealed that quality financial reporting boost stakeholder confidence thereby improving financial performance. The results also support a study by Orendo and Muturi (2019) that established financial reporting positively related with financial performance. Meanwhile, the results contradict a study by Musili and Wepukhulu (2019) that revealed that incomplete and financial reports negatively affected financial performance. Additionally, Oncioiu *et al.* (2020) revealed that financial reporting had not improved financial performance. The results also

contradict a research by Murage and Onyuma (2015) that found that quality financial reporting had no effect on performance. Moreover, the results disagrees with a study by Kang'aru and Tirimba (2018) that found that financial reporting had no link with financial performance.

Also, the research found that capital budget had a positive significant coefficient with financial performance ($\beta = 0.054$, p-value = 0.0.049<0.05). This infers that capital budgeting had a positive effect on financial health. One unit increase in capital budgeting improved financial performance by 0.054 percent. This finding supports a study by Osiorenoya (2015) that found that financial reporting had significant linked with performance. A study by Silva and Jayamaha (2018) revealed a strong connection between the performance of the Sri Lankan industries and the budgetary process. In concurrence, a research by Mathenge and Muturi (2017) revealed that cash budgeting improves financial performance. The findings were congruent with a study by Nickson and Mears (2021) that found performance was influenced by efficient budgetary control techniques. However, the results contradicts a study by Sawe (2022) established that cash budgeting had a negative link with financial performance. The findings also contradicts a study by Otieno (2019) found a negative link between budgetary organizing and financial performance. The findings also contradicts a research by Cox (2012) that found that, budgeting practices had not improved financial performance of the studied public institutions. Further, Peter (2013) also found that budgeting had no positive association with financial planning.

The coefficient results suggest that an augmentation in capital budgets, financial reporting, and financial planning may enhance financial performance. The constant in the estimated regression model was 3.316, indicating that when all predictors in this research are set to zero, the financial health of the universities would be 3.316.

4.12Moderating Effect of Capitation on the Relationship between Financial Planning and Financial Performance

The results of the moderating variable's interacting effects on the relationship between financial planning and performance are presented in this subsection. The outcomes are displayed in Tables 12, 13, and 14.

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.731[a]	0.534	0.509	3.42263
2	.922[a]	0.849	0.831	2.00424

a. Predictors: (Constant), Financial Planning

b. Predictors: (Constant), Financial Planning *Capitation

The model summary show that the R square is 0.534 before interacting the independent variable with capitation (moderating). After interaction, the R square is 0.849. This means the moderating variable has an effect on the connection between financial planning and performance.

Table 4.13Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	242.09	1	242.09	20.666	.000[b]
	Residual	210.86	18	11.714		
	Total	452.95	19			
2	Regression	384.661	2	192.331	47.879	.000[b]
	Residual	68.289	17	4.017		
	Total	452.95	19			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Financial Planning

c. Predictors: (Constant), Financial Planning *Capitation

The Anova results show that the first test without interaction, the model is significant at 0.000<0.05. After interaction, the model remains significantly reliable (sig. 0.000<0.05).

Table 4.14Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-2.031	3.084		-0.659	0.519
	Financial Planning	0.514	0.113	0.731	4.546	0.000
2	(Constant)	-4.836	1.866		-2.591	0.019
	Financial Planning	0.031	0.105	0.044	0.293	0.003
	Capitation	1.597	0.268	0.887	5.958	0.000
	Interaction (financial planning *capitation)	0.036	0.004	0.924	10.244	0.000

a. Dependent Variable: Financial Performance

On the regression co-efficient, financial planning in the absence of capitation as a moderator has a significant effect on financial success (β = 0.514; p-value = 0.000<0.05). The interaction of capitation with the moderator has a substantial positive correlation with financial health (β = 0.036; p-value = 0.000<0.05).

4.13 Moderating Effect of Capitation on the Relationship between Financial Reporting and Financial Performance

In this subsection, the study presented the results for the interactive effects of moderating variable on the link between financial reporting and performance. The results are illustrated in the following Table 15, 16, & 17.

Table 4.15Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
.751[a]	.751[a]	0.564	0.540	3.31165
.924[a]	.924[a]	0.853	0.836	1.97695

a. Predictors: (Constant), Financial Reporting

b. Predictors: (Constant), Financial Reporting*Capitation

In Table 4.15, the R square is 0.564 before interacting the independent variable (financial reporting) with capitation. After interaction, the R square is 0.853. This means that the moderating variable has an effect on the relationship between financial reporting and financial performance.

Table 4.16Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	255.543	1	255.543	23.301	.000[b]
	Residual	197.407	18	10.967		
	Total	452.950	19			
2	Regression	386.508	2	193.254	49.447	.000[b]
	Residual	66.442	17	3.908		
	Total	452.950	19			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Financial Reporting

c. Predictors: (Constant), Financial Reporting*Capitation

The Anova results show that the first test without interaction, the model is significant at 0.000<0.05. Upon interacting financial reporting with capitation, the model is still significantly reliable (sig. 0.000<0.05).

Table 4.17Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-3.482	3.201		-1.088	0.291
	Financial Reporting	0.742	0.154	0.751	4.827	0.000
2	(Constant)	-5.329	1.937		-2.751	0.014
	Financial Reporting	0.107	0.143	0.108	0.749	0.046
	Capitation	4.429	2.006		2.208	0.041
	Interaction (Financial Reporting*capitation)	0.870	0.166	0.890	1.722	0.013

a. Dependent Variable: Financial Performance

On the regression co-efficient, financial reporting without capitation as a moderator has a significant effect on financial performance (β = 0.742; p-value = 0.000<0.05). When capitation is interacted with the moderator, there is a positive significant relationship with financial performance (β = 0.870; p-value = 0.013<0.05).

4.14 Moderating Effect of Capitation on the Relationship between Capital Budgeting and Financial Performance

In this subsection, the study presented the results for the interactive effects of moderating variable on the link between capital budgeting and performance. The results are exhibited in the following Table 18, 19, & 20.

Table 4.18Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
.751[a]	.733[a]	0.538	0.512	3.41091
.924[a]	.936[a]	0.877	0.870	1.76052

a. Predictors: (Constant), capital budgeting

b. Predictors: (Constant), capital budgeting*Capitation

In Table 4.18, the R square is 0.538 before interacting the independent variable (capital budgeting) with capitation. After interaction, the R square changes to 0.877. This means that the capitation as a moderating variable has an effect on the connection between capital budget and financial performance.

Table 4.19Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	243.532	1	243.532	20.932	.000[b]
	Residual	209.418	18	11.634		
	Total	452.950	19			
2	Regression	385.912	2	192.956	48.932	.000[b]
	Residual	67.038	17	3.943		
	Total	452.950	19			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), capital budgeting

c. Predictors: (Constant), capital budgeting*Capitation

The model is significant at 0.000<0.05 in the first test without interaction, according to the Anova results in Table 4.19. In the second test, when capital budget and capitation are combined, the model remains highly trustworthy (sig. 0.000<0.05).

Table 4.20Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.198	2.889		-0.415	0.683
	Capital Budgeting	0.661	0.144	0.733	4.575	0.000
2	(Constant)	-4.994	1.797		-2.780	0.013
	Capital Budgeting	0.081	0.128	0.090	0.636	0.533
	Capitation	1.536	0.256	0.853	6.009	0.000
	Interaction (Capital Budgeting*capitation)	0.050	0.004	0.936	11.320	0.000

a. Dependent Variable: Financial Performance

On the regression co-efficient, capital budgeting without capitation as a moderator has a substantial influence on the financial health ($\beta = 0.661$; p-value = 0.000<0.05). When capitation is interacted with the moderator, there is still a positive significant relationship between capital budgeting and financial performance ($\beta = 0.050$; p-value = 0.013<0.05).

4.15 Combined Regression for All Independent and Moderating Variables

utilizing the moderating variable (capitation), the research did a combined regression analysis on all on the independent variables to find out their interaction with capitation. The results are exhibited in Table 4.21.

