



## EFFECT OF ACCOUNTS RECEIVABLE MANAGEMENT ON OPERATIONAL PERFORMANCE OF PUBLIC HOSPITALS IN UASIN GISHU COUNTY, KENYA

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### Abstract

*Hospital performance is a vital corporate finance component that directly influences quality of health care. While the public healthcare is funded by the government, there are increased bad credit and risk accounts, inadequate and inefficient strategies of cash collection and credit recovery and lack of basic medicine and medical equipment to facilitate its core mandate. The purpose of this study was to examine the effect of invoicing strategies on operational performance of public hospitals in Uasin Gishu County. The study was guided by operating cycle theory. The study used a descriptive research design. The target population for this study was employees of sub county hospitals in Uasin Gishu County and 1 county hospital. The respondents were 37 in the 6 Sub-county hospitals and 1 county hospital and used a census survey. The study adopted the use of a questionnaire as the main data collection instrument. A pilot study was conducted to test validity and reliability of the research instruments. The data was analyzed using descriptive statistics including mean, percentages and frequencies and inferential statistics that is, Pearson's product moment correlation and multiple regression models. The study findings indicated that invoicing strategies ( $\beta = 0.141$ ;  $p < 0.05$ ), was significant operational performance of public hospitals in Uasin Gishu County Kenya. The study recommended that the public hospitals*

*should endeavour to use effective invoicing strategies to unlock the tied funds in accounts receivables, should endeavor to use other credit risk assessment practices that are not outlined in this study.*

*Keywords: Account Receivable Management, Invoicing Strategies, Operational Performance, Public Hospitals*

## INTRODUCTION

Operational performance is a term used to quantify the efficiency and effectiveness of the actions carried out. The concept of effectiveness is measured in terms of the customer satisfaction and meeting the requirements of the customer. Efficiency is another aspect which is measured on the basis of the how an organization utilizes the resource in an effective manner to offer services to customer satisfaction (Devalkar & Krishnan, 2019). According to Kamau (2014) the service delivery indicators in the health sector focuses on the number and distribution of health facilities in an area, the number and distribution of in-patient beds and adequate provision of basic amenities.

According to Martin, (2015), invoicing strategies is assumed to be a very straightforward task but many institutions normally struggle in this area. A firms' management use financial indicators to measure, report and improve its performance. Analysis of the firms invoicing strategies is essential for all the stakeholders, but especially for investors Risk and growth (Wasi, Jirawat Panpiemras & Wanwiphang, 2016). There are other companies that fail to generate the invoices in good time or they do not generate invoices at all. There is need for organization to have billing systems that offer effective billing process with accurate invoice data. This variable is important in examining account receivable management in public hospital. Several practices under invoicing will be used to examine the practice (Aminu & Zainudin (2015).

Globally, Managers of health care organizations are responsible for achieving simultaneous excellence on patient experience, health, and cost (Berwick et al., 2018). Reaching the triple aim requires that organizations improve their patients' experience, improve clinical outcomes for individual patients as well as for a population of patients, and reduce the per capita costs of health care. Rising cost pressures coupled with increased public reporting of clinical outcomes and patient experiences serve to increase competitive pressures on health care organizations (Chou et al., 2014, Moody, 2014, O'Neill, 2015).

The U.S. healthcare system is characterized as the world's most expensive yet least effective compared with other nations. the process of filing and following up on insurance claims

is critical, especially in light of the trends of falling rate of reimbursement, increasing patient deductibles and rising operating costs. Accounts Receivable (AR) management is a dedicated process where in unwanted account aging, escalating number of AR days and denials can be checked (Lee, Collinson & Long, 2018). Acolin et al. (2016) states that, after submission of the medical claims to the insurance payer, our accounts receivable team will keep track of all claims that cross the 30-day bucket and take action to pursue the medical claims.

