

# **DO CASH COLLECTIONS TECHNIQUES AND CASH DISBURSEMENT AFFECT PERFORMANCE OF STATE CORPORATIONS IN KENYA**

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## **Abstract**

*The paper intended to investigate the effects of collections techniques and cash disbursement in Uasin Gishu County. Baumol –Allouis –Tobin (BAT). For this purpose, Servqual models guided this study. The study targeted 13 State corporations in Uasin Gishu County the unit of analysis were two accountants, two assistant accountants and two account clerks were investigated giving a total of seventy eight respondents. Data for the study was collected using a semi-structured questionnaire. Multiple regressions were used to determine the effect of cash management on service delivery. Study findings indicated that cash collection technique positively and significantly affect performance of State corporations in ( $\beta_1=1.03$ ,  $p\text{-value} = 0.000$ ). Similarly, cash disbursements ( $\beta_2 = 0.423$ ,  $p\text{-value} = 0.00$ ). Thus, the study inferred that cash collection technique, cash disbursements have a significant effect on service delivery. Therefore the quality of cash documentation should be clearly understood in order to enhance cash collection. State corporations should have an accounting section, separate from the cashier section in order to enhance efficiency and transparency. Managers must submit invoices to the State corporations to increase the amount of liquid cash in order to increase financial viability.*

**Keywords:** Cash Disbursement, Collections Techniques, Service Delivery, Corporations, Kenya

## INTRODUCTION

Strengthening performance of State corporations is a key strategy in attainment of sustainable development goals, one of which is to ensure healthy lives and promote well being for all at all ages. Service provision or delivery is an immediate output of the inputs into the health system, such as health workforce, procurement and supplies and finances. Increased inputs such as quality of work life should lead to improved Performance of State corporations and enhanced access to services (WHO, 2003). Ensuring availability and access to health services is one of the main functions of a health system. Such services should meet a minimum quality standard.

State corporations need as other institutions the funds to carry out the assigned duties and to achieve their goals which was established for, so they need financial systems, people recording their accounts, supervising and implementing their financial business that help in performing their work since it's in subject of accountability from the high control authorities Al Rahahleh, M. (2011). In addition to that the efficiency of the management and accountability in the State corporations depend on developing a general and comprehensive framework for the control (ANAB, 1994).

Effective cash management practices are essential to the effective operation of State corporations they provide reasonable assurance that operations are going according to plan. Without adequate internal controls especially on cash management, management has little assurance that its goals and objectives would be achieved. Properly designed and functioning controls reduce the likelihood that significant errors or fraud will occur and remain undetected. Internal controls also help ensure that sections (other than the main finance office) are performing as expected.

Cash management is multifaceted in that it involves every aspect of your corporate organization and requires you to understand and develop sources of cash, know how cash is generated by your business, learn how to structure debt capital, and, in a crisis, how to generate cash in a hurry. Together your balance sheet, income statement, and cash flow statement are a map that you can use to understand how to be successful, make money and profit for your members Mayer, B (2012) in order to be able to pay for the goods and services it uses, and consequently, to stay in business by ensuring that the company has the necessary funds for supporting its everyday operations, cash management becomes a vital function for the company. Cash flows have an impact on the company's liquidity. Liquidity is the ability of the company to pay its obligations when they become due. It is comprised of: cash on hand, assets readily convertible into cash, as well as ready access to cash from external sources, such as bank loans Coyle, B. (2000). If cash flows and liquid funds are not effectively and successfully planned and managed, a company may not be able to pay its suppliers and employees in a

timely manner. It may be profitable according to its financial statements, but in fact, this company may not be able to pay its obligations when they become due. Moreover, lack of liquidity may incur increased costs in the form of interest charges on loans, late payment penalties and losing supplier discounts for paying obligations on time. Proper cash management can avoid the costs of additional funding and can provide the opportunity for more favorable terms of payment Dropkin, M., & Hayden, A. (2001) In the worst case scenario, if the liquidity shortage continues for the longer term, the company might face no access to external resources, ending into insolvency (Coyle, 2000). Therefore, once again, it follows that cash management has a critical importance for the life of every State corporations.

Previous studies have strongly linked the development of cash management practices with overall performance of public sector. For instance, Barrett, P. (2004), argues that cash management is the corner stone of good governance and can lead to improved overall performance resulting in better service delivery, more efficient use of resources, and better project management, as well as helping to minimize waste, fraud and poor value-for-money decision-making. However, limited studies have been carried out to directly link cash collections techniques, cash disbursement and cash flow forecasting and service delivery; this has created inadequacy of literature on the influence of internal control systems on services delivery Based on the above literature gap this study analyzed the effect of cash management on performance of State corporations in Uasin Gishu County, Kenya.