Table 4.21: Regression Analysis Using Moderating Variable to Test Interactions

Financial performance				
Variables	Standardized Coefficient (Beta)	Standard errors	t-value	p-value
Constant	5.158	2.138	2.413	0.029
Financial planning	0.447	0.318	0.988	0.003
Financial reporting	0.252	0.381	0.653	0.024
Capital budgets	0.268	0.431	0.561	0.583
Capitation	0.872	0.276	5.685	0.000
Model summary:				
R	.929[a]			
R square	0.862			
ANOVA:				
F-statistic (p-value)		23.498 (0.000[b])		
	N = 20			

[a] = Constant; [b] = Coefficients of each variable.
Significance level = 0.05

Source: Research data (2024)

With a correlation coefficient of 0.929, the variables showed a positive link, as shown in Table 4.21. The model's capital budgets, financial reporting, capitation, and financial planning account for 86.2% of the variance in universities' financial outcomes, according to the R2 of 0.862. This indicates that just 13.8% of the variables affecting financial performance may be attributed to variables not covered by the study. It is evident that the moderating variable has an interaction effect (R square changes from 0.566 to 0.862) on the relationship between independent and dependent variables as compared to the findings in Table 4.11 (regression without moderating variable).

Further, the ANOVA results show that the model is significantly reliable. This is because the p-value is <0.05; actually it is 0.000. This model is therefore good fit for this study.

With respect to coefficients, the research reveal that financial performance and financial planning were significantly and positively correlated ($\beta = 0.447$, p-value = 0.003). In agreement, a study by Owembi and Omwono (2016) found a positive link between financial planning and financial performance. Financial reporting was determined to

have a substantial and beneficial relationship with financial health once more (β = 0.252, p-value = 0.024). In agreement, a study by Osiorenoya (2015) established that quality of financial reporting was significantly linked with ROA. Furthermore, a significant positive insignificant link between capital budget and financial performance was found in the study (β = 0.268, p-value = 0.583). Mathenge and Muturi (2017) found that annual budget adherence significantly impacted the financial performance of Kenyan public universities. The study also found a significant positive correlation (β = 0.872, p-value = 0.000) between capitation and financial performance. Accordingly, Owuor et al. (2016) found a strong positive correlation between financial performance and capitation.

These coefficient results could be interpreted as suggesting that improving capital budgeting, financial reporting, financial planning, and capitation could improve the financial performance of universities. Lastly, the estimated regression model's constant was 5.158, meaning that the university's financial performance would be 3.316 if all of the predictors were rated zero.

4.16Research Hypothesis

The research employed the regression coefficients to test for the hypothesis. The null hypotheses were as follows.

H_{01}: The financial performance of Kenya's state universities financial performance has no relationship with financial planning. The regression coefficient in Table 4.21 reveal that financial planning and financial performance were significantly and confidently correlated (β = 0.447, p-value = 0.003). This means that the null hypothesis is rejected.

H_{02}: Financial reporting has no effect on the financial performance of Kenya's public universities. In Table 4.21, the results show that financial reporting was significantly and positively related with financial performance (β = 0.252, p-value = 0.024). This implies that the null hypothesis is not accepted.

H_{03}: Capital budgeting has no effect on Kenya's public universities' performance. As indicated in Table 4.21, study found a positive but insignificant relations between capital budget and financial performance (β = 0.268, p-value = 0.583). Consequently, the null hypothesis is rejected since there is a positive relationship between the variables.

H_{04}: Capitation has no moderating effect on Kenya's state universities' performance or financial performance. Nevertheless, the study showed that capitation significantly improved financial performance across the board. As a result, the null hypothesis is disproved.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1Introduction

The previous section analyzed and discussed results. In this section, the research's summary, conclusions, and recommendations are provided. Further, limitation and areas for further research were also provided.

5.2 Summary of the Key Findings

5.2.1 Financial Planning and Financial Performance of Public Universities in Kenya

It was found out that the 80% agreed to a large extent that the Universities had a cash flow forecast for all its cash collection and expenses. On whether the Universities had good financial plans that promotes attainment of the institution's financial objectives, 80% agreed with statement to a large extent. It was also found that the cash flow budgets were updated on a daily basis to a large extent as reported by 70%. The universities were also found to have financial risk management plans as reported by 65% (large extent). Again, it was established that the Universities had working cash control measures as revealed by 50%. Additionally, the Universities were found to have matched maturity periods for both assets and liabilities as indicated by 65% who agreed to a large extent. Lastly, it was revealed that financial plans had reduced chances of wastages in the Universities as shown by 75% (large extent) respondents. The regression and correlation analyses suggest that financial planning is positively and significantly associated with the financial health in public universities in Kenya.

5.2.2 Financial Reporting and Financial Performance of Public Universities in Kenya.

The study found that the accounting teams submitted reliable financial statements to relevant authorities as indicated by 55% of the respondents who reported to a large extent. Regarding, whether the Universities have a finance committee that submits relevant accounting reports, 50% reported that they had to a large extent. Moreover, it was found that the institutions' finance team adheres to timeliness when submitting reports to relevant persons. The study further found that the Universities' finance team adheres to completeness and correctness when reporting financial outcomes as showed by 55% (large extent). Lastly, the quality of financial statements prepared by the

University were of high standards and unbiased as reported by 50% (large extent) of the respondents. The correlation and regression results again indicated that financial reporting had a beneficial and substantial relationship with financial performance.

5.2.3 Capital Budgeting and Financial Performance of Public universities in Kenya.

The results suggested that all departments across the Universities are usually involved in budget making as said by 75% (large extent) of the respondents. The research also found that, the Universities have budgeting committees in place as indicated by 60% (large extent). It was also found that budget allocation adheres to priority to a large extent as supported by 50% respondents. Further, it was revealed that the allocated funds on certain activities were sometimes diverted to emergency issues as said by 50% (large extent) respondents. Meanwhile, the study again found that 65% of the respondents said that funds were adequate for our budgeting needs to a very little extent. It can be interpreted that despite that departments were involved and budget committee in place, the funds were not adequate. Via correlation and regression results, capital budgeting was also found to be positively related to the financial performance of the public universities.

5.2.4 Moderating Effect of Capitation on Financial Management and Performance of Public Universities in Kenya

It was found that the total amount of funds disbursed by the government was adequate to a little extent (70%). It was established that there has been seamless operations at the University to a little extent (55%). Again, whether annual funding by the government is timely, 60% and reported it was timely to a little extent. The research also found that there is need to increase funding capitation due to high rate of student enrolment to large extent and very large extent. Using the regression analysis, the research also suggested that capitation moderated the relationship between financial management practices and financial management of public universities in Kenya.

5.2.5 Financial Performance of Public Universities in Kenya

The research revealed that Universities did not consistently meet their financial budgetary needs over the past five years. It was reported that the funding and donations were not able to sustain provision of education services. Again, the study established that the surplus of funds in the University have been not been increasing in the recent

past. Further, it was found that, the Universities had registered high enrolment rates but there was no adequate funding. Lastly, the Universities had witnessed increase in number of faculty in the recent.

5.3Conclusions

In connection to financial planning, the study concludes that the universities had financial planning mechanisms in place. Specifically, the planning mechanisms helped in forecasting cash flows, promoting financial risk management, and enhancing working cash control measures thereby reducing chances of wastages in the Universities.

On financial reporting, it concludes the public universities embraced sound, reliable and standard financial reporting practices. For example, accounting teams submitted reliable financial statements, finance team adheres to timeliness, standard, completeness, and correctness when reporting financial outcomes.

Regarding capital budgeting, it is concluded that most of the institutions had good capital budgeting practices including involvement of all departments across the Universities, having budgeting committees, and allocation of budgets based on priority. However, allocated funds on certain activities were sometimes diverted to other issues and the funds were equally not adequate for budgeting needs.

In regard to capitation, the study concludes that the total amount of funds disbursed by the government was inadequate and also untimely and this affected seamless operations at the Universities. The capitation thus had implication on the financial performance of the Universities.

Concerning financial performance, the study concludes that the Universities did not consistently meet their financial budgetary needs since the funding and donations were not able to sustain provision of education services. The fact that the Universities were operating on deficits in the recent past is an indication of the dire need for financial support.

5.4Recommendations of the Study

Despite that, the universities had good budgeting practices, the universities sometimes diverted funds to other issues. The study recommends that given the meagre financial resources at their possession, the universities management should ensure that funds

allocated for specific activities should be specifically used for the intended purposes. This means that the institutions should diversify other means of generating income to cater for any emerging issue that requires financing rather than resorting to funds' diversion.

On financial planning, it was established that universities had good practices. The study recommends that public universities in Kenya can enhance their financial planning by emphasizing a variety of revenue sources, implementing more effective financial management techniques, and bolstering accountability and transparency. Additionally, these actions will enable them to better interact with their students and support the nation's overall development objectives.

On financial reporting, the study found that most universities ensured they timely present financial reports. Therefore, the universities should ensure that they adhere to international best practices in accounting as a practice recommendation. They can do this by ensuring they match their financial reporting with International Financial Reporting Standards (IFRS). This enhances financial statements' reliability, comparability, and transparency.

