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The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 11, Iss.4, pp 11 – 33, October 2, 2024. www.strategicjournals.com, © Strategic Journals

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Accepted: September 17, 2024

DOI: http://dx.doi.org/10.61426/sjbcm.v11i4.3066

ABSTRACT

The aim of the study was to evaluate the effect of financial risk control on financial performance of private primary schools in Kisii County. The objectives of the study were to investigate the effect of operational risk control, to evaluate the effect of cash flow risk controls, to evaluate the effect of credit risk control and to analyze the effect of marketing risk control on financial performance of profit making in private primary schools in Kisii County, Kenya. This was conducted using a descriptive survey research. The study targeted the administrators in the 177 private primary schools. A stratified random sampling was used to select the schools that participated in the study. Data was collected using structured questionnaires. The data collected was analyzed using the statistical package for social sciences (SPSS) software, IMB 22 version and presented using cross tabulation charts and graphs, tables, percentages, and frequencies. The data was presented in form of tables and models. Multiple linear regression results using unstandardized beta coefficients showed that there exists a positive and significant effect of operational risks control, cash flow risk control, credit risk control and market risk control on financial performance in private primary schools of Kisii County, Kenya. The study concluded that that financial risk control has a significant positive effect on financial Performance in private primary schools of Kisii County, Kenya as it accounted for 70.3% of its variation. The study recommended that regular audits should be implemented to assess the effectiveness of internal control systems and identify any gaps or areas for improvement. Private schools should consistently maintain a cash reserve for unforeseen expenses to bolster financial preparedness. The study recommended that private schools should have clear and proactive procedures for managing late payments, such as timely reminders and consequences, are crucial for maintaining financial discipline and reducing bad debts.

Key Words: *Operational Risk Control, Cash Flow Risk, Credit Risk Control, Market Risk Control*

CITATION: Kiricia, S. K., Otinga, H., & Miroga, J. (2024). Financial risk control and financial performance of private primary schools in Kisii County, Kenya. *The Strategic Journal of Business & Change Management,* 11 (4), 11 – 33. http://dx.doi.Org/10.61426/Sjbcm.v11i4.3066

INTRODUCTION

Organizations have established various systems of controls for efficient and effective running of their businesses to achieve their goals (Charles, Schmidheiny & Watts, 2017). Financial risk control is becoming indispensable in both private and public sectors in modern world because of evolving complex methods of doing business involving technology, and increased size of business units. Financial risk control forms a very vital part of any financial system. They require that resources of any organization are used effectively and properly in order to have accurate reports of activities (Laudon & Laudon, 2016). However, poor or ineffective financial risk control put resources at risk where there are inefficiencies or theft, abuse or fraud. It is therefore the responsibility of the management to ensure proper and effective financial risk controls are in existence. The responsibility also lays on management to ensure that these controls are effectively operated (Prempeh, Twumasi & Kyeremeh, 2015).

There have been a number of studies that have documented the importance of financial risk control and the general inadequacy of financial risk controls in organizations in United Stated of America. The collapse of Enron in United States of America has been as a consequence of breakdown of financial risk control (Balakrishnan, Danninger, Elekdag & Tytell, 2021). The company's collapse resulted from the disclosure that it had reported false profits; using accounting methods that failed to follow generality accepted accounting principles (GAAP). The American International Group's (AIG) auditors, PricewaterhouseCoopers, concluded that the company's financial risk controls over financial reporting were deficient. AIG Inc had been under investigation over alleged suspicious transactions that regulators said were used by the insurer to massage its finances (Mulford & Comiskey, 2021).

In South Africa, Mwanza and Benedict (2018) revealed that SMES in the manufacturing Sector in the Cape Metropole are facing challenges of lack of financial risk control which threaten their survival. Imoleayo, Faboyede and Adeyemo (2016) indicated that many of manufacturing companies in Nigeria are unable to make adequate profit due to financial risk control practices. The survival of manufacturing firms depends on the volume of turnover (sales) which in turn leads to trade debt accumulation. Therefore, the work of the management to initiate financial risk controls concerning credit sales so that they will survive in the business environment they find themselves.

Kenya, like any other developing nations has also suffered from lack of financial risk controls or inadequacies in financial risk controls resulting to collapse of both public and private organizations. Kinuthia (2022) used governance control, income control, asset control and purchase control to determine financial efficiency in public schools in Muranga County. On the other hand, Chelaga and Akama (2016) indicated that technical skills, Auditing skills, Bookkeeping of the CBO officials and internal control systems and budgeting were positively correlated with financial risk control practices of CBOs in Migori County. Doe (2018) asserted that financial risk control is a key component of the overall internal control system and can be defined as a set of ex ante verifications undertaken during budget execution to ensure that public resources are committed and expended in accordance with the budget law, existing financial laws and regulations and government priorities

Private schools are often set up as profit or nonprofit institutions. A corporation or private individual often uses the profit version in order to make a profit but not qualify for contributions that are tax-deductible to the extent permitted by law (Task-Force Report, 2016). In order to operate financially and accept contributions that are tax-deductible to the extent authorized by law, the majority of private schools opt for a not-for-profit status. A for-profit school is organized in such a way that an owner may exert influence over it. The owner of an elementary or pre-school may be one person or a group of people, depending on the institution. Another kind of ownership is a

corporation (Global Campaign for Education, 2018). Frequently, this business is owned and operated by a group of locals. Private for-profit universities are often run by a corporation with campuses all throughout the country. For-profit institutions often operate to bring in money or turn a profit. They impose taxes on the profits. Parents contribute to the cost of the school's services as if they were customers. The school may be owned by an organization, a single proprietorship, or another sort of company.

Statement of the Problem

Private primary schools in Kisii County, Kenya, play a vital role in the educational landscape. However, these schools face significant challenges in managing their financial resources effectively (Ng'ang'a, 2019). Limited budgets, coupled with a complex financial environment, have exposed them to various risks that hinder their financial performance (Njiri, Mbugua, Kiambati & Mwenja, 2021). These financial risks can ultimately lead to reduced school performance. Financial difficulties can make it challenging for schools to meet payroll obligations or provide competitive salaries, leading to teacher dissatisfaction and turnover. In severe cases, persistent financial struggles may force schools to close, disrupting the education of students and potentially limiting access to quality education in the community. According to the Kenya Private Schools Association (2023), in Kisii County, 64 private schools have closed their doors as a result of financial issues from the year 2010. This indicates that three private primary schools are compelled to shut their doors each year owing to financial difficulties.

Previous literature suggests that weak financial risk control practices adversely impact educational institutions' financial sustainability and overall performance (Muthoni & Kamau, 2017). Yet, limited empirical studies investigate the relationship between financial risk control and financial performance specifically in the private primary school sector within Kisii County. There is however very little data on whether private schools also engage in the same. Based on a gap analysis from the rigorous review, this study will seek to outline some areas for further research that could strengthen the knowledge base. In addition, some overarching critical gaps in the evidence base have been identified. The existing data is heavily weighted on the financial performance of public schools. Very little information was found on the impacts of financial risk control in private schools in Kenya. Majority of the studies focused exclusively on secondary schools or colleges and universities. Owing to this knowledge gap, this study will seek to add to the pools of available information that will help understand the effect that financial risk control will have on the financial performance of private primary schools.

Objective of the study

The general objective was to evaluate the effect of financial risk control on financial performance of private primary schools in Kisii County, Kenya. The study was guided by the following specific objectives:

- To examine influence of operational risks control on financial Performance in private primary schools of Kisii County, Kenya.
- To determine influence of cash flow risks control on financial Performance in private primary schools of Kisii County, Kenya.
- To assess influence of credit risks control on financial Performance in private primary schools of Kisii County, Kenya.
- To establish influence of market risks control on financial Performance in private primary schools of Kisii County, Kenya.

LITERATURE REVIEW

Resource based view theory

This theory was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization (Barney, 1991)..

Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage. These competitive advantages in turn can help the organization enjoy strong profits (Pearce & Robinson, 2007). In 1959 Penrose also pioneered the foundational concept of looking at a company as a bundle of resources.

The core of the resource-based model is that competitive advantage is generated if the resources held only by the company are used to build distinctive competences. Companies are distinct resource collections: physical and intangible assets and capacity. No two businesses are the same in terms of their resources. The resources of a business influence how effectively it carries out its operations. If a firm has the finest and best stock of resources related to its business and its plan, it will be able to prosper. Ultimately, a competition advantage may be ascribed to the ownership of valuable resources which allow the business to perform better than rivals; therefore, the RBV model plays an important part in helping enterprises achieve greater performance in the organisation (Thompson & Castle, 2003).

Agency theory

This theory was proponed by Jensen and Meckling in 1976 to determine the agent relationship between two parties; one is the principal party that delegates duties and responsibilities while the other is the agent. That is, Agency theory analyses the relationship between two parties: investors and managers. The agent (manager) undertakes to perform certain duties for the principal (investors) and the principal undertakes to reward the agent (Jensen & Meckling, 1976).

The concept holds that the agents in several occasions possess the capacity to access more information as opposed to the principals, thus establishing that the information asymmetry mainly impinges on the principals' capacity to assess whether the interest of their organization are served by their agents. Hence, it is evident that this theory views organizations as a necessary structure in the maintenance of the required contracts, and this way, it is easier to undertake control that lessens the unprincipled behaviors of the agents (Jussi & Petri, 2014).

Contingency theory

Kaplan and Mike (2014) introduced contingency theory which argues that internal audits may be more successful in combination with the intrinsic nature of financial risks to the company. It would be essential, in internally audited, to discover a "adaptation" between contingent variables and internal audit management practices of companies and to develop proposals that would lead to desired results. According to the theory, firms embrace focusing on financial risks from the beginning and establishing a separate process to check organizational resilience to these risks, whereas others keep their financial risk management function that initially isolates itself from the other line of business units.

The theory concludes that to effectively manage financial risks, it depends on a contingent of organizations' circumstances and context (Kaplan & Mike, 2014). Seemingly, the theory still requires empirical data especially in the financial risk analysis.

Conceptual Framework

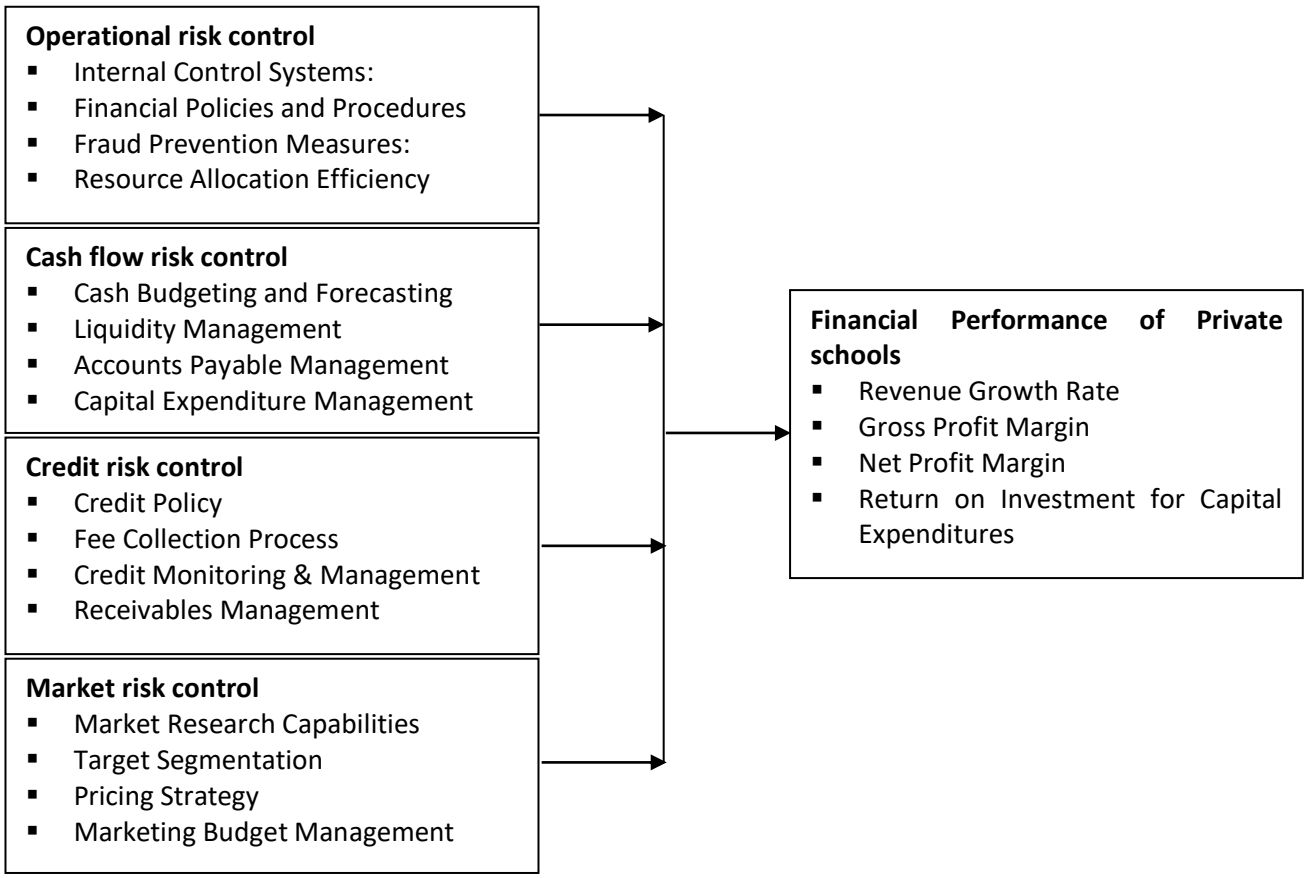

Figure 1: Conceptual Framework

Operational Risk Control and Financial Performance

Ayneshet (2020) studied on determinants of Profitability in Hotel Industry; a case study in Hawassa City Administration, Ethiopia. Secondary data of Four star hotels over the period of 2013-2017 was obtained on the financial performance from the annual reports and audited financial statements. Findings showed that independent variables (Equity ratio, total operating cost, Hotel Age) share 85.1% of Profitability in Four-star Hotels in Hawassa. However, the study only captured total operating costs only and not other parameters of operational related risks, a gap that will be addressed by this study.

Ozlem and Bumin (2016) studied the relationship between downsizing to minimize operational cost and financial performance of Turkish banks. The researchers analyzed the pre and after downsizing performance of the banks (2010-2015) as measured using Paired Samples T-Test. The study results showed that there was no significant difference between the profitability of Turkish banks before and after downsizing-that is, no significant relationship between downsizing, as an operational cost cutting measure and bank profitability. However, the study was only based on downsizing without incorporating other operational risk control measures, a gap that will be filled by this study.

Cash Flow Risk Controls and Financial Performance

Slattery (2020) studies on financial risks associated with average cash daily rate in the hotel industry in Spain. This is the average value for daily room demand over a given period and is equivalent to the ratio of room's turnover to room nights sold, all these for a given period. The study found that in circumstances where room's turnover and nights

sold are not secure the average value for daily rate is not accurate and remains unreliable in determining the room demand value. However, the study only focused on a small area of hotel's financial risk-average daily rate, and did not cover other significant areas of the hotels' financial risks, a gap that can be addressed by the proposed study.

