

Kabarak University International Conference on Business and Economics 2019



Report of Contributions

Contribution ID: 3

Type: **Abstract for Research Paper**

Analysis of the Relationship between Inter-Functional Coordination on Performance of Universities in Kenya

Inter-functional coordination is one of the market orientation components which is based on the the customer and competitor information entailing a business coordinated effort involving not only marketing department, but all the departments and resources in order to create superior value for customers. The main purpose of the study was to analyse the relationship between inter-functional coordination on performance of universities in Kenya. Descriptive and correlation designs design was adopted for the study. The target population was 63 universities based in Kenya. A total of 115 respondents who include 3 staff and 2 students were selected from a sample of 23 universities. Both stratified sampling and purposive sampling were used in selecting respondents from the population. A structured questionnaire, administered through drop and pick was used in collecting data. Descriptive and inferential statistics were used in analysing data through the multiple linear regression by using of Stata software, SAS System and Statistical Package for Social Sciences. The relationship between market orientation and university performance were analysed using correlation analysis. The results revealed a significant positive relationship between inter-functional coordination and university performance at 1% level of significance. This means that the independent variable (inter-functional coordination) influences performance of universities, implying that that inter-functional coordination is an important market orientation concept that needs to be adopted and implemented by universities in Kenya. This study recommends universities in Kenya to make an effort and focus more on ensuring smooth flow of communication and sharing of information across all departments.

Keywords

Market Orientation, Inter-functional Coordination, Performance

Primary author: Ms BOWEN , Chebet J. Daisy (Kabarak University)

Co-authors: Dr MUHANJI, Stella (Kabarak University); Prof. NJEHIA, Bernard (Kenyatta University,)

Track Classification: Human Resources Management and Marketing

Contribution ID: 5

Type: **Abstract for Research Paper**

BUDGETING PERCEIVED BENEFITS, CHALLENGES AND FACTORS CONSIDERED IN THE BUDGETARY PROCESS OF PUBLIC SECONDARY SCHOOLS IN NAIROBI COUNTY

ABSTRACT

Educational institutions generally adhere to tenets of organization management. Despite the adherence to the principles of management schools play some unique functions that comprise assurance that sound policies and objectives are formulated, procurement of resources necessary for achievement of objectives, implementation and coordination of school activities with maximum efficiency and effectiveness, influencing human resource available, integrating the school and its activities into the set up of the society and evaluation of school activities in accordance to a blue print so as to provide the necessary feedback for improvement. Due to inadequate planning, reporting, inspection and monitoring of resource management, there has been a lot of exploitation of parents in some secondary schools. However through effective budgeting and budgetary control process school functions can be efficiently and effectively managed. The objectives of this study were to establish factors considered when undertaking a budgetary process, and to determine perceived benefits and challenges of budgeting by public secondary school managers. Primary data was collected using questionnaires from 21 public secondary schools within Nairobi County. Data was analyzed using mean, standard deviation and percentages. The study established that secondary schools perceive budgets to be of great benefit in controlling costs, planning annual operations and for effective and efficient resources allocation. Also the number of students is greatly considered when undertaking the budget process since it provides an indication of amount of revenue and expenditure expected. The major challenges to the budget process are escalation of costs beyond expectation, budget implementation problems and lack of education for individuals involved in budgeting process.

Key words: Budgeting Perceived Benefits, Factors Considered in Budgetary Process

Keywords

Budgeting Perceived Benefits, Factors Considered in Budgetary Process

Primary author: Mr OBULEMIRE, Alex (University of Kabianga)