It was established that the capitation as offered by the government was inadequate and not timely sent to learning institutions and this had negatively affected student enrolment and more importantly, university operations. For practice purposes, the research advises that the government guarantee a prompt and complete disbursement of money to universities to prevent any disruption in their activities. The disbursement criteria should be reviewed by the ministry of education through policy initiatives to ensure that the present arrangement supports improvement in the provision of university education.

Concerning financial performance, the study concludes that the Universities did not consistently meet their financial budgetary needs since the funding and donations were not able to sustain provision of education services. The research recommends that the public universities should ensure they have adequate cash to meet their operations, fund their growth and also ensure unexpected payments met and able to be sustained over the years.

5.5Limitation of the Study

The researcher anticipated a problem with some respondents choosing not to participate out of fear of information exposure. Some respondents worried that by disclosing information about the institution, their identities might be discovered. To mitigate the situation, the inquiry assured the participants that the researcher was undertaking the research exclusively for scholarly objectives and that all information would be treated with confidentiality.

Financial performance data is regarded as sensitive and could be regarded as private. Because of this, some responders were afraid to complete the questionnaire. To mitigate the situation, the researcher convinced them that the analysis was to be kept private and that the study tools would not contain any identifying information.

It was evident that some of the institution's responders had demanding job schedules that prevented them from taking on extracurricular activities, which could have limited their availability. The researcher devoted additional time to data collecting and appropriate pre-exercise communication in order to address this issue.

5.6Suggestions for Further Research

The research intended at assessing the financial management practices and financial health of public universities in Kenya. The researcher recommends that a research on the effect of financial internal controls on the operations of the public universities be conducted. As these institutions strive to provide seamless learning in the wake of economic instability combined with the delayed and unpredictable financial support from the government and other stakeholders, such a study will aid in assessing their financial discipline. The study recommends that secondary data be used in future research of this kind in order to remove respondents' suspicions and feelings of fear.

REFERENCES

Ahmed, I. H., Babar Z. B., & Kashif, R. (2018). Financial Management Practices and Their Impact on Organizational Performance, *World Applied Sciences Journal*, 9 (9), 997-1002.

Aina, O. I. (2022) Alternative modes of financing higher education in Nigeria and implications for university governance. Issues in Higher Education: Research Evidence from SubSaharan Africa, J.B. Babalola, and B.O. Emunemu Eds. Revised Edition, Lagos: Bolabay publications.

Al-Dmour, A., Abbod, M., & Al-Balqa, N. (2018).The impact of the quality of financial reporting on non-financial business performance and the role of organizations demographic' attributes (type, size and experience), *Academy of Accounting and Financial Studies Journal*, Volume 22(1), 1528-2635.

Ali, A. Y. S., & Isak, A. O. (2019).Financial Management Practices and Financial Performance of Service Companies in Somalia. *Financial Management*, *10*(4).

Andren, T. (2007). *Econometrics.* United Kingdom: Thomas Andren and Ventus Publishing Aps

Aparicio, J., Pastor, J. T., & Zofio, J. L. (2017). Can Farrell's allocative efficiency be generalized by the directional distance function approach?. *European Journal of Operational Research*, *257*(1), 345-351.

Ariyo, C. O., Onileowo, T. T., & Oke, M. O. (2020). The impact of financial planning on the financial performance of smallscale business firms in ekiti state. *International Journal of Development Research*, *10*(02), 33818-33826.

Ariyo, C. O., Onileowo, T.T& Oke, M. O. (2020).The impact of financial planning on the financial performance of smallscale business firms in EkitiState. *International Journal of Development Research* 10(2), 33818-33826

Baker, K. H., Dutta, S., & Saadi, S. (2017). Management Views on Real Options in Capital budgeting, *Journal of Applied Finance*, Volume 21, No. 1, p. 18 29

Balci, N. (2017). Financial performance analysis with tops is technique: a case study of public university hospitals in turkey. *YönetimveEkonomiAraştırmalarıDergisi*, *15*(1), 155-176.

Birech, K. F., Kevin, O., & Alang'o, G. (2016). Relationship between Financial Planning and Financial Performance of Nandi County Government, Kenya. Unpublished Doctoral Thesis Jomo Kenyatta University of Agriculture and Technology,

British Council (2020).*Universities face £460m loss from expected drop in East Asian students.* Retrieved at https://www.theguardian.com

Byrne, J., & O'Connor, T. (2017). Creditor rights, culture and dividend payout policy. *Journal of multinational financial management*, 39, 60-77.

Callahan, C. M., & Waymire, T. R. (2017). An Examination of the Effects of Budgetary Control on Performance: Evidence from the Cities. AAA 2008 MAS Meeting Paper,

Campbell, J. M. (2017). Extending the resource-based view: Effects of strategic orientation toward community on small business performance. *Journal of Retailing and Consumer Services*, 34, 302-308.

Chandran, C. (2004). Research Methods with Illustrations from Christian Ministries. Nairobi: Daystar University.

Chebiwot, K. P., Misoi, M., &Wanza, S. L. (2020). Effect of Staff on the Performance of Public Universities: A Case of North Rift Region, Kenya. *Journal of Education and Practice*, *4*(2), 20-33.

Chen, K., & Irarrazabal, A. (2015). The role of allocative efficiency in a decade of recovery. *Review of Economic Dynamics*, *18*(3), 523-550.

Chen, S. W., Shen, W. C., Hsieh, T. C., Liang, J. A., Hung, Y. C., Yeh, L. S., & Kao, C. H. (2018). Textural features of cervical cancers on FDG-PET/CT associate with survival and local relapse in patients treated with definitive chemoradiotherapy. *Scientific reports*, 8(1), 11859.

Cheruiyot, P. M., Oketch, J. R., Namusonge, G. S., Sakwa, M., Mutai, P., & Robert, J. (2017). Effect of public financial management practices on performance in Kericho county government, Kenya: A critical review. *International Journal of Education and Research*, *5*(12), 211-224.

Chetambe, H. N., & Sakwa, M. (2013). Effects of financial training on financial performance of schools in Kenya: A survey of performance of schools in Kenya: A case of trans-nzoia County. *International Journal of academic research in Business and social science*, *3*(10).

Cox, T. (2012). Exposing the true risks of capitation financed healthcare. *Journal of Healthcare Risk Management*, *30*(4), 34-41.

Creswell, J. W., & Clark, V. L. P. (2017). *Designing and conducting mixed methods research*. Sage publications.

Cypress, B. S. (2017). Rigor or reliability and validity in qualitative research: Perspectives, strategies, reconceptualization, and recommendations. *Dimensions of critical care nursing*, *36*(4), 253-263.

David P. & Paul III, J. B. (2014). How effective is Capitation at Reducing Health Care Costs?

Demba, M. (2013). Algorithm for relational database normalization up to 3NF. *International Journal of Database Management Systems*, *5*(3), 39.

Donald, M. R., & Delno, M.M. (2018). Internal audit quality, audit committee independence, growth opportunities and firm performance. *Corporate Ownership and Control*, 7(2), 50-63.

Endeki, D. N., & Minja, D. (2021). Role of new public management practices in service delivery in the public sector: Case of the State Department of Public Works–Kenya. *International Academic Journal of Arts and Humanities*, *1*(2), 188-209.

Finkler, S. A., Calabrese, T. D., & Smith, D. L. (2022). *Financial management for public, health, and not-for-profit organizations*. CQ Press.

Flaherty, A. (2018). *The design, implementation and evaluation of a teacher development programme to empower graduate students teaching in the undergraduate chemistry laboratory* (Doctoral dissertation, University of Limerick).

Gerrit, S., Mohammad, J., & Abdolmohammadi (2015), Monitoring Effects of the internal audit Function: Agency Theory versus other Explanatory Variables. *International Journal of auditing.* Blackwell Publishing Ltd

Gloy BA, LaDue EL (2013). Financial management practices and farm profitability. Agric Financ Rev 63(2):157–174.

Gorman, G. L. (2014). Reorganization of maritime entities under US bankruptcy laws. *USF Mar. LJ*, *27*, 97.

Hair, J. F., & Lukas, B. (2014). *Marketing research.* North Ryde. NSW: McGraw-Hill.

Hyndman, N., & Lapsley, I. (2016). New public management: The story continues. *Financial Accountability & Management*, *32*(4), 385-408.