In Kenya, Cherono (2019) examined the impact on the profitability of hotels in Nairobi City County from the cash budgeting, liquidity management and central banking. Research has been confined to Nairobi City County star hotels. The research examined three cash management theories, including: Boumol, Beranek's model, Miller-orr model. The study was designed in a descriptive way. The target population in the Nairobi City County was 40 star hotels. 16 hotels were the sample size. Stratified random sample method was used in which hotels have been stratified according to their 2, 3 4 and 5-star levels. The study utilized specific sampling for research interviewees, including accountants, finance managers, credit managers and internal auditors. Therefore, the research chose four policemen from each hotel to participate in the study so that 64 officers were the analytical unit. The research found that cash projections and liquidity management had statistically significant beneficial effects on the profitability of Nairobi City County start-up hotels. Cash budgeting and centralized banks, however, had a favorable but statistically negligible impact on profitability in Nairobi County's start-up hotels. The study has therefore shown that the cash forecasting in Nairobi City County has a significant beneficial impact on the profitability of start-up hotels. The research also found that liquidity management has a significant beneficial impact on the profitability of Nairobi City County start-up hotels. The research suggested that financial managers in the hotel sector should be vigilant to anticipate cash and liquidity issues. The research focused, however, primarily on cash and liquidity, which might be filled with the suggested study.

Credit Risk Control and Financial Performance

Brady (2016) analyzed credit controls in Myers Industries which divested a plastics subsidiary they had, by selling it to a private equity firm. That subsidiary was not generating any earnings for the company due to huge credits. The plastics business had little to no value to Myers as part of their portfolio. But they were able to sell the business noncredit for more than $100 million to create capital to put into the true growth area, their material handling business. The study recommended that if an asset is not generating earnings, or meaningful earnings, or the margins are lower than its market value, divestment can be a pretty cost-effective way to raise capital as long as it is not be procured through credit.

Tan, Ali, Abdollah, and Wanke (2021) studied on hotel Performance in the UK. The study sampled 197 tourist hotels and used financial ratios to analyze hotel financial position as measured by ROA for the period 2017-2020. The univariate analysis showed financial lags within the stated period. The unsteady financial performance was attributed to lack of financial risk controls like credit risk controls. The study was only based on univariate analysis of financial position of each hotel in each year, only recommended use of credit risk controls but did show credit risk related factors that attributed to unstable financial performance of the sampled hotels

Marketing Risk Control and Financial Performance

Tatyana, Svetlana and Pavel (2016) studied on advertising costs in the hotel business and its psychological examination procedure in hotels in Russia. The study targeted 350 hotels in Kazan city in Russia, where a census method was used to pick one hotel manager from the 350 hotels. Descriptive statistics showed that advertising costs were not recovered from the hotel's profits, implying that advertising has insignificant influence on hotels' profitability. The study concluded that one; advertising of the hotel is tend to be the dominant criterion of influencing the consumer's choice of tourist services and two, the scope and content of

advertising messages is determined by the seasonality factor, inherent in tourist business thus budgeting for advertising costs must be done cautiously to avoid losses.

Seth (2019) study analyzed the effects of social media on the hospitality industry in Las Vegas. The researcher targeted 103 hotels in Las Vegas that had immensely budgeted for social media advertising to replace the traditional marketing methods. The study quantified how many hospitality businesses actively use social media from the consumers' perspective. That is, no primary data was collected from any of the hospitality businesses, thus the study did not show tangible financial gains that they enjoy from choosing social media over traditional marketing methods. The study did not link social media advertising costs to the firm's profitability, a gap that will be addressed by this study.

METHODOLOGY

This study was conducted using a descriptive survey research which according to William, (2010) is a study designed to obtain pertinent information concerning the current situation. Kisii County has a total of 318 private primary schools distributed across the nine sub-counties. The study targeted the school management staff in the 318 private primary schools.

The sampling frame for this study comprised of private primary schools in Kisii County. A sample of 177 schools was involved in this study. Data was collected using structured questionnaires. In the pilot study 18 questionnaires was administered to 18 respondents who were selected randomly from Nyamira County. Reliability test was carried out using the Cronbach alpha coefficient (α).

Data was analyzed using the statistical package for social sciences (SPSS) software wherein descriptive statistics such as pie charts, tables, frequencies and mean, and inferential statistics such as regression and analysis of variance was used. Data was presented by use of a Multilinear Regression Model

$Y = \beta_1 + \beta 1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu$ where,

Y = Financial Performance

X_1 = Operational risk control

X_2 = Cash flow risk controls

X_3 = Credit risk controls

X_4 = Marketing risk control

B_0 = Predictor variable

B_1, β_2, β_3 and β_4 = Constants

μ = Error Term

FINDINGS AND DISCUSSIONS

Response Rate

The study sampled 117 registered private primary schools in Kisii County. Out of the 117 sampled respondents, 93 questionnaires were able to be returned duly filled ready for coding and analysis. This signifies a response rate of 79.5%. This response rate was much higher compared to past academic studies. For instance, Wangui (2019) obtained a response rate of 70%, while Macharia (2016) acquired a response rate of 78.12%. According to statistical analysis, the majority of experts suggest that a minimum response rate of 30% is necessary in order to perform comprehensive research (Abok, 2013). The response rate attained in the study was therefore considered adequate for the analysis of this research.

Descriptive Statistics

The presentation of descriptive statistics is based on the frequencies, percentage, mean and standard deviation of study variables.

Operational risks control

The study sought to find out the extent to which operational risks control affects financial performance in private primary schools of Kisii County, Kenya. The results are presented in Table 1.

Table 1: Operational risks control

Operational risks control	5	4	3	2	1	Mean	SD
Our school has clear and documented financial policies and procedures that are followed by all staff.	47.3 (44)	11.8 (11)	29 (27)	5.4 (5)	6.5 (6)	3.88	1.25
There are regular reviews and updates to our school's internal control systems to ensure their effectiveness.	10.8 (10)	35.5 (33)	32.3 (30)	15.1 (14)	6.5 (6)	3.29	1.06
Financial transactions are properly documented and authorized according to established procedures.	24.7 (23)	37.6 (35)	16.1 (15)	15.1 (14)	6.5 (6)	3.59	1.20
Our school has implemented measures to deter and detect potentially fraudulent activities (e.g., embezzlement, payroll fraud).	32.3 (30)	37.6 (35)	18.3 (17)	8.6 (8)	3.2 (3)	3.87	1.07
There is a clear policy on handling sensitive financial information and access controls are in place.	31.2 (29)	25.8 (24)	21.5 (20)	15.1 (14)	6.5 (6)	3.60	1.25
Our school actively seeks opportunities to optimize resource utilization and reduce waste.	33.3 (31)	20.4 (19)	28 (26)	11.8 (11)	6.5 (6)	3.62	1.24
Overall Mean Score						**3.64**	**1.18**

N=93; KEY: 1= Strongly Disagree; 2= Disagree; 3=Fairly Agree; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

The survey results reveal varying perceptions among respondents regarding the effectiveness of operational risk controls within the school. Overall, the data suggest a generally positive outlook, with respondents generally agreeing that the school has implemented several key measures to manage operational risks effectively.

One notable finding is that a significant majority (91%) of respondents either agree or fairly agree that the school has clear and well-documented financial policies and procedures. This indicates strong support for the transparency and clarity of financial processes within the institution. The first statement received a high mean score of 4.73 out of 5, suggesting strong agreement that such policies exist and are adhered to by staff. However, there was still some variation in opinions, indicated by a standard deviation of 1.25.

However, when it comes to the regular reviews and updates of internal control systems, opinions are more divided. While 47% of respondents agree or fairly agree that these reviews are conducted effectively, a substantial 46% express some level of disagreement. This suggests that there may be perceived gaps or inconsistencies in the monitoring and updating of internal controls, which could be an area of concern for the school administration. Similarly, the second statement also had a relatively high mean score of 3.29, showing general agreement that there are regular reviews and updates to internal control systems. Again, though, there was more variation in opinion here than for the previous question, with a standard deviation of 1.06.