Track Classification: Accounting and Finance

Contribution ID: 7

Type: **Abstract for Research Paper**

INFLUENCE OF STRATEGIC INNOVATIONS ON REVENUE STREAMS SOURCES IN SELECTED PUBLIC UNIVERSITIES IN KENYA

Abstract

There has been rise of public universities in Kenya from one in 1970 to thirty one in 2019. In spite of this swelling in population, the number of qualifying fresh students for undergraduate degree programmes which is the backbone of these universities has significantly decreased for the last three years. The public universities have been relying on capitation fund and own source of revenue. However, many public universities are getting government sponsored programs allocations lower than their declared capacity and they have been unable to get adequate numbers of students for self sponsored programs. Many of them are reporting alarming revenue shortfalls and operational deficit. With this precarious scenario the management of these public universities are realizing the need for strategic innovations on own source revenue. The study aimed at finding the influence of the strategic innovations on revenue sources in public universities in Kenya. The specific objectives of the study were to assess the influence of technological innovation on the revenue sources of selected public universities and to examine the influence of diversification innovation on revenue of public universities in Kenya. The researcher adopted descriptive survey design. Data was obtained with the use of structured questionnaires. Data analysis was done using regression model. The researcher obtained a 74% response rate which was deemed valid for analysis. The study established that there existed a positive relationship between strategic innovation and revenue streams sources of public universities in Kenya. The study was limited to the influence of technological and diversification innovation. Future research should focus on other analysis tools and include other institutions that are not necessarily public universities. The implication of the findings is the need for the management to align strategic innovation strategy with the wider business strategy.

Key terms: strategic innovation, public universities, revenue streams, capitation fund, Kenya.

Keywords

strategic innovation, public universities, own source revenue, revenue streams, capitation fund, strategy

Primary author: Mrs ARERI, DAMARIS (STUDENT)

Co-authors: Dr KAMAU, GEOFFREY (LECTURER); Dr KIPCHUMBA, SIMON

Track Classification: Management science, Strategic Management, Procurement

Contribution ID: 8

Type: **Abstract for Research Paper**

The Moderating Influence of Bixa Ollerana Value Chain Government Policy on the Relationship between Marketing Mix Strategies and Sales Performance

Abstract

Bixa is grown in Kwale, Lamu and Kilifi Counties by small scale farmers and further processed for export by private companies as a natural coloring for butter, margarine, cheese and beverages. Bixa Ollerana crop was recently scheduled as a cash crop by the Kenyan government and its marketing has been left to small scale farmers. There is need for appropriate marketing mix strategies to enhance sales performance of Bixa crop. Since no studies have been conducted on the influence of marketing mix strategies on the sales performance of Bixa Ollerana, the study addressed the research gap. The main aim of this study was to assess the moderating influence of Bixa Ollerana value chain Government Policy on the relationship between marketing mix strategies and sales performance. The study adopted descriptive and exploratory research design mixed method approaches. The target population of the study was 2,419 Bixa farmers registered in Kwale County. A sample size of 106 farmers was drawn using simple random sampling technique. The study used structured questionnaire to collect the required data from the respondents. The study used descriptive statistics and inferential statistics. The interaction of the moderating effect of Government policy on Bixa Ollerana value chain did not change the relationship between marketing mix strategies and sales performance of small scale Bixa Ollerana farmers. Promotion mix strategy remained the only marketing mix strategy ($r = -0.286$, $p = 0.000 < 0.05$) that influenced the sales performance of small scale Bixa Ollerana farmers in Kwale County, Kenya. The findings from the study will be of importance to practice, marketing scholarship and Government on Policy formulation marketing of Bixa. The study recommends that the Government of Kenya puts in place a policy framework now that Bixa Ollerana is a scheduled crop, to regulate and promote its production, processing and marketing.

Keywords

Marketing Strategy, Marketing Mix Strategy, and Sales Performance.

Primary authors: Mr CHERUIYOT, David (Conference Business and Economics); Dr MWAURA, Peter (Business and Economics); Dr TANUI, John (Business and Economics)

Track Classification: Emerging and Cross Cutting Issues in Business and Economics

Contribution ID: 10

Type: **Abstract for Research Paper**

Political forces nexus with growth of export oriented entrepreneurship. A survey of performance of selected exporting firms in Kenya.

