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Effect Of Financial Management Practices On The Financial Performance Of Shipping Industries In Mombasa County Kenya.

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Abstract
This study was limited to four variables: financial planning, working capital management, allocation of resources, and tax compliance. The study's main goal was to see how financial management practices affects the performance of the shipping industry in Mombasa County. Agency theory, contingency theory, and resource-based perspective theory were among the theories considered. A survey research design was used for the purposes of this study. This research used both qualitative and quantitative methods. There were 360 people who responded, including chief financial officers, accountants, and auditors. The study was largely dependent on the Krejcie and Morgan table in establishing the sample size. A sample size of 186 financial managers out of 360 respondents was chosen in order to attain a fair level of accuracy. Initially stratified random sampling was used in this investigation and then simple random sampling was carried out. Validation and verification procedures were performed on the data. The accuracy and clarity of the data were further reviewed, and a series of stages were used to transform the raw data into systematic categories, which were then given as the output. The data was analyzed by means of descriptive data, involving mean and standard deviation. The presentation of data was done using charts, tables, and cross-tabularizations. Regression analysis was carried out to examine the relationship between the independent and dependent variables. Financial planning, working capital management, tax compliance, and shipping company performance were found to have a favorable and substantial association. The findings revealed that there was a negative but significant association between funds allocated and the performance of shipping businesses. Therefore, this study recommends that companies undertake effective financial planning and ensure there are prudent budget reports and proper financial forecasting. Companies should also produce cash predictions to detect potential surpluses and deficits, according to the report. Finally, this study recommends that a company must operate efficiently and effectively to not only cover the cost of goods or services sold, operating expenses, and debts, but also to compensate for damages to owners rather than their acceptance.
***Key Words**: Financial management, financial performance, financial planning, working capital management, allocation of resources, tax compliance*

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I. Introduction

1.1 Background of the Study

Fatoki**,** (2012), the financial management, involves the arrangement of the coming of a commercial company to ensure the positivity of the cash inflows. Management of finance includes plans, organization, management, controlling monetary assets, and how to contract and use funds from the company. Finance process management is linked to financing plans and finance mechanisms. The aspects are the allocation of funds, obtaining funds, and financing plans. The study was majorly focused on the County of Mombasa as it was convenient for the researchers and focused on financial management practices and the impact, they have on shipping companies. Business is almost a daily activity in the world.

1.2 Statement of the Problem

One of the most crucial areas of administration is financial management, but it is also at the heart of every company's success. Inefficient financial management practices often lead to serious difficulties in companies. As stated by Kawame (2010), the depiction is shifting speedily as financial prudence and the economic system are growing in dynamism and complexity to become very competitive. Management of tax and statutory compliance in this highly complex economic and regulatory environment is no easy undertaking. The rapid globalization, the new developments in legislation pertaining to prosecutors, the changes in the rules of accounting and the growing demands of the authorities' prosecutors are increasing the burden on the service tax and financial institutions.

Mensa (2012) discovered a positive association between financial management practices of companies registered on the Ghana stock exchange. Financial management practices, according to Saah (2015), have minimal impact on financial performance. Ngugi (2015) performed a survey to see how financial innovation affects the performance of Kenyan publicly traded enterprises. Research shows that financial innovation affects a company's bottom line. Risk management strategies, according to Olouch (2016), have a considerable positive impact on financial results. The literature reviewed above presents only a few financial management practices that are considered more common, while others remain, but all of these practices are for effective financial management in an organization. Therefore, this study examined the effect of financial management practices on the financial performance of Mombasa County shipping companies.

1.3.1 Specific Objectives

i. To evaluate the influence of financial planning on the financial performance of shipping companies in the County of Mombasa, Kenya
ii. Establish the effect of working capital management on the financial performance of shipping companies in the County of Mombasa, Kenya.
iii. Evaluate the effect of the fund's allocation on the financial performance of shipping companies in the County of Mombasa, Kenya
iv. To determine the effect of tax compliance on the financial performance of shipping companies in the County of Mombasa, Kenya.