*H<sub>01</sub>: Cash collections techniques has no significant effect on services delivery among state corporations*

*H<sub>02</sub>: Cash Disbursement has no significant effect on firm's services delivery among state corporations*

## THEORETICAL FRAMEWORK

There are two main cash management models that is the Baumol –Allouis –Tobin (BAT) model Tobin J (2006). The aim of this model is to calculate the optimal amount of securities to be liquidated whenever the firm requires cash. The level of securities will maximize interest received on marketable securities while minimizing the cost of selling marketable securities. However, according to Whalen EL (2004) the model has its weakness in that it does not apply in real life since the use and receipt of cash cannot be depicted through instantaneous replenishment and gradual use of cash.

Another cash management model suggested by Miller *et al* (2001) is the Miller Orr Model, which is a stochastic model that aims at determining the amount of marketable securities to be sold or purchased whenever there is need for cash or need to reduce cash. A stochastic

model is a model based on real life assumption that cash use is random. The model indicates that the firm sells marketable securities when a lower limit of cash is reached. Marketable securities are purchased when the upper limit of cash is reached as it becomes necessary to reduce cash. When there is no attempt to manage cash balances clearly the cash balance is likely to 'meander' upwards or downwards Tobin J (2006). The Miller–Orr Model imposes limits to this meandering. If the cash balances reach an upper limit the firm buys sufficient securities to return the cash balance to a normal level (called the return point). Whalen EL (2004) states that the cash balances reaches a lower limit, the firm sells securities to bring the balance back to the return point.

In a study done by the Central Bank, in Kenya, it was found that various levels of exposures to risks, coupled with the need to increase operational efficiency through better risk management have compelled state corporations to engage in more practices that serve to tighten their control of risks that face them. Hence to a very great extent they have engaged practices such as the, use of use of cash limit positions where there is a set maximum cash holding limit within which each till or branch must not exceed, observing dual control to process cash instructions and access to strong rooms, carrying out end of day reconciliation of all entries in the system and use of separate drawer by each teller, use of cash registers to record movement of cash. To a great extent there is use of information systems and of fake currency detecting machines to manage.

## **LITERATURE REVIEW**

### **Cash Collections Techniques**

According to Ross AS (2000), cash collection is a function of accounts receivable, it is the recovery of cash from a business or individual with which the company is issued an invoice. Gitman (2008) and Van Horne JC (2001), offer theoretical positions drawn from their observations and consulting experience on the fact that a firm can improve its cash management efficiency by collecting accounts receivable as soon as possible. The most obvious way of bringing forward cash inflows, would be to press debtors for earlier payment although this policy will result in problems with customers (Palom FJ, 2001). There was very little scope for speeding up payments when the credit period currently allowed to debtors is no more than the norm for the industry. Myers (2004) defend the idea put forward by Palom FJ (2001) and indicating that it might be possible to encourage debtors to pay more quickly by offering discounts for earlier payment. In order to improve cash management efficiency and enable more availability of cash the company can use this as an alternative solution. The

objective of managing accounts receivable is to collect accounts receivable as quickly as possible without losing sales from high pressure collection techniques (Gitman, 2008).

According to Gitman (2008), there are four cash collection techniques namely letters, telephone calls, personal visits and legal action. Letters are written communication of expressions, opinions and communication recorder for later reference (Palom FJ, 2001). After a certain number of days, the firm sends a polite letter reminding the customer of the overdue accounts. If the account is not paid within a certain period after this letter has been sent a second more demanding letter is sent. A telephone call is a connection established over a telephone network between two parties (Chastain CE, 2008). If letters prove unsuccessful, a telephone call may be made to the customer to request immediate payment. If a customer has a reasonable excuse, arrangements may be made to extend the payment period. Personal Visits involves sending the credit controller to confront the customer and this can be very effective. Payment can be made on spot. Legal action is a judicial proceeding brought by one party against the other for a wrong doing (Davidson ER, 1992). Legal action is the more stringent step, an alternative to the use of a collection agency.