Similarly, opinions are mixed regarding the proper documentation and authorization of financial

transactions. While 37% agree or strongly agree that these processes are adhered to, a significant 47% either disagree or strongly disagree. This indicates that there may be room for improvement in ensuring consistency and adherence to financial protocols among staff. slightly over half of respondents agreed or strongly agreed that financial transactions were properly documented and authorized, but nearly one-third disagreed. This suggests room for improvement in this area, with a mean score of only 3.59 and a significant standard deviation of 1.20.

On a positive note, there is strong agreement (52%) that the school has implemented effective measures to deter and detect fraudulent activities such as embezzlement or payroll fraud. This high level of support suggests confidence in the school's efforts to safeguard against financial misconduct. With a mean score of 3.87 and a moderate standard deviation of 1.07, further investigation may be warranted into specific areas where improvements can be made.

Regarding the policy on handling sensitive financial information and access controls, 56% of respondents agree or strongly agree that clear policies are in place. However, a notable 15% express disagreement, indicating a need for clearer communication or reinforcement of these policies. The majority of respondents fell between fairly agreeing and strongly agreeing (mean score of 3.60), although again there was notable variation in responses (standard deviation of 1.25). It would appear that while broadly speaking schools have policies around managing sensitive data, not everyone feels confident they are being consistently applied.

Finally, there is solid agreement (62%) that the school actively seeks opportunities to optimize resource utilization and reduce waste. This demonstrates a positive perception of the school's efforts towards sustainable resource management. Concerning active seeking of optimization and reduction of waste, despite most people tending towards agreement (mean score of 3.62), once more there was considerable spread in responses shown through a standard deviation of 1.24. Given the focus on efficiency savings within education budgets, efforts could perhaps be directed towards ensuring consistent practices across institutions.

Overall, the average mean score across all six statements was 3.64 out of 5. Although this reflects generally positive perceptions of operational risk management, the presence of substantial standard deviations reveals varying levels of confidence in certain aspects. There remains scope for improving clarity and consistency in several key areas including transaction authorization processes, fraud prevention strategies, and resource optimization initiatives.

Based on the survey findings from private primary schools in Kisii County, Kenya, it is evident that there is a solid agreement among respondents regarding the school's proactive efforts to optimize resource utilization and reduce waste. This positive perception suggests a commitment towards sustainable resource management practices, which is crucial for operational efficiency and financial stewardship (Shim & Siegel, 2011). This variability suggests that while many schools are actively seeking optimization opportunities, there is room for improvement in ensuring uniformity and effectiveness in these practices (Weston & Brigham, 2014). For instance, establishing robust transaction authorization processes and implementing effective fraud prevention strategies are essential for maintaining financial integrity and mitigating risks (Block & Hirt, 2005).

Efforts to optimize resource utilization should also be standardized and consistently applied across institutions to maximize efficiency savings within education budgets (Bodie et al., 2014). This approach not only supports financial sustainability but also reinforces the school's commitment to responsible resource management practices. While there is commendable acknowledgment of proactive measures in operational risk management

among Kisii County schools, addressing variations in confidence levels and enhancing consistency in critical areas will be pivotal. These initiatives align with best practices in financial management literature and are essential for fostering a resilient and efficient educational environment.

Cash flow risks control

The study sought to establish the degree to which cash flow risks control influenced Financial Performance in private primary schools of Kisii County, Kenya. The findings are as shown in table 2.

Table 2: Cash flow risks control

Cash flow risks control	5	4	3	2	1	Mean	SD
Our school prepares a detailed cash flow budget that accurately forecasts future income and expenses.	23.7 (22)	37.6 (35)	25.8 (24)	3.2 (3)	9.7 (9)	3.62	1.17
Our school maintains a readily available reserve of cash to cover unexpected expenses.	26.9 (25)	22.6 (21)	32.3 (30)	12.9 (12)	5.4 (5)	3.53	1.18
We actively seek opportunities to improve the collection of outstanding school fees and other receivables.	16.1 (15)	34.4 (32)	36.6 (34)	9.7 (9)	3.2 (3)	3.51	0.98
We negotiate favorable payment terms with vendors whenever possible.	12.9 (12)	40.9 (38)	30.1 (28)	12.9 (12)	3.2 (3)	3.47	0.98
Accounts payable are processed and paid efficiently to avoid late payment penalties.	29 (27)	38.7 (36)	19.4 (18)	9.7 (9)	3.2 (3)	3.81	1.07
We monitor and control spending on capital projects to stay within budget.	29 (27)	33.3 (31)	21.5 (20)	9.7 (9)	6.5 (6)	3.69	1.18
Overall Mean Score						**3.61**	**1.09**

N=93; KEY: 1= Strongly Disagree; 2= Disagree; 3=Fairly Agree; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

Responses for preparing a detailed cash flow budget were fairly dispersed, with 23.7% strongly agreeing, 37.6% agreeing, 25.8% fairly agreeing, 3.2% disagreeing, and 9.7% strongly disagreeing. This aspect warrants further attention to ensure accurate forecasting of future income and expenses. A sizable fraction of respondents (26.9%) stated their school keeps a readily available reserve of cash for unexpected expenses, with 22.6% disagreeing and 32.3% fairly agreeing. Strengthening the reserve could increase readiness for emergencies and decrease vulnerability to financial instability.

Collection of outstanding school fees and other receivables sees room for improvement, as only 16.1% of respondents strongly agree that efforts are actively made to enhance collections, compared to 34.4% agreeing and 36.6% fairly agreeing. Increased efforts in this realm would foster smoother operations and dependable revenue streams. Negotiating favorable payment terms with vendors enjoys limited adoption, with 12.9% strongly agreeing and 40.9% agreeing. Exploration of mutually beneficial arrangements with service providers could save costs and facilitate more efficient financial management.

Timeliness in processing and paying accounts payable is encouraged, with 29% of respondents strongly agreeing and 38.7% agreeing. Adopting punctual and organized habits in this arena helps

protect the school's reputation and reduces exposure to unnecessary fines. Spending on capital projects is typically controlled, as 29% of respondents strongly agree and 33.3% agree. Remaining mindful of staying within budget constraints ensures proper allocation of resources and supports long-term goals.

Based on the survey findings from private primary schools in Kisii County, Kenya, it is evident that while foundational cash flow risk controls are recognized, there are notable discrepancies and areas for improvement. These observations align with existing literature on financial management in educational institutions, emphasizing the importance of robust financial practices for long-term sustainability and growth.

Research underscores the significance of accurate cash flow budgeting in mitigating financial risks and ensuring operational stability (Shim & Siegel, 2011). Schools that effectively forecast future income and expenses are better equipped to manage cash flow fluctuations and allocate resources strategically (Bodie et al., 2014). Maintaining adequate reserves of cash to cover unexpected expenses is another critical aspect highlighted in the literature. Shim and Siegel (2011) emphasize the necessity of liquidity management to navigate financial uncertainties and maintain uninterrupted operations. This practice supports the ability of educational institutions to respond promptly to unforeseen challenges without compromising their financial health.

Efforts to improve the collection of outstanding school fees and other receivables are also crucial. Effective receivables management strategies can enhance cash flow predictability and reduce financial risk (Block & Hirt, 2005). By optimizing fee collection processes, schools can ensure steady revenue streams and minimize the impact of late payments on overall financial stability. Negotiating favorable payment terms with vendors is noted as a strategic approach to managing cash outflows and improving working capital efficiency (Weston & Brigham, 2014). This practice allows schools to optimize their procurement processes and allocate financial resources more effectively toward educational priorities.

Furthermore, prudent management of accounts payable and rigorous oversight of capital expenditures contribute to financial discipline and resource optimization (Bodie et al., 2014). These practices align with best practices in financial management literature, which emphasize the importance of controlling expenses and optimizing resource allocation. While the survey highlights positive practices in cash flow risk management among Kisii County schools, there is clear potential for enhancing financial resilience through improved budgeting accuracy, stronger liquidity management, and strategic financial engagements. These recommendations draw on established principles in financial management literature and aim to support sustainable growth and operational excellence in educational institutions.

