

## Assessing Accounts Payables Management as a Determinant of Profitability on Agro-Firms in Eldoret Business Centre

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### **Abstract**

*Most agro-firms in Eldoret business Centre have been operating without accounts payables management as a component of working capital meaning it has been difficult to manage their working capital. Businesses are expected to manage their working capital, and its components to enable them generate profitability in their businesses. The purpose of the study was to assess Accounts payables management as a determinant of profitability. The main objective of the study was to assess the effect of management of accounts payables on firm's profitability. The study was guided by Baumol, Miller-Orr, and Stone models. The study adopted a descriptive survey design with a target population of 510 respondents. Purposive sampling technique was used to sample 51 managers, while simple random was used to sample 214 other employees and data collected using questionnaire. Validity of the instruments was determined by the experts and reliability determined using Cronbach Alpha. The findings revealed a cronbach's alpha coefficient of 0.716 and 0.781 for Management of Accounts Payables and profitability, respectively. The data was analysed using both descriptive and inferential statistics. The study established that, management of accounts payables ( $p=0.001$ ), is a predictor variable for profitability of agro firms. This study recommends that there is need for managers to create value for their shareholders by ensuring effective and efficient management of creditors. Owing to the limitations of the study, it is suggested that same study be done but in other sectors to allow generalizations of the study findings. Besides, apart from Accounts Payables, other determinants of profitability need to be further studied.*

**Key Words** Agro-Firms, Accounts Payables, Profitability, Eldoret Business Centre