A school can conserve cash and reduce its requirements for cash balances if it can speed up its cash collections. A number of methods are designed to speed up the collection process and they include the following;

Reducing the period it takes for payment from clients to reach the account of the school. According to Kakuru (2001) the school could use a system of pre-authorized debts where an arrangement is made in advance that clients could automatically transfer funds from the client account to the school account at a specified future date.

Reducing the collection float; according to Pandey IM (2003), the collection float is the total time it takes a cheque to reach the business, from the time it is put in the mail by the client to when cash is actually available for use. Usually this is affected by the time the cheque spends in transit (mailing float), the time it takes the state corporations to process the cheques internally (processing float) and the time it takes the clearing process of the banking system. This can be managed efficiently by two ways i.e. using a lock box system and billing up multiple collection centers. The main advantages of a lock box system are that the bank handles the remittance prior to deposit at a lower cost and cheques are deposited immediately upon receipt of remittances and their collection process starts soon than if would have processed them for internal accounting purposes prior to their deposit (Mills 1994).

Mills (1994), in his discussion, he recognized that lock box system involves a cost to run and therefore the state corporations will only be profitable if the benefits of its use exceed the cost of financing it.

In a study done on Kenyan State corporations, Anderson, (2000) argues that a properly managed accounts receivable portfolio can expedite cash flow and support corporate cash requirements. Companies have traditionally viewed accounts receivable as a basic function. They are beginning to realize, however, that improving the process can lead to significant financial gain for the company. Fewer outstanding account balances mean fewer bad-debt write-offs and enhanced profitability. In communication companies, the observed emphasis on turnover by concentrating on recruitment of customers has resulted on less emphasis on credit and debt management. Ironically, this has put the profit of these organizations at risk. Brown, (2003) notes that with revenue leakage occurring throughout the industry and cost spiraling as demand for even more sophisticated services increases, some companies may be facing a crisis if they fail to address the credit management problem.

The Nairobi City Council is another example where cash flow problems have persisted and the staff has severally gone on strike demanding their monthly dues (Strategic Paper for the Ministry of Local Government, 2004). However if strict management of cash flow measures are introduced in these firm's financial systems, the cash crisis could be reduced to manageable levels thus ensuring smooth operational processes. Firms with good cash management practices in place for example British American Tobacco and Kenya Breweries Limited are able to predict and control cash crisis thus ensuring effective operations.

### **Cash Disbursement**

According to Gitman (2008), cash disbursement is a function of accounts payable; it includes all outlays of cash by the firm during a given financial period. The objective of cash disbursement is to control payments and minimize the firm's cost associated with making payment. Van Horne (2001) defends the idea put forward by Ross AS (2000), which says that the objective of cash disbursement is to delay payment as long as it is legally and practically possible. In pursuing this objective the firm should not compromise its relationships with suppliers as this may withdraw trade credit.

According to McLaney E (2006), negotiating a reduction in cash outflows may be done in order to postpone or reduce payments. This was done by taking longer credit from suppliers. However, if the credit period allowed is already generous, creditors might be very reluctant to extend credit even further and any such extension of credit would have to be negotiated carefully. There would be a serious risk of having further supplies refused. The rationale for such a move is to have complete control of the cash and to provide greater investment opportunities with larger sums of money available as surplus, (Bort, 2004). Given the context of a company, cash disbursements are controlled through a policy of delaying payments to

suppliers. However, failure to meet financial obligations by the company on time, owing to cash shortages mean loss of further supplies from injured suppliers. This is extremely damaging since some products would be vital to continuing business operations.

Generally different scholars argue that cash disbursements should be delayed as much as possible without hurting corporate image of the organization or defaulting on the obligations of the organization. The principle is that cash should be paid only at moment when delay is no longer necessary and possible and non-beneficial (Kakuru 2001, Van Horne 1995, Pandey 2003). The way of delaying disbursements that were generally agreed upon by above scholars include; Predicting banking habits of the work force and paying out the wage bill accordingly. Wages should not be paid in advance when workers are willing to accept delayed payments. During this period the school was able to make profits out of that money. In the same payments should be cheque as the bank clearance will always delay for some days. Maximising the disbursement float through selecting geographical optimal disbursement banks. These banks should be such that cheques drawn on them will maximize the days the cheques remain uncollected.

Cash disbursement should be based on a detailed analysis of the increases and decreases in the budgeted cash account that would reflect all cash inflows and outflows from such budgets as sales, expenses and capital expenditure hence improve internal performance of State corporations thus success and increased performance of the organization. It's simple to develop and appropriate when a detailed profit plan is used. It's often used for short term cash planning as part of the annual profit plan. It's not appropriate for more general long-term profit plan since historical information may not be representative of the future (Ministry of Finance, Kenya, 2000-2005).