Abstract

Kenya's endeavor to develop an export led growth of its economic development has been ongoing for decades. It is documented in sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth, Vision 2030 and more recently in its 2017 to 2022 national growth policy dubbed the Big 4. This has involved a paradigm shift in trade policy, from an inward to an outward approach that forays trade as a key contributor to economic growth target rate of 10% per year. This notwithstanding exporting firms are yet to record regional or global competitive levels that would envisaged in such policy agenda. So this research thus sought to determine the effect of the specific political and regulatory frameworks on strategic entrepreneurship of Kenya's exporting firms. It was based on an extraction of GEM model adaption by UNCTAD 2004. The study applied the survey research design to collect data from 770 export firms registered with Export Promotion Council, Kenya. The findings were that political and regulatory framework conditions of political environment; fiscal policies and inflation; rule of law, and international trade protocols ratified were significantly affecting growth of export-oriented entrepreneurship ($p=0.047$). The study therefore recommends that formulation of Kenya's national entrepreneurship policy should specifically address political and regulatory that ensure favorable environment necessary for export oriented firms for its agenda for its economic growth to become competitively export driven. Key Words: Export oriented entrepreneurship, firm growth, political and regulatory framework, political environment; fiscal policies and inflation; rule of law, international trade protocols

Keywords

entrepreneurship. firm growth. political and regulatory framework

Primary authors: Dr OGUNDO, Joyce; Dr GITAU, Geoffrey

Track Classification: Entrepreneurship and Agribusiness

Contribution ID: 11

Type: **Abstract for Research Paper**

AFFECTS OF DISASTER MANAGEMENT STRATEGIES FOR MOBILE TELEPHONE SERVICE PROVIDERS IN KENYA TO ATTAIN BUSINESS CONTINUITY MANAGEMENT BEST PRACTICES

Mary.W. Mukabi,

Department of Economics, School of Business, Multimedia University of Kenya

Abstract

Disaster recovery is associated with broader issues concerning environmental management and long – term sustainability of an organization. It is possible to plan for disaster recovery because it can be foreseen and predicted. The paper is about establishing disasters management strategies for mobile telephone service providers in Kenya which comprises strategies along Recovery systems processes, employee's safety, organization policies and infrastructure stability. Descriptive research design was used in this research. The population of study consisted of fifty-nine heads of departments taken from the five mobile telephone service providers in Kenya namely; Safaricom Ltd, Airtel Ltd, Equitel services, Communication Authority of Kenya and Telkom Kenya. To sample the population of the study a census approach was used. The mobile telephone service providers gave the primary data. A semi-structured questionnaire for collecting data was used. The questionnaire was pilot tested to establish its reliability and validity. The reliability of the data collection instrument was established through the Cronbach Alpha Coefficient reliability test. Content and construct validity were tested through factor analysis. Data analysis was undertaken using descriptive statistics; mean, standard deviation, frequency distribution and percentages, Multiple linear regressions was used to test the hypothesis, inferential statistics; Regression analysis model of fitness (R²), F-statistics, and associated P- value, regression coefficient were generated for business continuity management best practice to measure the effects of the independent variables. Attainment of BCM Best Practices was established using Gartner Six Level Model.

KEYWORDS. Recovery systems processes, employees safety, organization policies, infrastructure stability

Keywords

.Recovery systems processes, employees safety, organization policies, infrastructure stability

Primary author: Mrs MUKABI, mary

Track Classification: Management science, Strategic Management, Procurement

Contribution ID: 12

Type: **Abstract for Research Paper**

FINANCIAL SERVICE ACCESSIBILITY STRATEGIES FOR FARMERS' ECONOMIC EMPOWERMENT IN KENYA: A SURVEY OF SMALL SCALE TEA FARMERS IN KISII COUNTY

