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The Effects of Financial Strategies on the Performance of Public Universities

Dr. Bichanga Walter Okibo
Jomo Kenyatta University of Agriculture and Technology, P.O. Box 52255 – 00100, Nairobi, Kenya

Isabella Chepkogei Sile
The Management University of Africa, P.O Box 29677-00100, Nairobi, Kenya

Abstract
Financial strategies are important aspects of an organization. Some of them are profit distribution strategies, investment strategies and financing strategy. However in academic institutions some financial strategies are specialized. The purpose of the study was to investigate the effects of financial strategies on the performance of public universities in Kenya. The study employed a case study research design since it was an in depth investigation of an individual group of employees or firm. The study was conducted in Moi University, Eldoret. The study targeted the senior management, at the upper level management and the financial manager, accounts manager, in the middle level management. The study used a percentage of 30% of the target population to get a sample size of respondents. Purposive sampling was used to sample first level management while stratified random sampling was used to sample middle level management. The study used questionnaire and interview schedules. Statistical Package for the Social Sciences (SPSS) was used to analyze the data collected from the field. Inferential and descriptive statistics specifically played an important role in the presentation and interpretation of analyzed data both qualitative and quantitative. The key findings of the study indicated that financial management strategies had a great impact on the students' enrolment with the investment strategy being identified as most effective strategy for enhancing the performance of the financial institutions. The study therefore concluded that it was important for the institution to focus on the key influences of each strategies identified to enhance the performance of the institution. The study recommended more effective use of the profit distribution strategies to support the investment strategies to better enhance performance.

Background of the Study
Since universities aim at becoming sustainable, then good financial governance is critical to their existence. In many developing countries universities often lack the institutional capacity and resources to operate. Also, funds from donors are sometimes poorly managed. Thus, in order to ensure effective and proper management of resources, good governance becomes an important aspect of every university. One of the key requirements for good governance is accountability and financial management (Kotler, 2009). From a global perspective, Universities are expected to account for the use of resources to the stakeholders in the organizations Ron (2002), However, the ability to ensure that accountability exists, among the universities and to all those concerned, remains debatable even in the developed countries. Staff members are not elected and ordinary people have no mechanisms for bringing them to account for their actions. Unlike governments, who have to get elected and can only avoid accountability through violence or coercion and in business where consumers can decide where to spend their money, universities have no obvious accountability structures. Strategies have been put in place in the developed nations to ensure that financial management practices in Universities is properly managed and remain profitable institution for the sake of development and the communities around them. (Kotler 2009).

Historical Background of Moi University
Moi University was established in 1984 by an Act of Parliament as the second Public University in Kenya. Since its inception, it has advanced to be Kenya's leading university in teaching, research and development. Moi University is located in Eldoret, a distance of 310 Kilometers Northwest of Nairobi, the capital city of Kenya. It was established as the second Public University in Kenya by an Act of Parliament, the Moi University Act of 1984. Moi University was established as an institution of Science and Technology with relatively small component of arts based programs. As of the year 2012 it has over 30,000 students of whom 27,086 are undergraduates, and operates eight satellite campuses and three constituent colleges.

Statement of the Problem
Financial strategies employed by any institution have a profound effect on the performance of the particular institution. Many institutions of higher learning including Moi University experience dissatisfaction when it comes to financial strategies. This dissatisfaction has been attributed to deprived strategies in place leading to many financial shortcomings like crises in the projects stalled due to shortage of finances allocated for the same. Many of these institutions have also been found to lack a working financial plan which should provide guidelines for the strategies to put in place. This has resulted in many of the university programs losing track along the way as even the profit yields of the institution cannot be managed effectively. It is against this background therefore

that this study aims at analyzing the effects of financial strategies on performance of public universities.

Purpose of the Study

The purpose of the study was to assess the financial management strategies employed by Kenyan public universities - a case study of Moi University. The specific objectives of the study were to:

i. Investigate how investment strategy affects the performance of Moi University.
ii. Determine how financing strategy affects the performance of Moi University.
iii. Find out how financial legal strategy affects the performance of Moi University.
iv. Establish how profit distribution strategy affects the performance of Moi University.

Significance of the Study

The study will be able to raise awareness to the financial managers, and organizations on the importance of practicing financial management strategies on the productivity of the universities. It will also enable them to come up with suitable solutions for the major decisions of the university.

Scope of the Study

The study was limited in scope to Moi University, a Kenyan public university located in Eldoret, western Kenya. It is one of seven fully fledged public institutions of higher learning in Kenya.

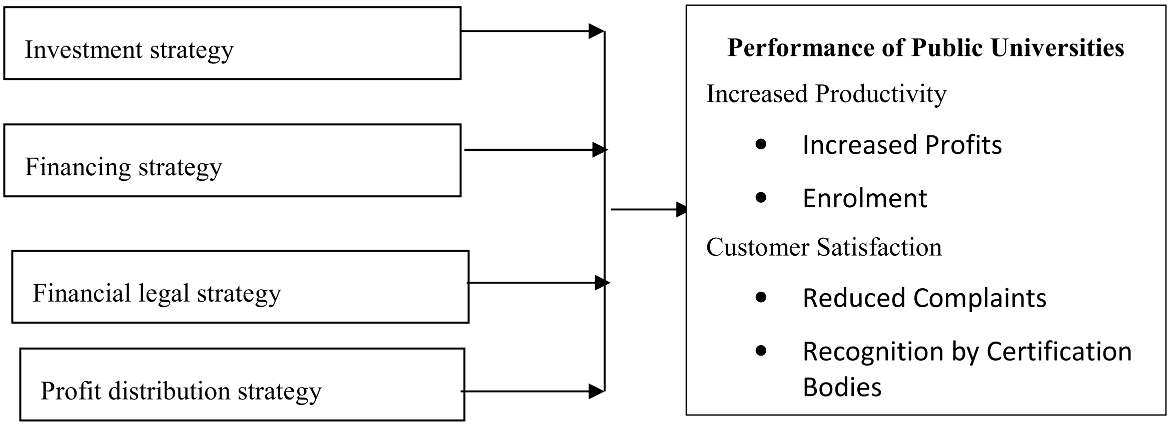
Conceptual Framework

The study is based on conceptual framework, where the dependent variable is performance of institutions of higher learning and the independent variable will be the financial management strategies.

