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ABSTRACT

This study sought to examine the influence of financial management practices on the financial performance of National Museums of Kenya. The study was grounded on the theory of modern portfolio, priority based budgeting theory, prospect theory and contingency theory. This study adopted descriptive design to describe the influence of financial management practices on financial performance of national museum of Kenya and targets 201 employees from the finance department of National Museums of Kenya. The sample size for the study was 67 respondents selected through simple sampling from the three levels of management at the department of National Museums of Kenya. Secondary panel data were collected through reports, financial statements and other relevant audit reports for a period of five years. Questionnaire was also used to collect the primary data for the study. The study performed a pilot study to determine the reliability and validity of the research instrument. The pilot result revealed that the instrument was reliable and hence was adopted in the main study. The data for the main study was later subjected for thorough analysis in order to draw inferences. The key findings of the study showed that financial planning, cash flow management and risk management practices positively and significantly influenced financial performance of National Museums of Kenya. However, budgeting practices was found to have a significant negative influence on the financial performance of National Museums of Kenya. The study therefore concluded that financial planning, cash flow management and risk management practices affect financial performance of National Museums of Kenya whereas budgeting practices negatively influence financial performance of National Museums of Kenya. The study hence recommended for strengthening of financial planning, cash flow management and risk management practices to safeguard and sustain their financial performance. The study suggested that further studies could be done on other segments of nonprofit making public entities in Kenya to compare the results and advise for policy formulation.

Keyword: *Cash Flow Management, Financial Management, Risk Management*

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INTRODUCTION

Financial management practice is one of the many functional areas of management, and the key to any organization's success. Businesses frequently experience major problems as a result of ineffective financial management techniques and the unpredictability of the economic environment (Chandra, 2017). With regard to whether businesses are enhancing their capacity for effective financial management and implementing changes that will allow them to analyze results, interpret, forecast future performance, and enhance their business decisions, and improve their future performance (Barker 2017). Financial management strategies have had a significant impact on the financial performance of publicly traded companies in South Africa (Dzingai & Fakoya, 2017). The listed companies in Nigeria have benefited from good financial management methods as well (Babatunde & Akeju, 2016). In order for the majority of the listed organizations in Nigeria, Ghana, and South Africa to thrive in the constantly shifting economic climate, they have relied on sound management strategies (Adeyo, 2013).

Financial management (FM) in government organizations is concerned with ensuring that funds are accessible when they are required and that they are collected and used in the most efficient and effective manner for the benefit of residents (Mathenge & Muturi, 2017). Financial management practices can be onerous for public organizations. Controlling the movement of cash in regard to the budget is critical for the financial performance of a public entity. But, history has shown that the financial management procedures of public institutions are often poor and controlled by resource scarcity in relation to the ever-expanding agenda of development activities on which such monies may be spent. Zietlow et al., (2018) posits that while the financial management system in the public institutions in Africa is improving, there are still cases of weak financial systems and procedures.

Unlike their for-profit competitors, whose accounting system reflects the outcomes of economic operations, reflecting the efficiency with which the goal was met, public institutions are primarily concerned with raising and increasing resources in accordance with precise budget plans (Barr, & McClellan, 2018). This condition of affairs has entrapped these institutions in a dependence syndrome, endangering the viability of their programs as well as their survival as institutions. Despite being protected by the National Museums and Heritage Act of 2009, which gives the National Museum of Kenya the mandate of protecting, conserving, and transmitting Kenya's cultural and natural heritage, its performance in terms of service delivery remains poor, as evidenced by a lack of proper conservation of the Museum's collections and artefacts and the loss of some of the collections due to insufficient funds for maintenance (Mugwima & Anne-Ma, 2018).

Globally, several studies point a connection between financial management practices and financial performance. For instance, according to Elliott and Yan (2019), the financial system in China has been strengthened to play a crucial role in fostering economic growth and expansion in a variety of industries. The national government's adoption of sound financial management practices and the implementation of predetermined policies by all economic sectors have helped the nation expand and overtake the United States as the second-largest economy in the world. According to McKinney (2017), strengthening public financial management and governance through the development of laws and regulations is necessary for effective financial management in the USA. This can be achieved by maintaining a strict budget, financial reporting, and monitoring how the funds are used.

In Sri Lanka, Uduwaka and Dedunu (2019) contend that efficient financial management practices are essential mechanism for small and medium enterprises to gain profitability, survival, insolvent, and growth. The study revealed that increasing working capital management practices leads to improve the financial performance of SMEs and concludes that application and integrating financial management practices are reasonable for improving the financial performance of SMEs.

Zada (2019) looked at the impact of financial management practices on the profitability of SMEs in Nigeria. The study analyzed the connections between financial structure management practices, working capital management, financial reporting and analysis practices, capital budgeting practices, and working capital management with profitability. Ultimately, they discovered a favorable connection between the current practices and the profitability of the SMEs. The researcher observed that these firms had strong practices since the owner and manager routinely monitored and reviewed the financial activities and financial ratios. The higher profitability, the more effective financial management procedures are.