In the UK, accounts receivable in public health care institutions stood at 35% (Devalkar & Krishnan, 2019). This is a clear explanation as to why the accounts receivable is an important investment that needs suitable management and financing. Jindal, Jain, and Vartika (2017) revealed that a growth in the debtors' turnover leads to a growth in an organization's profitability. In Indonesia, the study explored the insurance funds and how they affected the public health performance in the country at the district hospitals (Rosita, Nurwahyuni & Sari, 2018). Whenever accounts receivable takes a long time before it is collected, it becomes very hard to invest in production for a subsequent order. Failure to collect the amounts would eventually make the working capital unreasonable and so, would lead to long business cycles (Lee, Collinson & Long, 2018).

In Malaysia Aidoo-Buameh (2014) states that, the NHIS's share of credit revenue to public hospitals, accounts receivable period, accounts receivable balances, share of credit revenue to public hospitals. The findings indicated that only Accounts Receivable Period of NHIS related debt has no statistical significance to Accounts Payable Balance of the public hospitals. The study concludes that, Public Hospitals' management have been ineffective at managing the non-NHIS component of their debt structure in meeting its payable obligations to suppliers.

Wongthatsanekorn (2010) states that health care institutions in Thailand face the problem of delay in payment collection from their hospital customers and that, consequently, they lose the flexibility of quick decision-making for the next appropriate replenishment order. Attom (2014) states that, this was due to the fact that, the hospital and the drug distributor has a conflict over deferral payment period which is used to calculate cash-to-cash cycle time. The hospitals prefer long deferral payment period while the drug distributor wants to shorten deferral (Bernard & Noel, 2011).

In the developing economies healthcare industry, account receivables are a reality that can't be eliminated completely (Ameen & Ahmad, 2014). However, there are strategies that can be employed to control their occurrence and facilitate payment as soon as possible, these include adoption of efficient credit policies, communicate with patients, collaborate with outside billers and ensuring efficiency in billing strategies (Kalundaet, 2012). The receivables

management decision is crucial as such decisions become even more difficult in times when the economic environment in which these firms operates presents a high degree of instability. Firms must be equipped with a set of well defined policies to manage collections appropriately. Mian and Smith (2014) provide a systematic exploration of the determinants of accounts receivables policy, but they provided only tangible determinants due to a lack of clarification. This is an indication of the importance of accounts receivable as an investment and requires attention on its proper management and financing (Jindal, 2017)

In Ghana, Oware, Samanhyia and Ampong (2015) observed that when a firm does not invest well in the collection of account receivable then the probability that a firm will stagnant as a result of very poor account receivables levels and debt accumulation would be high. When accounts receivable take a long time to be collected; it becomes impossible investing in production for your next order (Aidoo-Buameh, 2014). Uncollected amounts tie up working capital unreasonably and may lead to long business cycles. It is therefore important for a business to collect all owed amounts in a timely manner to avoid liquidity problems (Otusanya, Lauwo, & Adeyeye, 2012).

In Ethiopia, it is indicated that, most firms use accounts receivable both to finance their input purchases (accounts payable) and offer financing to their clients. Pandey (2010) explains that, a limited capital base and poor cash flow levels as a result of uncollected monies deters growth of an entity. Connolly (2013) observed that many enterprises rarely maintained customer details and credit information; appropriate credit terms and billing cycle which affected timely collection of payments from the customers. Teklit and Jasmindeep (2017) indicated that Capital adequacy and liquidity ratio are major factors that significantly affect the performance of hospitals by indicating that efficient management of working capital ensures a company has sufficient cash flow to meet its short-term debt obligations and operating.

In Rwanda, Kane (2011) on the health sector report and the limits of hospital accountability lamented that financial accounting elements in hospitals are unreliable, poorly defined, and lacking in critical detail in most of the public hospitals. The study goes on to state that the health sector Report and matched, audited financial statements reveal long-standing problems with the Report 's data, including major differences in reported revenues; variations in the reporting of expenses; variations in the reporting of both revenues and expenses; an absence of relevant details, such as charity care, bad debt, operating versus non-operating income, and affiliate transactions; an inconsistent classification of changes in net assets; and a failure to provide cash flow statements. Because of these problems, financial data give only a limited and often inaccurate picture of the financial position of hospitals.