Figure 1.1

INDEPENTENT VARIABLE
(Financial Management Strategies)

DEPENDENT VARIABLE
Performance of Public Universities



(Source: Author, 2011)

The conceptual framework indicates that the profit distribution strategies are a factor that could influence the performance of the public universities by supporting the development of other strategies. The legal strategy is also considered as an important financial management strategy that can influence the firm's performance as legal costs associated with the management of businesses is key in determining the profitability of an organization.

LITERATURE REVIEW

Introduction

This section reviews previous studies of related field.

Theoretical Review

Decision Theory The study was guided by the decision theory by Anand (2006) which states that Decision theory is a body of knowledge and related analytical techniques of different degrees of formality designed to help a decision maker choose among a set of alternatives in light of their possible consequences. Decision theory can apply to conditions of certainty, risk, or uncertainty.

Empirical Reviews

Powell (2005), ever since 1494 when a monk of Italian origin, Lucas Pacioli wrote the first book on modern accounting, financial management has grown to become the key to corporate growth. Financial management can be simply termed as efficient management of finances of a business or organization in order to achieve financial objectives. The key objectives of financial management are to generate wealth for the business and its shareholders, to provide a return of investment and to generate cash flow. There are two main aspects of financial management, namely, the procurement of funds and the effective use of those funds. According to Bingelli (2002), on the procurement of funds, one may note here that funds may be procured from different sources and funds procured from different sources have different characteristics in terms of cost, risk and control. Baker (2005), stated that financial management ultimately will involve making of some financial decisions and there are three types of such financial management decisions; long term investment decisions, long-term financing decisions and working capital management decisions. The third type of financial management decision is short term in nature. The decision in this segment involves managing cash, inventories and short term financing. Therefore, all financial management decisions should form part of overall strategy and not be seen as separate. The corporate "graveyard" is littered with companies that went burst not because their products had no market or that the workers were lazy, but because the decision makers did not adhere to the principles of good financial management.

Financial Strategy in institutions of Higher Learning Deng (2005), argued that financial strategy is to enable colleges and universities in a longer period of time the survival and development, estimated to affect colleges and universities in the full long-term Development of the internal and external environment on the basis of such factors, in order to achieve the financial goals established to guide financial activities of the General Rules and the total principle. Deng (2005), asserted that corporate leadership knows that financial strategies don't always evolve according to plan. Some might end up increasing the company's debt pile, whereas others could significantly reduce cash in corporate coffers. To prevent losses resulting from inadequate economic policy-setting, top management analyzes financial results frequently. Financial analysis involves the study of accounting ratios, such as net profit margin, and how they affect corporate liquidity. Deng (2005) also stated that corporate finance enables an organization to raise the cash necessary to operate.

Effects of Profit Distribution Strategy Koller (2004) stated that the profit distribution is a complex and important issue which directly influences the efficiency and stability of the operation of virtual enterprise. Whilst companies should focus on their own strategy, resources and opportunities, it is important to recognize that other companies will often be carrying out similar analyses, and hence trying to exploit the same opportunities. As such, any business strategy needs to consider what the firm's competitors are doing and how this will impact on the firm itself. Profit Distribution strategy is therefore central to organizations' future chances of success. Baig (2007), there are two key aspect of competitor analysis. The first is obtaining information about the resources, behavior and success of the firm's most important competitors and the second is using the available information to attempt to predict and pre-empt the future strategies and behavior of said competitors. As such, a company needs to determine which competitors it will compete with and which it will avoid. Competitor analysis is a critical part of a firm's activities. Directly or indirectly, competitor analysis is a driver of a firm's strategy and impacts on how firms act or react in their sectors, (Baig 2007). Gluck, Kaufman and Walleck (2005), showed that competitor analysis is one of two components that give a firm a strong market understanding.

The Success of Profit distribution Strategy Effective distribution strategy therefore involves a combination of complex information sources and the complexity goes some way towards explaining why organizations struggle to make the right decisions. Courtney (2006), shows that understanding the commercial opportunity requires knowledge of competitor skills and channel strengths, good judgment of the skills necessary to compete, and an effective evaluation of the expense necessary to do so. There are other profit distribution strategy frameworks that firms can utilize. An example is an international competitor analysis framework presented by Garsombke (2009) but the foundations follow Porter's framework with additional components relating to the understanding of the "international" marketplace. Others focus on specific components and thus become a subset of the framework. For example, Narver (2004) looked at this through the value to customers and identified three components in the analysis: customer orientation, competitor focus and cross-functional coordination.

Profit Distribution Strategies and Technology Garsombke (2009), showed that technology development and increased consumer willingness to use multiple channels is causing investment dilemmas for the financial sector. Garsombke (2009) says that in spite of the crisis, technology continues to develop and consumers continue to adopt new ways of buying and using financial services, and organizations cannot afford to stand still. Distribution channel investments usually go wrong in one or more of four ways; Misusing the channels: not optimizing profit or return on investment, Misunderstanding how consumers use different channels, Over-investing in technology or distribution partner arrangements and Using a fragmented approach to channels: lacking strategic coherence, a long-term perspective, or a consistent approach.