## METHODOLOGY

The study adopted an explanatory design. A census of 13 State corporations was carried out. The units of analysis were two Accountants two Assistant Accountants and two Accounts clerks giving a total of 78 respondents. The 13 Organisations were adequate for this study because Saunders *et al* (2000) argued that a minimum of 10 organisations are adequate for surveys, Hence 13 State corporations are above the minimum accepted organisation for surveys. Data for the study was collected using a semi-structured questionnaire which were issued and administered to the state corporations in Uasin Gishu County. The variables were tested for reliability by computing the Cronbach alpha statistical tests where reliability coefficients around 0.90, was considered excellent, values around 0.80 as very good and values of around 0.70 as adequate. From the study Cronbach alpha value was more than 0.7 justifying



that our research instruments were valid and reliable to be used. In this study, data was analyzed using both descriptive and inferential statistical techniques. The objectives were analyzed descriptively; by way of using frequency tables and percentages. Pearson correlation was used to determine linear relationship between variables. Pearson correlation results assessed the linear relationship between dependent and independent variables which was necessary to detect simple linear relationship and multicollinearity and because it also acted as building block for multiple regression model (Anglim, 2007). Regression analysis was used for testing hypothesis of the study.

## **FINDINGS AND DISCUSSION**

### **Sample characteristics**

Demographic information shows the characteristics of the elements in the sample size: it helps the researcher understand the general view of his respondents based on the research objectives. As such the researcher sought to establish the general information of the respondents, which forms the basis under which the interpretations are made. The study is carried out to investigate the effect of cash management practices on performance of State corporations in Uasin Gishu County. The target population comprises respondents working in state corporations in Uasin Gishu County.

Demographic information results revealed the gender, age bracket and level of education of the respondents. Demographic factor one revealed the age of the respondents. Research findings showed that the majority of the respondents 57.5% (42) were male whereas 42.5% (31) were female. Demographic factor two affirmed that majority of the respondents 68.5% (50) are between the age brackets of 26-35 followed by 24.7% (18) are between the age bracket of between 36-45 whereas 6.8% (5) between the age bracket of 46-55 years of age. Demographic factor three inferred that majority of the respondents 65.8% (48) are at undergraduate level, 16.4% (12) reached Masters Level, 12.3% (9) were at Diploma Level and 5.5% (4) were at Certificate level. Demographic factor four revealed that majority of the respondents 54.8% (40) had worked in the organization for a period between 3-4 years whereas 32.9% (24) had worked for between 5-6 years and 12.3% (9) had worked for over 7 years. Finally, respondents who were found to have an audit charter in the organization were 63% (46) whereas those not in possession of an audit charter 37% (27). In addition to this, respondents who affirmed that the committee members are aware of the detail of the charter were 89% (65) while those that the committee members were not aware of the detail of the charter were 11% (8).



### Cash Collection Techniques

Findings on Cash collection techniques were illustrated in table 1. Research findings revealed that the quality of cash documentation are clearly understood (mean=1.9). Also, the organization has an accounting department separate from the cashier (mean=2.21) affirming that efficiency and effectiveness in the cash department is not properly maintained. The organization writes to customer for communication of expressions, opinions and communication recorded for later reference (mean=3.25). In addition, after a certain number of days, the organization will send a polite letter reminding the customer of the overdue accounts (mean=3.21) promoting good relations with the customers. The organization also uses telephone calls to politely ask its clients to pay their dues (mean=3.33). Furthermore, the organization sends credit controller to confront customers over their dues (mean=2.62) and has a collection agency which collects cash from its clients (mean=3.75). In general, cash collection techniques was achieved at (mean=2.8943, standard deviation =0.74432, skewness=-0.153 and kurtosis= -0.621).