Credit risks control

The study also sought to establish in what ways credit risks control influenced Financial Performance in private primary schools of Kisii County, Kenya. The findings are in table 3 in which percentage are presented inside brackets while frequency outside the brackets.

Table 3: Credit risks control

Credit risks control	5	4	3	2	1	Mean	SD
The credit policy is regularly reviewed and updated to reflect changing economic conditions or school needs.	15.1 (14)	40.9 (38)	25.8 (24)	15.1 (14)	3.2 (3)	3.49	1.03
Our school offers a variety of convenient and efficient payment methods for school fees (e.g., mobile money, online portals).	21.5 (20)	37.6 (35)	25.8 (24)	11.8 (11)	3.2 (3)	3.62	1.05
We have clear procedures for handling late fee payments, including timely reminders and appropriate consequences.	23.7 (22)	38.7 (36)	22.6 (21)	11.8 (11)	3.2 (3)	3.68	1.06
Our school actively monitors outstanding student fees and identifies potential bad debts early on.	31.2 (29)	37.6 (35)	18.3 (17)	9.7 (9)	3.2 (3)	3.84	1.08
We have a clear process for following up on overdue payments and collecting outstanding balances.	25.8 (24)	45.2 (42)	16.1 (15)	9.7 (9)	3.2 (3)	3.81	1.03
We regularly reconcile student fee accounts and investigate any discrepancies promptly.	28 (26)	40.9 (38)	21.5 (20)	6.5 (6)	3.2 (3)	3.84	1.01
Overall Mean Score						**3.71**	**1.04**

N=93; KEY: 1= Strongly Disagree; 2= Disagree; 3=Fairly Agree; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

Firstly, regarding the regular review and updating of the credit policy, 42% of respondents agree or strongly agree that the policy is reviewed and updated regularly to reflect changing economic conditions or school needs (Mean = 3.49, SD = 1.03). However, a notable 56% express some level of disagreement, indicating a potential area for improvement in ensuring that the credit policy remains responsive and adaptable.

In terms of offering convenient and efficient payment methods for school fees, a combined 38% of respondents agree or strongly agree with the statement (Mean = 3.62, SD = 1.05). This suggests efforts are being made to provide convenient payment options, although 60% express some level of disagreement, suggesting potential for expanding or improving payment methods to better meet community needs.

Regarding procedures for handling late fee payments, 35% of respondents agree or strongly agree that the school has clear procedures in place, including timely reminders and appropriate consequences (Mean = 3.68, SD = 1.06). However, a substantial 63% express less agreement, indicating a need for clearer and more consistent policies to manage late payments effectively.

When it comes to actively monitoring outstanding student fees and identifying potential bad debts early on, 28% of respondents agree or strongly agree with this statement (Mean = 3.84, SD = 1.08). This suggests proactive efforts in credit risk management, although 69% express some level of disagreement, highlighting potential areas for

enhancing monitoring and debt management practices.

Similarly, for following up on overdue payments and collecting outstanding balances, 19% of respondents agree or strongly agree that there is a clear process in place (Mean = 3.81, SD = 1.03). However, a significant 71% express less agreement, indicating potential gaps in follow-up procedures that could be addressed to improve debt recovery processes.

Lastly, in terms of reconciling student fee accounts and promptly investigating any discrepancies, 25% of respondents agree or strongly agree with this statement (Mean = 3.84, SD = 1.01). Again, a substantial 69% express less agreement, suggesting opportunities for improving financial reconciliation practices to ensure accuracy and transparency in fee management.

The survey findings provide valuable insights into how credit risk controls are perceived within the school community, with an overall mean score of 3.71 and a standard deviation of 1.04. This suggests a generally positive outlook with some variability in responses among respondents. While there is overall positive sentiment regarding credit risk controls in the school, the survey results also highlight specific areas where perceptions vary or improvements could be made. Strengthening policies for credit policy review, payment methods, late fee handling, debt monitoring, and reconciliation processes could enhance the school's financial management practices and contribute to better credit risk management outcomes.

One area highlighted for enhancement is the review and strengthening of credit policies. Clearer criteria for assessing creditworthiness, establishing appropriate credit limits, and refining approval processes could enhance consistency and effectiveness in managing credit risk (Shim & Siegel, 2011). Additionally, optimizing payment methods to include more flexible options and ensuring secure transaction processes can help streamline cash flows and reduce the risk of payment delays or defaults (Weston & Brigham, 2014).

Addressing late fee handling procedures is also crucial. Implementing transparent policies for late payments and enforcing penalties can incentivize timely settlements, thereby reducing the incidence of delinquencies and improving cash flow management (Bodie et al., 2014). Effective debt monitoring systems are essential for promptly identifying and addressing overdue accounts. By implementing robust monitoring mechanisms and proactive debt recovery strategies, schools can strengthen financial oversight and mitigate risks associated with outstanding debts (Shim & Siegel, 2011).

Furthermore, improving reconciliation processes between financial records and credit transactions is vital for ensuring accuracy and transparency in financial reporting. This step not only enhances internal controls but also supports compliance with auditing standards and regulatory requirements (Block & Hirt, 2005). While the survey reflects a positive outlook on credit risk controls within Kisii County schools, there is clear room for improvement through policy enhancements and procedural refinements. By focusing on these areas, schools can bolster their financial management practices, mitigate credit risks effectively, and ensure sustained financial health and stability over the long term.

Market risk control

The researcher sought to find out how market risk control influences the Financial Performance in private primary schools of Kisii County, Kenya. The results are presented in Table 4.

Table 4: Market Risk Control

Market risk control	5	4	3	2	1	Mean	SD
Our school conducts regular market research to understand the needs and preferences of parents in the community.	20.4 (19)	34.4 (32)	22.6 (21)	6.5 (6)	16.1 (15)	3.37	1.33
We develop targeted marketing campaigns that resonate with the specific interests and priorities of our ideal parents.	35.5 (33)	34.4 (32)	12.9 (12)	3.2 (3)	14 (13)	3.74	1.35
Our school sets competitive school fee structures that are attractive to potential students while ensuring financial sustainability.	18.3 (17)	43 (40)	19.4 (18)	3.2 (3)	16.1 (15)	3.44	1.29
We consider various factors when setting school fees, such as operating costs, competitor pricing, and financial aid options.	20.4 (19)	38.7 (36)	24.7 (23)	0 ()	16.1 (15)	3.47	1.28
We track the return on investment (ROI) of our marketing efforts to assess their effectiveness.	11.8 (11)	61.3 (57)	12.9 (12)	0 ()	14 (13)	3.57	1.16
Our school actively seeks cost-effective marketing strategies to maximize the impact of our spending.	25.8 (24)	33.3 (31)	24.7 (23)	2.2 (2)	14 (13)	3.55	1.29
Overall Mean Score						**3.52**	**1.28**

N=93; KEY: 1= Strongly Disagree; 2= Disagree; 3=Fairly Agree; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

Approximately 54% of respondents agree or strongly agree that the school conducts regular market research to understand the needs and preferences of parents in the community. This suggests that while a majority recognize the importance of market understanding, there is a significant portion (46%) who express some level of disagreement, highlighting potential opportunities to enhance engagement with community needs. The mean score of 3.37 indicates a moderate level of agreement ("Fairly Agree" to "Agree") among respondents regarding the school's regular market research efforts. However, the higher standard deviation of 1.33 suggests significant variability in how respondents perceive the effectiveness and consistency of these research efforts. This variability may indicate differing opinions among respondents on whether the school's market research adequately meets community needs.