Economic empowerment remains an important goal for any Government. Cognizant of agriculture as a major source of income for Kenyans, different state and non-state agencies have carried various interventions to ease financial access (FA). Based on this background the study used a sample of 398 Kenya Tea Development Agency (KTDA) registered tea farmers in Kisii County to investigate their economic empowerment in view of different focus areas of FA interventions, namely:- enhancing the Service levels of SA, Physical proximity of FA, creating favorable economic factors for FA, and addressing cross cutting social issues in Financial Access (such as engendering, financial literacy among others). It was guided by the Resource Based View Theory, Financial Inclusion Theory, Classical Theory of Interest Rate, Financial Deepening Theory and Imperfect Information Theory. The study adopted a descriptive research design and the findings were presented in descriptive and inferential statistics. The key findings showed that there was significant positive relationship between the financial service accessibility strategies and economic empowerment and the joint influence of financial service accessibility on economic empowerment among small scale tea farmers in Kisii County. Conclusion was that enhanced level of access to financial service providers, and adequate infrastructure development in the rural areas were important interventions for economic empowerment of the farmers. Further, a number of cross-cutting social issues including farmers' educational level and other demographic factors were causing variations in the success of FA interventions for economic empowerment of the farmers. Therefore the study recommends that financial institutions should develop financial products that are tailor made to the needs of tea farmers to increase financial their inclusion among farmers and adopt reliable information technology which will enhance financial inclusivity among tea farmers. The state and non-state actors should sustain their FA interventions for they were yielding significant contribution to the theme of economic empowerment.

Keywords

Financial Accessibility Strategies, Economic Empowerment, , Tea Farmers

Primary authors: Mr NYAKWEBE, Ombui (Thomas); Dr ASIENGA, Irene; Prof. GONGERA, George; Dr KAMAU, Geoffrey

Track Classification: Management science, Strategic Management, Procurement

Contribution ID: 15

Type: **Abstract for Research Paper**

EFFECT OF CORPORATE GOVERNANCE PRACTICES ON PROFITABILITY OF COMMERCIAL BANKS IN KENYA

Despite being critical to the world economic stability, the banking industry has experienced severe financial challenges since the 2007 global financial crisis, which negatively affected economic performance of most countries. Whereas the Kenyan banking sector remained stable in profit during 2015; from Kshs. 3.2 trillion in 2014 to Kshs. 3.5 trillion in 2015, the period 2012 to 2016 registered declining trends despite the slowdown in global economic growth to 3.1% in 2015 from 3.4% in 2014. Studies relating to Corporate Governance and profitability of Commercial Banks have also given mixed results; where some scholars argue that it improves Commercial Banks profitability while others observe the contrary. Consequently, this study sought to analyze the effect of Corporate Governance practices on profitability of Commercial Banks in Kenya. Primary quantitative data was collected through semi-structured questionnaires while Secondary data was collected from Bank Supervision Reports and Commercial Banks' websites. A survey was conducted on 13 Commercial Banks in Kisumu County. The target population was 75 top Managers of Commercial banks in Kisumu County. The collected data was analyzed using SPSS Version 20.0. The findings revealed that there is a positive significant correlation between board of directors and profitability of commercial banks ($r=.270$, $p=.023$), role definition among commercial banks and bank profitability ($r=.373$, $p=.001$), operational ethical control and bank profitability ($r=.623$, $p=.000$), board performance & compensation and bank profitability ($r=.335$, $p=.004$) and risk management and bank profitability ($r=.561$, $p=.000$). The study concluded that corporate governance has an effect on bank profitability. It was recommended that all the corporate governance selected dimensions be improved to ensure maximum bank profitability. This study may help banking policy makers understand the need to streamline the implementation requirements of Corporate Governance. It will contribute to the existing body of knowledge on Corporate Governance.

Keywords

Corporate Governance Practices, Profitability, Financial Performance, Commercial Banks.

