



Contribution ID: 43

Type: Abstract for Research Paper

## Contributions of Financial Performance Indices on Service Delivery by Water Utilities in Kenya

### Abstract

Water Utilities in Kenya are mandated and financed to be the sole retailers of clean and safe drinking water and sewer services to Kenyan living in urban and rural areas through the purchase of water in bulk from Water Service Boards. This study investigated the contributions of financial performance on service delivery by the Water utilities in Kenya. The study sought to establish the contribution of capital adequacy, financial leverage, liquidity and firm size on billed and non-billed water in Kenya. The study employed causal research design with secondary data obtained from the audited financial reports from the 47 water utilities in Kenya. The data was analyzed using STATA for windows computer software. The study established a positive coefficient on the relationship between capital adequacy and revenue water ( $r=0.481$ ,  $p=0.000$ ), this finding was an empirical prove that adequate capital was the contributor of the positive changes in revenue. Secondly, the study established a negative coefficient on the relationship between capital adequacy and revenue water ( $r=-0.275$ ,  $p=0.038$ ) indicating that financial leverage reduced revenue water service delivery in the water utilities in Kenya. Third, the study established a positive coefficient on the relationship between liquidity and revenue water ( $r=0.602$ ,  $p=0.000$ ) indicating that increasing liquidity by a unit lead to improved service delivery of revenue water for the water consumers in Kenya. Last, the study established an insignificant coefficient on the relationship between firm size and revenue water ( $r=0.083$ ,  $p=0.217$ ) indicating that increasing the value of total asset by a unit did not contribute to service delivery of revenue water for the water consumers in Kenya. The study therefore concluded that financial performance by water utilities contributes to the level of service delivery by the water utilities in Kenya.

Key Words: Service Delivery, Financial Performance, Financial Leverage, Capital Adequacy, Liquidity Performance

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**Track Classification:** Accounting and Finance