Ibrahim, A. U., & Mustapha, A. M. (2019). Impact of Financial Control Mechanisms on Profitability Performance: A Case of Manufacturing Firms in Nigeria.*International Journal of Managerial Studies and Research* 7(3), 1-10

Islam, F. (2015). New Public Management (NPM): A dominating paradigm in public sectors. *African Journal of Political Science and International Relations*, *9*(4), 141-152.

Kahenda, L. (2022). Accounting Information Systems and Financial Performance of Public Universities in Western Region (Doctoral dissertation).

Kang'aru, P. N., & Tirimba, I. (2018).Effect of Financial Planning Practices on the Financial Performance of Non Profit Making Health Organizations in Kiambu County, Kenya.*International Journal of Scientific and Research Publications* 8(5), 600-623

Kathomi, A., Njeru, D. M., & Ocharo, K. N. (2022). Debt Financing Options and the Financial Sustainability of Universities in Kenya. Webology, 19(2).

Kimathi, G. J. (2019). *Effect of debt financing on financial performance of public universities in Kenya* (Doctoral dissertation, University of Nairobi).

Kinyanjui, G. (2018). Effect of employee share ownership plans on the financial performance of firms listed on the Nairobi securities exchange (Doctoral dissertation, University of Nairobi).

Kiprop, L. F., &Tenai, J. (2017). Effect of risk monitoring on performance of financial institutions. *European Journal of Business and Strategic Management*, *2*(6), 80-91.

Leedy, D. E. (2002). *Effects of two-and three-dimensional animations on coordination chemistry conceptions*. Arizona State University.

Lightbody, B. (2017). *Nietzsche's Will to Power Naturalized translating the Human into Nature and Nature into the Human*. Lexington Books.

Majimbo, E. (2016). Influence of attachment styles on academic performance of adolescents in high cost private secondary schools in Nairobi County, Kenya. *European Scientific Journal*, *13*(10), 90-104.

Makokha, G. L., & Mutisya, D. N. (2016). Status of e learning in public universities in Kenya. *International review of research in open and distributed learning*, *17*(3), 341-359.

Malley, B. O. (2019). US suffers worst global ranking performance in 16 years. *The 16th edition of the QS World University Rankings*

Mange, D. (2013). Management challenges facing Kenyan Public Universities. Evidence from General Method of moments (Gmm). *Asian Journal of Business and Management Sciences*, 1(2), 130-135.

Marembo, M. (2013). *Financial management practices employed by small and medium enterprises in the Buffalo city metropolitan municipality,* Eastern Cape. MBA research paper, University of Fort Hare, South Africa

Mathenge, P. W., & Muturi, W. (2017). Effects of financial management practices on financial performance of public Universities in Kenya. *International Journal of Social Sciences and Information Technology*, *3*(8), 2354-2363.

Mbau, E. P. (2019). *Fiscal Decentralization, Allocative Efficiency, Public Governance and Performance of County Governments in Kenya* (Doctoral dissertation, University of Nairobi).

McCowan, T. (2018). Quality of higher education in Kenya: Addressing the conundrum. *International Journal of Educational Development,* 60, 128-137.

McMahon, P., Holmes, S., Hutchinson, J., Forsaith, M. (2013). *Small Enterprise Financial Management: Theory and Practice*, Harcourt Brace, Sydney.

Mohd Harif, M. A. A., Osman, H., & Hoe, C. H. (2016). Financial management practices: An in-depth study among the CEO of Small and Medium Enterprise (SMEs). *International Review of Business Research Papers*, *6*(6), 13-35.

Mugenda, O & Mugenda, A. (2009). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Acts Press.

Mugenda, O., & Mugenda, A. (2003). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Acts Press.

Muhunyo, B. M., & Jagongo, A. O. (2018).Effect of internal control systems on financial performance of public institutions of higher learning in Nairobi City County, Kenya (Doctoral dissertation, Doctoral dissertation, Kenyatta University).

Mukhwana, E. J., Kande, A., Nandokha, H., & Too, J. (2020). Financing higher education in Africa: The case of Kenya. *African Journal of Rural Development.*

Mukhwana, E., Oure, S., Kiptoo, S., Kande, A., Njue, R., Too, J., & Some, D. K. (2016). State of university education in Kenya. *Commission for University Education. Discussion Paper*, *4*(3).

Mukhwana, E., Too, J., & Kande, A. (2018). Building the University Sector of the Future: Experiences from Kenya. *Commission for University Education*, 266.

Murage, S. M., &Onyuma, S. O. (2015). Analysis of Financial Performance of Income Generating Activities in Public Higher Learning Institutions: Experience fromEgerton University, Kenya. *Research Journal of Finance and Accounting*, *6*(7), 247-254.

Musau, J. (2014). *Strategic management of procurement processes and operational efficiency of major oil companies in Kenya* (Doctoral dissertation, University of Nairobi).

Musili, F. M., &Wepukhulu, J. M. (2019). Effect of Financial Reporting On the Organizational Performance of Public Corporations under the Ministry Of Tourism in Kenya. *International Journal of Business Management and Finance*, *3*(2).

Muthama, K., & Warui, F. (2021). Influence of lending terms on loan performance of microfinance institutions in Kisii County (Case Study; Kenya Women Microfinance Bank). *International Academic Journal of Economics and Finance, 3 (7), 21*, *3*(7), 21-44.

Mwendwa, M., Gatauwa, J.M., & Mungai, J. (2024). Venture capital and financial performance of E-Commerce-driven firms in Kenya. International Journal of Finance and Accounting, 9(2), 42-61.

Nganga, G. (2020). Government cuts universities budget by 26%. University World News: Africa Edition. Retrieved on 5th May, 2021

Ngowi, F. L. (2015). *Examining impact of unreliable government disbursement of capitation grants on academic performance in public secondary schools the case of Kinondoni District* (Doctoral dissertation, The Open University Of Tanzania).

Nickson, J., & Mears, S. (2021). Budgetary control and performance. *Journal of Finance*, *7*(3), 78-98.

Nwachukwu, C. C. (2009). Client's constraining factors to construction project management success in Nigeria: a systems analytical approach. *International Journal of Development and Management Review*, *4*(1), 207-219.

Nyongesa, R. W. (2015). *The relationship between liquidity risk and financial performance of commercial banks in Kenya* (Doctoral dissertation, University of Nairobi).

Obulemire, A. T. (2020). *Empirical Examination Of Appropriateness Of Financial Statement Analysis Models In Influencing Shareholder Wealth Of Listed Non Financial Firms In Kenya* (Doctoral dissertation, Kabarak University).

Oncioiu, I., Petrescu, A. G., Bîlcan, F. R., Petrescu, M., Popescu, D. M., &Anghel, E. (2020).Corporate Sustainability Reporting and Financial Performance. *Sustainability*, *12*(10), 4297.

Oncioiu, I., Petrescu, A. G., Bîlcan, F. R., Petrescu, M., Popescu, D. M., & Anghel, E. (2020). Corporate sustainability reporting and financial performance. *Sustainability*, *12*(10), 4297.

Orendo, M. H., &Muturi, W. (2019). Effect of Financial Planning on the Financial Performance of Non-Governmental Organizations. A Case Study of USAID Funded International Non-Governmental Organizations in Kenya. *International Journal of Social Sciences and Information Technology* 3(2), 1708-1724

Osadchy, E. A., Akhmetshin, E. M., Amirova, E. F., Bochkareva, T. N., Gazizyanova, Y. Y., & Yumashev, A. V. (2018). Financial statements of a company as an information base for decision-making in a transforming economy.

Osei, R. D., Owusu, G. A., Asem, F. E., & Afutu-Kotey, R. L. (2009). Effects of capitation grant on education outcomes in Ghana. *Accra, Institute of Social and Economic Research*.

Osiorenoya, S. P. (2015). *Impact of financial reporting on financial performance of quoted companies in Nigeria* (Doctoral dissertation, M. Sc Thesis of Redeemed University, Ede, Nigeria).

Otieno, B. O. (2019). Effect of budgetary control uses on financial performance of public universities in Nairobi county, Kenya (*Doctoral dissertation*).

Owembi, K., & Omwono, G. (2016). Relationship between Financial Planning and Financial Performance of Nandi County Government, Kenya. *International Journal of Humanities and Social Science* 1(4), 24-33.

Owuor, G. O., Agusioma, N., & Wafula, F. (2021). Effect of Accounts Receivable Management on Financial Performance of Chartered Public Universities in Kenya. *International Journal of Current Aspects in Finance, Banking and Accounting*, *3*(1), 73-83.

Owuor, M. J., Gudo, C. O., & Onditi, M. A. (2016). Effects of capitation grant on implementation of free primary education in Kenya.