Effects of Investment Strategy According to Garsombke (2009), an investment strategy is a set of rules, behaviors or procedures, designed to guide an investor's selection of an investment portfolio. One of the better-known investment strategies is buy and hold. Buy and hold is a long term investment strategy, based on the concept that in the long run equity markets give a good rate of return despite periods of volatility or decline.

Gluck (2006), states that in the case, when a strategy is aggressive the chance of attaining a higher goal is higher. An efficient strategy can be obtained from portfolio theory, which shows good estimates on risk and return.

Types of Investment Strategies Gluck (2006) asserts that the types of investment strategies can be defined as follows; a passive investment strategy attempted to minimize transaction costs. An active investment strategy guide used to maximize returns based on moves such as proper market timing. Hogan (2008), showed that the strategy of value investing, a classic investment strategy propagated by Benjamin Graham simply concentrates on the strategy that an investor buys shares of a company as if he was buying off the whole company without paying any attention to the stock market scenario or any exterior conditions such as the political climate. At the end of the day, if he can buy the stock at less than that its actual future worth to the buyer, the person is said to have discovered a "value investment."

Effects of Internal control plays an important role in preventing and detecting fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks) (McGonagle 2002). Further, at the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties are for valid services rendered.)

Roles and Responsibilities in Internal Control According to the COSO Framework, everyone in an organization has responsibility for internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed to affect control. Also, all personnel should be responsible for communicating upward problems in operations, non-compliance with the code of conduct, or other policy violations or illegal actions. Each major entity in corporate governance has a particular role to play.

Management According to Stanley(2006), the Chief Executive Officer of the organization has overall responsibility for designing and implementing effective internal control. More than any other individual, the chief executive sets the "tone at the top" that affects integrity and ethics and other factors of a positive control environment.

Board of Directors Stanley (2006) showed that management is accountable to the board of directors, which provides governance, guidance and oversight. Effective board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment, and commit the time necessary to fulfill their board responsibilities.

Auditors The internal auditors and external auditors of the organization measure the effectiveness of internal control through their efforts. They assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control. Attwood (2007) asserts that internal control can provide reasonable, not absolute, assurance that the objectives of an organization will be met. The concept of reasonable assurance implies a high degree of assurance, constrained by the costs and benefits of establishing incremental control procedures. Effective internal control implies the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it.

Internal Controls and Improvement If the internal control system is implemented only to prevent fraud and comply with laws and regulations, then an important opportunity is missed. The same internal controls can also be used to systematically improve businesses, particularly in regard to effectiveness and efficiency (Attwood, 2007).

Continuous Controls Monitoring Baker (2005) shows that advances in technology and data analysis have led to the development of numerous tools which can automatically evaluate the effectiveness of internal controls. Used in conjunction with continuous auditing, continuous controls monitoring provides assurance on financial information flowing through the business processes.

Effects of Best Management Practice According to Baker (2005) methods found to be the most effective and practical means in achieving an objective (such as preventing or minimizing fraud) while making the optimum use of the firm's resources. "Best Practice" is fundamentally about continuous improvement and is at its most useful when it informs growth opportunities and new areas of business or income. Unfortunately, financial management systems are invariably diagnostic tools that rely purely on historical data. Baker (2005), shows that whilst a good financial management system might alert to income or organizational deficiencies it still requires an executive decision to take that information and implement remedies or strategies within the organization. According to Baker (2005), the first primary issue is to deliver success. Inevitably Best Practice should be measured by results, and as long as they deliver the results planned for and anticipated than they can reasonably be considered as having elements of Best Practice. Ensuring quality is another important issue. It is inherent within the concept of Best Practice that quality should be a measure of the result, product or the success that is ultimately delivered.

Review of Kenyan Universities According to a 2004 report by the ministry of higher education, on reforming higher education in Kenya, the rapid expansion of university education in the country was a spontaneous response to the increasing demand for higher education necessitated by the increasing flow of students from schools. Each public university is trying to see to it that it is accessible to all parts of the country hence the extension of the affiliate campuses and colleges. Apart from the public universities, the country has nineteen privately owned universities. In the 1980s and 1990s, private colleges and universities faced a very difficult challenge. The cost of attending private institutions soared at a much faster rate than inflation, and those cost increases put many private institutions at a disadvantage. The sticker price was far greater than what most students could pay, meaning they needed more aid to enroll. Yet these private colleges and universities could ill afford to discount their tuition too heavily because it would deprive those campuses of the revenue they needed to provide a quality educational experience (Narver, 2004). Financial aid leveraging is the strategic investment of financial aid funds to help campuses enroll the students they desire, control discounting and financial aid expenditures, and achieve the net revenue they need. It also helps institutions pinpoint the amount of aid students need to enroll. Leveraging has been very effective for private institutions, helping them get the biggest enrollment bang for their financial aid buck (Stanley , 2006). Because public institutions were not so tuition dependent and still very affordable, they didn't need to engage in financial aid leveraging. However, during the past decade, public colleges and universities began to rely more extensively on tuition for their revenue needs, especially as the recession of 2008 dramatically impacted state funding for higher education. This was later followed by investing university funds into income generating programs in order to boost University income. However, a problem across all these public universities arise in the management of funds as private Universities in the country are reported to be on the better lookout in the management of their funds (Baker, 2005).

Knowledge Gap

Several literature used in this study is found to be consistently tackling the issues of financial management and proper financial practices in organizations in general. This makes it difficult for someone who needs information on financial management in institutions of higher learning to get the literature required. This study therefore is necessary to fill the gap created by the missing information specifically on the area of institutions of higher learning.

RESEARCH DESIGN AND METHODOLOGY

This section highlights the following elements: research design, research approach, and area of the study, targeted population, sampling procedure, research instruments, data collection procedures and finally data analysis.

Research Design

This study employed a case study research design. Purposive sampling was used to sample first level management while stratified random sampling was used to sample middle level management. The following instruments were used; questionnaire, Statistical Package for the Social Sciences (SPSS), Inferential and descriptive statistics specifically played an important role in the presentation and interpretation of analyzed data both qualitative and quantitative.