According to Ngugi *et al.*, (2017) the analysis of groups of healthcare institutions in Kenya indicated the debtor's collection represented 13% of the balance sheet size of the organization. The analysis also showed that the value of debtors is 50% of the total borrowing. Small, medium and large organizations failed due to limited finances and management of the accessible scarce resources (Obura, Kabiru & Ocharo, 2019). For every business to operate effectively, there needs to be unceasing cash flow (Namusonge, Lyani, & Sakwa, 2016; Waema & Nasieku, 2016).

In Kenya, the performance of public hospitals is depended on procurement audit performance (Mwirigi & Moronge, 2019). The risks that procurement presents to a project must be explored so as to provide the solution (Waema & Nasieku, 2016). Generally, Kenyan public hospitals have critical performance issues in their operations, these figures require urgent, serious and solemn attention, as well as effective management that can foresee such challenges and proactively work towards achieving the organization's objectives (Kamau, 2014). Even though the hospital management used different accounts receivable strategies to remind the customers, including; letters, phone calls, credit control, invoices, it was still not enough way to recover the monies (Waema & Nasieku, 2016).

Healthcare institutions are known for not practicing effective accounts receivable management strategies (Bwisa *et al.*, 2014). This is believed to be the major cause of their operational underperformance. Various studies have indicated that, for a business to survive in the current dynamic market, it must properly manage its accounts receivable (Adusei, 2017). An organization's investment in account receivable hinges on how much it gets to sell on credit, as well as the duration it takes to collect receivable. The process of actual application and effective management of Accounts receivable comes with various major challenges for the directors and managers of public healthcare institutions.

### **Statement of the Problem**

Hospital performance is a vital corporate finance component that directly influences quality of health care. The success of any business venture is predicated on how the management has planned and controlled its account receivables which might disrupts the firm's smooth operation and can even lead to insolvency. Kenyan Public hospitals are faced by various financial challenges which affect the provision of health care services. Many public hospitals are out of medicine and other equipment required for carrying out effective operations. While the public healthcare is funded by the government, there are increased bad credit and risk accounts, inadequate and inefficient strategies of cash collection and credit recovery and lack of basic medicine and medical equipment to facilitate its core mandate. This has led to patients at public

hospitals to be directed to purchase prescription medical requirements from private chemist since they are out of stock others are referred to the national hospitals for medication. Recently, KEMSA stopped supplying medical products to some public health institutions because of huge debts. Lack of supplies and stocks is not a new phenomenon to health facilities. There is need for these institutions to strike a balance between invoicing strategies, delinquent accounts and credit policies in order to create value in the hospitals. Overall operational performance is affected with ineffective accounts receivable methods used. Despite the importance of accounts receivables management, few studies have been conducted in the health sector; Aidoo-Buameh (2014) did a study on the effect of NHIA debt on accounts payables management in public hospitals. Mungai (2013) did a research on the relationship between account receivables management and financial performance of private hospitals in Kenya. Kamau (2014) did a study on the effect of internal factors on the profitability of private hospitals in Kenya. From the studies, it is evident that, few studies have been done to address the influence of accounts receivables management on the operational performance of public hospitals. This study therefore sought to fill the gap by examining the effect of account receivable management on operational performance of public health care institutions in Uasin Gishu County Kenya

### **Research Objectives**

To examine the effect of invoicing strategies on the operational performance of the public hospitals in Uasin Gishu county.

### **Research Hypothesis**

**H<sub>01</sub>:** Invoicing strategies has no effect on the operational performance of the public hospitals in Uasin Gishu County.