Peter Agyei-Baffour, R. O. (2013). Knowledge, perceptions and expectations of capitation payment system in a health insurance setting: a repeated survey of clients and health providers in Kumasi, Ghana. BMC *Public Health*.

Rugutt, S. K. (2018). *Financial Management Practices and Financial Performance of Kenya Tea Development Agency Managed Tea Factories in Kenya* (Doctoral Dissertation, Kenyatta University).

Sahu, P. A., & Charan, P. (2013). Ratio analysis is an instrument–For decision-making-A study. *Asia Pacific Journal of Research*, *1*(8), 36-41.

Saint, W., Hartnett, T. A., & Strassner, E. (2013). Higher Education in Nigeria: A Status Report. *Higher Education Policy*, 16, 259-281 Black, 2006;

Sarens, G., & Abdolmohammadi, M. J. (2011). Monitoring effects of the internal audit function: agency theory versus other explanatory variables. *International Journal of Auditing*, 15(1), 1-20.

Sawe, K. (2022). Financial Management Practices And Financial Performance Of Commercial And Services Companies Listed At Nairobi Securities Exchange, Kenya.

Shapiro & Shapiro, A. C., & Hanouna, P. (2019). *Multinational financial management*. John Wiley & Sons.

Shihemi, R. (2016). Influence of Monitoring and Evaluation Tools on Projects Performance Projects of Building and Construction Kenyan Public Universities: A Case of the University of Nairobi. *Unpublished Master of Arts in Project Planning and Management Thesis: University of Nairobi*.

Silva, L. M., & Jayamaha, A. (2018). Budgetary process and organizational performance of apparel industry in Sri Lanka. *Journal of Emerging Trends in Economics and Management Sciences, 3*(4), 354-360.

Tamari, F. (1978). On a geometrical method of construction of maximal t-linearly independent sets. *Journal of Combinatorial Theory, Series A*, *25*(1), 14-28.

Tanjeh, M. S. (2018). Factors influencing the acceptance of international public sector accounting standards in Cameroon. *Accounting and Finance Research*, 5(2), 71–83.

Tarus, J. K., Gichoya, D., & Muumbo, A. (2015). Challenges of implementing e learning in Kenya: A case of Kenyan public universities. *The international review of research in open and distributed learning*, *16*(1).

Thuita, V. W. (2021). *Effectiveness of Ratio Analysis in Predicting Financial Performance of Commercial Banks in Kenya* (Doctoral dissertation, University of Nairobi).

Uechi, L., Akutsu, T., Stanley, H. E., Marcus, A. J., & Kenett, D. Y. (2015). Sector dominance ratio analysis of financial markets. *Physica A: Statistical Mechanics and its Applications*, *421*, 488-509.

Waddell, C. (2018). Effective hiring process background check strategies (Doctoral dissertation, Walden University).

Walker, W. and Petty, J., (2014). *Financial management of the small firm.* New York: Prentice-Hall

Wanyama, L., Okello, B., & Otinga, H. N. (2019). Influence of financial control on profitability of sugar manufacturing firms in Western Kenya. *The Strategic Journal of Business & Change Management*, 6 (2), 1262 –1283.

Waswa, C. W., Mukras, M. S., & Oima, D. (2018). Effect of competitiveness on financial performance of the sugar industry in Kenya.

Yin, R.K. (2017). *Case study research. Design and methods*, 5th ed. London, Thousand Oaks: Sage Publications.

Yogendrarajah, R., Kengatharan, L., & Jeyan Suganya, D. F. (2017). Financial management practices and performance of smes in sri lanka evidence from jaffna district.

Yohanes, D., Debela, K., & Shibru, W. (2018). Effect of financial management practices on profitability of small-scale enterprise: Case Study Hawassa City Administration, Ethiopia. IOSR *Journal of Business and Management*, 20(6), 39-45.

APPENDICES

Appendix I: Letter of Introduction

Bedan Maina Ngari
P.O. Box 34282
Nairobi
Cell phone no: 0733858518

Dear Respondent,

Ref: Introduction Letter

My name is Bedan Maina Ngari, and I attend Kenyatta University's School of Business, Economics, and Tourism as a master's student studying business administration. At the moment I am collecting data for my research and this questionnaire is an integral part of the study whose title is 'Financial Management Practices and Financial Performance of Public Universities in Kenya'.

I respectfully ask for your help in compiling data by answering the pre-arranged questions in the questionnaire that is included. Your responses will remain confidential and will be utilised exclusively for educational reasons.

You are urged to complete the questionnaire guide accurately.

Yours faithfully,

Bedan Maina Ngari
D53/OL/CTY/26338/2015

APPENDIX II: QUESTIONNAIRE

FINANCIAL MANAGEMENT PRACTICES AND PERFORMANCE OF PUBLIC UNIVERSITIES IN KENYA

Introduction

The sole goal of this questionnaire is to gather information for scholarly research. Please provide the best response you are able to for each question. To prevent misuse, all provided information will be handled with absolute anonymity.

SECTION A: BIO DATA

For each question and statement, please mark (√) the option that best reflects your response.

1. Age (Years)

   18-25 Yrs. ( ) 26 – 35 Yrs. ( ) 36- 45 Yrs. ( )

   Above 45 Yrs. ( )

2. For what duration did you work at this university?

   Below 3 Yrs. ( ) 3-6 Yrs. ( ) 7-10 Yrs. ( )

   More than 10 Yrs. ( )

3. What role do you play at this university?

   Procurement director ( ) Senior Procurement officer ( )

   Others. Please specify ( ) _____

4. What is your greatest educational achievement?

   Certificate ( ) Diploma ( ) Degree ( )

   Masters ( ) PhD ( )

SECTION B: FINANCIAL PLANNING

5. To what extent do you agree with the following statements regarding the planning and financial performance of public universities? A scale of 1 to 5 should be used, with 1 denoting very little, 2 little, 3 moderate, 4 large, and 5 extremely large

	Statements	1	2	3	4	5
i	Our University has a cash flow forecast for all its cash collection and expenses					
ii	The University has good financial plans that promotes attainment of the institution's financial objectives					
iii	The cash flow budgets are updated on a daily basis					
iv	Our University has financial risk management plan in place					
v	The University has working cash control measures					
vi	Our University matches maturity periods for both assets and liabilities					
vii	Financial plans we have reduces chances of wastages in the University					

SECTION C: FINANCIAL REPORTING

6. Below is an overview of numerous facets of public university finances and performance. A scale of 1 to 5 should be used, with 1 denoting very little, 2 little, 3 moderate, 4 large, and 5 extremely large

	Statements	1	2	3	4	5
	Our accounting team submits reliable financial statements to relevant authorities					
	Our University has a finance committee that submits relevant accounting reports					
	Our finance team adheres to timeliness when submitting reports to relevant persons					
	Our University finance team adheres to completeness and correctness when reporting financial outcomes					

	The quality of financial statements prepared by our University are of high standards and unbiased					

SECTION D: CAPITATION

7. Below is an overview of numerous facets of public university finances and performance. A scale of 1 to 5 should be used, with 1 denoting very little, 2 little, 3 moderate, 4 large, and 5 extremely large.

	Statements	**1**	**2**	**3**	**4**	**5**
	The total amount of funds disbursed by the government adequate					
	There has been seamless operations at the University because of regular government financial support					
	The annual funding by the government is timely hence presence of seamless service provisions					
	There is need to increase funding capitation due to high rate of student enrolment					

SECTION F: FINANCIAL PERFORMANCE

Below is a summary of the various elements that make up the financial performance of public colleges. A scale of 1 to 5 should be used, with 1 denoting very little, 2 little, 3 moderate, 4 large, and 5 extremely large.

	Statements	**1**	**2**	**3**	**4**	**5**
	Our University has consistently met its financial budgetary needs over the past five years					
	Funding and donations are able to sustain provision of education services					
	The surplus of funds in the University have been increasing in the recent past					

	The university has registered high enrolment rates due to adequate funding					
	The university has witnessed increase in number of faculty in the recent years					

7. May you please suggest any methods of financial management that may be used to improve the performance of public universities? ……
……
……

SECTION G: CAPITAL BUDGETING

A list of the capital budgeting components can be found below. A scale of 1 to 5 should be used, with 1 denoting very little, 2 little, 3 moderate, 4 large, and 5 extremely huge.

	Statements	**1**	**2**	**3**	**4**	**5**
	All departments are usually involved in budget making					
	There is a budgeting committee in place					
	Budget allocation adheres to priority					
	Allocated funds on certain activities are sometimes diverted to emergency issues					
	Funds are adequate for our budgeting needs					

End

Thank you!