Research Site The study was conducted at Moi University, Eldoret. A Kenyan public university located in Eldoret, western Kenya.

Target Population Moi University has over 2,700 members of staff of whom 900 are academic staff. The study targeted 48 upper level management and 112 middle level managers. The upper management included the 8 administrators from each of the 6 schools at the main campus Moi University and 8 middle level managers from 14 departments at the school; this will make a target population of 160 respondents. This is as shown below:

Table 3.1: Target population

Respondents	Procedure	Target population
Upper level management	8x6	48
Middle level management	8x14	112
Total	**20x8**	**160**

Sample Size and Sampling Technique.

The sample size consisted of 48 respondents. The study sampled 14 senior management, 17 financial managers and 17 accounts managers. Purposive sampling was used to sample first level management while stratified random sampling was used to sample middle level management.

Table 3.2 Sample Frame of Moi University, Eldoret.

Respondents	Target population	Procedure	Sample size
First level management	48	48x0.3	14
Middle level management	112	112x0.3	34
Total	**160**		**48**

DATA ANALYSIS AND PRESENTATION

This section aims to analyze the effects of financial strategies on the performance of public universities in Kenya. The information collected was presented in tabular and graphical formats and interpreted in relation to the research objectives to ensure that it provided answers to the research questions.

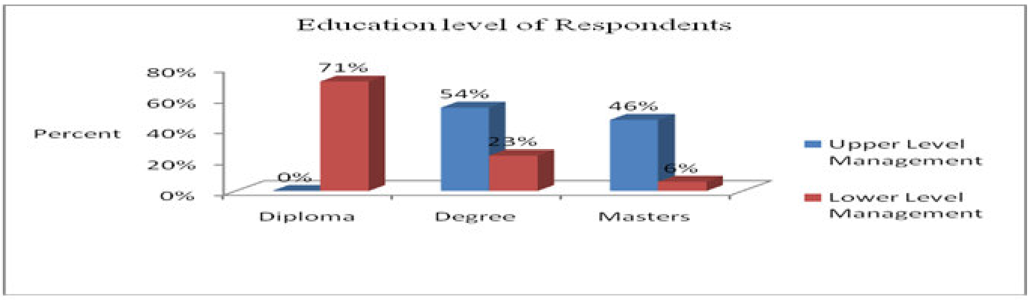
Response Rate A total of 48 questionnaires were sent to the respondents to be filled and all of them were returned for analysis. The respondents also managed to respond to the questions that were asked in the

questionnaires and interview schedules with 14 upper level managers responding to the interview schedules and 34 middle level managers responding to the questionnaires.

Background Information

The study sought to establish the education level of the respondents with an aim of evaluating if the variations in education level were significant in a way to affect the responses. The following table shows the level of education of the respondents:

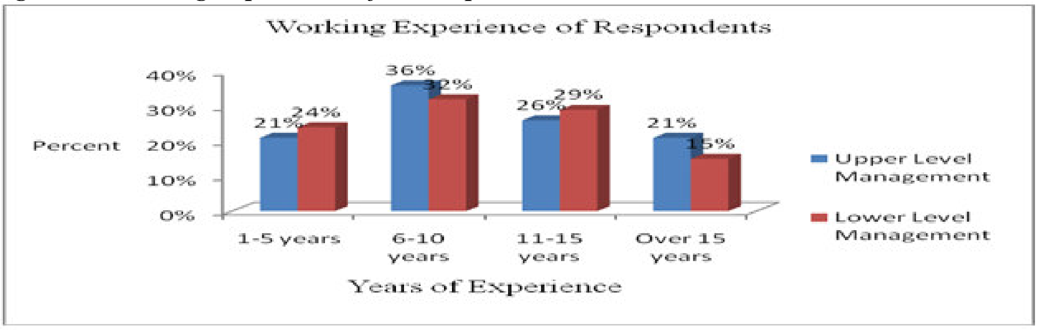
Figure 4.1 Education Levels of Respondents



From the findings, none of the upper level management had diploma level of education and 71% of the respondents in the middle level management had diploma education level. 54% of the upper level management and 23% of the respondents in the middle level management had degree education. 46% of the upper level management and 6% of the respondents in the middle level management had masters level of education. These results show that both the upper and the middle level management had the required education level to undertake the duties as required and in ways that are professional and satisfactory.

The study sought to identify the working experiences of the respondents. The responses obtained were represented in the figure 4.2 below:

Figure 4.2 Working Experiences of the Respondents



21% of the respondents in the category of upper level management and 24% of the respondents on the part of lower level management had between 1 and 5 years' of working experience. 36% of the respondents in the category of upper level management and 32% of the respondents on the part of lower level management had 6-10 years' of working experience. 29% of the respondents in the category of upper level management and 29% of the respondents on the part of lower level management had between 11-15 years' of working experience. 21% of the respondents in the category of upper level management and 24% of the respondents on the part of lower level management 15% reported to have over 15 years' of working experience. These results indicate a good working experience and therefore had a good understanding of the issues the study was seeking.

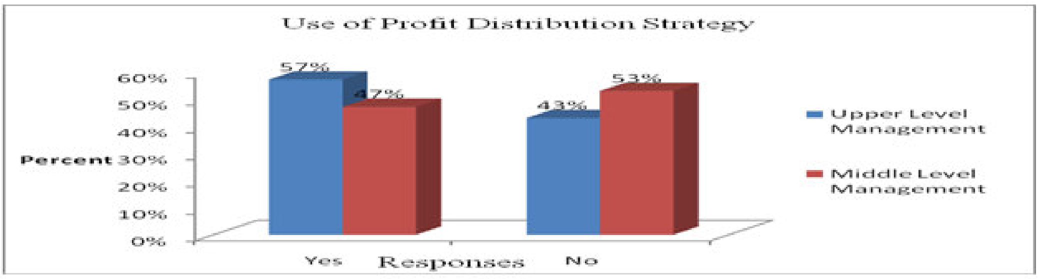
Effects of Profit Distribution Strategy

The study sought to establish the effects of profit distribution strategy on the performance of public universities in Kenya.