According to Gadzo et al., (2019) poor financial management practices are the main factor in Sub-Saharan African banks failing. According to Hunjra, Butt, and Rehman (2019), the profitability of a company would suffer if its financial decisions are poor. As a result, bad financial management practices could hurt the operation of a commercial organization. The failure of business enterprises is sometimes attributed to a lack of understanding of effective financial management practices. Credit risk has an effect on rural and community banks' profitability in the Brong Ahafo Region of Ghana (Ajuwon et al., 2018). Credit risk as a profit-enhancing technique is further illuminated by the effectiveness of credit risk management in the Nigerian commercial banking sector from 2014 through 2019 (Onaolapo, 2020).

In Kenya, Odongo (2018) studied the effects of financial management practices on financial performance of large construction companies in Nairobi County, Kenya. The research revealed that financial reporting, working capital management, internal control and financial planning had a positive and significant effect on performance of construction companies in Kenya. Addo (2017) established the effect of financial management practices on the financial performance of top 100 small and medium enterprises in Kenya.

Harrison (2021) on a study of effects of selected financial management practices on the performance of commercial banks in Kenya, established that liquidity, capital structure management, credit risk management, and working capital management practices were critical to financial performance of commercial banks. Commercial banks must have a feasible capital structure management in place that addresses issues such, as flexibility where changes in the capital market should be well adapted to the capital structure management.

Implementing strong financial management practices improves an organization’s profitability and ability to survive in a changing environment, giving it a competitive advantage (Gadzo et al., 2019). This enable the firms to produce accurate and up-to-date financial reports and maintain effective management over their cash flows, inventories, accounts receivable, and payable (Kamande, 2015). They also help a company recognize and assess its advantages, disadvantages, opportunities, and threats.

Performance can be defined as the advantages that typically come from a company's regular operations as it engages in various business activities (Muhammad, 2014), as well as how well those business ventures may be performing in terms of wealth creation and the acquisition of new assets (Golda, 2013). Performance may need to be attained by comparing the achieved results with the predicted ones and noting any discrepancies. According to Kipng'etich (2016), there are two primary components to organizational performance: market performance and return to stakeholders.

According to the audit report of 2022, NMK has witnessed a decrease in all revenue streams aggravated by closure directive from the government. The report reveals glaring challenges of ineffectiveness of the internal controls, risk management practices and governance on the financial statements (FS), effective use of public resources and lawfulness as some of other serious concerns. According to the National Treasury circular (2020), the enterprise resource planning (ERP) used in inventory management (IM) could not generate customized reports with contents like assets acquired, acquisition cost and date, asset disposal, disposal value, assets revaluation and the amount of revaluation, to support assets balances. This report points to the nature poor financial management practices that have employed by NMK to control their financial resources, hence leading to poor financial performance. Hence the need for the current study which aims at examining the influence of financial management practices on financial performance of National Museum of Kenya. Specifically, the study looked at cash flow management practices adopted by NMK on their financial performance.

Statement of the Problem

The national museums and monuments play a significant role in showcasing Kenya's rich cultural heritage to the world. The museums key roles are to collect, preserve, study, document and present Kenya's past and present culture and natural heritage (NMK, 2022). The management of these key historical collections and sites thereby become a key interest area for both the government, the general public and other interested stakeholders that would want to learn about our rich cultural heritage. Annual audit reports of 2020 to 2022 reveal a worrying trend on the utilization of NMK financial and non-financial resources, seemingly the reason for their poor financial performance. This also points to the effectiveness of their financial management practices that should be tailored to make the museums achieve an attractive revenue streams and revenue performance for self-sustainability.

Kibaara and Mote (2020) argue that the influx of new private-owned museums in the industry has also posed a considerable competitive threat to the NMK. Introduction of such museums have resulted in NMK losing some of its clients particularly cultural clients who prefer themed museums consequently affecting its collective revenue collection as reflected the in firm's reduced revenues in the last three consecutive years. Literature points that no studies have been conducted on financial management practices and financial performance of national museums. Though other studies that have been done concentrated on other sectors like banking, service, manufacturing and SMEs. This points to a sectoral and contextual gap that needs to be researched on. For instance, Cheruiyot et al. (2018) conducted a study on the impact of public financial management strategies on performance in Kericho county government; Wanyungu (2019) conducted research on the financial management practices of micro and small businesses in Kenya and Al Muhairi and Nobanee (2019) conducted a survey of the extent to which integrated financial management information system (IFMIS) is used as a tool for sustainable financial management in government. None of these local or international research have focused on the implications of financial management strategies on the National Museum of Kenya's financial performance. Therefore, this study examined the influence of financial management practices on financial performance of National Museum of Kenya.

Objectives of the study

The general objective of this study sought to examine the influence of financial management practices on financial performance of National Museum of Kenya. The specific objective was to examine the influence of cash flow management on financial performance of National Museums of Kenya.