II. Literature Review

The first theory applied in this research was Resource Based Theory. This theory began as a result of the achievements of scholars and entrepreneurs such as Berger, Wernerfelt, Prahalad and Hamel, and Spender and Grant. The central idea of the theory is that organizations should focus on the resources and potential at their disposal rather than benefit from competition and threats to competitive business environments and niche markets. The theory presents a critical and essential assessment of the causes of high and high productivity performance and critically evaluates them (Barney, 2012). This theory applies to all the shipping firms that are in a competitive business. Resource allocation and financial management must be prudent and sound in order for shipping companies to succeed and achieve high financial performance. Any failure to allocate and effectively manage finances will affect the performance of these firms. The arguments brought forth by this theory are fundamental to the financial productivity of these shipping firms. They can analyze the arguments brought forth such that the management practices would not go against such insights so as to maintain financial performance.

The second theory was Agency Theory; it explains the interactions and contracts that exist between various stakeholders in a corporation, such as shareholders (customers) and management (agents). The answer to most of the agency challenges is to guarantee that agents act in the best interests of the principals by increasing the capacity and superiority of information available to administrators, while also having the company's main administrators over their indemnity payments. The major unit of analysis for the agency theory is the contract signed between two parties, that is, the agent and the principal, which most academicians will try to define as the most competent indenture which oversees the principal-agent relationship, given the theories about people, for example, personal interests, limited rationality, and risk aversion.

The Contingency Theory was developed by Fielder in 1967. Resource efficiency allocation should not be a difficult implementation to understand the concepts and the most complex methods and procedures for investing hypothetically, but should take into account the design and operation of the investment system and the presence of the business context (Pike, 2016). These cases also apply to shipping companies, which focus on making large profits in a very unpredictable environment and market that requires sound financial management practices to encourage their growth. Shipping lines should focus on measures and contingency plans to ensure that they are not financially influenced by the uncertainty of the operating environment that can reduce their profitability. Therefore, financial planning and capital allocation have become very effective in helping to protect shipping lines from commercial uncertainties, thus creating an emergency plan.

Kakuru (2010) reasons that every company is required to launch strategies or procedures for managing the financial resources to guarantee the prime balance of every fund whenever it is required. The company must make sure to accelerate the flow of funds through a competent credit policy. Jagongo and Makori (2013) evaluated the effects of working capital management on the company's profitability in Kenya for the period 2003–2012. They discovered that the company's profitability was heavily influenced by sales growth, leverage, the company's size, and the current ratio. According to their findings, profitability was also found to have a negative relationship with the quantity of receivables for the day and the cash conversion cycle. Mcmohon and Holmes (2011) concluded that for the wellbeing of the company, survival, and fundamental profitability, companies need financial managers. They noted that financial managers are fundamental to the profitability, survival, and well-being of small businesses.

III. Reserch Methodology

For the purposes of this study, a survey research design was adopted. Survey design was best suited because it studies the in-depth sampling of individual units, which includes the individual 120 shipping companies from a population and administers data collection techniques on that sample. The study was carried out in Mombasa County and covered all shipping firms operating within the County of Mombasa. The reason for choosing this study area was its nearness to the Port of Mombasa, and therefore, most shipping lines operate in this area. For the purposes of the current research, it targeted a population of 360 respondents, comprising chief finance officers, auditors, and accountants, due to their wealth of knowledge of the variables under study.

Table 1: Target Population

Position	Number	Percentage
Chief Finance officers	120	33.3
Accountants	120	33.3
Auditors	120	33.3
TOTAL	360	100

Source: Kenya maritime Authority (2021)

As stated by Collins and Hussey (2015), they defined sampling technique as the process of choosing the specific procedure that can be used to come up with the entities in the study. A stratified random sample method was used for this study. Simple random sampling was therefore done to achieve a higher sample size. An important feature of simple random sampling, which makes it highly valued in most studies, is that each respondent has a known and equal chance of selection (Copper and Schidler, 2014). Chandran (2013), in his definition, described a sample as a selected percentage of a total population. The sample size for this research was determined using Krejcie and Morgan table (1970) and, therefore, from 360 respondents, a sample size of 186 financial managers was used in order to achieve the highest degree of accuracy.