Use of Profit Distribution Strategy

The respondents were asked if their institutions employ profit distribution as a financial management strategy. The responses obtained were represented in the figure 4.3 below:

Figure 4.3 Use of Profit Distribution Strategy



The study results in figure 4.3 indicated that 57.1% of the respondents in the category of upper level management and 47.1% of the respondents on the part of lower level management reported that their institutions use profit distribution as a financial management strategy. The research also showed 42.9% of the respondents in the category of upper level management and 52.9% of the respondents on the part of lower level management indicated that their institutions do not use profit distribution as a financial management strategy.

Profit Distribution in the Institutions

The study also sought to understand how profit distribution strategy is carried out in the institutions. The responses obtained are represented in the table below:

Table 4.2 Profit Distribution in the Institutions

Variable	Percentage
Different schools share profits	20.6%
Allotment of funds is centrally administered	55.9%
Profits Are Shared Equally To Shareholders	8.8%
Profits are distributed equally to other school activities	14.7%

The results generated indicated that 20.6% responded that different schools share profits in their institutions, 55.9% of the respondents said that allotment of funds is centrally administered by the institution management, 8.8% reported that profits are shared equally to shareholders as dividends and 14.7% of the respondents pointed out that profits are distributed equally to other school activities such as community service.

Effects of Profit Distribution on Institution Performance

The respondents were asked to indicate the extent to which they agreed with the statements relating to the use of profit distribution as a financial management strategy to influence the performance of the institutions.

Table 4.3 Effects of Profit Distribution on Institution Performance

Effects of Profit Distribution Strategy	Respondents	Descriptive	5	4	3	2	1	Total	WM
Ensures all schools in the institutions have enough funding to support their operations	First level management	Frequency	3	8	2	1	0	14	3.93
	Middle level management	Frequency	4	12	6	8	4	34	3.12
It ensures that the institutions are able to invest effectively with high returns projects	First level management	Frequency	2	6	3	2	1	14	3.43
	Middle level management	Frequency	4	12	6	8	4	34	3.12
It ensures that the institutions are able to support financially handicapped departments	First level management	Frequency	6	4	2	2	0	14	4.00
	Middle level management	Frequency	5	10	9	7	3	34	3.21
Funds are effectively utilized to achieve organization goals through support of functional departments	First level management	Frequency	4	5	3	1	1	14	3.71
	Middle level management	Frequency	4	10	10	7	3	34	3.15
Encourages shareholders to be more willing to invest	First level management	Frequency	2	4	4	3	1	14	3.21
	Middle level management	Frequency	3	10	11	5	5	34	3.03

The study findings in table 4.3 above showed that a weighted mean (WM) of 3.93 of the respondents in the category of the first level management reported that profit distribution strategy that ensures all schools in the institutions have enough funding to support their operations and a weighted mean (WM) of 3.12, of the respondents on the part of middle level management had the same thought.

A weighted mean (WM) of 3.43 of the respondents in the category of the first level management indicated that profit distribution strategy ensures that the institution is able to invest effectively in high returns projects and a weighted mean (WM) of 3.12 of the respondents on the part of middle level management had the same view.

According to the study findings, a weighted mean (WM) of 4.00 of the respondents in the category of the first level management indicated that profit distribution strategy ensures that the institution is able to support financially handicapped departments and a weighted mean of (WM) 3.21 of the respondents on the part of middle level management had a similar opinion.

The results of the study also revealed that a weighted mean (WM) of 3.71of the respondents in the category of the first level management indicated that through profit distribution strategy funds are effectively utilized to achieve organization goals through support of functional departments such as quality control and advertising and a weighted mean (WM) of 3.15 of the respondents on the part of middle level management had the same thought.

A weighted mean (WM) of 3.21 of the respondents in the category of the first level management indicated that profit distribution strategy encourages shareholders to be more willing to invest further when funds are required for expansion of projects and a weighted mean (WM) of 3.0 of the respondents on the part of middle level management had the same opinion.

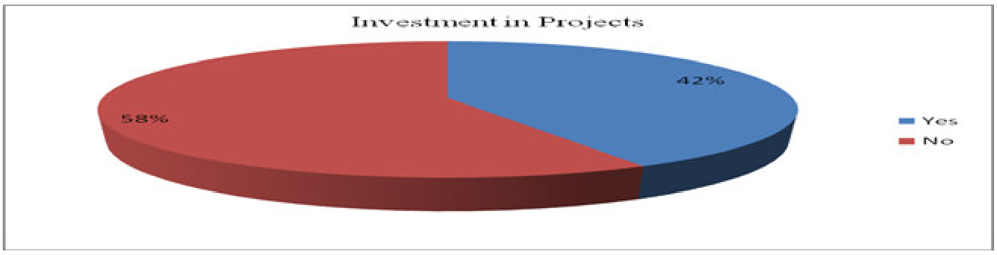
Effects of Investment Strategy

The study established the effects of investment strategy on the performance of public universities in Kenya.