APPENDIX III: LIST OF PUBLIC UNIVERSITIES IN KENYA

1. University of Nairobi (UoN)
2. Kenyatta University (KU)
3. Egerton University (Egerton)
4. Moi University (MoiUni)
5. Jomo Kenyatta University (JKUAT)
6. Maseno University (maseno)
7. Masinde Muliro University of Science and Technology (MMUST)
8. Technical University of Kenya (TUK)
9. Technical University of Mombasa (TUM)
10. Pwani University (pwani)
11. Dedan Kimathi University of Technology (DeKUT)
12. Chuka University (CU)
13. Co-operative University of Kenya (CUK)
14. South Eastern Kenya University (SEKU)
15. Multimedia University of Kenya (MMU)
16. University of Embu (Embuni)
17. Taita Taveta University College (TTUC)
18. University of Eldoret (UoE)
19. Kisii University (KisiiUni)
20. Karatina University (karu)
21. Meru University of Science and Technology (MUST)
22. Jaramogi OgingaOdinga University of Science and Technology (jooust)
23. Laikipia University (laikipia)
24. University of Kabianga (UoK)
25. Kibabii University College (Kibabii)
26. Rongo University (RV)
27. Maasai Mara University
28. Muranga University of Technology (MUT)
29. Machakos University (MksU)
30. Kirinyaga University (KYU)
31. Garissa University (GU)
32. National Defence University

Source; CUE (2020)

APPENDIX IV: TIME PLAN

ACTIVITIES	**1St Month**	**2nd Month**	**3rd Month**	**4th Month**	**5th Month**	**6th Month**
Formulation of the proposal						
Planning, writing, and advising						
editing the project and granting the supervisor's approval						
editing of the project and departmental approval of the project						
Data gathering and selection						
Data interpretation						
presenting the results, composing the final report, and sending the study report to the supervisor						

APPENDIX V: SECONDARY DATA (2018-2022)

Universities	Net surplus/deficit (NSD)
UON	
2018'	-1,405,315
2019'	-1,299,488
2020'	-1624195
2021'	-3110473
2022'	-2103465
KU	
2018	-2,109,408,510
2019	-677,803,757.00
2020	-1,564,212,051
2021	-2,129,630,290
2022	-1,232,702.00
JKUAT	
2018	-581,575,113
2019	-3,202,469
2020	-933,229,573.00
2021	-1,393,565,393
2022	-2,167,028,736
MOI UNIV	
2018	-613,850,000
2019	-2,811,536,000.00
2020	-3,209,205,000
2021	-4,806,885,333
2022	-6,104,562,833.33
EGERTON	
2018	-928,068,236
2019	-1,600,496,151
2020	-524,726,286
2021	-1,299,475,557
2022	-1,527,902,227
MASENO UNI	
2018	-17,038,808
2019	-507,119,137
2020	-49,087,933
2021	-186,772,967
2022	-202,797,530
Masinde Muliro University of Science and Technology	
2018	-69,135,870

2019	248,314,365
2020	295,953,531
2021	523,466,743
2022	706,011,444
Technical University of Kenya (TUK)	
2018	-835,034,947
2019	-685,658,193
2020	-444,178,088
2021	-693,291,287
2022	-685,658,192
Technical University of Mombasa (TUM)	
2018	-189,885,884
2019	-72,097,564
2020	-21,758,442
2021	-156,525,322
2022	144,220,842
Pwani University (pwani)	
2018	168,764,000
2019	-41,024,000
2020	-28,878,000
2021	-164,688,000
2022	-263,509,000
Dedan Kimathi University of Technology (DeKUT	
2018	-150,995,869
2019	-57,220,556
2020	118,093,127
2021	-56,502,102
2022	53,831,454
Chuka University (CU)	
2018	176,193,931
2019	860,913,331
2020	422,924,390
2021	-15,064,551
2022	-453,053,492
Co-operative University of Kenya (CUK)	
2018	25,563,863
2019	2,035,855
2020	-935,291,609
2021	-1,263,419,436
2022	-1,743,847,172
Multimedia University of Kenya (MMU)	
2018	-24,596,895
2019	-1,139,307,515

2020	-235,968,511
2021	-295,209,988
2022	-354,451,465
Machakos University (MksU)	
2018	
2019	33,859,960
2020	94,504,129
2021	-54,937,078
2022	-64,321,368
South Eastern Kenya University (SEKU)	
2018	-53,109,674
2019	-42,084,280
2020	-31,058,886
2021	-20,033,492
2022	-9,008,098
University of Embu (Embuni)	
2018	14, 848,164
2019	71,720,013
2020	57,684,941.00
2021	14, 848,165
2022	43,649,869
Taita Taveta University College (TTUC)	
2018	-56,786,111
2019	-77,774,052
2020	13,504,262
2021	104,782,576
2022	196,060,890
University of Eldoret (UoE)	
2018	-10,664,320
2019	-9,037,870
2020	789,590
2021	-10,617,050
2022	20,444,510
Kisii University (KisiiUni)	
2018	-14,221,289
2019	-19,602,000
2020	-508,827,000
2021	-998,052,000
2022	-1,487,277,000
Karatina University (karu)	
2018	
2019	
2020	

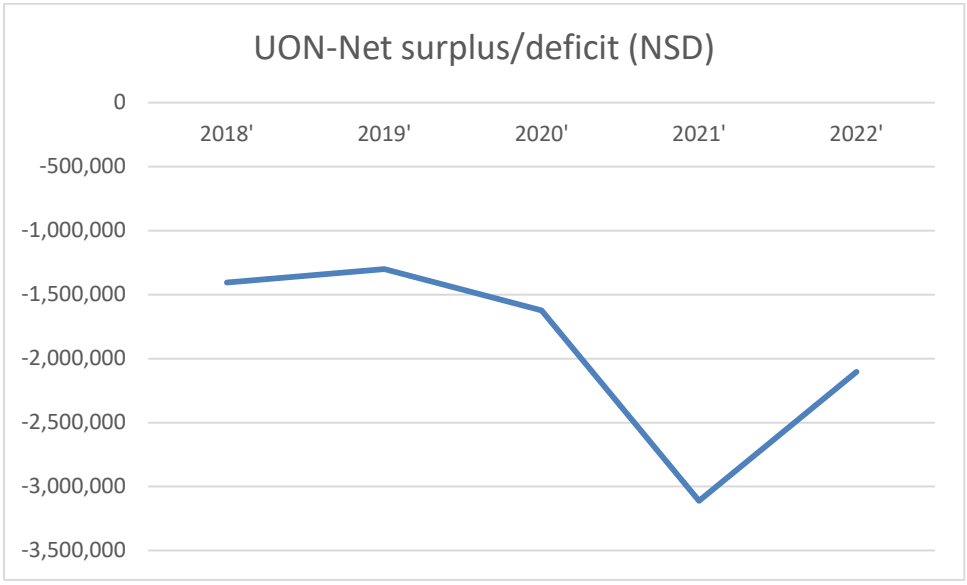
2021	
2022	
Meru University of Science and Technology (MUST)	
2018	-126,648,027
2019	-126,648,027
2020	-153,709,047
2021	-180,770,067
2022	-194,300,577
Laikipia University (laikipia)	
2018	27,930,000
2019	63,340,000
2020	45,620,000
2021	(140,340,000)
2022	27,900,000
University of Kabianga (UoK)	
2018	1,446,632
2019	-124,973,024
2020	-127,949,811
2021	4,466,228
2022	24,466,228
Kibabii University College (Kibabii)	
2018	46,060,017
2019	10,337,755
2020	-25,384,507
2021	-185,893,054
2022	-57,942,929
Rongo University (RV)	
2018	-23,698,742
2019	-20,691,542
2020	-76,349,784
2021	-37,905,638
2022	5,638,508
Maasai Mara University	
2018	-45,645,054
2019	-6,425,094
2020	-21,398,755
2021	-243,335
2022	11,879,814
Muranga University of Technology (MUT)	
2018	-18,654,431
2019	10,042,356
2020	38,739,143