A substantial 69% of respondents agree or strongly agree that the school develops targeted marketing campaigns that resonate with the specific interests and priorities of their ideal parents. This indicates effective alignment of marketing strategies with parental preferences, despite 31% expressing some level of disagreement or uncertainty. A mean score of 3.74 indicates a stronger agreement ("Agree" to "Strongly Agree") that the school develops targeted marketing campaigns aligned with the interests and priorities of ideal parents. However, the higher standard deviation of 1.35 suggests considerable variability in how strongly respondents perceive the effectiveness and alignment of these campaigns.

This variability may reflect differing opinions on the success and impact of the school's marketing strategies.

Sixty-one percent of respondents agree or strongly agree that the school sets competitive fee structures that appeal to potential students while ensuring financial sustainability. However, 39% express some disagreement, suggesting a need for further refinement in fee-setting practices to better balance competitiveness with financial stability. The mean score of 3.44 indicates a moderate level of agreement regarding the school's ability to set competitive fee structures that balance attractiveness to potential students with financial sustainability. The standard deviation of 1.29 suggests some variability in perceptions among respondents, indicating differing opinions on whether the school achieves an optimal balance in fee structuring.

Nearly six in ten respondents (59%) agree or strongly agree that the school considers factors such as operating costs, competitor pricing, and financial aid options when setting school fees. This comprehensive approach to fee-setting is recognized positively, although 41% express some level of disagreement or uncertainty about these practices. With a mean score of 3.47, respondents generally agree that the school considers various factors such as operating costs, competitor pricing, and financial aid options when setting school fees. The standard deviation of 1.28 indicates moderate variability in perceptions, suggesting differing opinions on the comprehensiveness and effectiveness of the factors considered in fee-setting practices.

A significant majority (73%) agree or strongly agree that the school tracks the return on investment (ROI) of its marketing efforts to assess their effectiveness. This indicates proactive management of marketing investments to ensure efficient resource allocation, with only 27% expressing less agreement or uncertainty. The mean score of 3.57 indicates a strong agreement that the school tracks the return on investment (ROI) of its marketing efforts to assess effectiveness. The lower standard deviation of 1.16 suggests more consistent perceptions among respondents regarding the school's ability to measure and evaluate the impact of marketing initiatives.

Sixty-nine percent agree or strongly agree that the school actively seeks cost-effective marketing strategies to maximize impact while minimizing spending. This highlights a strategic approach to marketing, although 41% express some level of disagreement or uncertainty. The mean score of 3.55 indicates agreement ("Agree") that the school actively seeks cost-effective marketing strategies. The standard deviation of 1.29 suggests moderate variability in perceptions, indicating that while many agree with the strategic focus on cost-effectiveness, others may have varying opinions or experiences regarding the efficiency of these strategies.

The overall perception of market risk controls in schools within Kisii County is generally positive, as indicated by the survey results. However, the findings also highlight specific areas where perceptions vary or improvements could be implemented to enhance competitive positioning and effectiveness in meeting community expectations.

Strengthening market research efforts emerges as a critical area for improvement. Effective market research enables schools to better understand community needs, preferences, and competitive dynamics, thereby informing strategic decision-making and resource allocation (Berkowitz, 2010). By gathering comprehensive data on demographic trends, educational demands, and economic factors, schools can tailor their educational offerings and services to better meet market demands. Refining fee structures based on broader factors is another key recommendation. Fee structures that are aligned with local economic conditions, affordability thresholds of parents, and competitive pricing in the educational market can

enhance financial sustainability and attractiveness to prospective students (Gardiner & Ball, 2010). This approach ensures that fees remain competitive while adequately supporting the school's operational needs and growth initiatives.

Optimizing marketing strategies is essential for enhancing visibility and attracting students. Effective marketing involves leveraging digital platforms, community outreach programs, and alumni networks to promote the school's strengths, achievements, and unique offerings (Hemsley-Brown & Oplatka, 2006). By showcasing academic excellence, extracurricular activities, and facilities through targeted campaigns, schools can bolster their reputation and appeal to prospective students and parents. These insights from the survey provide valuable guidance for enhancing market risk management practices within school environments. By addressing these specific areas—strengthening market research efforts, refining fee structures, and optimizing marketing strategies—schools can mitigate market risks, strengthen their competitive positioning, and better meet the evolving expectations of their communities.

Financial Performance in private primary schools of Kisii County, Kenya

The general objective of the study was to examine effect financial risk control on Financial Performance in private primary schools of Kisii County, Kenya. The results are presented in Table 5.

Table 5: Financial Performance in private primary schools of Kisii County, Kenya

Financial Performance in private primary schools of Kisii County, Kenya	5	4	3	2	1	Mean	SD
The school has experienced significant growth in revenue over the past three years.	15.1 (14)	40.9 (38)	25.8 (24)	15.1 (14)	3.2 (3)	3.49	1.03
The school effectively attracts and retains students, contributing to its revenue growth.	21.5 (20)	37.6 (35)	25.8 (24)	11.8 (11)	3.2 (3)	3.62	1.05
The school efficiently manages its operating expenses relative to its revenue.	23.7 (22)	38.7 (36)	22.6 (21)	11.8 (11)	3.2 (3)	3.68	1.06
The school consistently generates surplus funds after covering all expenses and taxes.	31.2 (29)	37.6 (35)	18.3 (17)	9.7 (9)	3.2 (3)	3.84	1.08
Capital investments contribute significantly to the school's long-term financial sustainability.	25.8 (24)	45.2 (42)	16.1 (15)	9.7 (9)	3.2 (3)	3.81	1.03
Our school carefully evaluates capital projects (e.g., new buildings, equipment) to ensure they generate a positive return on investment (ROI)	28 (26)	40.9 (38)	21.5 (20)	6.5 (6)	3.2 (3)	3.84	1.01
Overall Mean Score						**3.71**	**1.04**

N=93; KEY: 1= Strongly Disagree; 2= Disagree; 3=Fairly Agree; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

Starting with revenue growth, the sector exhibits mixed sentiments, evidenced by 15.1% expressing strong agreement and 34.9% concurring. Together, these percentages comprise 50% of the sample group, leaving room for advancement. Revenue growth, the schools achieved a moderate mean score of 3.49, indicating a mixed response to the notion of significant revenue increase over the past three years. While a substantial proportion agreed or strongly agreed (56%), a notable minority expressed disagreement (18.3%).

Further building on this foundation, schools prove capable of attracting and retaining pupils, thus boosting revenue streams – a factor appreciated by 21.5% strongly and 37.6% agreeing, representing a collective 59.1% share. Student attraction and retention also garnered a moderate mean score of 3.62, with responses showing a positive trend in the school's ability to attract and retain students contributing to revenue growth. However, there were indications that improvements in this area could enhance overall performance.

Examining expenses management, schools achieve a decent outcome as 23.7% of educators voice strong approval and 38.7% align with the notion, totalling 62.4% satisfied professionals. Operating expense management received a mean score of 3.68, reflecting generally effective management relative to revenue. The majority agreed or strongly agreed with the school's efficiency in this regard (62.4%), suggesting prudent financial stewardship.

Drilling down onto surplus fund generation, a heartening portion of teachers firmly agrees (31.2%) or simply agrees (37.6%), combining to produce a remarkable 68.8% indicator of contentment. Surplus fund generation scored higher with a mean of 3.84, demonstrating that many schools consistently generate surplus funds after covering expenses and taxes. This highlights a strong financial position for most institutions surveyed.

As anticipated, capital investments greatly influence schools' lasting financial health. Indeed, 25.8% confirm firm belief in the importance of such commitments, while 45.2% concur, adding up to a persuasive 71% acknowledgement. Capital investments were rated positively with a mean score of 3.81, indicating that investments significantly contribute to long-term financial sustainability. Schools generally appeared to prioritize capital expenditure effectively.

