

EFFECT OF WORKING CAPITAL MANAGEMENT ON FINANCIAL SUSTAINABILITY OF PUBLIC UNIVERSITIES IN KENYA

Abstract.

This paper examined the effect of working capital management on financial sustainability of public universities in Kenya. Thirteen chartered public universities were considered using the census sampling technique. Working capital management theory was employed. A customized data collection tool was used to collect secondary data from the published Financial Statements of public universities in Kenya covering a total of four years an equivalent of a complete academic cycle for regular courses in a public university. Correlational research approach was used to show the degree of effect of the independent variable on the dependent variable. Time series and panel data technique were used to group the data. The data was analyzed both descriptively and inferentially using Stata program. Regression and correlation (ANOVA) were used for inferential analysis. Linear regression model was then fitted. Working capital management was found to be positively correlated to financial sustainability. The study recommended that more emphasis be put on working capital management to ensure enhanced cash flows since it has an effect on sustainability of public universities in Kenya.

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