LITERATURE REVIEW

Theoretical Review

Contingency Theory

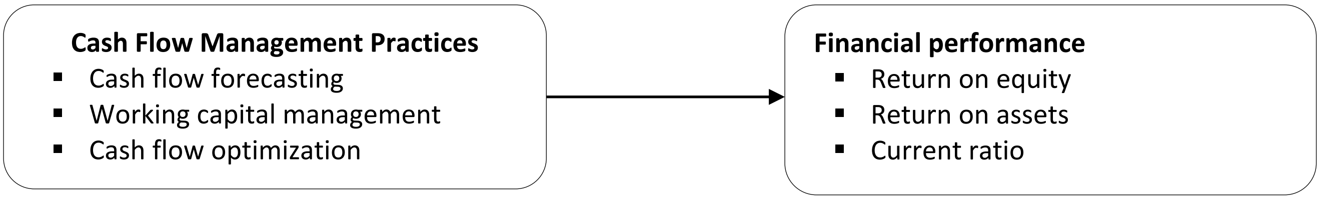
Contingency theory was coined by Pike in 1986. The theory aims to explain various financial management concepts. The theory holds that there are various contextual factors that determine how organization operates such as technology and environmental factors (Henri, 2006). As described by Chenhall (2003). These factors will affect the organizations structure which will then influence the design of financial systems. Efficiency in operations will only be attained by having a balance between corporate setting and how the financial system operates.

The theory concentrates mainly on three aspects of the corporate context that are assumed to have an association to operational design aspects in financial outcome history, professional competency degree and capital budgeting control policy. While the contextual factors describe why accounting theory makes the assumption that organizations do not have similar accounting systems and thus attain different financial performances. This may be explained by different contextual factors surrounding firms. Therefore, resource allocation to financial management practices should be made while giving considerations to these factors (Pike, 1986).

The theory proposition to the study is that there are certain financial management practices that may work well with certain firms but not with others. This is due to the difference in the corporate settings and external factors. Thus implying that there are standard FMP to be applied by corporate firms. Therefore, appropriate FMP should be chosen after evaluating particular business setting to ensure it is appropriate in achieving its intended purpose. A positive influence on NMK financial performance will only be attained when a balance is met between the corporate setting and the financial system operation.

Conceptual Framework

Mugenda and Mugenda (2003) state that a conceptual framework visualizes concepts about the variables and how they relate. The justification for conceptual framework is that it enables the researcher to understand the relationship between the body of existing literature and their own research objectives (Njiiri, 2015). The following figure demonstrates the relationship between cash flow management practices and financial performance of National Museums of Kenya.



Independent variable **Dependent variable**

Figure 1: Conceptual Framework

Cash Flow Management practices and Financial Performance

Ward (2020) described cash flow management as the process of monitoring, assessing, and optimizing the net amount of cash receipts less cash expenses. According to Bari et al. (2022), effective cash flow management systems in business aid managers in their efforts to: Control expenditure in accordance with the designated budget, reduce borrowing, and maximize the opportunity cost of their company's resources. For any organization, net cash flow is a crucial indicator of financial wellbeing. Frequent cash flow analysis is required for cash flow management in order to address issues like illiquidity.

Frequent cash flow analysis is required for cash flow management in order to address issues like illiquidity. This entails planning, mobilizing, and controlling cash flow, keeping up with banks, and investing extra money (Steiss & Nwagwu, nd). According to Nyabwanga et al. (2012), effective cash flow management requires choosing the right amount of cash to hold by balancing the opportunity costs of holding too much cash against the trading costs of holding too little. In this study, operating, investing, and financing activities are used to gauge how well pharmaceutical companies manage their cash flow. High performance in cash management can be translated into management effectiveness and efficiency in resource utilization, which benefits the overall economy of the nation (Abioro, 2013). Therefore, effective cash management prepares a company for issues and breaks.

Empirical Review

Alslehat and Al-Nimer (2017) investigated the connection between Jordanian insurance businesses' financial success and cash flow management. A population of 23 Jordanian insurance businesses was used during the years 2009 to 2013. The study found that the return on assets is influenced by the net cash flows from operating operations. While it was discovered that the financial performance was significantly impacted by net cash from investing activities.

The effects of cash flow management on the financial performance of the small and medium-sized businesses in Mogadishu, Somalia, were empirically investigated by Ali and Mukhongo (2016). This study used a descriptive research approach with a population of 360 people who were owners or managers of particular small and medium-sized businesses in Mogadishu, Somalia. Data analysis employed linear regression analysis. The study found that the financial performance of small media firms in Mogadishu was significantly impacted by cash control, cash planning, and liquidity management.

Yeko (2019) investigated the connection between Tororo cement's cash flow management and financial success in eastern Uganda. The study used a survey and case study approach, with a sample population of 50 respondents selected from the enterprises that make Tororo cement. According to the study, Tororo Cement's management of its accounts payables has an impact on organizational performance, and the company's operational cash shortfalls have a negative impact on its financial performance.

Liman and Mohammed (2018) looked at the relationship between operating cash flow and corporate financial performance of listed conglomerate firms in Nigeria over a ten-year period (2005 to 2014). To ascertain the variance in financial performance caused by the variation in operating cash flow, the data were studied using descriptive statistics, correlation analysis, and regression approaches. Since the data comprises both time series and cross-sectional features, a panel data regression method was used. According to the findings, there is a positive but negligible correlation between Cash Flow from Operating Activities (CFO) and financial performance as measured by ROA, but a positive and significant correlation was found when financial performance was measured by ROE of the listed conglomerate companies in Nigeria.

Nangih et al., (2020) examined the relationship between cash flow management and the financial performance of listed oil and gas companies in Nigeria. Data were taken from the 2013–2018 annual reports of five selected listed companies using the judgmental research approach. According to the study, cash flow from financing activities had a positive and significant impact on firm performance in the oil and gas sector, while cash flow from operating and investment activities had a negative and insignificant link with profitability.