## **THEORETICAL REVIEW**

The Operating Cycle Theory was developed by Verlyn and Laughlin in 1980. The theory's concept is based on establishing the number of days it takes for a firm to convert the inventory purchases into cash receipts from the subsequent sale. It is referred to as the cash operating cycle or cash conversion cycle or asset conversion cycle (Richards & Laughlin, 1980). The cycle is believed to have three major components: The Inventory Turnover days, Payable Turnover days, and Accounts Receivable Turnover days. The three components form a comprehensive dimension of the operating cycle days. The payable turnover days in this case, are the period of time a firm tracks how rapidly it can pay off its financial commitments to suppliers (Obura, Kabiru & Ocharo, 2019).

Operating cycle theorists assume that the money is first blocked in raw materials, labor and other conversion costs come later, selling and distribution costs come in the end. Selling and distribution costs will be blocked in inventory and revenue will be blocked in accounts receivables (Richards & Laughlin, 1980). The integration of accounts receivable and inventory turnover measures into the operating cycle notion, gives a more fitting insight into liquidity management, than merely relying on the present and acid-test ratio indicators of affluence (Huang *et al.*, 2017).

The performance measures plainly distinguish that the life expectancies of particular accounts receivable machineries solely depend on the degree at which such activities like production, distribution and collection are neither instantaneous nor synchronized (Michalski *et al.*, 2018). When more liberal terms are granted to a company's customers, there is a likelihood that the company would create a larger, a possible less liquid, and current investment in receivables. Except sales grow at least consistently to the growth in receivables, the possible decline in liquidity would be replicated in a lessened receivables' turnover and a lengthier receivables collection period (Huang *et al.*, 2017).

This theory was relevant to the study in that respectively to the rise in receivables, this possible deterioration in hospital performance will be reflected in a lower receivables turnover and a more prolonged receivables collection duration. It is important for firms to analyze and evaluate the performance of their firms related to the pattern of cash inflows which can be produced by the conversion of its present asset investments (Michalski *et al.*, 2018). Despite the importance of this theory, it has been critiqued for its weakness,

According to Huang *et al.*, (2017) Inventory turnovers portray the regularity with which organizations change their collective stock of raw material, work-in-process, as well as completed goods into product sales. A lower turnover ratio can be produced if a firm adopts purchasing, production scheduling, and distribution strategies that needs more comprehensive inventory obligations per dollar of the projected sales. However, this replicates an extended and possibly less liquid inventory holding duration (Obura, Kabiru & Ocharo, 2019). The operating cycle concept is deficient since the cashflow measure in that it does not consider the liquidity requirements levied on a firm by the time dimension of its current liability commitments.

## **EMPIRICAL REVIEW**

Dasdemir, Mete Oguz, Atalay and Bilgin (2013) did a study on improving hospital invoicing processes for reducing costs of billing errors in Turkey. Descriptive statistics was used for data analysis. The study indicated that the main causes of billing errors include, Material-Barcode-KIK, error is the kind of error, which is caused by the lack of or the inappropriate invoices of

medical materials used, insufficient epicrisis error is the kind of billing error, which occurs because of missing result reports or the inappropriate result reports. duplication error is the kind of billing error, which occurs when the same treatment is reapplied to the patient without any explanation and medicine error is the kind of error, which occurs because of a medication that is not in the rules. This study however left gaps since it adopted descriptive analytical tools while the current study adopted employ both descriptive and inferential statistics.

Wasi, Jirawat Panpiemras and Wanwiphang (2016) examined how invoicing process can affect healthcare utilization given no change in price in Thailand civil servant medical benefit scheme. The study used patient-level panel data from a large regional hospital. The study revealed that the new invoicing system affects utilization through multiple channels, it increases the number of outpatient visits. In addition, for each visit, the treatment costs and the share of prescription drug charge are higher. These impacts are found to be persistent over time, although less so in the case of visits. Therefore it is recommended that the likely cash constrained patients increase their utilization more proportional. This study however left gaps since it was done in Thailand Civil Servant Medical Benefit Scheme, therefore its findings might not be generalized to the Kenyan setting.