Institution Investment in Projects

The study was keen to find from the respondents if the institutions have invested in any projects in the last five years. The responses obtained were represented in the figure below 4.4 below:

Figure 4.4 Institution Investment in Projects

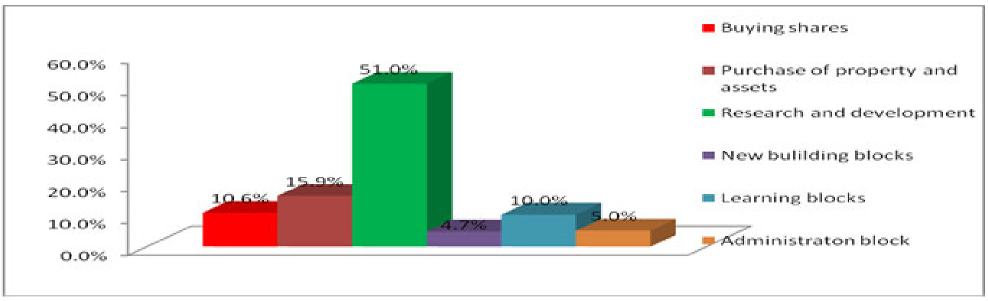


58% of the respondents indicated that their institutions have not invested in any projects in the last five years while 42% of the respondents indicated that their institution had invested.

Project Investments in the Institutions

The study further sought to establish those projects that the institution have invested in. the results generated are represented in the figure 4.5 below:

Figure 4.5 Project Investments



10.6% of the respondents indicated that the institution had invested in buying shares, 15.9% said that their institutions had invested in the purchase of property and assets, 51% reported that research and development projects are part of the investments of the institution, 4.7% of the respondents said that the institution have invested in building of new building blocks, 10% reported that the institutions have invested in the construction of learning blocks and 5% indicated that the universities have invested in building new administration blocks. From these findings, it is evident that most of the universities investment is in the research and development.

Effects of Investment Strategy on Institution Performance

The respondents were asked to indicate the extent to which they agreed with the statements relating to the use investment strategy as a financial management strategy to influence the performance of the institutions; table 4.4 shows the results.

Table 4.4 Effects of Investment Strategy on Institution Performance

Effects of Investment Strategy	Respondents	Descriptive	5	4	3	2	1	Total	WM
It has generated more profits for the institution	First level management	Frequency	2	5	4	2	1	14	3.36
	Middle level management	Frequency	3	8	9	8	6	34	2.82
It has led to increased enrolment of students hence more income	First level management	Frequency	2	5	4	2	1	14	3.36
	Middle level management	Frequency	4	12	10	5	3	34	3.26
Improved research activities hence new income generating activities	First level management	Frequency	6	4	2	2	0	14	4.00
	Middle level management	Frequency	5	10	9	7	3	34	3.21
Research activities have promoted organizational efficiency hence better performance	First level management	Frequency	4	5	3	1	1	14	3.71
	Middle level management	Frequency	8	13	9	3	1	34	3.71
Investment have diversified risks hence better performance	First level management	Frequency	2	4	5	2	1	14	3.29
	Middle level management	Frequency	3	10	14	5	2	34	3.21

The study findings in table 4.4 showed that a weighted mean (WM) of 3.36 of the respondents in the category of the first level management reported that investment strategy has generated more profits for the institution for example the investment in share and weighted mean (WM) of 2.82 of the respondents on the part of middle level management had the same thought.

A weighted mean (WM) of 3.36 of the respondents in the category of the first level management indicated that investment strategy has led to increased enrolment of students hence more income and a weighted mean (WM) of 3.26 of the respondents on the part of middle level management had the same view.

According to the study findings, a weighted mean (WM) of 4.00 of the respondents in the category of the first level management indicated that investment strategy improved research activities hence new income generating activities and a weighted mean (WM) of 3.21 of the respondents on the part of middle level management had the similar opinion.

The results of the study also revealed that a weighted mean (WM) of 3.71 of the respondents in the category of the first level management indicated that through investment strategy research and development activities have promoted organizational efficiency hence better performance and a weighted mean (WM) of 3.71 of the respondents on the part of middle level management had the same thought.

A weighted mean (WM) of 3.29 of the respondents in the category of the first level management indicated that investment strategy investment have diversified risks hence better performance and a weighted mean (WM) of 3.12 of the respondents on the part of middle level management had the same opinion.

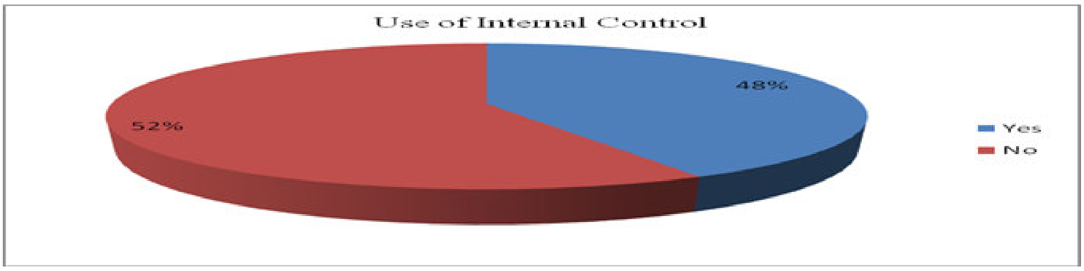
Effects of Internal Control Strategy

The study sought to determine the effects of internal control strategies on the performance of public universities in Kenya.

Use of Internal Control Strategy in the Institutions

The study was keen to find from the respondents if the institutions use internal controls. The responses obtained were represented in the figure 4.6 below:

Figure 4.6 Use of Internal Control Strategy in the Institutions

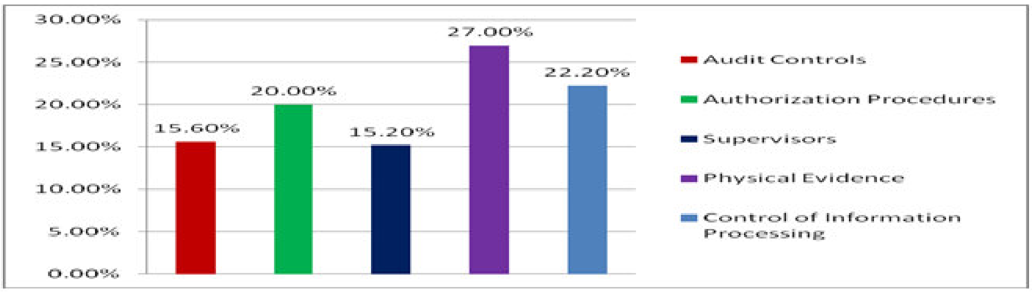


52% of the respondents indicated that their institutions do not employ the use of internal controls and 48% reported that the institutions make use of internal controls.