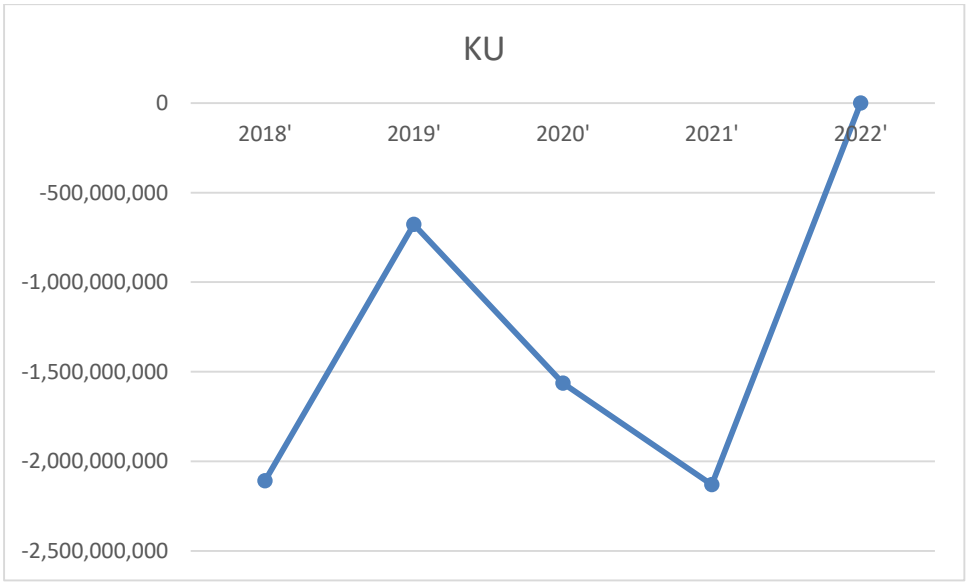
2021	67,435,930
2022	96,132,717
Kirinyaga University (KYU)	
2018	-56,219,477
2019	-12,194,926
2020	-28,404,478
2021	-4,457,961
2022	9,449,538
Garissa University (GU)	
2018	-64,755
2019	2,692,000
2020	3,667,522
2021	-23,258,000
2022	-243,000

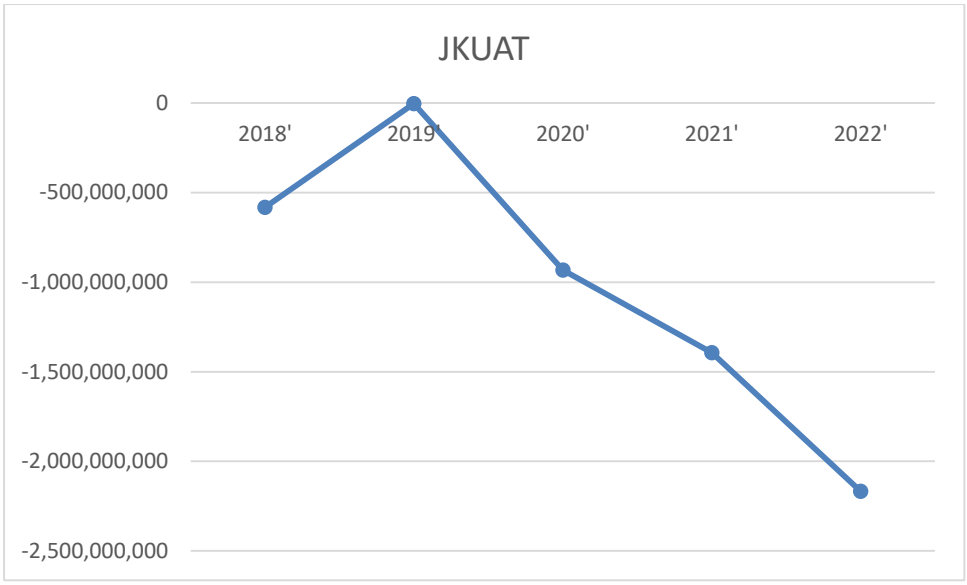
APPENDIX VI: BUDGET

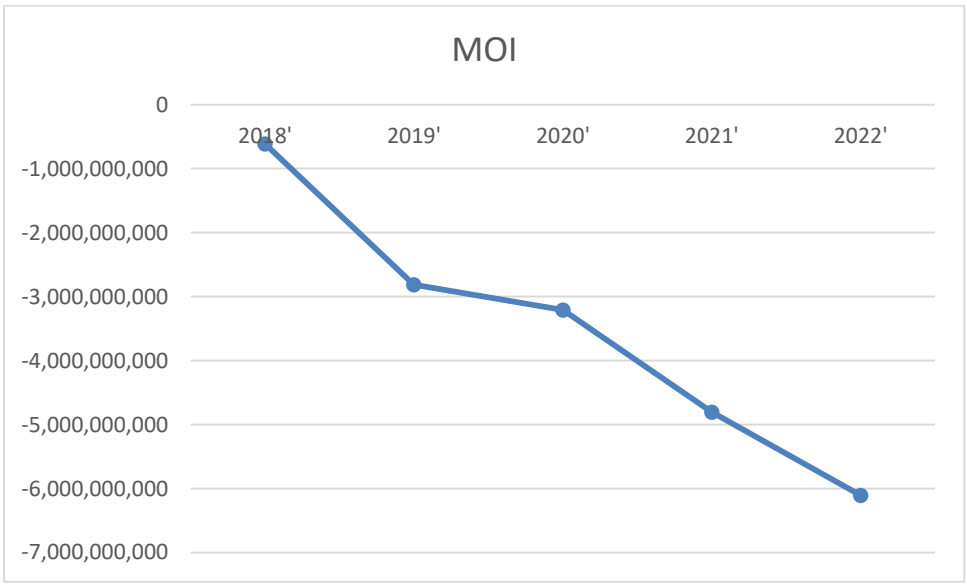
NO	ITEMS	COST (KSHS)
1	Stationery	12,000
2	Travelling	24,000
3	Typing & Printing	24,000
4	Photocopying & Binding	20,000
5	Analysis	20,000
6	Research Assistant	45,000
7	Miscellaneous	15,000
	TOTAL	**160,000**

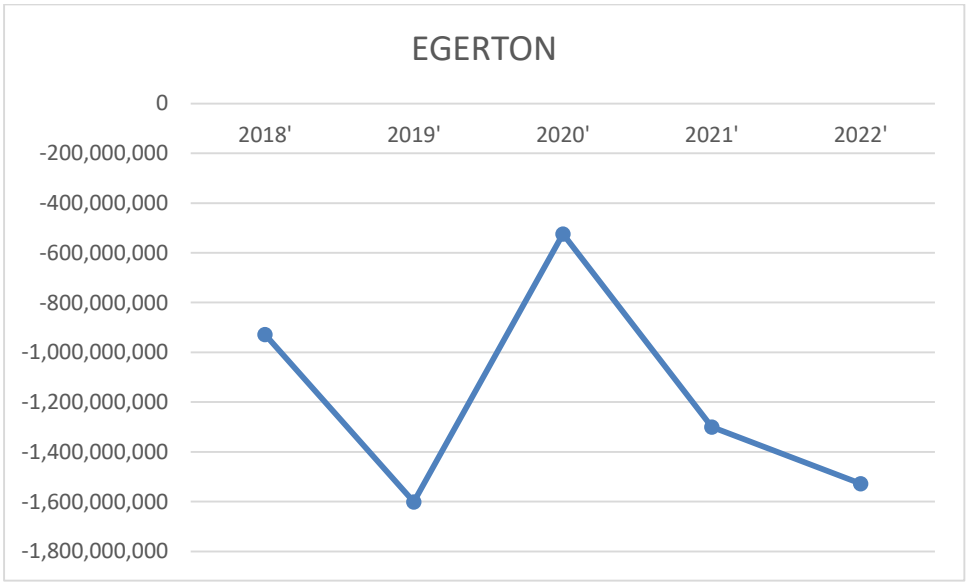
APPENDIX VII: RESULTS FOR SURPLUS/DEFICIT