METHODOLOGY

This study was descriptive in nature and hence adopted a descriptive design. A descriptive design was essential to the research endeavor since it helps establish a problem's existence and can inspire subsequent research and theory development (Oteyo, Njeru, & Mutua 2013). From a target population of 201 employees of NMK finance department (NMK Human resource report, 2022), the study sampled 67 respondents through a simple random sampling technique. The study used both primary and secondary data. Primary data was collected using structured questionnaires while secondary data was retrieved from financial reports spanning a five-year period (2017- 2021). Collected data was scrutinized for accuracy and later subjected to analysis process that involved descriptive analysis that was aided by SPSS software. The analyzed data was then presented in tables, graphs and pie charts.

FINDINGS AND DISCUSSION

Response rate

The study administered a total of 67 questionnaires to the respondents. Out of these, the researcher managed to collect 60 questionnaires back from the respondents. This represented 89.6% response rate. According to Mugenda and Mugenda (2003), a response rate of 50% is considered adequate, 60% is good and above 70% is considered excellent. Therefore, a response rate of 89.6% was reasonable and considered adequate for analysis.

Descriptive Analysis

Cash flow management Practices and Financial Performance of NMK

This objective sought to assess the influence of cash management practices on financial performance of National Museums of Kenya. This objective had three questions and respondents were asked to give their opinions based on the level of understanding of the questions provided.

The first question sought to know what ways cash flow management practices affected revenue performance of the organization. This aimed at establishing how cash management influenced revenue performance at NMK. The respondents gave varied qualitative responses and were summarized as follows;

The study noted that respondents alluded that since the national museums of Kenya relies on funding to curate exhibitions and develop educational programs, sound and adequate cash management ensured that there is funding available for these initiatives, which can attract visitors and generate revenue through ticket sales and program fees. Furthermore, they opined that adequate cash flow management allows for investment in such areas like maintaining and expanding collections, as well as upgrading infrastructure, which are crucial for the long-term success of national museum by enhancing the museum's appeal and potentially increasing revenue through increased visitorship, venue renting and donations.

Additionally, some respondents observed that cash management enhanced availability of funds for conservation of cultural and natural heritage efforts and enabled the museum to improve its ability to allocate funds for conservation projects, which enhances the museum's reputation and potentially attract more visitors and donors. Maintenance of healthy cash flow, enabled NMK to achieve financial stability and allowed the museums to weather economic downturns and unexpected expenditures, ensuring continuity in operations and revenue generation efforts as opined by other respondents.

In overall, the study observed that proper cash flow management practices were crucial for the sustainable revenue performance of national museums in Kenya, enabling them to fulfill their mission of preserving and showcasing cultural and natural heritage while remaining financially viable.

The third question sought to establish the respondents' opinion on varied statements pertaining cash management practices. The respondents were asked to give qualifying opinion on a likert scale of 1 to 5, where 1=very small extent; 2=small extent; 3=moderate extent; 4= large extent and 5=very large extent. The responses were summarized in Table 1 as under;

Table 1: Descriptive Statistics on Cash Management Practices

Statement	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Optimal cash balances are maintained always by the organization at all times	60	4.32	.469	.809	.309	-1.394	.608
We have elaborate cash flow tracking system to oversee our organization cash flows.	60	3.98	.725	-.251	.309	-.261	.608
Optimization of working capital to achieve reasonable profits	60	3.17	1.486	-.264	.309	-1.455	.608
Our revenue streams from ticketing, donations and government support help in forecasting cash flow trends	60	4.30	.646	-1.157	.309	3.484	.608
Cash flow management creates sufficient liquidity for our operations	60	2.53	1.321	.610	.309	-.814	.608
Our organization has sufficient cash flows to meet its financial obligations as and when they fall due	60	3.18	1.157	.172	.309	-1.087	.608
Valid N (listwise)	**60**						

On average, the respondents rated the NMK ability to maintain optimal cash balances always at all times positively as demonstrated by a mean of 4.32 and a low standard deviation of 0.469. This means that there is general confidence on the NMK's ability to maintain optimal cash reserves for its financial obligations. However, the respondents showed a slightly lower confidence on their organization's level to incorporate elaborate cash flow tracking systems that oversees its cash flows as indicated by a mean of 3.98 and standard deviation of 0.725. The result is an indication that while there may be confidence on the organization cash flow tracking systems, the variability in response shows some concerns on the system which may affect NMK financial performance.

Additionally, the respondents showed a low level of satisfaction on the organization's ability to optimize its working capital to achieve reasonable profits as indicated by a low mean of 3.12 and a high standard deviation of 1.486. This implies that there are concerns that NMK needs to address for it to realize a good capital optimization level that will guarantee success in its financial performance.

The study also observed that respondents were confident with how their organization utilized their revenue streams in forecasting cash flow trends from ticketing sales, donations and government support as shown by a mean of 4,36 and a standard deviation of 0.646. This shows that NMK had effective means of forecasting their cash flows hence capable of predicting their financial performance over a period. However, study revealed that respondents showed little confidence on the statement that cash flow management creates sufficient liquidity for their organization operations with a low mean of 2.53 and a high standard deviation of 1.321. This lower rating may be an indication that there are areas where management needs to focus on concerning cash flow management to achieve optimum liquidity for its operations.