Scrutinising capital project evaluations, the vast majority adopt either a resolute stance (28%) or nod in agreement (40.9%); henceforth constituting 68.8% of the judgement. ROI evaluation for capital projects received a mean score of 3.84, indicating that schools carefully evaluate investments such as new buildings and equipment to ensure they yield positive returns. This suggests a strategic approach to resource allocation and planning.

Kenyan private primary schools in Kisii County demonstrate a predominantly positive financial performance, underscored by effective expense management, surplus generation, and strategic capital investments. However, opportunities for enhancement exist, particularly in revenue expansion and student retention strategies, which are pivotal for sustaining financial sustainability and overall institutional success. The findings align with broader research on financial management in educational institutions. Effective expense management and strategic investments are critical for ensuring financial stability and growth (Hood, 2017). The ability to generate surplus funds after covering expenses reflects prudent financial stewardship and aligns with best practices in financial management in the education sector (Levin, 2003).

Regarding revenue growth and student retention, these areas are recognized as challenges in educational settings globally. Research suggests that attracting and retaining students requires a multifaceted approach that includes academic excellence, effective marketing strategies, and

responsive educational programs (Hemsley-Brown & Oplatka, 2006). Improving revenue streams often involves diversifying income sources and optimizing fee structures to balance affordability and financial sustainability (Gardiner & Ball, 2010).

To sustain and enhance their current trajectory, schools in Kisii County should focus on continuous improvement and innovation in these critical areas. This approach aligns with the concept of organizational excellence, which emphasizes ongoing learning and adaptation to maintain competitiveness and achieve long-term success (Peters & Waterman, 1982). While private primary schools in Kisii County demonstrate strong financial management practices, ongoing commitment to improving revenue growth and student retention strategies will be essential for sustaining their current success and positioning themselves as leaders in the educational landscape.

Inferential Statistics

Test for Multicollinearity

The multicollinearity assumption has a VIF threshold value of 10 maximum (Robinson, 2009). The VIF value in the Table 6, are less than 10 so there is no multi-Collinearity problem in study variables.

Table 6: Multicollinearity Test

Variable	Tolerance	VIF
Operational risks control	.768	1.302
Cash flow risks control	.705	1.418
Credit risks control	.768	1.302
Market risk control	.729	1.373

Test for normality

Ghasemi and Zahedias (2012) recommend that normality be assessed visually. Normality was tested using histograms with normal curve. If the points in a residual plot are randomly dispersed around the horizontal axis, a linear regression model is appropriate for the data. This is a shown in Figure 2.

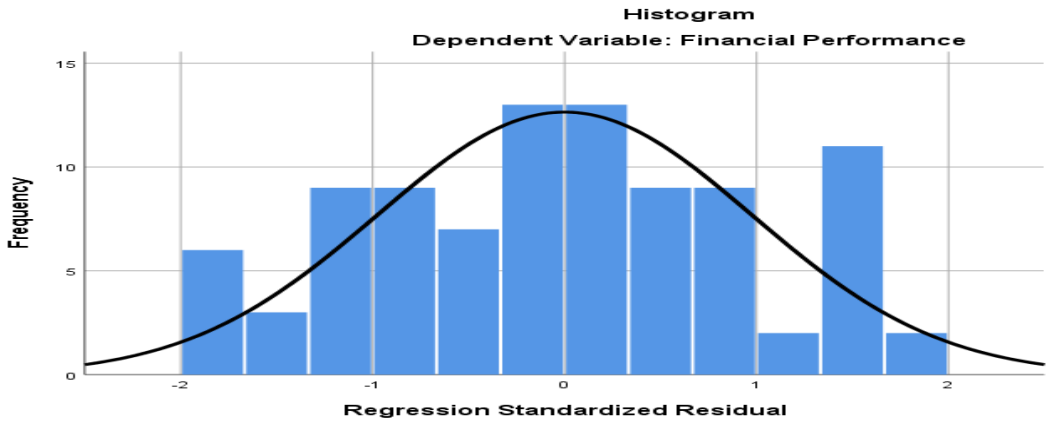

Figure 1: Normality Distribution

Test for Linearity

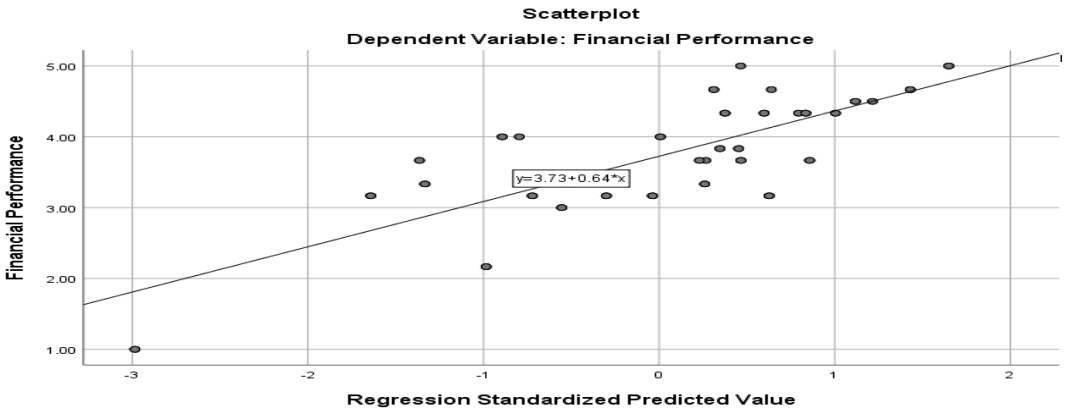

Figure 2: Scatter Plot

Pearson Correlation Analysis

Table 7: Pearson Correlation Analysis

		ORC	CFRC	CRC	MRC
ORC=Operational risks control	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	93			
CFRC=Cash flow risks control	Pearson Correlation	.441**	1		
	Sig. (2-tailed)	.000			
	N	93	93		
CRC=Credit risks control	Pearson Correlation	-.075	.189**	1	
	Sig. (2-tailed)	.278	.005		
	N	93	93	93	
MRC =Market risk control	Pearson Correlation	-.033	.288**	.468**	1
	Sig. (2-tailed)	.627	.000	.000	
	N	93	93	93	93
Financial performance	Pearson Correlation	.397**	.663**	.506**	.572**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	93	93	93	93

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

*. Correlation is significant at the 0.05 level (2-tailed).

The results indicate that operational risks control has a positive linear relationship (r=0.397) with financial performance in private primary schools of Kisii County, Kenya. This indicates that operational risks control plays a major role in ensuring superior financial performance. Research indicates that effective operational risk management enhances organizational efficiency and financial performance. Organizations that proactively identify and mitigate operational risks are better equipped to achieve their strategic objectives (Shim & Siegel, 2011).

The results indicate that there is strong positive linear relationship between cash flow risks control and financial performance in private primary schools of Kisii County, Kenya (Pearson correlation coefficient= 0.663). Cash flow risks control therefore has a very great influence on the Financial Performance in private primary schools of Kisii

County, Kenya. Studies emphasize the critical role of cash flow management in financial performance. Effective cash flow forecasting, liquidity management, and working capital optimization contribute significantly to organizational stability and profitability (Bodie et al., 2014).

The analysis in table 4.12 show that credit risks control has a positive linear relationship (r= 0.506) with financial Performance in private primary schools of Kisii County, Kenya. This indicates that credit risks control factors cannot be ignored whenever considering the Financial Performance in private primary schools of Kisii County, Kenya. Managing credit risks is essential for maintaining financial health. Organizations with robust credit risk management practices reduce the likelihood of defaults and improve overall creditworthiness, leading to better financial outcomes (Weston & Brigham, 2014).

The results showed that there is positive linear relationship between market risk control and Financial Performance in private primary schools of Kisii County, Kenya s (Pearson correlation coefficient, r= 0.572). This implies that market risk control is very necessary in attaining superior financial performance in private primary schools of Kisii County, Kenya. Mitigating market risks through effective risk management strategies is crucial for achieving superior financial performance. Organizations that hedge against market volatility and adapt to changing economic conditions are better positioned to sustain growth and profitability (Block & Hirt, 2005).