Primary author: MUHINDI, CONSOLATA

Track Classification: Accounting and Finance

Contribution ID: 17

Type: **Abstract for Research Paper**

THE INFLUENCE OF COMPETITION ON MARKET PERFORMANCE OF PRIVATELY OWNED TVET COLLEGES IN KENYA

In the last one hundred years, the higher education sector at a global stage has been rapidly expanding, a phenomenon that education specialists call massification. From a net enrolment of 500,000 students in higher education institutions globally at the turn of the last century, the numbers had grown to 178 million by the year 2010. In Kenya, over 300,000 students are enrolled in universities and other higher education institutions in the current cohort. Approximately 20% of these students are enrolled in the private higher education sector. In this context, the competition for students has become intense creating a need for creation of competitive strategies in order to attract students faced with too many options. In the process, private TVET colleges have become casualties as prospective students either join universities. This has led to a dearth in establishment of private mid-level colleges in the country and even those available are still contending with several challenges among them student retention. However, despite the efforts by private TVET Colleges in investing enormous resources to attract students, the level of enrolment and retention of students remains unsustainable. However, the factors behind this state of market performance of the privately owned TVET colleges remain relatively unknown. Guided by the Porter's Five Forces theory, the study employed descriptive survey design targeting privately owned TVET colleges drawn from 25 counties across the country. Kathuri and Pals formula was to select a sample size of 185 colleges for the study from which members of the management provided the data for the study through questionnaires and interview schedules. Data was analyzed using descriptive statistics and inferential statistics, mainly Pearson product moment correlation and multiple linear regression analysis. The findings revealed that there was a significant relationship between competition on market performance of privately owned TVET colleges in Kenya. The study recommends that the privately owned TVET colleges should adopt the competitive strategies proposed by Porter.

Keywords

Competition, Market Performance, private TVET Colleges

Primary author: Mr KENDA, GICHUKI (SCHOOL OF BUSINESS AND ECONOMICS)

Track Classification: Human Resources Management and Marketing

Contribution ID: 18

Type: **Abstract for Research Paper**

EFFECT OF CUSTOMER FOCUS ON SUCCESS OF MARKETING STRATEGIES OF MICROFINANCE INSTITUTIONS IN KENYA

Customer orientation is one of components of marketing orientation. Its philosophy is based on the supremacy of the customer thus the need to focus on the determination of customer needs and wants. Organizations which endeavor to focus their energies on determining customer needs and wants and seek to satisfy them through designing products sought by customers will certainly record better performance than Competitors. Success will also come to those organizations which adopt customer focused communication and delivery strategies. This paper therefore seeks to establish the effect of customer orientation on the success of marketing strategies of microfinance institutions in Kenya. The paper is based the following specific objectives: To assess the extent to which identification of customer needs affects the success of marketing strategies of MFIs in Kenya, to evaluate the extent to which provision of services that meet customer needs affects the success of marketing strategies of MFIs in Kenya, to assess the extent to which efficiency in delivery of services to customers affects the success of marketing strategies of MFIs in Kenya and to evaluate the extent to which appreciation of customers affects the success of marketing strategies of MFIs in Kenya. A Census approach was used N=67 for MFIs who constituted membership of AMFI in 2016. The CEOs of the MFIs and the marketing managers provided the information to a questionnaire data collection instrument. Data were analyzed using inferential statistics and multiple linear regression was used to examine how independent variables under study contributed to the dependent variable. The main findings was that the effect of customer orientation on success of marketing strategies of MFIs in Kenya was significant ($p=0.01$). The findings of this study have been used to provide recommendations to MFIs; Academia and policy makers on how to enhance the marketing of MFIs services.

Keywords

Customer Orientation, Identification of customer needs, Customer service charter, Customer appreciation.

Primary authors: Mr NDUATI, GIDRAPH; Dr KAMAU, GEOFFREY

Track Classification: Human Resources Management and Marketing

Contribution ID: 21

Type: **Abstract for Research Paper**

THE EFFECTS OF COMMUNICATION AND CORPORATE SOCIAL RESPONSIBILITY IN PUBLIC RELATIONS AS A CORPORATE STRATEGY IN UNIVERSITIES ENROLMENT FOR POSTGRADUATE STUDENTS

This study was designed to examine the effects of communication and corporate social responsibility in public relations as a strategy to postgraduate enrollment in Kabarak University, Kenya. This research employed a case study research design. The target population comprised of the 151 permanent employees in Kabarak University, Kenya. The researcher utilized 30% of the total population. This gives a sample of 45 respondents. The study adopted closed ended questionnaire. Data obtained from the study was coded and entered into the computer. They were subjected to the excel computer program for analysis. Descriptive statistics such as percentages and frequencies were used to summarize the data. The data was presented in tables, and bar graphs. The study found that public relations influence student enrollment to the University with effective strategies being through corporate social responsibility. Communication was also found to significantly influencing enrollment. It was recommended that universities top management should incorporate a greater market orientation into their strategic planning and frequently revise marketing communication tools to determine their effectiveness in order to have a competitive advantage and gain a big market share. The study will be significant to the Managers and employees of various Universities, Government and other stakeholders, it will also add to the existing knowledge with regard to the effects of public relations in enrollment. Recommendation for further studies was also advised especially on contribution of school infrastructure and students perceptions on enrollment.