Table 2: Sample size

Position	Target Population	Sample size	Percentage
Chief Finance officers	120	62	33.3%
Accountants	120	62	33.3%
Auditors	120	62	33.3%
Total	**360**	**186**	**100**

Source: Researcher (2021)

The validity of the questionnaire for this study was reinforced by the use of supervisors, co-workers and the random selection of some respondents and shipping companies, as well as the use of preliminary research information and questions from various secondary sources. The validity of the questionnaire content was determined with the help of experts such as the researcher and electronic literature to increase the validity of this study. To verify the validity of the content, a preliminary assessment was carried out to ensure that the words in question were not ambiguous and that they could be used in the application to gather relevant responses. Reliability is defined when the test is repeated twice by the same subject and gives the same results as the first time (Kombo and Tromp 2011).

Cronbach's alpha component was used in this study to measure the consistency of the instruments used in the study to measure the reliability of the research instrument. Cronbach's reliability for all variables was greater than 0.7, indicating that the questionnaire data were reliable. The method used to collect the data was the use of a questionnaire. The researcher delivered the studies to the organization, then personally, and then created a positive environment and positive relationships that persuaded respondents to fill out the questionnaire and clarify where they did not understand. The questionnaire was used to collect information from participants in the target groups and to conduct surveys as they went about their daily activities. The study used primary and secondary data. Basically, raw data were collected using a standardized questionnaire.

The method of data analysis is to examine the information obtained during the survey or investigation and draw conclusions from it (Kombo and Tromp 2013). Numerical and qualitative analysis were used in this study. Collected files are analyzed, edited and organized to ensure they are complete to ensure all questions are answered. Data were analyzed using moderate descriptive data with standard deviations. Data were presented using graphs, tables and cross-tabs. The correlation between the independent and dependent variables was determined through a log analysis as shown.

$Y= \beta 0+ \beta_1 X_1 +\beta_2 X_2+\beta_3 X_3 + \beta_4 X_4+ e$

Where: Y-financial performance, β_{0-} constant, β_1-β_4-regression coefficient of independent variables, X_1-financial planning, X_2-working capital management, X_3-funds allocation, X_4-tax compliance, e- Error term, which takes into account all possible factors that affect the dependent variable if it is not captured in mode

The requested information was accessed in a legally permissible manner. The researcher had previously asked permission to investigate shipping companies in Mombasa County. Participation in this research project was completely voluntary. No respondent was obliged to provide information, either by force or by reward. Respondents had the option of rejecting them completely or leaving questions they did not want to answer blank. Other risks of participation, other than those occurring in everyday life, were not known. The responses to this study will be treated confidentially and anonymously.

IV. Research Findings And Discussion

4.1 Response Rate

The researcher distributed 186 questionnaires to the chief financial officers, auditors, and accountants of all Mombasa shipping enterprises. The questions were distributed to the respondents of 186 analytical units, which are shipping companies in Mombasa County. As shown in Table 3, 180 questionnaires were completed and returned by the Chief Finance Officers, auditors, and accountants of the shipping companies, while 6 questionnaires were not returned.

Table 3: Response Rate

Response Rate	Frequency	Percent
Returned	180	96.7
Not Returned	6	3.3
Total	186	100

Source: Research Data (2021)

According to table 3, 180 out of 186 questionnaires were returned. This equates to a 96.7 percent overall success rate. Those who did not respond accounted for 3.3 percent of the total. 4.2 Test of Reliability

4.2 Test of reliability

Table 4 shows the reliability of the data for the four studied variables. All variables were reliably priced with a reliability coefficient of Cronbach's alpha of over 0.7. Financial planning was dependable (= 0.953), capital management was effective (= 0.918), resource allocation was efficient (= 0.0904), and tax compliance was high (= 0.839). Thus, the study concluded that the tool used is reliable and can be used for further analysis.

Table 4: Reliability Results

Variable	Cronbach's Alpha	No of Items	Comments
Financial Planning	0.953	8	Accepted
Working Capital Management	0.918	5	Accepted
Funds Allocation	0.904	5	Accepted
Tax Compliance	0.839	7	Accepted

Source: Survey Pilot Data, 2021

4.3 Test of Validity

According to Mugenda & Mugenda (2003), validity is the accuracy and value of the conclusions drawn from research results. In other words, validity refers to the degree to which the results of data analysis accurately reflect the research topic. Accuracy of content and wording of legality were used in this study.

4.4 Respondents of Gender

The respondents were asked to indicate their gender. Results were presented in table 5.

Table 5: Respondents' Gender

Gender	Frequency	Percent
Male	95	52.8
Female	85	47.2
Total	180	100.0

Table 5 shows that the majority at 52.8% of the respondents were male while 47.2% represented female. The results show that the maritime transport industry is a men-led area at the management level.

4.5 Descriptive Statistical analysis

4.5.1 Financial Planning

The goal of the study was to figure out how financial planning, as one of the financial management practices, was carried out. Table 6 summarizes the perspectives of shipping employees on this behavior.

Table 6: Financial Planning Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The company makes budget reports, which enhance future financial commitments and financial forecasts.	180	1.00	5.00	3.8056	1.47265
Employees' skills influence the customs laboratory	180	1.00	5.00	2.7222	1.04671
Our budget report incorporates critical balance sheet items.	180	1.00	5.00	3.8889	1.43340
The ease of seeing the financial contribution of each program in the organization is due to budget reports.	180	1.00	5.00	3.6944	1.35406
Business generates financing plans instantaneously once the visions and objectives are established. Their	180	1.00	5.00	2.8056	1.24666
company has installed and established finance and fund management programmes.	180	1.00	5.00	3.0833	1.30266
There are strategies or procedures for managing financial resources.	180	1.00	5.00	4.0000	1.29460
There is planning and control of current assets and liabilities.	180	1.00	5.00	3.9722	1.28346
Valid N (listwise)	180			3.497	

Source: Research Data (2021)

The study findings in Table 6 (M = 4.0000, SD =.1.29460) indicated that there are strategies or procedures for managing the financial resources. The majority of the respondents indicated that there are strategies or procedures for managing the financial resources. A mean of 3.9722, SD = 1.28346, revealed that there is planning and control of current assets and liabilities. Additionally, a mean of 3.8889, with a SD of 1.43340, shows that our budget report incorporates critical balance sheet items. The company makes budget reports, which enhance future financial commitments and forecasts. They had a mean of 3.8056 and a SD of 1.47265. The ease of seeing the financial contribution of each program in the organization is due to budget reports that were represented by a mean of 3.6944 and SD of 1.35406. A mean of 3.0833, SD=1.30266, revealed that their company has installed and established finance and fund management programmes. Business generates financing plans instantaneously once the visions and objectives are established. was established by a mean of 2.8056 and a SD of 1.24666. Finally, a mean of 2.7222, SD = 1.04671 revealed that employees' skills influence the customs laboratory, with a majority disagreeing with the information. The overall mean for financial planning was 3.497.

4.5.2 Working Capital Management

The study looked on issues relating to working capital management in Mombasa County's shipping companies. Table 7 shows the findings of the survey, which indicate the participants' perspectives on working capital management.

Table 7: Descriptive Statistics for Working Capital Management

	N	Minimum	Maximum	Mean	Std. Deviation
There is the existence of a working capital management system in the company.	180	1.00	5.00	3.4167	1.44173
There is full automation in the receivable management system in the company.	180	1.00	5.00	3.5278	1.57636
The company has inventory records that are updated on a regular basis.	180	1.00	5.00	3.3333	1.53064
The company creates cash flow predictions to detect future surpluses and shortfalls.	180	1.00	5.00	2.6944	1.34843
The company's management guarantees that there is enough cash flow to cover every day needs.	180	1.00	5.00	3.2500	1.42177
Valid N (listwise)	180			3.244	

Source: Research Data (2021)

The majority of respondents were also neutral about the company's inventory data being updated on a regular basis (Mean = 3.3333, SD = 1.53064). The company's management ensures that there is enough cash flow to cover daily needs, as evidenced by a mean of 3.2500 and SD of 1.42177. However, several respondents (Mean = 2.6944, SD = 1.34843) questioned that the organization conducts cash flow predictions to detect future surpluses and deficits. Working capital management had a mean score of 3.244. This is consistent with the findings of a study conducted by Nyamao, Lumumba, Odondo, and Otieno (2012) on the effects of working capital management practices on the financing performance of small businesses in Kenya's Kisii southern district, which found that working capital management practices were low among state-owned companies since most of them embraced an official working capital management routine.

4.5.3 Funds Allocation

In connection to the subject of funds allocation, the opinions of selected personnel working for shipping businesses in Mombasa were sought. Table 8 provides an overview of the expressed viewpoints.

Table 8: Descriptive Statistics for Funds Allocation

	N	Minimum	Maximum	Mean	Std. Deviation
The company first forecasts income, then creates expense budgets within these constraints.	180	1.00	5.00	3.7222	1.41048
Rather than "indexing" the previous year's level, we forecast budget items from "zero."	180	1.00	5.00	3.9722	1.16959
Budget assumptions are spelled out in detail, then disputed and tested.	180	1.00	5.00	4.0000	1.22816
Managers are assessed in part on how accurate their budgets are.	180	1.00	5.00	4.0000	1.18180
The management responds to instability in funding levels in different departments.	180	1.00	5.00	4.0000	1.13354
Valid N (listwise)	180			3.939	

Source: Research Data (2021)

Table 8 shows that both the assumptions that underpin budgets are made apparent, as well as being challenged and tested, and that the company evaluates managers in part on the accuracy of their budgets with the same mean of 4.0000 but different SD of 1.22816 and 1.18180 simultaneously. The management response to instability in funding levels in different departments also had a mean of 4.0000 and a SD of 1.13354. We predict budget items from a "zero basis" rather than "indexing" last year's level (Mean = 3.9722, SD = 1.16959), while Mean = 3.7222, SD = 1.41048 showed that the company first forecasts income, then creates expense budgets within these constraints. The overall average for funds allocated was 3.939. Generally, this finding implies that in the study, companies need financial managers for their wellbeing, survival, and fundamental profitability.

4.5.4 Tax Compliance

The study sought the perspectives of selected workers working with shipping enterprises in Mombasa County on tax compliance as part of the fourth specified objective. The relevant results are shown in Table 9.

Table 9: Descriptive Statistics for Tax Compliance

	N	Minimum	Maximum	Mean	Std. Deviation
The business submits its tax returns on schedule.	180	2.00	5.00	4.0833	.83147
On time, the corporation pays the correct amount of taxes.	180	2.00	5.00	3.9722	.72798
I understand which income should be included and which should be disregarded when calculating taxable income.	180	2.00	5.00	4.1944	.84627
As a company, we have received the necessary tax compliance technical support from KRA officers	180	1.00	5.00	4.0833	1.06690
Do you find tax filing and payment procedures complex	180	2.00	5.00	4.1944	.87866
The company uses online system namely online registration, filing and payments	180	2.00	5.00	4.1944	.81259
The company breaches their obligations regulatory	180	1.00	5.00	3.1944	1.37454
Valid N (listwise)	180			3.988	

Source: Research Data (2021)

As evidenced by the mean of 4.1944 and SD of 0.84627 in table 9, the majority of respondents stated that they know which income should be included or excluded in computing taxable income. The company uses online systems, namely online registration, filing, and payments, which had a mean of 4.1944 and a SD of 0.81. The company that files its tax returns on time had a mean of 4.0833 and a SD of 0.83147. As a result, we have received the necessary tax compliance technical support from KRA officers. With a mean of 3.9722 and an SD of.73625, the company files its tax returns on time, while the company breaches its regulatory obligations with a mean of 3.1944 and a SD of 1.37454. Finally, the overall mean of tax compliance was 3.988 and the SD was 0.935. It was evident that respondents agreed that the introduction of iTax was the main driver for compliance and hence more revenue collection.

4.5.5 Financial Performance

Financial performance data was collected from CBK reports as well as smooth transaction financial records for individuals and research respondents. Basic data on corporate financial performance was also added, as some shipping companies did not publish financial records, even in CBK reports. When measuring financial performance, income is one of the key factors in measuring. This is the amount of revenue a company earns from selling its services and / or products. The study examined the revenues of shipping companies. According to statistics, the shipping companies received an average profit of Kshs. 14.09 billion in 2015, with MFIs with an average profit of Ksh. 14.65 billion in 2016. In 2017, revenue decreased by Ksh. 13.69 billion, and in 2018 fell further in Ksh. 13.08 billion. This indicated that the shipping company's sales revenue was volatile and had declined sharply over the past five years, suggesting that the shipping industry in Mombasa County was facing serious problems. According to Shaheen (2014), sales are a major indicator of financial performance and, as they decline, a company must make changes and focus on measures to reduce costs and increase revenue. Another aspect of financial performance is real income. After deducting taxes and other payments, this is a benefit. Although sales may increase or decrease, actual profits may vary. For example, revenues may be high but the costs are high, thus reducing actual revenue; On the other hand, sales revenue may be low, but costs are low, resulting in high revenue (Pasricha, 2012).

4.6 Inferential Analysis

4.6.1 Model Summary

The model summary provides the correlation coefficient (R) and the determination coefficient (R2). The ratio (R) shows the type and the strength of the relationship between the variables, and the determination ratio (R2) shows how independent variables (financial planning, tax compliance, working capital management, fund allocation) predict changes in dependent variables (financial performance).

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804[a]	.646	.638	.39878

a. Predictors: (Constant), tax compliance, working capital management, financial planning, funds allocation
Source: Research Data (2021)

The results in Table 10 show that there was a positive correlation between forecasting variables (financial planning, tax compliance, working capital management, and fund allocation) and financial performance (R = 0.804). Financial planning, tax compliance, capital management, and fund allocation accounted for 63.8 percent of the changes in financial performance, according to the adjusted R-square (0.638). Other factors not included in this study were responsible for a 36.2 percent change in financial performance (from 100 to 63.8 percent).

Analysis of Variance (ANOVA)

To determine the strength of the model describing the relationship between the dependent variable (financial performance) and independent variables (financial plan, tax compliance, working capital management, fund allocation), the research was conducted using ANOVA as shown in Table 11. Significance Level F in the table indicates the use of a retrospective model with a significance level of 5%. The study's financial performance and financial management practices are demonstrated to have a significant link if the p value is less than the alpha.

Table 11: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	50.765	4	12.691	79.807	.000[b]
1	Residual	27.829	175	.159		
	Total	78.594	179			

a. Dependent Variable: financial performance

b. Predictors: (Constant), financial planning, working capital management, funds allocation, tax compliance
Source: Research Data (2021)

The results in Table 11 show that the model was significant (P = 0.000) (at a 5% significance level) in describing the relationship between financial planning, tax compliance, working capital management, funds allocation, and changes in financial performance. The results show that at least one of the variables considered (financial planning, tax compliance, working capital management, and fund allocation) can be used to predict changes in financial performance. The regression relationship was very significant in predicting how financial planning, working capital management, funds allocation, and tax compliance affected the financial performance of shipping enterprises, with a probability value of 0.159

Coefficients[a]

Table 12: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.806	.221		8.163	.000	1.369	2.242
Financial planning	.203	.028	.348	7.205	.000	.147	.259
1Working Capital Management	.302	.026	.573	11.645	.000	.251	.353
Funds Allocation	-.377	.036	-.594	-10.448	.000	-.448	-.305
Tax Compliance	.500	.051	.514	9.734	.000	.398	.601

a. Dependent Variable: Financial Performance

Source: Research Data (2021)

The results of Table 12 show that the constant was 1,806 units, which indicates that if financial planning, working capital management, financial allocation, and tax compliance were constant, the financial performance would be 1,806 units. The model adopted in the study was $Y = 1.806 + 0.203X_1 + 0.302X_2 - 0.377X_3 + 0.500X_4 + \epsilon$.

Table 12 shows that there was a positive and significant link between financial planning and the financial performance of shipping enterprises ($\beta_1 = 0.203$, sig = 0.000). The results show that a one-unit change in financial planning would result in a positive change of one unit (+0.203) in the financial performance of Mombasa County shipping companies. Organizations having a higher level of strategic planning outperform companies with a lower level of strategic planning in both financial and non-financial variables (Arasa & K'Obonyo, 2012).

Table 12 shows that there is a positive and significant association between working capital management and shipping company performance (2 = 0.302, sig = 0.000). This implies that improvements in working capital management will result in improvements in shipping businesses' financial performance. The study also found that a single positive unit change in working capital management would result in a +0.087 difference in transportation businesses' financial performance. Nyamao, Lumumba, Odondo, and Otieno (2012) evaluated the influence of working capital management on small business financial performance in Kenya's southern district of Kisii, concluding that working capital management had an impact on small business financial performance.

Table 12 reveals a negative and significant association between funds allocation and shipping firm performance ($\beta_3 = -0.377$, sig = 0.000). Positive changes in the fund's allocation ratio will result in negative changes in the shipping company's performance. A change in the distribution of shares and fund allocation will result in a change in the financial performance of the shares of -0.377. This means that the company imposes a pre-selected fund allocation, especially if no suitable distribution option is available or the exchange costs are too high and the allocated resources are not used properly.

Table 12 shows that there was a positive and significant link between tax compliance and financial performance (4 = 0.500, sig = 0.000). This suggests that improvement in tax compliance will lead to improvements in shipping businesses' financial performance. According to the study, improvements in tax compliance per unit will result in significant changes in the financial performance of 0.500 units. This is in line with Kanyinga's (2016) research on the impact of tax reforms on small and medium-sized business compliance with the turnover tax. As a result, electronic taxpayer registration and electronic taxpayer declaration and filling had a good and considerable influence on tax compliance in the small and medium-sized business sector.

V. Summary, Conclusions And Recommendations

5.1 Summary of Findings

According to the findings of this study, the majority of respondents stated their industries have financial resource management strategies or procedures. It was also evidenced by the study that revealed that there is planning and control of current assets and liabilities in the shipping firms. Additionally, the study found that the budget report incorporates critical balance sheet items. The study also found that companies make budget reports that enhance future financial commitments and financial forecasts.

The findings of this study pointed out that management companies should always prepare budgets for funds and accounting books, such as the book of funds, the accounts showing the income statement and the balance sheet, so as to determine their financial productivity and how to strategize improvements. Furthermore, proper financial planning is necessary to understand every step of financial management in an organization. Financial planning and financial performance have a substantial positive link, according to regression analyses.

This clearly demonstrates that efficiency in fund allocation, working capital management, capital budgeting, and fund acquisition has a favorable impact on business earnings.

The results of this study showed that the company's account management system is completely automatic. However, opinions were also divided on the existence of a capital management system in the company, as well as the fact that the company has inventory records that are updated regularly. The results also show that corporate management in the maritime sector ensures adequate cash production to meet daily needs. The findings revealed that certain shipping companies do not employ cash flow projections to forecast future surpluses and deficits. Despite the findings, the survey discovered that capital management was practiced in many businesses. The findings of this study show that working capital management strategies have a major impact on a company's financial performance. The profitability of a corporation is also determined by sales growth, debt, company size, and current indicators, according to this study.

The study found that basic budget assumptions are clear, questioned, and proven, that the company partially evaluates managers based on the accuracy of the company’s budget, and that it responds to this management. The results also found that the company forecasts budget items on a zero basis, rather than having them set at levels last year, with the company's forecasting revenue first and then creating cost budgets within the limits. The findings also found that companies forecast budget items from zero rather than indexing last year's level, and they forecast income first before creating cost budgets within the limits. The findings also showed that most companies undertake fund allocation as a way of enhancing the performance of their financial needs. These findings also concluded that for the wellbeing of the company, its survival and its fundamental profitability, companies need to have financial managers. This therefore clearly indicates that financial managers are fundamental to the profitability, survival, and well-being of small businesses.

In this study, the regression and correlation analysis revealed a positive relationship between fund allocation and financial performance. Corporate company performance is always linked to good and solid financial management, as well as financial resources, working capital, resource allocation, and efficiency.

The study found that company executives know what revenue includes or excludes when deciding which revenue should be paid by companies using an online system, i.e., online registration, filing, and payment. line and find out what income is included or excluded when determining income tax. The study also revealed that companies in the shipping industry file their tax returns on time and that they have received the necessary tax compliance technical support from KRA officers. The study also revealed that some companies filed their tax returns on time, while others violated their regulatory obligations. The study revealed that the introduction of iTax was the main driver of compliance and, hence, more revenue collection. The study findings demonstrated that the online systems, namely online registration, filing, and payments, had a significant positive effect on the tax compliance of small taxpayers in this area, even though the degree of compliance differed across sectors. It was found that the online system made the registration of taxpayers easy. Most shipping companies approved the use of online tax payment and tax filing systems due to the accuracy associated with it and the speed at which the tax ledgers were updated in real time.