Finally, the study noted that NMK had no sufficient cash flows to meet its financial obligations as and when they fall due as indicated by low level of satisfaction from the respondents (mean=3.18 with standard deviation =1.157). Lack of sufficient cash flows would greatly affect the financial performance of the organization, hence there is need for the organization to address concerns arising from its cash flow streams to improve on their financial performance.

The last question on this variable required respondents to list other measures NMK was implementing to maximize its cash flows. In addition to the traditional cash flow streams, the study found that NMK explored other measures to optimize their cash flows. These measures involved partnerships with county governments particularly Migori, Nairobi, Makueni, Lamu, Baringo, Kajiado and Mombasa counties through their various departments of culture and tourism to gazette tourist attraction sites and artefacts. Additionally, the respondents also noted that NMK engaged in projects in collaboration with various communities to start beekeeping, mushroom farming and butterfly farming and grants from international heritage agencies and organizations.

Moreover, NMK also initiated membership programs, venue renting, merchandise sales, virtual tours, café/ restaurant, fundraising drives and traveling exhibitions etc. By diversifying revenue streams and implementing creative strategies, NMK is able to optimize cash flows while fulfilling their mission of preserving and showcasing cultural heritage for future generations.

Trend Analysis on Financial Performance

Trend analysis was carried out for financial performance which was measured by current ratio (C.R), return on assets (ROA) and return on equity (ROE) of National Museums of Kenya. The following sections discuss the trend analysis results.

Current Ratio

The financial performance of National Museum of Kenya was measured based on the current ratio. This was used to measure NMK's ability to meet its short term obligations with its short term assets. Figure 2 below shows the current ratio of NMK for the period of five years, from 2017 to 2021;

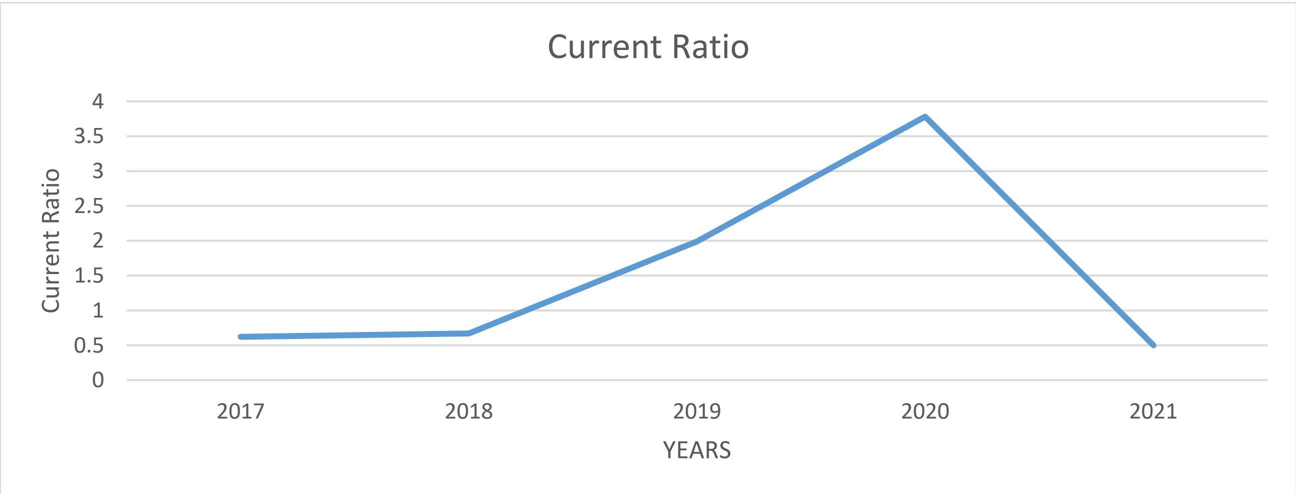


Figure 2: Trend analysis on the current ratio

The findings on Figure 2 above shows that current ratio was changing over the period as evidenced from the slopes on the curve. The current ratio of NMK was lowest in 2017 and rose to the highest in the year 2020 before again dropping sharply in the year 2021. The results show that NMK was able to meet its short term obligations with its short term assets. However, the declining ratios could an indication that the organization was struggling to meet its obligations. This could also be a reflection that as much as NMK was realizing positive financial performance, there were some other concerns that were affecting its financial health which management needs to address.

Return on assets

The return on assets was used to measure the profitability of NMK on their returns on the invested assets for the period of five years 2017 to 2021. The results of trend analysis are presented in Figure 3 below;

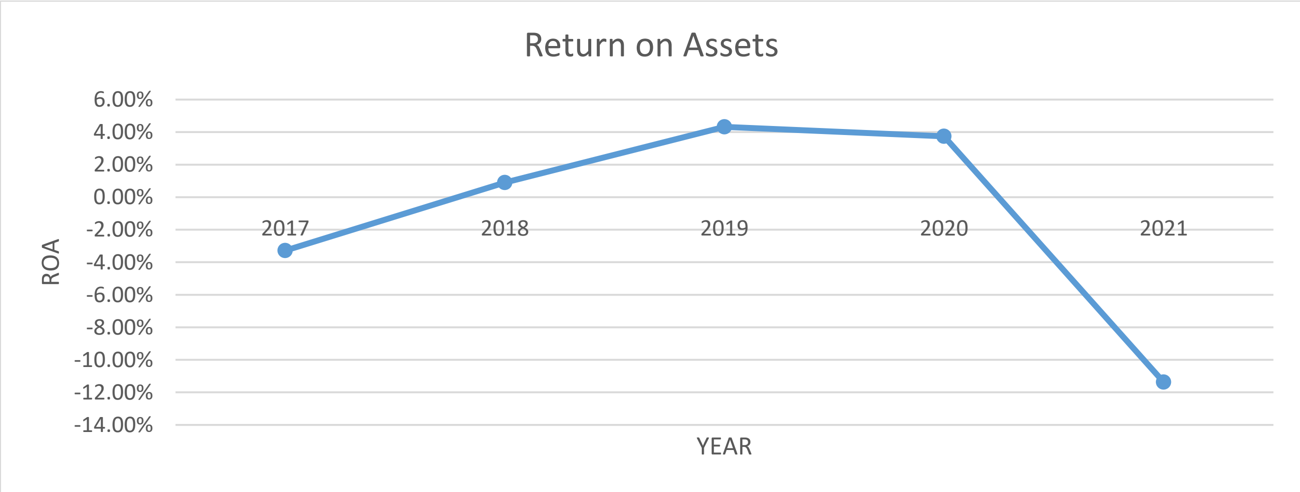


Figure 3: Trend analysis on the ROA

The results show that the ROA had experienced mixed trends over the period of 2017 to 2021 with the highest being witnessed in the year 2019. The ROA rose steadily from 2017 up to 2018, achieving its peak in 2019 and started to drop slightly in 2020 before gradually dropping to its lowest in the year 2021. This shows that from 2018 NMK was able to make profits up to 2019 but the margins slightly started dropping in 2020. During the financial year of 2021, NMK made substantial losses from its activities and operations. This adversely affected their financial performance and had to incur additional deficits.

Returns on Equity

The returns on equity was used to measure the profitability of NMK and its efficiency in generating returns for the national museums of Kenya. The results were presented as under in Figure 4;

The findings revealed that ROE curve rises steadily from the year 2017 up to year 2019. This is an indication that financial performance of NMK improved drastically from the year 2017 to 2019 due to its profitability. The ROE was lowest in the year 2021 showing a decline in the profitability. The results reveal an alarming trend that management of NMK needs to relook at in order to revamp its performance. On overall the financial performance of NMK has been fluctuating since 2020, an indication that the organization needs to relook at its financial management strategies.

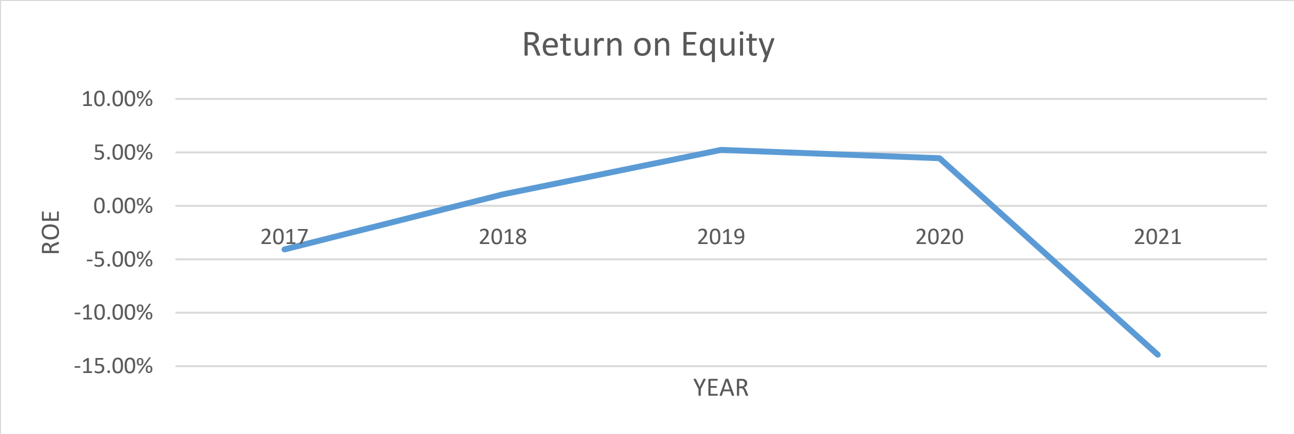


Figure 4: Trend analysis on ROE

Financial Leverage Index

The financial leverage index was used to measure the impact of financial leverage on NMK returns on equity. The results were presented in Figure 5 below;

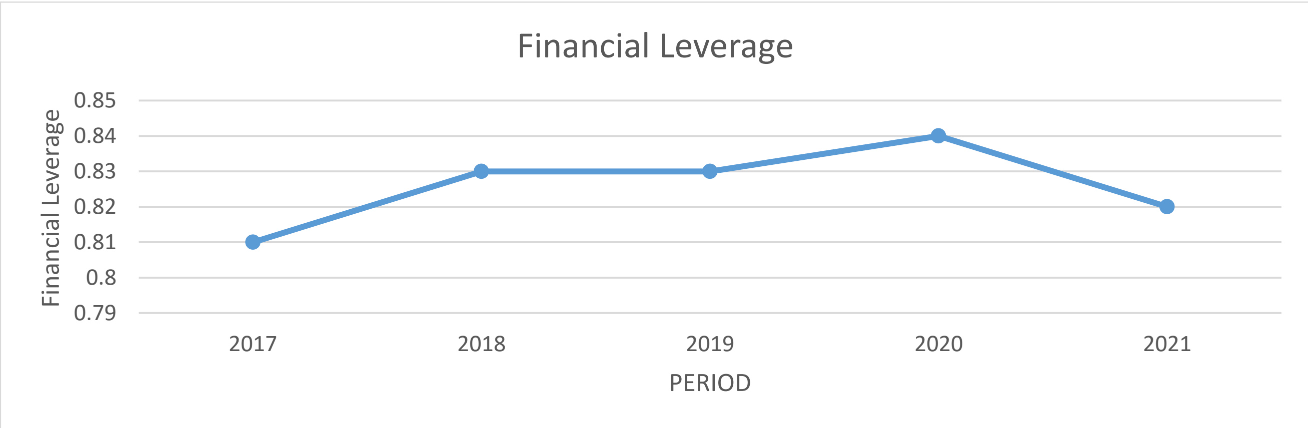


Figure 5: Trend analysis on financial leverage

Since NMK relies on government funding and donations from donor agencies, the study purposed to evaluate NMK financial leverage on its ROE. The results show a steady trend from year 2017 up to year 2020. However, the trend showed that financial leverage index in 2017 was 0.81 and rose to 0.83 in year 2018 and 2019. From year 2020, it rose to its peak up to 0.84, then finally dropped significantly to 0.82. This shows that NMK was able to amplify its returns on equity however, the low signifies presence of some financial risks that NMK.

Regression Analysis

The study computed multiple regression analysis to determine the relationship between financial management practices and financial performance of NMK. The findings were presented as follows;

Model Summary

The model summary was used to establish the amount of variation in financial performance of NMK that could be explained by changes in financial management practices i.e. budgeting practices, financial planning practices, cash management practices and risk management practices.

From the findings in Table 2 below, show that the coefficient of correlation was 0.592. The study therefore came to a conclusion that there existed a significant relationship between financial management practices and financial performance since the p-value was less than 0.05.

The R-square 0.350 gives an indication that 35% of the variation in financial performance is influenced by variables in the model i.e. budgeting practices, financial planning practices, cash management practices and risk management practices. This implies that there are other factors that are not discussed in this study that contributes to the remaining 65% that affect the financial performance of NMK. The findings therefore, conform with those of Wandera and Sang (2017) and the findings of Majimbo and Musau (2021) who established that financial management practices positively and significantly affect financial performance of a firm.

Table 2: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.592[a]	.350	.392	1.80276

a. Predictors: (Constant), RM, BP, CM, FPP

b. Dependent Variable: FP

Analysis of variance

Analysis of variance was used to determine whether the model was significant and whether it shows a good fit for the data. The significance of the model was tested at 5% significance level. The findings in Table 3 below shows that the model was significant since the p-value (0.001) was less than 0.05. Therefore, the model was statistically significant in determining the influence of budgeting practices, financial planning practices, cash management practices and risk management practices on the financial performance of NMK. Furthermore, the F-calculated (12.500) was greater than the F-critical (2.399) suggesting significance. Hence there was goodness of fit of the model fitted for this study.

Table 3: ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	32.504	4	8.126	12.500	.001[b]
1	Residual	178.746	55	3.250		
	Total	211.250	59			

a. Dependent Variable: FP

b. Predictors: (Constant), RM, BP, CM, FPP

Beta Coefficients

Kothari (2004) observed that the magnitude of the coefficient for each independent variable, or "beta coefficient," indicates the magnitude of the influence that variable has on the dependent variable. The direction of the influence is indicated by the sign of the coefficient (positive or negative). In a regression with a single independent variable, the coefficient shows how much the dependent variable is anticipated to change when the independent variable increases by one, depending on whether it is positive or negative.

The regression beta coefficients were used to determine the influence of the independent variables on the dependent variable of the study. The beta coefficients allowed the researcher to ascertain which among the variables of budgeting practices, financial planning practices, cash flow management practices and risk management practices had the greatest influence on financial performance of NMK. The study applied the coefficient of regression to determine the importance of the financial management practices in predicting the extent to which they affected financial performance of NMK. The findings were presented in Table 4.

Table 4: Coefficients of Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	3.584	4.642		.772	.003
	BP	-.107	.123	-.111	-.867	.000
1	FPP	.271	.155	.223	1.749	.002
	CM	.298	.093	.267	2.136	.000
	RM	.257	.141	.238	1.111	.001

a. Dependent Variable: FP (Financial Performance)

b. Independent Variable: BP(Budgeting practices), FPP (Financial planning practices), CM (Cash management practices) and RM (risk management)

Findings from the table revealed that budgeting practices, financial planning practices, cash management practices and risk management practices were good predictors of financial performance since their p-values were less than p<0.05 together with their beta values. This signifies that budgeting practices, financial planning practices, cash management practices and risk management practices have a significant impact on the financial performance of NMK.