Table 1. Cash Collection Techniques

	Mean	Std. Deviation	Skewness	Kurtosis
The qualities of cash documentation are clearly understood.	1.9	0.836	1.064	1.101
The organization has an accounting department separate from the cashier.	2.21	1.374	0.906	-0.464
The organization writes to customer for communication of expressions, opinions and communication recorded for later reference.	3.25	1.412	-0.301	-1.406
After a certain number of days, the organization will send a polite letter reminding the customer of the overdue accounts.	3.21	1.13	0.056	-0.731
The organization use telephone calls to politely ask its clients to pay their dues.	3.33	1.415	-0.427	-1.226
The organization sends credit controller to confront customers over their dues.	2.62	1.401	0.378	-1.32
The organization has a collection agency which collects cash from its clients.	3.75	1.211	-0.377	-1.436
Cash collection techniques	2.8943	0.74432	-0.153	-0.621

### Cash Disbursement on Firms Service Delivery

Findings on cash disbursements on firms performance of State corporations were illustrated in table 2. Research findings affirmed that the organization has internal controls over cash disbursements (mean=2.12) and a finance manager performs surprise cash counts regularly (mean=2.47). Also, The organization has an internal control procedure that includes supervisory review of cash disbursement (mean=2.64). In addition, for any suppliers to receive payment, they must submit invoices to the organization (mean=1.58) and that payments are made from an itemized statement if a contractual agreement exists with the supplier allowing this practice (mean=1.73). The organization also make payments and obtaining receipts for goods and services such as small purchases, travel advances (mean=1.67). Finally, the organization performs cash advance functions for employees and temporary-duty visitors (mean=3.3). In general cash disbursement on firms delivery was maintained at (mean=2.2152).

Table 2. Cash Disbursements on Firms Services Delivery

	Mean	Std. Deviation	Skewness	Kurtosis
The organization has internal controls over cash disbursements.	2.12	0.781	0.679	0.52
A finance manager performs surprise cash counts regularly.	2.47	1.029	1.866	1.734
The organization has an internal control procedure that includes supervisory review of cash disbursement.	2.64	1.183	0.526	-0.361
For any suppliers to receive payment, they must submit invoices to the organization.	1.58	0.956	1.739	1.967
Any payments are made from an itemized statement if a contractual agreement exists with the supplier allowing this practice.	1.73	0.731	0.48	-0.985
The organization make payments and obtaining receipts for goods and services such as small purchases, travel advances.	1.67	0.668	0.492	-0.714
The organization performs cash advance functions for employees and temporary-duty visitors.	3.3	1.361	0.348	-1.736
Cash disbursements	2.2152	0.57568	0.757	-0.168

## Performance

Research findings on performance of State corporations were illustrated in table 3. The findings revealed that the financial position of the firm is good (mean=2.78) and that there are reduced cases of malpractices and corrupt practices in the organization (mean=2.63) thus leading to financial sustainability of the organization. Also, the organization delivers services on time (mean=2.74) and addresses problems of workers and customers speedily (mean=3.15) leading to customer satisfaction and loyalty to the organization. In addition, the organization saves money to buy better equipment like computers (mean=2.88) and also invested in communication equipment's (mean=2.88). Findings showed that the financial position of the organization has improved, enabling it to deliver service on time (mean=2.96) and there has also been an improvement in the collection of revenue (mean=2.66). For efficiency the organization uses computerized cash management (mean=2.56). In general, performance of State corporations was maintained at (mean=2.8037).

Table 3. Service delivery

	Mean	Std. Deviation	Skewness	Kurtosis
The financial position of the organization is good.	2.78	1.367	0.443	-0.998
There are reduced cases of malpractices and corrupt practices in the organization.	2.63	1.149	1.395	0.137
The organization delivers services on time.	2.74	1.291	0.186	-1.256
The organization addresses problems of workers and customers speedily.	3.15	1.287	-0.169	-1.218
The organization saves money to buy better equipment like computers.	2.88	1.235	0.377	-0.838
The organization has invested in communication equipments.	2.88	1.201	0.145	-1.156
The financial position of the organization has improved, enabling it to deliver service on time.	2.96	1.23	-0.012	-1.309
The organization has improved in the collection of the revenue.	2.66	1.25	0.333	-1.005
The organization uses computerized cash management.	2.56	1.344	0.395	-1.234
Service delivery	2.8037	0.99149	0.271	0.282

## Testing hypotheses

Pearson Correlations results in table 4 showed that cash collection techniques was most highly positively and significantly correlated to service delivery ( $r=0.540$ ,  $p<0.05$ ). Thus cash collection techniques had 54% positive relationship with service delivery. Cash disbursement was the second component to be positively related with performance of State corporations ( $r = 0.560$ ,  $p<0.05$ ) an indication that cash disbursement had 56% significant positive relationship with service delivery. Findings provided enough evidence to suggest that there was linear relationship between cash collection techniques, cash disbursement with service delivery.