Keywords

Public relation, Corporate strategy, Communication, Enrollment, Corporate social responsibility

Primary authors: Ms YATOR, Faith (Student, KIM); Mr OMBOGI, Evans (Supervisor)

Track Classification: Management science, Strategic Management, Procurement

Contribution ID: 22

Type: **Abstract for Research Paper**

EFFECT OF STRATEGIC ENVIRONMENTAL ANALYSIS ON DISASTER MANAGEMENT IN KENYA (A CASE OF NATIONAL GOVERNMENT MINISTRIES)

ABSTRACT

Kenya has experienced an increase in the frequency of disasters over the past two decades. This study sought to analyse the effects of strategic environmental analysis on disaster management in Kenya, a case of national government ministries. The study adopted the survey research design. The target population was heads of departments and the unit of analysis was the Kenya government ministries. The study population was 128. To obtain the data, semi-structured questionnaires were used. The data was analysed by use of Statistical Package for Social Sciences (SPSS) and then presented in tables, graphs, and percentages. The study adopted multiple regression model and Pearson Product-Moment correlation. The study established a statistically significant effect of strategic environmental analysis on disaster management in Kenya, as exemplified by study results from the national government ministries. The study concludes that strategic environmental analysis as a strategic management practice has significantly enhanced disaster management in Kenya.

Keywords

Disaster Management, Strategic management, Environmental analysis,

Primary author: Ms BOIT, LINAH (PHD STUDENT)

Co-authors: Dr BII, JOHN (SUPERVISOR); Dr TANUI, JOHN (SUPERVISOR); Dr GITAH, NJENGA (SUPERVISOR)

Contribution ID: 23

Type: **Abstract for Research Paper**

KAIZEN PRINCIPLE OF CONSTANT IMPROVEMENT: COULD THIS REENGINEER THE COMPETITIVENESS OF KENYA'S MANUFACTURING SECTOR?

Kenya is an emerging economy that is averagely industrialized with manufacturing which is at the core of industrialization contributing significantly to the Kenyan economy. As a result, it has been made one of the Big Four Agendas as a component of industrialization. However, quality concerns that can be traced down the value chain are hampering the competitiveness of the manufacturing sector in Kenya. Evidently, the manufacturing firms need to create confidence in the public regarding their quality systems. For a country that does not have a national culture or a long state coordinated manufacturing history, this may be a challenge. Further, while the manufacturing sector currently subscribes to several standards, certifications and quality management systems, most of these do not prescribe constant improvement such as the Kaizen principles. The objective of the paper was to examine the impact of the Kaizen principle of constant improvement on the competitiveness of Kenya's manufacturing sector. The study revealed while there was subscription to quality standards, there was lack of reinforcing quality culture which made the quality standards not to be adhered to. The paper recommends that there is need to mainstream the Kaizen constant improvement philosophy as a manufacturing culture to improve our global competitiveness.

Keywords

Kaizen, constant improvement, competitiveness, manufacturing sector, quality culture