From the coefficient of regression, the predicted model was illustrated as;

FP = 3.584 – 0.107X1 + 0.271X2 + 0.298X3 + 0.257X4

From the regression equation, when all the independent factors (budgeting, financial planning, cash management and risk management practices) were held at a constant zero, financial performance will be equal to 3.584. The regression analysis shows that all the independent variables except budgeting practices have a positive and significant relationship with financial performance of National Museums of Kenya. Nyongesa et al., (2017) noted that sound financial management practices would impact on the firm's financial performance. Similarly, Gadzo et al., (2019) observed that implementing strong financial management practices would improve an organization's profitability and ability to survive in a changing environment, giving it a competitive advantage

The findings showed that budgeting practices has a negative significant relationship with financial performance of National Museums of Kenya (β=-0.107, with a p-value =0.000<p=0.05). This implied that a unit change in budgeting practices would influence financial performance of National Museums of Kenya by negative 0.107 units. This means that budgeting practices had a moderate negative significant influence on the financial performance of NMK. In conclusion, the researcher observed that the results underscore the significance of emphasizing budgeting practices as a measure of realizing sound financial performance of NMK.

These results were not in agreement with those of Mbogo et al., (2021) who studied the effect of budgeting practices on financial performance of manufacturing small and medium enterprises in Nairobi, Kenya, and established that budgeting practices positively and significantly influence manufacturing SME's financial performance. The findings suggest that the financial performance of NMK can be improved by deploying strategic action in budgeting practices in the form of planning for cash flows, controlling cash flows, resources allocation, activity coordination and monitoring financial performance. Additionally, the study observed that there was need for robust measures to be undertaken to foster a collaborative approach that will help in addressing the concerns that affect financial performance of NMK.

Similarly, the results showed that financial planning practices has a positive significant influence on financial performance of National Museums of

Kenya (β= 0.271, with a p-value =0.002<p-value=0.05). This meant that a unit change in financial planning practices would subsequently influence financial performance of National Museums of Kenya by 0.271units. Hence, robust financial planning practices are associated with better financial performance of NMK. These results conformed with those of Odongo (2018) whose findings revealed that financial reporting, working capital management, internal control and financial planning had a positive and significant effect on performance of construction companies in Kenya.

Furthermore, the findings showed that cash management practices had a positive significant influence on financial performance of National Museums of Kenya (β= 0.298, with a p-value =0.000<p-value=0.05). This implied that a unit change in cash management practices would subsequently influence financial performance of National Museums of Kenya by 0.298 units. The findings concurred with those of Nangih et al. (2020) who found a significant positive relationship between cash flow management and financial performance of oil and gas companies in Nigeria.

Finally, the results revealed that financial risk management practices had a positive significant influence on financial performance of National Museums of Kenya with a beta value of 0.257 with a p-value=0.001< p-value=0.05. This implied that a unit change in financial risk management practice would result to 0.257 units in financial performance of National Museums of Kenya. The findings of this this study did not agree with those of Mutai and Miroga (2023) whose study found that financial performance of Kenyan commercial banks was significantly and negatively correlated with credit risk management techniques. Furthermore, Kambi and Ali (2016) also found that all banks implemented financial risk management practices for managing financial risk, although the study was unable to ascertain what impact the techniques for managing financial risk had on performance.

In conclusion, the study found that all the financial management practices (budgetary, financial planning, cash flow management and risk management practices) implemented by NMK were significant and therefore advised that management of NMK should strengthen them to achieve better financial performance levels.

Summary of Findings

The study examined the influence of cash flow management on the financial performance of National Museums of Kenya. Findings of the study showed that cash flow management practices that includes cash flow forecasting, working capital management and cash flow optimization have a positive significant influence on the financial performance of National Museums of Kenya. The results are an indication of the significance of entrenching cash flow management practice as a financial management practice that will help in enhancing the financial performance of National Museums of Kenya.

CONCLUSION

Cash flow management is an integral financial management practice that enables organization to measure their financial performance. It is evident from this study, that cash flow management significantly influence the financial performance of National Museums of Kenya. Therefore, it is imperative to note the need to emphasize on cash flow forecasting techniques, how to optimize cash flow and management of working capital of the organization to achieve desired and sound financial performance targets.

RECOMMENDATIONS

The study recommends that NMK management should ensure continuous monitoring and effective management of organization cash flows to meet their short-term obligations and ensure liquidity. The study further recommends that while implementing cash flow forecasting tools and optimizing cash conversion cycles can help improve cash flow management, it can subsequently lead to improvement of their financial performance.

Suggestions for Further Studies

The study suggests that further studies can be done on other segments of nonprofit making public entities in Kenya to compare the results and advise for policy formulation. Secondly, the study suggests for a closer focus by other researches to examine the influence of budgeting practices on financial performance of other entities, since the current study produced contradicting findings. Lastly, since the variables under the current study contributed to 35% meaning that there were other factors outside the current study that affected financial performance. therefore, the study recommends that more studies can be done to unlock these other factors that affect financial performance of public entities.

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