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Abstract: There has been a public outcry on the management of the accrued fund from projects leading to halting while others are operating normally (Ministry of planning report, 2009) and National Anti-corruption campaign steering committee report (2010). Some projects halt due to various concerns such as failure of proper resource allocation, poor budgeting and failure to meet financial obligations during operation. Many organizations and researchers have done various studies on CDF but scanty information were available on the causes of failure of the long-term projects to meet the intended objectives in various constituencies. Therefore, all aspects of financial management in public sector organizations should operated in an environment where there was confidence in the veracity of the financial information being used. Hence, the public sector required robust systems of financial controls supported by effective audit and assurance arrangements. The general objective of this study was to examine the effects of financial management practices on financial performance of county governments in Kenya. The specific objectives was to examine the effects of financial planning on financial performance of Mombasa county government; to determine the effects of sourcing of funding on financial performance of Mombasa county government; to evaluate the effect of allocation of funds on financial performance of Mombasa county government and to examine the effects of control of funds on financial performance of Mombasa county government. The researcher used a conceptual framework to show a relationship between dependent variable and independent variables. To strengthen the conceptual framework the researcher used theories such as residual equity theory, contingency theory and pecking order theory. The researcher used a descriptive research design. The target population was two hundred and sample size will be sixty. A pilot study was carried out to refine the instrument. The quality and consistency of the survey was further assessed using Cronbach’s alpha. Data analysis was performed on a computer using Statistical Package for Social Science (SPSS Version 23) for Windows. Analysis was done using frequency counts, percentages, means and standard deviation, regression, correlation and the information generated was presented in form of graphs, charts and tables. Data collection was done using questionnaires method. Data analysis and interpretation was based on descriptive statistics as well as inferential statistics mainly regression analysis and Pearson correlation which was employed during analysis of data. The relationship between the independent variables (financial planning, sourcing of funding, allocation of funds, and control of funds) and financial performance was tested using regression analysis and then presented in tables. The results reveal that, financial planning, sourcing of funding, allocation of funds and control of funds have positive significant correlation on performance. The study concluded that Mombasa County has established proper financial planning and allocation funds mechanisms that have enhanced performance. The study recommends that county government should look for other sources of revenue to support their development needs in the county. The study also recommends that county government financial planning revenue should be made on a priority basis and be able to go through public participation.

Key Words: Financial Planning, Sourcing of Funds, Allocation of Resources, Control of Funds and Financial Performance

1.3 Research Objective of the Study
The study will be guided by both general and specific objectives.

1.3.1 General Objective
The general objective of the study is to determine the effects of financial management practices on financial performance of County Government of Mombasa
1.3.2 Specific Objectives
1. To determine the effects of financial planning on the financial performance of County Government of Mombasa.
2. To establish the effects of sourcing of funds on the financial performance of County Government of Mombasa.
3. To examine the effects of allocation of funds on the financial performance of County Government of Mombasa.
4. To assess the effects of control of funds on the financial performance of County Government of Mombasa.

1.4 Research Hypotheses
The objectives of this study will be fulfilled by testing the four hypotheses stated both in terms of null ($H_0$).

1. **Hypothesis One**
   $H_0$: Financial planning has no significant effect on financial performance of County Government of Mombasa.

2. **Hypothesis Two**
   $H_0$: Sourcing of funds has no significant effect on financial performance of County Government of Mombasa.

3. **Hypothesis Three**
   $H_0$: Allocation of funds has no significant effect on financial performance of County Government of Mombasa.

4. **Hypothesis Four**
   $H_0$: Control of funds has no significant effect on financial performance of County Government of Mombasa.

LITERATURE REVIEW

2.1 Theoretical Framework
Theories are formulated to explain, predict, and understand phenomena and, in many cases to challenge and extend existing knowledge within the limits of the critical bounding assumptions. The theoretical framework introduced and described the theory which explained why the research problem under study exists. A theoretical framework consists of concepts, together with their definitions, and existing theory/theories that were used for the particular study (Sekaran, 2011). This study was anchored on the following theories: residual equity theory, Contingency theory and pecking order theory.