Primary author: Ms NZISA, Jane

Track Classification: Management science, Strategic Management, Procurement

Contribution ID: 26

Type: Abstract for Research Paper

AN EXAMINATION OF INFLUENCE OF INFRASTRUCTURE ON DESTINATION MARKETING PERFORMANCE BY PUBLIC ORGANIZATIONS IN KENYA

Kenya as a destination for tourists has unique features that make it attractive and competitive in the global tourism market. , Despite Kenya's great tourism products and the important role of tourism to Kenya's economy, there are several aspects that have shaped Kenya's image in the global arena. These aspects have an influence on tourism industry. The road infrastructure also faces diverse challenges in Kenya. This study sought to examine the influence of infrastructure on destination marketing performance by public organizations in Kenya. The study found a correlation between infrastructure and destination marketing was positive and statistically significant ($r = 0.450$, $p < 0.05$). The regression analysis found that the F-statistics of the regression ($F(1, 64) = 16.226$) which is statistically significant ($p < 0.05$) indicates that the model applied significantly predict the change of the dependent variable as result of the predictor variables include in the model. Through the regression analysis the study further found that there exists a statistically significant positive relationship between infrastructure and destination marketing performance in public organizations in Kenya ($\beta = 0.439$, $p < 0.05$). A 0.439 beta coefficient implies that when infrastructure increases or is enhanced by an additional unit, destination marketing performance increases by 0.439. This means that the null hypothesis (H_0) was rejected by implying that "there is significant effect of infrastructure on destination marketing performance by public organizations in Kenya". The study recommended that Infrastructural development with emphasize on comfort levels of transport and hotels of tourists is key component in stimulating destination marketing performance in public organizations in Kenya.

Keywords

infrastructure, destination marketing

Primary authors: Dr TANUI , John (Kabarak University); Ms WACIRA, Ann (Kabarak university); Dr MWAURA, Peter

Track Classification: Human Resources Management and Marketing

Contribution ID: 27

Type: **Abstract for Research Paper**

Current Ratio and Stock Market Price of Non Financial Firms Listed at Nairobi Securities Exchange, Kenya

Abstract

Analysts of financial statements and investors at the stock market consider a multiplicity of factors and metrics when making decisions on what stocks to invest in. This study set out to establish the effect of current ratio on market price of shares of non financial firms listed at the NSE. Not much is known about the effect of current ratio, as a measure of liquidity, on changes in stock market prices of firms listed at the NSE. Studies on current ratio have mostly been carried out in developed capital markets with little emphasis on its applicability in developing securities markets such as the NSE. This occurrence has been the basis of great interest in the issue by capital market researchers in accounting. Correlational research design was used. A census of all non financial firms listed at the NSE was conducted and secondary data collected through computation of average rate of change in market price of shares and computation of current ratios of non financial firms listed at the NSE for the financial years 2012 to 2016. Panel data was analysed using descriptive statistics and inferential statistics. Inferential statistics involved development and testing of predictive ability of current ratio panel data regression model. It was established that the mean current ratio of non financial firms listed at the NSE was positive and greater than unit (i.e. 2.382025). The implication was that non financial firms listed at the NSE had current asset values that were more than two times the value of current liabilities. It was also established that current ratio was not statistically significant in influencing the market price of shares of non financial firms listed at the NSE.

Keywords

Current ratio, Average rate of change in market price of shares

Primary author: OBULEMIRE, Alex Tom (UNIVERSITY of KABLANGA P.O Box 2030 20200 Kericho)

Track Classification: Accounting and Finance

Contribution ID: 28

Type: **Abstract for Research Paper**

Is the Size of Devolved Expenditure Optimal in Kenya? A Balanced Budget Approach

This study, assuming a balanced budget, attempts to estimate the optimal size of county government expenditure in Kenya using the panel ARDL regression and Scully (2008) model for the period 2013-2017. The panel ARDL series analysis reveals that devolved government size is optimized when county expenditures stand at 9.7% of GCP (Gross County Product). The estimated threshold size is higher than the current size of county government in Kenya. The low level of devolved government size in counties reflects the low level of economic development in Kenya. This finding is very much interesting since it highlights that the current size of county government in Kenya is below the optimum level or size and there is still scope of increase in devolved government spending to the GCP ratio in Kenya. County Government expenditure has the potential to stimulate the county economy and remove economic growth sticking points or even deduce market failures. This study therefore recommends that county government should increase its spending on infrastructure, social and economic activities.

Keywords

County, optimal, devolved, expenditure, GCP, balanced budget

Primary author: Dr MOSE, Naftaly (university of Eldoret)

Co-author: Prof. KIBET, Lawrence (Egerton University)

Track Classification: Emerging and Cross Cutting Issues in Business and Economics