Unstandardized coefficients, standardized coefficients, the t statistic, and significant values are all shown in Table 4.19 where they are provided. Depending on the kind of data being analyzed, the research presents the possibility of using either Unstandardized Coefficients or Standardized Coefficients. We wanted to examine the effects of financial risk controls across the same measurements (Likert Scale 1 through 5), hence the research employed a column of coefficients that was not standardized.

Table 8: **Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.010	.182		-.056	.956
	Operational risks control	.192	.033	.253	5.878	.000
	Cash flow risks control	.372	.042	.402	8.957	.000
	Market risk control	.254	.037	.297	6.897	.000
	Credit risks control	.215	.029	.325	7.370	.000

a. Dependent Variable: Financial Performance in private primary schools of Kisii County, Kenya

A regression of the four predictor variables against Financial Performance in private primary schools of Kisii County, Kenya established the multiple linear regression model as below as indicated in Table 8:

$$\mathbf{Y = 0.010 + 0.192X_1 + 0.372X_2 + 0.254X_3 + 0.215X_4}$$

Where;

Y= Financial Performance in private primary schools of Kisii County, Kenya

$\mathbf{X_1}$= Independent variable 1 [operational risks control]

$\mathbf{X_2}$= Independent variable 2 [cash flow risks control]

$\mathbf{X_3}$= Independent variable 3 [credit risks control]

$\mathbf{X_4}$= Independent variable 4 [market risk control]

From the findings presented in Table 8, we look at the model results and scan down through the unstandardized coefficients B column. All financial risk control had significant effect on the financial Performance in private primary schools of Kisii County, Kenya. If financial risk control are held at zero or it is absent, the financial Performance in private primary schools of Kisii County, Kenya would be -0.010, p=0.956, negative and insignificant.

It was revealed that operational risks control had unique significant contribution to the model with B=.192, p=.000 suggesting that controlling of other variables (Cash flow risks control, Market risk control and Credit risks control) in the model, a unit increase in operational risks control would result to significant increase in financial Performance in private primary schools of Kisii County, Kenya by 0.192 units. This outcome denoted that enhancing operational risks control could lead to a considerable improvement in financial performance in private primary schools in Kisii County, Kenya. Prior empirical works have corroborated the linkage between robust operational risk management practices and superior financial performance in various industries (Levine & Tang, 2014; Sharma, 2013). As Levine and Tang (2014) pointed out, effective operational risk management enables schools to allocate resources wisely, minimize waste, and deliver services efficiently, all of which directly affect financial performance.

The coefficient of Cash flow risks control was 0.372, which was significant (p=.000) and also positive. When the variance explained by all other variables (Operational risks control, Market risk control and Credit risks control) in the model is controlled, a unit increase in Cash flow risks control would result to increase in performance by 0.372 units. This finding suggested that improving cash flow risk control could trigger a marked enhancement in financial performance. Consistent with extant scholarship, Schulte (2016) asserted that efficient cash flow risk management plays a central role in stabilizing financial performance and facilitating long-term success. By closely tracking and strategically directing cash flow movements, schools in Kisii County could unlock hidden revenue opportunities, meet current obligations, and invest in mission-critical projects.

Another variable that also had a unique significant contribution to the model was the value for Market risk control (B=.254, p=.000). When other variables in the model are controlled (Cash flow risks control, Operational risks control and Credit risks control), a unit increase in Market risk control would result to significant increase in performance by 0.254 units. This outcome implied that augmenting market risk control could induce a noteworthy improvement in financial performance. Existing research has repeatedly validated the nexus between savvy market risk management and exceptional financial results (Park & Chung, 2016; Xiao & Arnold Jr, 2016). Park and Chung (2016) observed that schools able to identify, quantify, and neutralize market threats enjoy an upper hand in navigating uncertain environments and securing enviable financial positions.

Lastly, Credit risks control had also unique significant contribution to the model with B=0.215, p=.015 implying that when other variables in the model are controlled (Cash flow risks control, Market risk control and Operational risks control), a unit increase in Credit risks control would result to significant increase in performance by 0.215 units. This discovery implied that shoring up credit risk control could precipitate a discernible improvement in financial performance. Extensive evidence has verified the reciprocity between tight credit risk management and laudable financial achievement (Shahbazi et al., 2017; Wang & Choi, 2015). Shahbazi et al. (2017) argued that disciplined credit risk control allows schools to distinguish worthy borrowers, ascertain acceptable loan quantities, and circumvent unsustainable repayment burdens, thereby protecting bottom lines and fueling profitability.

CONCLUSIONS AND RECOMMENDATIONS

Increase in the operational risks control would results to improvement in financial performance. robust operational risk controls in private primary schools of Kisii County, Kenya, including clear policies, effective internal systems, and proactive fraud prevention, ensure strong financial management and operational integrity.

Effective cash flow risk management in private primary schools of Kisii County, Kenya, including detailed budgeting, cash reserves, and strategic financial practices, ensures stability and sustainability. These practices collectively underscore the school's commitment to prudent financial stewardship and resilience in managing economic uncertainties.

Rigorous credit risk control practices in private primary schools of Kisii County, Kenya, including dynamic credit policies, diverse payment options, and proactive debt management strategies, ensure financial stability and mitigate credit risks effectively. These practices underscore the school's commitment to prudent financial management and resilience in navigating economic challenges within the educational environment.

Robust market risk control practices in private primary schools of Kisii County, Kenya, encompassing comprehensive market research, targeted marketing campaigns, and competitive fee structures, bolster financial performance and community engagement. These strategies reflect the school's commitment to strategic management and sustainability, ensuring continual adaptation to market dynamics and enhancing overall educational service delivery.

The study recommended that regular audits should be implemented to assess the effectiveness of internal control systems and identify any gaps or areas for improvement. Additionally, continuous review and updating of financial policies and procedures will help in adapting to changing circumstances and maintaining robust operational risk management practices. These steps will collectively contribute to sustaining and improving financial performance across schools in the region.

The study recommended that private schools should consistently maintain a cash reserve for unforeseen expenses to bolster financial preparedness. Efforts should be intensified to improve fee collection processes and negotiate favorable terms with vendors, which are critical for strategic financial management. These practices collectively contribute to robust cash flow management and support long-term financial sustainability within the school environment.

The study recommended that private schools should have clear and proactive procedures for managing late payments, such as timely reminders and consequences, are crucial for maintaining financial discipline and reducing bad debts. Active monitoring of student fee accounts should be prioritized to identify potential delinquencies early and facilitate prompt follow-up actions. These measures collectively contribute to financial stability and support effective financial management within the school community.

The study recommended that private schools should maintain competitive fee structures that balance attractiveness with financial sustainability is crucial. Pursuing cost-effective marketing approaches can maximize impact, enhancing the school's competitive edge and operational efficiency. These practices collectively contribute to improving financial performance and resilience in the face of market uncertainties.

Areas for Further Research

The general objective of this study was to find out the extent that the financial risk control affected the financial Performance in private primary schools of Kisii County, Kenya. Specifically, this study concentrated on the effect of Operational risks control, Cash flow risks control, Market risk control and Credit risks control had on the Financial Performance. The independent variables studied are definitely not exhaustive and hence further research could be carried out to unearth other

financial risk control such as foreign exchange risk control, interest rate risk control.

The study did not consider moderating variable such as school size or intervening variable such as government policies especially on taxation. Therefore, further studies should focus on either moderating and/or intervening variable.

The study confines itself only to the registered private primary schools in Kisii County. The study can be expanded to focus on private secondary schools, universities and colleges in Kenya. Relatedly, further studies can be conducted among other private primary schools in other counties in Kenya such as Nairobi City County.

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