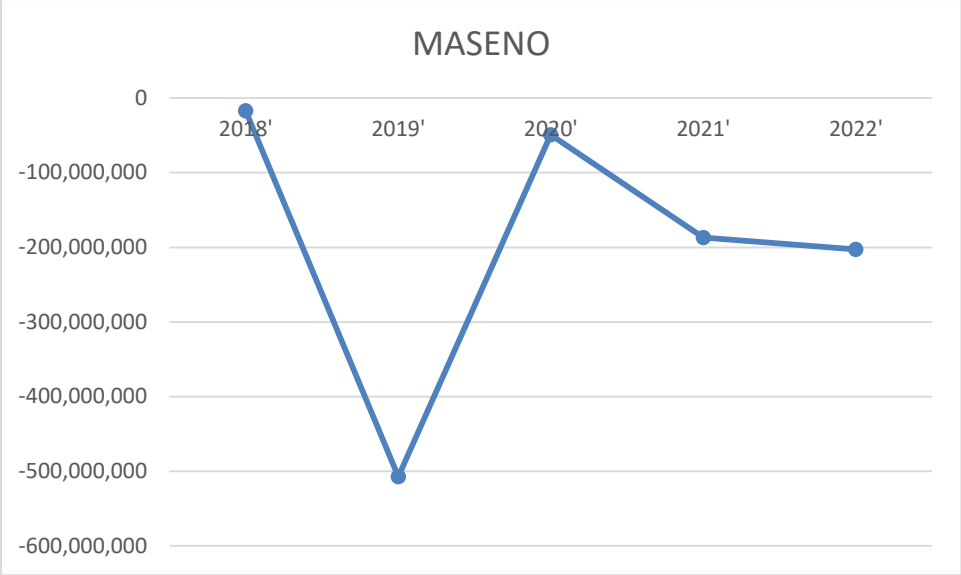


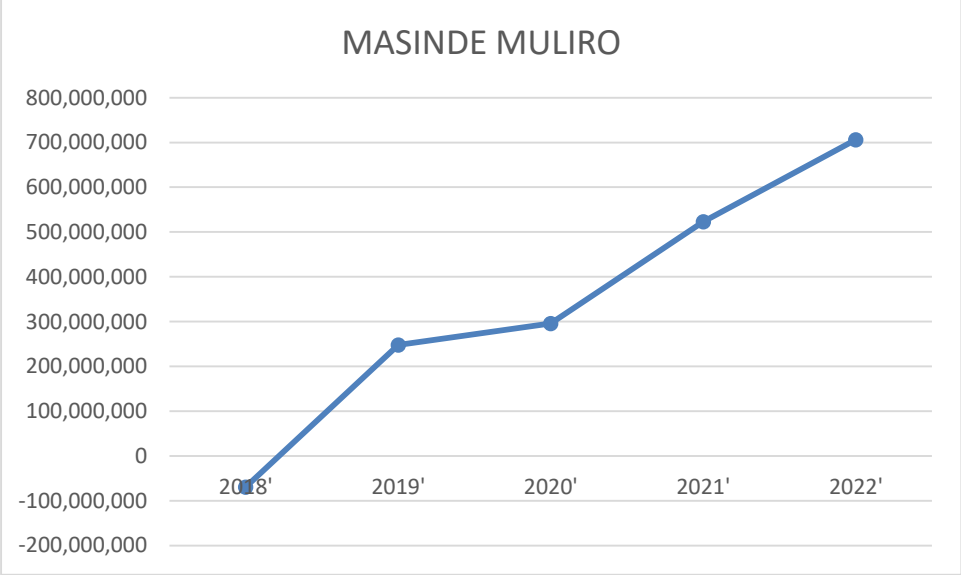


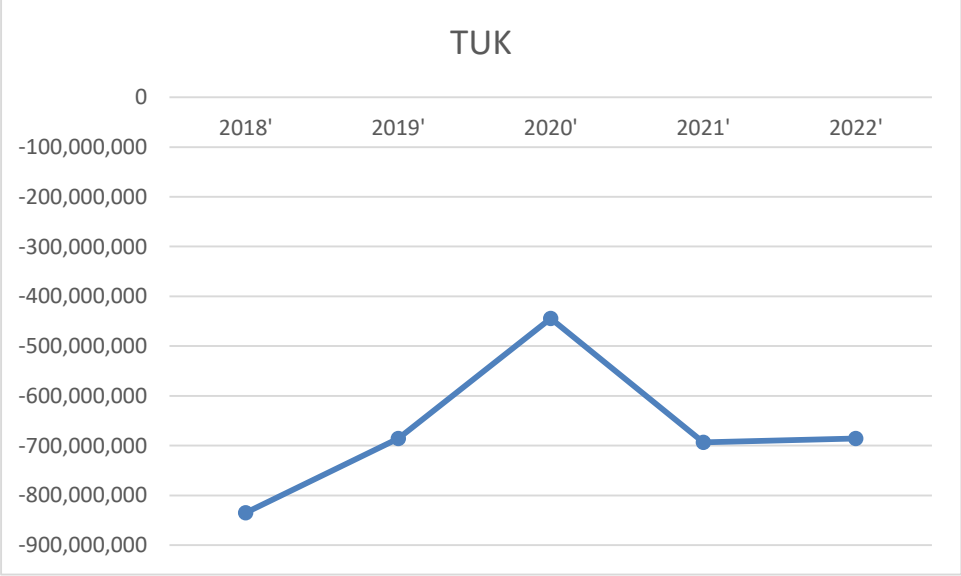

JKUAT
0
-500,000,000
-1,000,000,000
-1,500,000,000
-2,000,000,000
-2,500,000,000
2018'
2019'
2020'
2021'
2022'

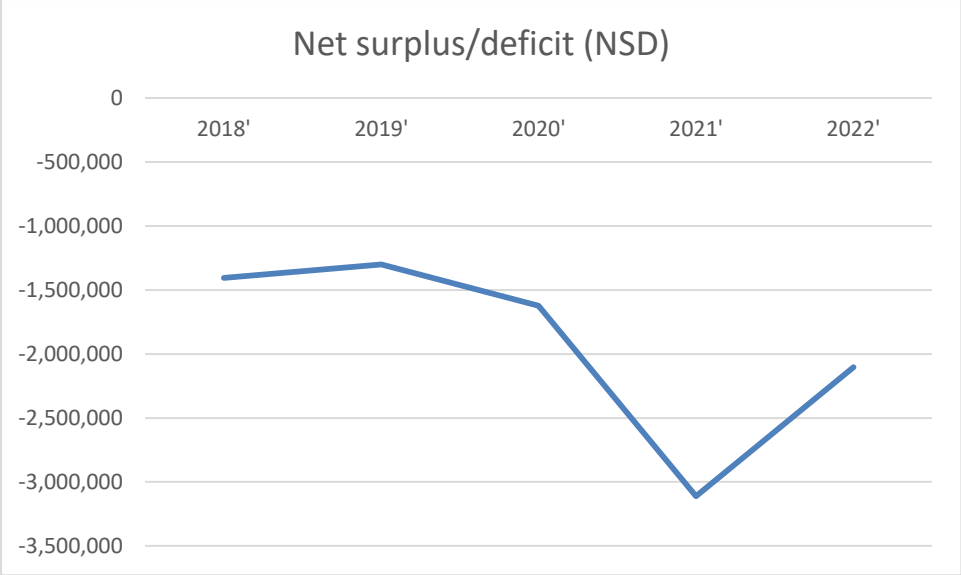

MOI
0
-1,000,000,000
-2,000,000,000
-3,000,000,000
-4,000,000,000
-5,000,000,000
-6,000,000,000
-7,000,000,000
2018'
2019'
2020'
2021'
2022'


EGERTON
0
-200,000,000
-400,000,000
-600,000,000
-800,000,000
-1,000,000,000
-1,200,000,000
-1,400,000,000
-1,600,000,000
-1,800,000,000
2018'
2019'
2020'
2021'
2022'


MASENO
0
-100,000,000
-200,000,000
-300,000,000
-400,000,000
-500,000,000
-600,000,000
2018'
2019'
2020'
2021'
2022'


MASINDE MULIRO
800,000,000
700,000,000
600,000,000
500,000,000
400,000,000
300,000,000
200,000,000
100,000,000
0
-100,000,000
-200,000,000
2018'
2019'
2020'
2021'
2022'


TUK
0
-100,000,000
-200,000,000
-300,000,000
-400,000,000
-500,000,000
-600,000,000
-700,000,000
-800,000,000
-900,000,000
2018'
2019'
2020'
2021'
2022'


Net surplus/deficit (NSD)
0
-500,000
-1,000,000
-1,500,000
-2,000,000
-2,500,000
-3,000,000
-3,500,000
2018'
2019'
2020'
2021'
2022'

APPENDIX VII: RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **960546**

Date of Issue: **05/June/2024**

RESEARCH LICENSE

This is to Certify that Mr.. BEDAN MAINA NGARI of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF PUBLIC UNIVERSITIES IN KENYA for the period ending : 05/June/2025.

License No: **NACOSTI/P/24/36425**

960546

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)
Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
    i. Endanger national security
    ii. Adversely affect the lives of Kenyans
    iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
    iv. Result in exploitation of intellectual property rights of communities in Kenya
    v. Adversely affect the environment
    vi. Adversely affect the rights of communities
    vii. Endanger public safety and national cohesion
    viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke