

## Cash Accounting Practices and Moderating Role of Board Structure on Profitability of Sugar Manufacturing Companies in Kenya

Fwamba Rashid Simiyu<sup>1</sup>, Brian Singoro<sup>2</sup>&John Matete<sup>3</sup>  
Kibabii University, Bungoma, Kenya

Corresponding e-mail: [r fwamba@kibu.ac.ke](mailto:r fwamba@kibu.ac.ke)

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### **Abstract**

*This research aimed at analyzing the influence of Cash Accounting practices on profitability of manufacturing companies using evidence from Kenya's sugar industry. The following specific objectives were addressed by this study: to assess the influence of cash Accounting practices on financial performance of sugar Manufacturing companies in Kenya and to determine the influence of Board structure as a moderating factor on the financial performance of sugar manufacturing companies in Kenya. This study was guided by cash preference model. This research adopted a descriptive research design in which a census of all the targeted population of 12 manufacturing companies jointly from sugar manufacturing industry were drawn from a list of 800 manufacturing companies in Kenya, whereby a proportionate random sample of 109 employees were interviewed from all the 12 sugar manufacturing companies in Kenya. Questionnaires were administered as the main tool of data collection whereby 102 questionnaires were collected representing a 93.6% response rate. Descriptive statistical techniques were applied to describe application of strategic financial management practices in the sampled manufacturing companies which were sugar manufacturing companies in this study. Inferential statistical techniques such as Correlation analysis and regression analysis were applied to test the hypotheses of association and differences. Gathered data was processed by computer and the Statistical Package for Social Science (SPSS) which was the main computer software that was utilized in data analysis. The cash accounting practices' null hypothesis was rejected implying a significant effect on profitability. Board structure was found significant implying board structure as a moderating value has a significant effect on profitability. It is important for organizations to prepare cash budgets on a monthly basis so that they can control cash receipts and payments. Also, organizations need to utilize computers in cash accounting since they are efficient and effective. This study suggests the need for further research on other economic factors besides cash accounting practices that influence the profitability of sugar manufacturing companies and other companies.*