Nwakaego and Ikechukwu (2015) examined the effect of invoicing strategies on the performance of health care companies in Nigeria. Variable studied are cash conversion cycle, sales growth rate and debt ratio. Secondary sources of data were sourced from the annual reports of the selected health companies for this study with the use of generalized least square multiple regressions in the test of hypotheses. The findings of the study show that both cash conversion cycle and debt ratio had negative but significant effect on the profitability of Health Care Companies in Nigeria, while sales growth rate had positive and significant effect on those companies under study. This study however left gaps since it specifically dealt with cash conversion cycle, sales growth rate and debt ratio while the current study dealt with invoicing strategies, delinquent accounts and credit policy.

Upadhyay (2016) did a study on hospital liquidity and cash conversion cycle in Washington hospitals using data from USA. Fixed effects regressions of cash conversion cycle revealed a positive relationship with the current ratio, no significant relationship with the quick ratio and a negative relationship with days-cash on-hand. To obtain a comprehensive assessment of the liquidity of a hospital, analysts should consider using both the traditional liquidity ratios as well as the cash conversion cycle. The traditional liquidity ratios measure the effects of past actions while the cash conversion cycle, as well as it would appear days-cash-on hand, reflect the process by which liquidity is changing. This study however only dealt with only one aspect of invoicing strategies.



## RESEARCH METHODOLOGY

### Research Design

Research design is defined as the conceptual structure within which research is conducted (Kothari, 2008). It assists the study to determine the objectives of research, subjects of research, the sample size, the data to be collected, the procedures for collecting and recording that data, the procedures for analyzing that data and how the data is interpreted and presented (Becker, Bryman, & Ferguson, 2012). This study employed descriptive research design. Descriptive research design involves collection of information from a large population and concentrates on the respondent's views in order to get relevant information about the dependent and independent variable using questionnaires to achieve the research objectives. The major purpose of descriptive research is description of the state of affairs as it exists (Sekaran & Bougie 2010).

### Target Population

According to Mugenda (2008), the population of study refers to a group of individuals, objects or items from which samples are taken for measurement. Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research (Newing, 2011). The target population for this study was employees of sub county hospitals and county hospitals in Kenya. Accessible population consisted of all the individuals who realistically could be included in the sample (Salkind, 2010). Accessible population was 37 respondents composed 7 hospital managers, and 30 accountants/finance officers in the 6 Sub-county hospitals and 1 county hospital in Uasin Gishu County. This is shown in Table 1.

Table 1 Target Population

<b>Target population</b>	<b>Hospital Managers</b>	<b>Accountants/ Finance officer</b>	<b>Total</b>
Uasin Gishu county hospital	1	7	<b>8</b>
Kesses sub county hospital	1	3	<b>4</b>
Kapteldon sub county hospital	1	3	<b>4</b>
Burnt forest sub county hospital	1	3	<b>4</b>
Moiben sub county hospital	1	6	<b>7</b>
Ziwa sub county hospital	1	3	<b>4</b>
Turbo sub county hospital	1	5	<b>6</b>
<b>Total</b>	<b>7</b>	<b>30</b>	<b>37</b>

## Census

This study used census survey method. A census is a survey conducted on the full set of observation objects belonging to a given population or universe. The researcher interviewed all the 37 respondents composed of 7 hospital managers, and 30 accountants/finance officers in the 6 Sub-county hospitals and 1 county hospital. The census approach is justified since the data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions in the study population on a study problem (Musau, 2015). The census approach is also justified since the results obtained from a census are likely to be more representative, accurate and reliable than results obtained from a population sample and thus census assists in generalization of research findings (Kungu, Njui, & Kimani, 2014). Census provides a true measure of the population since there is no sampling error and more detailed information about the study problem within the population is likely to be gathered (Sekaran & Bougie 2010).

## Data Collection Instruments

The data for the study was gathered from primary sources. Primary data was collected using a semi structured questionnaire. A questionnaire is a tool that consists of a number of questions printed or typed in a definite order on a form or set of forms, sent to persons concerned with a request to answer the questions and return the questionnaire (Kothari & Garg, 2014).