2.1.1 Residual Equity Theory
The objective of the residual equity approach was to provide better financial reporting as a consequence of good financial management practices. In a going concern situation, the current value of common stock was dependent primarily upon the expectation of future dividends. Future financial status was dependent upon expectations

2.1.2 Contingency Theory
The first aspect was a firm’s organizational characteristics. Decentralization and a more administratively oriented control strategy involving a higher degree of standardization were characteristics of large companies. Smaller, less complex organizations tend to adopt interpersonal, less sophisticated control systems. Haka, Gordon, & Piches, (2014) had an opposite opinion and argued that firms experienced more benefits from using sophisticated capital budgeting techniques. They based their argument on Schall & Sundem (2012) study which showed that the use of sophisticated capital budgeting techniques declined with an increase in environmental uncertainty.

2.1.3 Pecking Order Theory
The pecking-order theory argued that, because of information asymmetry, firms chose to use their retained earnings first to finance their investments (Myers & Majluf, 2014). When internal financing did not suffice, firms issued debt first and equity last. The pecking order theory suggested that firms have a particular preference order for capital used to finance their businesses (Myers & Majluf, 2014). The order of preferences reflected the relative costs of the various financing options (Abor, 2014); (Berk & DeMarzo, 2011).

2.2 Review of Literature on Study Variables

2.2.1 Financial Planning
Financial planning is a process by which one assesses his/her financial situation and sources of finance, determine their objectives, and then formulate financial strategies to achieve those objectives. In other side, the financial planning can be either business or personal financial planning. Business financial planning is a kind of process, in which businesses assess business financial situation, determines its objectives and formulates financial strategies on how to achieve those objectives.

Most businesses financial advisors advise that financial planning should become a continuous activity where the plan is reviewed regularly and performance measured against specific devised target.

2.2.2 Sourcing of Funds
Local governments in developing countries derive their revenues from two principal sources funds transferred to them from a higher level of government, and funds collected and retained in the locality itself. Funds coming from higher levels of government (national, regional, and/or
state/provincial) are referred to as transfer payments (Jeremy & Fraser, 2003). The rules governing the flow of transfer payments are part of the laws on intergovernmental fiscal relations. Transfer payments are typically allocated from a specific revenue source that is controlled by the higher level government (e.g. a national value added tax, income tax, or oil revenues) (Blazek, 2005).

### 2.2.3 Allocation of Financial Resources

Stillman II, (2014) describes budgets as political documents reflecting through the allocation of funds, the ultimate desires, interests and power of various groups within the body politic as expressed by elective legislative bodies. In setting up annual budgets, various political participants engage in log rolling comprises and bargains to create a document that by and large mirrors the current priorities of locality, state or nation. Budgets are termed as political because first and foremost, they reflect choices about what services the government should provide and what the citizens are entitled to as members of society and determine who gets what.

### 2.2.4 Control of Funds

According to Scarlett, (2013), controls of funds refer to the principles, procedures and practices of achieving given objectives through budgets. The budgetary control system helps in fixing the goals for the organization as a whole and concerted efforts made for its achievements. It enables economies in the enterprise. Preetabh, (2014), highlighted the benefits of budgetary control as profit maximization; a control of funds aims at maximization of profits or an organization through, proper planning and co-ordination of different functions, proper control over various capital and revenue expenditures and putting resources into best use.

### Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance department</td>
<td>53</td>
</tr>
<tr>
<td>Procurement department</td>
<td>19</td>
</tr>
<tr>
<td>Planning department</td>
<td>32</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>103</strong></td>
</tr>
</tbody>
</table>

### 3.3 Sampling Technique and Sample Size

Stratified random sampling method was used to select relevant respondents from various sections of the various sections of the finance departments. (Mugenda & Mugenda, 2006) argued that stratified random sampling is where a given number of cases are randomly selected from each population subgroup. It thus ensures inclusion in the sample of subgroup which otherwise could be omitted entirely by other sampling methods. In this case stratification was based on the section from which employees come from.

### 2.2.5 Financial Performance

Financial management Practice is a managerial accounting strategy focusing on maintaining efficient levels of both components of fund, current assets and current liabilities, in respect to each other. Finance management ensures a project has sufficient cash flow in order to meet its short-term debt obligations and operating expenses. Finance management is a very important component of corporate finance because it directly affects the liquidity, profitability and growth of a business. It is important to the financial health of businesses of all sizes as the amounts invested in working capital are often high in proportion to the total assets employed (Atrill, 2014)

### RESEARCH METHODOLOGY

#### 3.1 Research Design

The researcher used descriptive research design. Descriptive study was concerned with finding out who, what, where and how much of a phenomenon, which was the concern of the study. (Sekaran, 2011) observes that the goal of descriptive research is to offer the researcher a profile or describe relevant aspects of the phenomena of interest from the individual, organization, industry or other perspective. In addition the design best fit in the ascertainment and description of characteristics of variable in this research study and allowed use of questionnaires, interviews and descriptive statistics such as frequencies and percentages.

#### 3.2 Target Population

The study targeted 200 currently operating in the various county government of Mombasa as shown in table 3.1 below. Therefore the target population was 200 officers of the county government of Mombasa from various departments.
3.4 Data Collection Procedure
The data collection instrument in this study was a questionnaire. The research instrument was conveyed to the respondents through the drop and pick technique. The researcher approached each respondent, introduced himself to the respondents by explaining to them the nature and purpose of the study and then left the questionnaires with the respondents for completion and picked later within three days. Before the questionnaire was given out, the researcher sought authorization from Mombasa County government to collect data. A covering letter explaining the objectives of the study and assuring the respondents’ confidentiality and asking them to participate in the study accompanied the questionnaire. Respondents were asked to willingly participate in the survey and give the data. Respondents were required to fill the questionnaires that included responses on measurement of sustainable performance as well as the demographic information. Bryman and Bell, (2015) narrate that questionnaire method is an inexpensive method for data collection.

3.5 Pilot Testing
Cooper and Schindler (2013) indicates that a pilot test will be conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample. Pilot testing provides an opportunity to detect and remedy a wide range of potential problems with an instrument. By conducting a Pilot testing it ensured that appropriate questions were asked, the right data was collected, and the data collection methods worked. A pilot study was undertaken on 20 respondents to test the reliability and validity of the questionnaire. The rule of the thumb is that 1% of the sample should constitute the pilot test (Cooper & Schindler, 2013). The proposed pilot test was within the recommendation.

3.6 Data Processing, Analysis and Presentation
Kothari and Gang, (2014) argued that data collected had to be processed, analyzed and presented in accordance with the outlines laid down for the purpose at the time of developing the research plan. Data analysis involved the transformation of data into meaningful information for decision making. It involved editing, error correction, rectification of omission and finally putting together or consolidating information gathered. The collected data was analyzed quantitatively and qualitatively. Descriptive and inferential statistics was done using SPSS version 23 and specifically multiple regression model was applied. Set of data was described using percentage, mean standard deviation and coefficient of variation and presented using tables, charts and graphs.

### RESEARCH FINDINGS AND DISCUSSIONS
#### 4. Discussion of Findings
In the research findings the researcher used a tool rating scale of 5 to 1; where 5 were the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1= Strongly Disagree. The analyses for mean, standard deviation were based on this rating scale.

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government plans for the use of its financial resources via budget</td>
<td>45</td>
<td>3.93</td>
<td>.863</td>
</tr>
<tr>
<td>The budget making process involves public participation</td>
<td>45</td>
<td>4.04</td>
<td>1.107</td>
</tr>
<tr>
<td>Financial planning processes climax at the end of the financial year</td>
<td>45</td>
<td>3.78</td>
<td>1.475</td>
</tr>
<tr>
<td>County government of Mombasa has a financial planning policy</td>
<td>45</td>
<td>3.60</td>
<td>1.421</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Table 4.7 Financial Planning

The first objective of the study was to establish the effects of financial planning on financial performance of county government of Mombasa. Respondents were required to respond to set questions related to financial planning and give their opinions. The statement in agreement that the county government plans for the use of its financial resources via budget had a mean score of 3.93 and a standard deviation of 0.863. The statement in agreement that the budget making process involves public participation had a mean score of 4.04 and a standard deviation of 1.107. The statement that financial planning processes climax at the end of the financial year had a mean score of 3.78 and a standard deviation of 1.475. The statement that county government of Mombasa has a financial policy had a mean score of 3.60 and a standard deviation of 1.421. This is in agreement with Cheserem, (2013) that all devolved units have financial policy.
4.4.2 Sourcing of Funds
Table 4.8 Sourcing of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government of Mombasa gets funding from the central government</td>
<td>45</td>
<td>4.22</td>
<td>.927</td>
</tr>
<tr>
<td>The county government of Mombasa gets funding from collection of taxes and SBP</td>
<td>45</td>
<td>4.20</td>
<td>1.120</td>
</tr>
<tr>
<td>The county government of Mombasa gets funding from offering municipal bonds</td>
<td>45</td>
<td>3.42</td>
<td>1.422</td>
</tr>
<tr>
<td>The county government of Mombasa gets funding from partnership with foreign governments and World-bank &amp; ADB</td>
<td>45</td>
<td>4.51</td>
<td>.757</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The second objective of the study was to establish the effects of sourcing of funds on financial performance of county government of Mombasa. Respondents were required to respond to set questions related to sourcing of funds and give their opinions. The statement in agreement that the county government of Mombasa gets funding from the central government had a mean score of 4.22 and a standard deviation of 0.927. This is agreement with Cheserem, (2013) that all devolved governments get their fundings from the central government. The statement in agreement that the county government of Mombasa gets funding from taxes and fees from single business permits had a mean score of 4.20 and a standard deviation of 1.120. The statement that county government of Mombasa gets funding from offering municipal bonds had a mean score of 3.42 and a standard deviation of 1.422. The statement that the county government of Mombasa gets funding from partnership with foreign governments and World Bank and ADB had a mean score of 0.757. Most of the respondents strongly agreed that the county government of Mombasa gets funding from partnership with foreign governments and world bank & ADB. The statement clearly indicates the critical role the partnership plays in ensuring that it funds and support county development activities.

4.4.3 Allocation of Financial Resources
Table 4.9 Allocation of Financial Resources

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>County government allocate it’s financial resources on priority</td>
<td>45</td>
<td>3.58</td>
<td>1.252</td>
</tr>
<tr>
<td>County government allocates its resources for recurrent budget</td>
<td>45</td>
<td>3.62</td>
<td>1.813</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The third objective of the study was to establish the effects of allocation of financial resources on financial performance of county government of Mombasa. Respondents were required to respond to set questions related to allocation of financial resources and give their opinions. The statement that the county government allocate its financial resources on priority had a mean score of 3.58 and a standard deviation of 1.252. The statement that county government allocates its resources for recurrent budget had a mean score of 3.62 and a standard deviation of 1.813. Most of the respondents had a neutral opinion that county government allocates its resources for recurrent budget having a mean score of 3.62 and a standard deviation of 1.813 signifying higher response rate.

4.4.4 Control of Funds
Table 4.10 Control of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government of Mombasa gets funding from the central government</td>
<td>45</td>
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<td>45</td>
<td>4.51</td>
<td>.757</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The fourth objective of the study was to establish the effects of control of funds on financial performance of county government of Mombasa. Respondents were required to respond to set questions related to control of funds and give their opinions. The statement that there is a proper control of cash in the county government had a mean score of 3.87 and a standard deviation of 1.471. The statement that there are both internal and external auditors had a mean score of 4.22 and a standard deviation of 0.823. The statement that the controller of budget reviews the financial book of the county government had a mean score of 4.22 and a standard deviation of 1.042. Most of the respondents had a neutral mind that the controller of budget reviews the financial book having a mean score of 4.22 and standard deviation of 1.042 signifying that county governments should invest in controller of budgets reviews to help in financial bank.

4.4.5 Financial Performance

Table 4.11 Financial Performance

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is proper control of cash in the county government</td>
<td>45</td>
<td>3.87</td>
<td>1.471</td>
</tr>
<tr>
<td>There are both internal and external auditors</td>
<td>45</td>
<td>4.22</td>
<td>0.823</td>
</tr>
<tr>
<td>The controller of budgets reviews the financial book</td>
<td>45</td>
<td>4.22</td>
<td>1.042</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The statement that financial performance has improved as a result of financial planning had a mean score of 4.09 and a standard deviation of 1.411. The statement that funds from central government and taxes from local governments helps the county government financial performance had a mean score of 3.96 and a standard deviation of 1.381. The statement in agreement that the county government of Mombasa allocates its financial resources on priority projects had a mean score of 4.27 and a standard deviation of 1.304. The statement in agreement that the county government controls its funds had a mean score of 4.24 and a standard deviation of 1.246. Most of the respondents had a neutral opinion that the county government controls its funds having a mean score of 4.24 and a standard deviation of 1.246 implication of higher rate response.

4.5 Correlation Analysis

To establish the relationship between the independent variables and the dependent variable the study conducted correlation analysis which involved coefficient of correlation and coefficient of determination.

4.5.1 Coefficient of Correlation

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Financial Performance) and the independent variables (Financial planning, sourcing of funds, allocation of financial resources and control of funds). According to Sekaran, (2015), this relationship is assumed to be linear and the
Correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship).

Table 4.12 Pearson Correlation

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Financial Performance</th>
<th>Financial Planning</th>
<th>Sourcing of Funds</th>
<th>Allocation of Financial Resources</th>
<th>Control of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Planning</td>
<td>.580**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sourcing of Funds</td>
<td>.101</td>
<td>.031</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation of Financial Resources</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control of Funds</td>
<td>.025</td>
<td>.184</td>
<td>.176</td>
<td>.796**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson’s coefficient of correlation (r). This is as shown in Table 4.12 below. According to the findings, it was clear that there was a positive correlation between the independent variables, financial planning, sourcing of funds, allocation of financial resources and control of funds and the dependent variable financial performance. The analysis indicates the coefficient of correlation, r equal to 0.58, 0.101, 0.179 and 0.025 for financial planning, sourcing of funds, and allocation of financial resources and control of funds respectively. This indicates positive relationship between the independent variable namely financial planning, sourcing of funds, and allocation of financial resources and control of funds and the dependent variable financial performance.

4.5.2 Coefficient of Determination (R²)

To assess the research model, a confirmatory factors analysis was conducted. The three factors were then subjected to linear regression analysis in order to measure the success of the model and predict causal relationship between independent variables financial planning, sourcing of funds, allocation of financial resources and control of funds), and the dependent variable (Financial Performance).

Table 4.13 Coefficient of Determination (R²)

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Control of Funds, Sourcing of Funds, Financial Planning, Allocation of Financial Resources

The model explains 41.1% of the variance (Adjusted R Square = 0.352) on financial performance. Clearly, there are factors other than the four proposed in this model which can be used to predict financial performance. However, this is still a good model as Cooper and Schinder, (2013) pointed out that as much as lower value R square 0.10-0.20 is acceptable in social science research. This means that 41.1% of the relationship is explained by the identified four factors namely financial planning, sourcing of funds, allocation of financial resources and control of funds. The rest 58.9% is explained by other factors in the financial performance not studied in this research. In summary the four factors studied namely, or determines 41.1% of the relationship while the rest 58.9% is explained or determined by other factors.
4.6 Regression Analysis

4.6.1 Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 4.14 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of business performance. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at F = 181.073, p = 0.000.

Table 4.14 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>199.424</td>
<td>4</td>
<td>49.856</td>
<td>6.981</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>285.687</td>
<td>40</td>
<td>7.142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>485.111</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Control of Funds, Sourcing of Funds, Financial Planning, Allocation of Financial Resources

4.6.2 Multiple Regression

The researcher conducted a multiple regression analysis as shown in Table 4.15 so as to determine the relationship between value chain and the three variables investigated in this study.