A positive association between tax compliance and financial performance was also discovered through regression and correlation analysis. The findings also reveal that electronic taxpayer registration and submission had a favorable and considerable influence on tax compliance in the shipping industry. The respondents also indicated that the online system, that is, online registration, filing, and payment, had a positive impact on tax compliance.

5.2 Conclusions

The following conclusions can be drawn from the analysis, results, and discussions of the findings. Financial planning is one of the most critical aspects of financial management practices used by various companies and organizations to measure the financial performance of their organizations. Companies must therefore have strategies or procedures for managing the financial resources in their industries. According to the findings, there is a link between financial planning and a company's financial performance. Therefore, this study concludes that companies must ensure control of current assets and liabilities and must make budget reports if they are to enhance future financial commitments and financial forecasts.

Organizations must therefore find ways in which to manage their working capital, including adopting full automation in the receivables management system in their company. This will reduce wastage and thus increase profits. Based on the findings, this research also concludes that adopting a working capital management system, as well as ensuring proper maintenance of inventory records, which should be updated regularly and companies must embrace the concept of ensuring sufficient cash flow to meet daily needs.

Proper fund allocation in the organization is one of the practices employed in finance that are key to the success and profitability of the company. Companies must be able to allocate their funds efficiently and effectively. As a result of the outcomes of this study, it is concluded that a unit change in funds allocation would result in a unit change in financial performance that is negative, implying that the companies keep the resource allocation they have chosen so far, especially if there are no suitable distribution options or if the cost of conversion is very high, and therefore they are not utilizing the resources allocated effectively. Therefore, companies must undertake fund allocation as a way of enhancing the performance of their financial needs and must ensure the accuracy of their company budgets.

Tax compliance deals with how and to what extent companies from different sectors adhere to the country's tax regulations, as the results show that positive changes in tax compliance will lead to positive changes in the financial performance of shipping companies. Based on these findings, this study concludes that tax penalties and tax evasion affect the financial performance of an organization because they increase its costs. As a result, businesses must follow tax policies and regulations, as well as provide more reporting and compliance in less time, in order to avoid paying penalties or fines that harm their financial performance.

5.3 Recommendations

From the study, there is planning and control of current assets and liabilities in the shipping firms and the budget report incorporates critical balance sheet items. Therefore, this study recommends that companies undertake effective financial planning and ensure there is prudence in budget reporting and proper financial forecasting so as to reduce wastage and misappropriation of funds in this shipping company, which may lead to poor financial performance and hence collapse. The companies must come up with and install finance and fund management programs as well as generate financing plans instantly once the visions and objectives are established.

From the study, the content of the budget is made clear, confusing, and weighed, and the company evaluates managers on the basis of corporate budgets. Management also responds to financial instability in a wide range of departments. Therefore, this study recommends that a company must operate efficiently and effectively to not only cover the cost of goods or services sold, operating expenses, and debts, but also to compensate for damages to owners rather than their acceptance. In order to make big profits, the company must operate efficiently enough to cover the cost of goods or services sold, the operating costs, and the cost of the loan.

Failure to comply with the tax requirements and use of efficient tax administration systems may lead to high costs of compliance, inadequate understanding, and high rates of tax, which affect the profitability of the companies. Therefore, this research recommends that KRA must ensure that the systems put in place to enhance tax compliance are efficient and user-friendly. This will enhance compliance and thus reduce penalties for non-compliance as well as tax evasion, which are currently punitively treated by the government.

5.4 Areas for Further Research

First, the study did not apply all of the financial management practices and their impact on the financial performance of the shipping industry. The value of R2 (64.6%) shows part of the financial performance described by financial planning, tax compliance, working capital management, and fund allocation. The remaining 35.4% have other variables that were not examined in this study. Thus, future studies may take into account all other variables in the same or different study. Also, research can be repeated sometimes to evaluate any changes that may occur. In addition, researchers who want to explore this area in the future can make more accurate tests with different types of questions and expand the scope of general and in-depth research.

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