Internal Controls in the Institutions

The study further sought to find the internal controls used in the institutions.

Figure 4.7 Internal Controls in the Institutions



According to the findings in figure 4.7, 15.6% of the respondents indicated that the institution use audit controls as a financial management strategy, 20.0% said that the institutions use authorization procedures as internal control strategy, 15.2% reported that supervisions is used as internal control strategy, 27.0% of the respondents said that the institution use physical evidences such as receipts and 22.2% indicated that the institutions employ the control of information processing as a financial management strategy to influence the performance of universities.

Effects of Internal Control Strategy on Institution Performance

The respondents were asked to indicate the extent to which they agreed with the statements relating to the use internal control strategy as a financial management strategy to influence the performance of the institutions.

Table 4.5 Effects of Internal Control Strategy on Institution Performance

Effects of Internal Control	Respondents	Descriptive	5	4	3	2	1	Total	WM
Ensure personal accountability	First level management	Frequency	4	6	3	1	0	14	3.93
	Middle level management	Frequency	8	10	12	3	1	34	3.62
Help curb fraud	First level management	Frequency	3	5	3	2	1	14	3.50
	Middle level management	Frequency	6	13	12	2	1	34	3.62
Assist in business valuation	First level management	Frequency	3	5	4	1	1	14	3.57
	Middle level management	Frequency	5	11	9	6	3	34	3.26
Safeguard organizational resource	First level management	Frequency	4	5	3	1	1	14	3.71
	Middle level management	Frequency	8	13	10	2	1	34	3.74
Ensure high returns	First level management	Frequency	2	4	3	3	2	14	3.07
	Middle level management	Frequency	4	8	12	6	4	34	3.06

The study findings in table 4.7 showed that a weighted mean (WM) of 3.93 of the respondents in the category of the first level management reported that internal control strategy has ensured personal accountability and a weighted mean (WM) of 3.62 of the respondents on the part of middle level management had the same thought.

A weighted mean (WM) of 3.50 of the respondents in the category of the first level management indicated that internal control strategy has helped to curb fraud in the institution and a weighted mean (WM) of 3.62 of the respondents on the part of middle level management had the same view.

According to the study findings, a weighted mean (WM) of 3.57 of the respondents in the category of the first level management indicated that internal control strategy assists in business valuation and a weighted mean (WM) of 3.26 of the respondents on the part of middle level management had a similar opinion.

The results of the study also revealed that a weighted mean (WM) of 3.71 of the respondents in the category of the first level management indicated that through internal control the organizational resources are safeguarded and a weighted mean (WM) of 3.74 of the respondents on the part of middle level management had the same thought.

In the category of the first level management a weighted mean (WM) of 3.07 of the respondents indicated that internal control strategy ensures high returns for the organization and a weighted mean (WM) of 3.06 of the respondents on the part of middle level management had the same opinion.

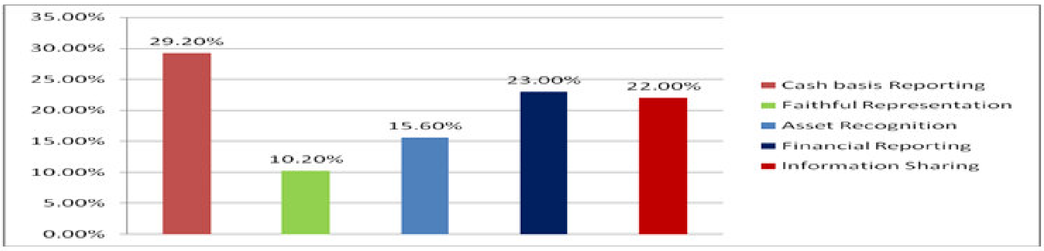
Effects of Best Practice Financial Management Strategy

The study sought to establish the effects of implementing the best practice financial management strategies on the performance of public universities in Kenya.

Best Practice Financial Management Strategies in the Institutions

The study established from the respondents some of the best practice financial management principles employed by the universities, as shown on figure 4.8 below

Figure 4.8 Principles of Best Practice Financial Management



29.2% of the respondents indicated that cash basis reporting or accrual reporting is the best management practice employed in the universities, 10.2% indicated that faithful representation is the best practice financial management financial management strategy employed in the institutions. 15.6% responded that asset recognition is the best practice financial strategy, 23.0% said it is financial reporting and 22% indicated that universities employ information sharing as a strategy for financial management.

Effects of Best Practice Financial Management Strategy on Institution Performance

The respondents were asked to indicate the extent to which they agreed with the statements relating to the effects of best practice financial management strategy on the performance of the institutions. The findings were then presented in the table 4.6 below:

Table 4.6 Effects of Best Practice Financial Management Strategy on Institution Performance

Effects	Respondents	Descriptive	5	4	3	2	1	Total	WM
Enable institutions share information	First level management	Frequency	3	3	5	2	1	14	3.36
	Middle level management	Frequency	5	8	15	4	2	34	3.29
Help solve new and emerging practical problems	First level management	Frequency	3	5	3	2	1	14	3.50
	Middle level management	Frequency	6	13	12	2	1	34	3.62
Help in forecasting and planning	First level management	Frequency	3	4	4	2	1	14	3.43
	Middle level management	Frequency	5	12	10	4	3	34	3.35
Helps identify potential financial risks that can affect organizational performance	First level management	Frequency	4	5	3	1	1	14	3.71
	Middle level management	Frequency	8	13	10	2	1	34	3.74
Facilitate continuous improvement	First level management	Frequency	4	5	3	2	0	14	3.79
	Middle level management	Frequency	6	11	12	3	2	34	3.47

The research findings in table 4.6 indicated that a weighted mean (WM) of 3.36 of the respondents in the category of the first level management reported that best practice financial management has enabled the institutions departments to share information and a weighted mean (WM) of 3.29 of the respondents on the part of middle level management had the same thought.