## Data Processing and Analysis

Data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation (Zikmund *et al.*, 2010). Before processing the responses and financial data, every filled questionnaire was tallied for every response. The responses were then edited, coded and cleaned in case of any inconsistencies and entered into the computer with the help of excel spreadsheet software before being uploaded into a statistical package known as statistical package for social science (SPSS) version 24. Descriptive statistics include frequencies, percentages, mean, standard deviation and variance while inferential statistics were Product moment correlation and multiple linear regression. Product moment correlation analysis measures the extent of interdependence where two variables are linearly related. If variables are correlated, then a change in one variable is accompanied by a proportionate change in another variable. Correlation coefficient is a measure of correlation between two variables. If variables are independent,  $r=0$ , if dependent, then  $r=1$ . If the value of  $r$  is close to one, then it shows there is a strong correlation between the variables. If the value of  $r$  is close to

zero, then the association is weak. Pearson’s product-moment correlation coefficient (r) was used to explore the relationship between the variables, specifically to assess both the direction and strength. This was crucial in assessing the nature of relationship existing between the variable before carrying out further analysis (cooper & schindler, 2011). Data will be presented using tables.

Multiple linear regression was used in situations where the number of independent variables are more than one. Regression analysis is also valuable for quantifying the effect of various simultaneous influences upon a single dependent variable. Multiple regression analysis involves combining several predictor variables in a single regression equation. With multiple regression analysis we can assess the effect of multiple predictor variables (rather than a single predictor variable) on the dependent measure (Tabachnick & Fidell, 2013). Multiple regression was used to examine the effect of account receivable management on operational performance of public health care institutions in Uasin Gishu County Kenya. The following regression model was used;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \dots \dots \dots \text{Equation 3.1}$$

Where:

**Y** represents the dependent variable (Operational performance)

**$\beta_0$**  represent the constant

**$\beta_1 \dots \beta_3$**  represents the coefficient of independent variables

**$X_1$**  represents invoicing strategies

**$X_2$**  represents delinquent accounts

**$X_3$**  represents credit policy

**$\epsilon$**  represents the error term

## FINDINGS AND DISCUSSIONS

### Correlation Analysis

The combine effect of independent variables on the dependent variable was established through correlation analysis. This is presented in Table 2.

Table 2 Correlation Analysis

		Invoicing strategies	Operational Performance
Invoicing strategies	Pearson Correlation	1	.
	Sig. (2-tailed)		.
Operational performance	Pearson Correlation	.785**	.859** 1
	Sig. (2-tailed)	.000	.000

From the study the results indicate that invoicing strategy had positive high correlation with operational performance, this was indicated by ( $r=0.785$  and  $p < 0.01$ ). This implies that when invoicing strategies, delinquent accounts and credit policy are positive, operational performance of public hospitals in Uasin Gishu County are also positive. From the study it will be noted, the above table was at 99% level of confidence (significant at the 0.01 level (2-tailed), since a unit change in invoicing strategy leads to 0.785 unit change in operational performance of public hospitals in Uasin Gishu County.

### Multiple Regression Analysis

Multiple regression analysis is a powerful technique used for predicting the unknown value of a variable from the known value of two or more variables. In this study multiple regression will help predict the combined effect of invoicing strategies on operational performance of public hospitals in Uasin Gishu County. The results of multiple regression analysis are shown in Table 3.

Table 3 Multiple Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860 <sup>a</sup>	.739	.712	.34425

a. Predictors: (Constant), Invoicing strategies

b. Dependent Variable: Operational performance

The findings indicate that the relationship between account receivable management focused on this study and operational performance of public hospitals in Uasin Gishu County was positive ( $\text{Adj } R^2=0.712$ ). Findings indicate that 71.2% of the variation in operational performance of public hospitals in Uasin Gishu County is accounted for by the independent variables in the study invoicing strategies. The 28.8 % of the invoicing strategies resulted from other factors not investigated by the study.

### Assessing the Fit of the Multiple Regression Model

Multiple regression analysis was conducted to test the influence among predictor variables on operational performance of public hospitals in Uasin Gishu County. The three null hypotheses were tested using F statics. The test results are shown in table 4.

Table 4. ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.722	3	3.241	92.346	.000 <sup>b</sup>
	Residual	3.437	29	.119		
	Total	13.159	32			

a. Dependent Variable: Operational performance

b. Predictors: (Constant), Invoicing strategies

The findings of the study in Table 4 showed that there was a statistically significant relationship between the independent variables and the dependent variable ( $F = 92.346$ ;  $p = 0.000$ ). This therefore indicates that the multiple regression model was a good fit for the data. It also indicates that invoicing strategies influence operational performance of public hospitals in Uasin Gishu County.

### **Regression Coefficients**

The study employed multiple regression analysis to test the hypotheses. Multiple regression analysis was conducted to test the influence among the study variable (invoicing strategies) on operational performance of public hospitals in Uasin Gishu County. This was done with a significance level of 0.05, such that when the significance value is less than the 0.05 the null hypothesis is rejected and when it is above 0.05 we fail to reject the null hypothesis (Ringle, Sven & Michael, 2015). These results were presented in Table 5.

Table 5 Individual Regression Coefficients

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.372	.449		.830	.014
	Invoicing Strategy	.141	.150	.139	.937	.046

a. Dependent Variable: Operational performance

From the study, Hypotheses one stated that;

**H<sub>01</sub>: Invoicing Strategies has no Effect on the Operational Performance of the Public Hospitals in Uasin Gishu County.**

The results showed that invoicing strategies was positive and significant predictor of operational performance of the public hospitals in Uasin Gishu County with ( $\beta = 0.141$ ;  $p <$

0.05). The null hypothesis was therefore rejected at 95% significance level. The study hence concluded that there was a significant relationship between invoicing strategies and the operational performance of the public hospitals in Uasin Gishu County. This study concurs to that study by Wasi, Jirawat Panpiemras and Wanwiphang (2016) who revealed that the new invoicing system affects utilization through multiple channels, it increases the number of outpatient visits. In addition, for each visit, the treatment costs and the share of prescription drug charge are higher.

## **CONCLUSIONS**

From the findings of the study, it was concluded that hospital billing system, Cash conversion circle, Charge capture, information on invoicing strategies and hospital take action efficiency of invoicing strategies to enhance operational. The study also concluded that that there was a significant relationship between invoicing strategies and the operational performance of the public hospitals in Uasin Gishu County.

## **RECOMMENDATIONS FOR POLICY AND PRACTICE**

The study findings reveal that invoicing strategies play a key role in the performance of the public hospitals in Uasin Gishu County. The study therefore recommends that public hospitals should continue in the practice of AR financing practice for consistent growth. Additionally, the public hospitals should endeavour to use effective invoicing strategies to unlock the tied funds in Accounts Receivables.

In addition, it was concluded that delinquent accounts play a key role in the performance of the public hospitals in Uasin Gishu County. Therefore public hospitals should endeavor to use other credit risk assessment practices that are not outlined in this study. The Government should increase funding to facilitate workshops and training of ahospital managements and accountants/finance officers. A good firm policy on accounts receivable risk assessment and management should be formulated and applied all the time and not only when circumstances dictates, otherwise bad clients would be approved while good wants are turned away without notice.

Lastly, based on the study findings, credit policy plays a key role in the operational performance of the public hospitals in Uasin Gishu County. The study therefore recommends that public hospitals should continue in the practice of AR extension practice for consistent performance. Additionally, the public hospitals should endeavour to use other AR extension practices that are not outlined in this study.

## SCOPE FOR FUTURE RESEARCH

This study focused on three elements of accounts receivable management as the independent variables. A similar research should be carried out incorporating all the elements of accounts receivable management to establish what effect this will have on operational performance of the public hospitals. Further, owing to the limitations of the study it is suggested that same study be done in other sectors and institutions as the results on the current study may not be generalized to other institutions and Regions.

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