Table 4 also illustrates the model summary of multiple regression model, the results showed that all the three predictors (cash flow forecasting and cash disbursement) explained 42.1 percent variation of service delivery, this showed that using the three tested variables performance of State corporations can only be predicted by 42.1% ( $R^2 = 0.421$ ). This relationship was significant considering the coefficient of determination value of 0.421. Study findings in ANOVA table 4 indicated that the above discussed variation was significant as evidence of F ratio of 16.731 with p value  $0.000 < 0.05$  (level of significance). Thus, the model was fit to predict performance of State corporations using cash flow forecasting, cash disbursements and cash collection techniques. Table 4 shows that the values of tolerance were greater than 0.2 rule and those of VIF were less than 4. This shows lack of multicollinearity among independent variables. It, therefore, omitting variables with insignificant regression coefficients, would be inappropriate.

The regression results in table 4 show that each of the predicted parameters in relation to the independent factors were significant;  $\beta_1=1.03$  (p-value = 0.000 which is less than  $\alpha = 0.05$ ) which implies that we reject the null hypothesis stating that there is no significant relationship between cash collection technique and service delivery. This indicates that for each unit increase in the positive effect of cash collection technique, there is 1.03 units increase in service delivery. Furthermore, the effect of cash collection technique was stated by the t-test value = 6.631 which implies that the standard error associated with the parameter is less than the effect of the parameter. The research findings therefore support the argument by Gitman (2008) and Van Horne (2001) that a firm can improve its cash management efficiency by collecting accounts receivable as soon as possible therefore recovering cash from a business or individual with which the company is issued an invoice, Ross AS (2000). Research findings are also in agreement with (Palom FJ, 2001) that the most obvious and effective way of bringing cash inflow would be to press debtors to pay earlier although this would result into goodwill and problems with customers. Myers (2004) is also in support of the argument and asserts offering

discount for earlier payment will encourage debtors to pay thus leading to efficiency in cash collecting technique.

The table also shows that  $\beta_2 = 0.423$  (p-value = 0.001 which is less than  $\alpha = 0.05$ ) which indicates that we reject the null hypothesis stating that there is no significant relationship between cash disbursements and service delivery. This implies that for each unit increase in cash disbursement, there is up to 0.423 unit increase in service delivery. Also the effect of cash disbursement is shown by the t-test value of 3.384 which implies that the effect of cash disbursement surpasses that of the error. This is in agreement with Gitman (2008) that cash disbursement is a function of accounts payable and the main objective of cash disbursement is to reduce the cost associated with making payments and thus enhance service delivery. In relation to Ross AS (2000) cash disbursement aims at delaying payment so long as it is legally and practically possible but the firm should avoid compromising the relationship with suppliers as they may withdraw trade credit as a result of non-compliance by the firm.

Table 4. Regression Results

	Unstandardized					correlation zero order	Collinearity	
	Coefficients	Standardized Coefficients					Statistics	
	B	Std. Error	Beta	T	Sig.		Tolerance	VIF
(Constant)	1.78	0.456		3.906	0.000			
Cash collection techniques	1.373	0.207	1.03	6.631	0.000	.540**	0.347	2.878
Cash disbursements	0.729	0.215	0.423	3.384	0.001	0.560*	0.537	1.862
R Square	0.421							
Adjusted R Square	0.396							
F	16.731							
Sig.	.000b							
a Dependent Variable: service delivery								

## CONCLUSIONS AND RECOMMENDATIONS

The study affirms that cash collections technique has a significant effect on service delivery. From the study findings there is enough proving that cash collecting technique enables firms to engage in financial investments. It is noted that the use of proper and efficient cash collecting technique has led to achievement of greater profits. The study also provides some precursory evidence that cash disbursement seem to play an important role in improving service delivery.

Specifically, state corporations that are able to meet their cash disbursement, their profitability is likely to increase. From the study findings it was conceived that cash collection technique has a remarkable role in service delivery, therefore the quality of cash documentation should be clearly understood in order to enhance cash collection. Also, State corporations should have an accounting section separate from the cashier in order to enhance efficiency and transparency. The study find strong support for the argument that cash disbursement impacts on performance of State corporations very highly, thus state corporations should have internal controls over cash disbursement and for any supplier to receive payment, they must submit invoices to the state corporations to increase the amount of liquid stocks in order to increase financial viability. From the study findings, the findings were only limited to determinants that affect performance of State corporations of the Uasin Gishu County. Thus, more research and studies should be carried out to determine other factors that affect cash management practices.

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