A weighted mean (WM) of 3.50 of the respondents in the category of the first level management indicated that best practice financial management helps to solve new and emerging practical problems and a weighted mean (WM) of 3.62 of the respondents on the part of middle level management had the same view.

According to the study findings, a weighted mean (WM) of 3.43 of the respondents in the category of the first level management indicated that best practice financial management helps in forecasting and a weighted mean (WM) of 3.35 of the respondents on the part of middle level management had the similar opinion.

The results of the study also revealed that a weighted mean (WM) of 3.71 of the respondents in the category of the first level management indicated that through best practice financial management strategies the institution is able to identify potential financial risks that can affect organizational performance and a weighted mean (WM) of 3.74 of the respondents on the part of middle level management had the same thought.

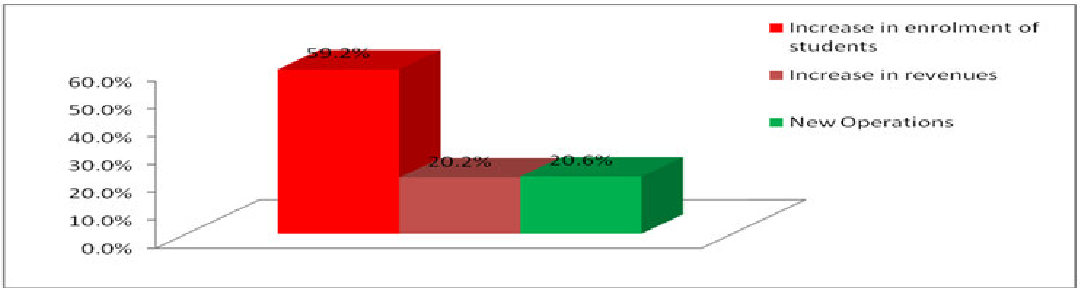
A weighted mean (WM) of 3.79 of the respondents in the category of the first level management indicated that best practice financial management strategies facilitate continuous improvement of the institution and a weighted mean (WM) of 3.47 of the respondents on the part of middle level management had the same thought.

Performance of universities

Indicators of Performance

The study sought to determine the performance of public universities in Kenya. The responses are as indicated on the figure 4.9 below.

Figure 4.9 Indicators of Performance



59.2% of the respondents indicated that increase in the number of students is an indication of performance of the institution, 20.2% said that the increase in the revenues of the institutions means that the performance is good. 20.6% of the respondents pointed out that high number of new operations such as such as new courses and new, modern resources for learning are revelations that the performance of the institution is on an upward trend.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This section covers a summary, conclusion and recommendations of the study.

Summary of Findings

The study sought to determine the effects of internal control strategies on the performance of public universities in Kenya, most respondents (52%) indicated that their institutions do not employ the use of internal controls and only a few (48%) reported that the institutions make use of internal controls.

If an organization implements internal control strategies such as auditing, authorization of procedures and control over information processing then the performance the organization will realize a very significant performance.

These study findings are considered relevant and in concordance with the findings of the Bales, (2006) who indicated that internal control strategies in any given organization has an impact on the performance of the organization. He points out that if an organization implements internal control strategies such as auditing, authorization of procedures and control over information processing then the performance the organization will realize a very significant performance.

On the effects of implementing the best practice financial management strategies on the performance of public universities in Kenya; 29.2% of the respondents indicated that the university uses cash basis reporting or accrual reporting, 10.2% of the respondents indicated that the university uses faithful representation, 15.6% of the respondents indicated that the university uses asset recognition and 22% of the respondents indicated that the university uses information sharing as some of the best practice financial strategies for financial management.

The study established that the implementation of best practice management strategies will boost the performance of the organization and organizations will experience a continuous improvement as there is a good foundation of achieving set goals of the institutions.

These findings are considered relevant in pact with the study findings by Baker, (2005) who argues that the organizations that practice the best practice of financial management principles have reported positive effects in their institutions.

The study sought to determine the performance of public universities in Kenya. The response on the indicators of performance based on figure 4.9 showed that 59.2% of the respondents indicated that increase in the number of students is an indication of performance of the University, 20.2% of the respondents indicated that the increase in the revenues of the university means that the performance is good and 20.6% of the respondents pointed out that a high number of operations such as new courses and new modern resources for learning are revelations that the performance of the university is on an upward trend.

Conclusion

Profit distribution is a financial management strategy that can improve the performance of universities if it is implemented. The implementation of investment strategies in any given institution can generate more profits for the institution that can be availed to facilitate the operations of the institution. The use of internal control strategies such as audit controls, authorization procedures as internal control strategy, assists in business valuation so that necessary steps of enhancing the performance are undertaken.

Recommendations of the Study

Universities in Kenya should enhance the implementation of profit distribution strategies so that the performance of the institutions can be enhanced. Employing the use of investment strategies can also generate more profits for the institution. Also the use of internal control strategies such as audit controls, authorization procedures, physical evidences such as receipts and the use of information processing as financial management strategies. The learning institutions should fully embrace the use of best practice financial management strategies so that they can have more effective operations in their institutions and be able to solve new and emerging practical problems.

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