Table 4.15 Multiple Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.791</td>
<td>6.469</td>
<td>.431</td>
<td>.000</td>
</tr>
<tr>
<td>Financial Planning</td>
<td>.293</td>
<td>.269</td>
<td>.594</td>
<td>4.806</td>
</tr>
<tr>
<td>Sourcing of Funds</td>
<td>.092</td>
<td>.243</td>
<td>.048</td>
<td>6.378</td>
</tr>
<tr>
<td>Allocation of Financial Resources</td>
<td>.638</td>
<td>.362</td>
<td>.367</td>
<td>2.762</td>
</tr>
<tr>
<td>Control of Funds</td>
<td>.292</td>
<td>.417</td>
<td>.150</td>
<td>3.702</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance

The regression equation was:

\[ Y = 2.791 + 0.293X_1 + 0.092X_2 + 0.638X_3 + 0.292X_4 \]

Where:

- \( Y \) = the dependent variable (Financial Performance)
- \( X_1 \) = Financial Planning
- \( X_2 \) = Sourcing of Funds
- \( X_3 \) = Allocation of Financial Resources
- \( X_4 \) = Control of Funds

The regression equation above has established that taking all factors into account (Business performance as a result of financial planning, sourcing of funds, and allocation of financial resources and control of funds) constant at zero business performance will be 2.791. The findings presented also shows that taking all other independent variables at zero, a unit increase in financial planning will lead to a 0.293 increase in the scores of financial performance; a unit increase in sourcing of funds will lead to a 0.092 increase in financial performance; a unit increase in allocation of financial resources will lead to a 0.638 increase in the scores of financial performance and a unit
increase in control of funds will lead to 0.292 increase in financial performance. This therefore implies that all the four variables have a positive relationship with allocation of financial resources contributing most to the dependent variable. From the table we can see that the predictor variables of financial planning, sourcing of funds, and allocation of financial resources and control of funds got variable coefficients statistically significant since their p-values are less than the common alpha level of 0.05.

**Hypothesis 1**

H₀: There is no effect of financial planning on financial performance of county government of Mombasa.

β₁ = 0,

H₁: There is an effect of financial planning on financial performance of county government of Mombasa.

β₁ ≠ 0,

In relation to the variable financial planning, the results in Table 4.15 above indicate that financial planning on financial performance. This is supported by regression analysis t-value of 4.806 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-value was, 4.806 for financial planning, which is greater than the critical t₃₆(0.05) = 2.0, the study rejected the null hypothesis that there is no effect of financial planning on financial performance of county government of Mombasa.

Therefore the study accepted the alternative hypothesis that there is an effect of financial planning on financial performance of county government of Mombasa.

**Hypothesis 2**

H₀: There is no effect of sourcing of funds on financial performance of county government of Mombasa.

β₁ = 0,

H₁: There is a significant effect of sourcing of funds on financial performance of county government of Mombasa.

β₁ ≠ 0,

In relation to the variable sourcing of funds, the result in Table 4.15 above indicates that pricing strategy has a significant influence on financial performance. This is supported by regression analysis t-value of 6.378 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 16.317 for , which is greater than the critical t₃₆(0.05) = 2.0.

The study rejected the null hypothesis that there is no significant effect of sourcing of funds on financial performance of SMEs in Mombasa County.

Therefore the study accepted the alternative hypothesis that there is an effect of sourcing of funds on financial performance of county government of Mombasa.

**Hypothesis 3**

H₀: There is no significant effect of allocation of financial resources on financial performance of county government of Mombasa.

β₁ = 0,

H₁: There is a significant effect of allocation of financial resources on financial performance of county government of Mombasa.

β₁ ≠ 0,

In relation to the variable control of funds, the results in table 4.15 above indicate that control of funds has a significant influence on financial performance of county government of Mombasa.

This is supported by regression analysis t-value of 3.702 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 3.702 for control of funds, which is greater than the critical t₃₆(0.05) = 2.0.

The study rejected the null hypothesis that there is no effect of control of funds on financial performance of county government of Mombasa.

Therefore the study accepted the alternative hypothesis that there is an effect of control of funds on financial performance of county government of Mombasa.
SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction
The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the limitations of the study and suggestions for further studies and research.

5.2 Summary of the Findings
The objectives of this study was to examine effects of financial management practices on financial performance for county governments in Kenya. The study was conducted on 45 out of 60 that constituted the sample size. To collect data the researcher used a structured questionnaire that was personally administered to the respondents. The questionnaire constituted 17 items. The respondents were the employees working in the county government of Mombasa. In this study, data was analyzed using frequencies, mean scores, standard deviations, percentage, Correlation and Regression analysis.

From the study the majority of respondents have a working experience of 0-3 years holding degrees and heads of department. The correlation between the independent variable and the dependent variable was positive. The coefficient of determination stood at 41.1

5.2.1 Financial Planning
The study results revealed that county governments plan for the use of funds they get from the central government and collection of local taxes such as the SBP and other levies. There is a budget making process and a planning cycle. The study further revealed that there is a financial planning policy. The correlation between the independent variable financial planning and dependent variable financial performance was positive.

5.2.2 Sourcing of Funds
The study results revealed that funds that the county governments use come from the central governments and revenues from local taxes. The study revealed that majority of counties have not tapped into other modes of collecting or accessing further finances through the use of a municipal bonds, syndicated loans and grants from international financial institutions. The correlation between the independent variable and the dependent variable financial performance was positive.

5.2.3 Allocation of Financial Resources
The study results revealed that the county government allocates funds on a priority basis and that they have a recurrent budget. The correlation between the independent variable allocation of financial resources and the dependent variable financial performance was positive.

5.2.4 Control of Funds
The study revealed that there is proper control of funds through the laid down financial systems. There are both internal and external auditors and that the controller of budget and the auditor general from time to audits county government’s books. The correlation between the independent variable and the dependent variables was positive.

5.3 Conclusion
From the research findings, the study concluded all the independent variables studied have significant effect on financial performance as indicated by the strong coefficient of correlation and a p-value which is less than 0.05. The overall effect of the analyzed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables namely financial planning, sourcing of funds, allocation of funds and control of funds have significant effects on financial performance of county government of Mombasa.

5.3.1 Financial Planning
This is an ongoing process to help you make sensible decisions about money that can help you achieve your goals in life. The study concluded that financial planning had significant effect on financial performance of county government of Mombasa. The study concludes that county governments should have proper mechanism of financial planning to enhance financial performance.

5.3.2 Sourcing of Funds
The study concluded that sourcing of funds had significant effect on financial performance of county government of Mombasa. The study also concludes that county governments should have appropriate ways of sourcing funds.

5.3.3 Allocation of Resources
The study concluded that allocation of funds had significant effect on financial performance of county government of Mombasa. The study concludes that county government should be able to allocate resources amicably to ensure fairly distribution of resources.

5.3.4 Control of Funds
The study concluded that control of funds had significant effect on financial performance of county government of Mombasa. The study also
concluded that county government of Mombasa should have appropriate mechanisms of control of funds to avoid mismanagement of public funds.

5.3.5 Financial Performance
The study concluded that financial performance had a positive significant influence on financial planning, sourcing of funds, allocation of resources and control of funds.

5.4 Recommendations

5.4.1 Financial Planning
The study recommends that county government management should employ amicable financial planning mechanisms that will initiate and enhance financial performance for the entire county. The study recommends that policy makers and other key stakeholders at county government levels should implement policies that initiate proper financial planning.

5.4.2 Sourcing of Funds
The study recommends that county government should provide appropriate sourcing of funds for the entire development projects for the county to ensure sustainability.

5.4.3 Allocation of Resources
The study recommends that county government and other policy makers to implement proper policies and find best ways on how to allocate the resources thus ensuring that equal distribution to the entire public. The study recommends that allocation of resources should be done by all key stakeholders involved to avoid blame games and other unethical issues.

5.4.4 Control of Funds
The study recommends that county government should employ best mechanism for funds control thus ensuring the funds have performed the allocated project. The study recommends that control of funds should be done through monitoring of the county development projects closely.

5.4.5 Financial Performance
The study recommends that county government should employ best mechanism for financial, control of funds and sourcing of funds to enhance financial performance.

5.5 Suggestion for Further Studies
This study focused on the effects of financial management practices on financial performance of county government of Mombasa. Since only 41.1% of results were explained by the independent variables in this study, it is recommended that a study be carried out on other factors on financial performance in the public sector. The research should also be done in other private corporation of private sector and the results compared so as to ascertain whether there is consistency on financial performance.

REFERENCES


