

**RELATIONSHIP BETWEEN FINANCIAL MANAGEMENT PRACTICES AND
FINANCIAL STABILITY OF FOOTBALL CLUBS IN KENYA.
A SURVEY OF FOOTBALL CLUBS AT THE KENYA PREMIER LEAGUE**

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**A Thesis Submitted to the Department of Business Administration in
Partial Fulfillment for the Requirements of the Conferment of Degree of
Doctor of Philosophy in Business Administration of Kenya Methodist
University**

SEPTEMBER, 2018.

DECLARATION

This thesis is my original work and has not been presented for a degree or any other award in any other University.

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We confirm that the work reported in this thesis was carried out by the candidate under our supervision.

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DEDICATION

I dedicate this thesis to my wife Moureen, daughter Nylah, parents Mr. and Mrs. Kinyariro and my siblings.

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I adore the Lord God Almighty for his protection, love, care, good health and the blessings with a sound and sober mind that I was able to think and come up with these fresh ideas. I would like first to express my gratitude to my supervisors, Prof. Rachael Gesami and Dr. Eunice Kiriimi. Both have been pivotal in the authoring of this thesis and both offered tremendous support and guidance, without which I would not be writing these acknowledgements and submitting my thesis. I will always be grateful to the Dean school of business Dr. Ken Mugambi and the entire School of Business and Economics and The Kenya Methodist University in general for the opportunities they have given throughout this research.

ABSTRACT

This research investigated whether there exists an association between the financial management practices put in place by the Kenyan football clubs and their financial stability. The specific research objectives guided the study by establishing the influence of investment practices, financial reporting framework, working capital management and financing activities on stability of football clubs in Kenya. The underpinning theories include: Agency theory, game theory in sports and contracting theory. Explanatory research design was adopted. Questionnaires were used to collect data. The target population comprised of sixty-three respondents from twenty-one football clubs that were participating between 2010-2014 seasons of the Kenyan Premier League. The respondents comprised financial officers, the chairpersons, and accountants at the clubs. Purposive sampling as well as simple random sampling were adopted to select the respondents. Yamane (1967) formula which is used to calculate sample sizes at 95% confidence level and $e = 0.05$ was used to obtain the sample size. The total number of respondents was fifty-four (54). Descriptive statistics and inferential statistics were used in data analysis. From the research it was established that with well laid financial management practices, there exists significant influence on the financial stability of football clubs. The research concludes football clubs have the capacity to improve their performance both by winning matches as well as enhancing their financial capability through embracing standard financial management structures and thereby leading to financial stability. The research recommends that for the clubs to succeed, pro-active and innovative measures must be put in place. Football academies that train young footballers should be established. This would ensure supply of senior players to the football clubs hence reducing cost of player recruitment while also maintaining high level of competitiveness. Football clubs should ensure that financial reporting is enhanced at all times. Qualified staff with competitive salary packages should be employed to ensure credibility of financial reports. The management should be in a position to analyze the financial reports for financial decision making. Automation of accounting systems has proved to enhance efficiency, security and credibility of accounting information generated. Football clubs should embrace this technology to enable them monitor at all levels the expenses, flow of cash and proceeds generated. More research needs to be undertaken on other financial aspects affecting the overall performance of football clubs.

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LIST OF ABBREVIATIONS /ACRONYMS

ACP	-	Average Collection Period
ANOVA	-	Analysis of variance
AVE	-	Advertising value equivalent
CCC	-	Corresponding Conversion Cycle
EPL	-	English Premier League
EV	-	Earning value
FA	-	Financing activities
FFP	-	Football financial fair play
FIFA	-	Federation of International Football Association
FR	-	Financial reporting framework
FRA	-	Financial Reporting Analysis
FRQ	-	Financial Reporting Quality
FS	-	Financial stability
GDP	-	Gross domestic product
ICP	-	Inventory Conversion Period
IP	-	Investment Practices
KFF	-	Kenya Football Federation
KPL	-	Kenya Premier League
KPMG	-	Klynveld Peat Marwick Goerdeler
NACOSTI	-	National Commission for Science, Technology and Innovation.
NSE	-	Nairobi Securities Exchange

OLS	-	Ordinary Least Square
PI	-	Political Interference
ROA	-	Return on Asset
ROE	-	Return on Equity
ROTA	-	Return on Total Asset
SME	-	Small and medium enterprises
SS	-	sum of squares
UEFA	-	Union of European Football Associations
USA	-	United State of America
WCM	-	Working Capital Management

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Sport has gained popularity in societal and money-making set ups. The professional sport has gained stability in the money-making institutions. However, for the institutions to be financially rewarding, sport fanatics have to be properly classified within their specific clubs. The clubs gain more income from their differentiated products like match tickets, trophies, match airing licensing charges, merchandise, sponsorship and promotions of other companies' products (Procházka, 2012).

Football has, in the recent past, advanced from being an enjoyment sport to a money minting venture (Plumley, 2014). Globalization has been the key driver in the growth of football business by encouraging countries interconnection (Oprean & Oprisor, 2013). In the football industry today, there is improvement of live football broadcastings, worldwide football leagues, club controlling styles from diverse football heritage, international trade among the clubs and increment in the number of international games. Additionally, major football events like World Cup, Copa America, European Football Championship and Africa Cup of Nations have been of great economic impact worldwide due to its financial or money-making opportunities (Oprean & Oprisor, 2013). The financial analysts in the field of football have also been on the rise where the football income has been archived like in the European clubs.

Moreover, European football clubs unified emblems into several products like use of promotion contracts while labeling their club or stadia, communication gadgets, credit cards with club advantage. European football club competition is vigorous. Football as a

sport success and financial viability of football has been seen to have a different perception. When review of top European football club is carried out it, is much easier to assess that success in the European football requires more financial plans. Thus, assessment of football clubs' stability could bring improvement in the industry. The focus of the industry has changed since football clubs changed their perception of not purposed for profit making when the clubs became billion-dollar ventures. The clubs still aim at creating robust football squads with a great managers who possess the capacity to and win great cups on local leagues, international leagues and worldwide leagues. The European football market portrays resilience to the economic pressures by having a growth of two percent (€19.9 billion) in 2013 (Deloitte, 2014). Nevertheless, in the presence of economic turmoil, the European football clubs are faced with high debt burden which has raised an alarm to the football regulatory authority as club expenses has exceeded their revenues (Drut & Raballand, 2012).

Conversely, football in Africa has a different approach as it is utilized by the state, cultural and political class to secure and sustain power and leadership. A country or region deemed to be opposing the state face hindrance in growth of football despite having best sports talents. Sportspersons are forced to incline on the area influential investors and politicians so as to get support or to avoid football operation interference like club line-up choices and management.

The football clubs are used for individual gain either socially, economically or politically. In addition, the jobs offered are for fame as the football association chairperson has a title of 'president' and their appearance carry more respect. Their leadership style is autocratic; thus, one needs to toe to their line for better working relationship (Pannenberg, 2010).

The objective of football clubs advancement plans may be dissimilar to the footballers. The main goal of Africa footballers is to set up their profession in Europe. Despite, football being used as tool for unifying its citizens and preaching peace it leads to hooliganism and disintegration thus leading to politics and traditional spiritual beliefs like 'juju' and 'multi' finding their ways into the games. This hinders progress of various projects (Pannenberg, 2010).

The need for football infrastructures in Africa's upcountry is high. The big stadia are rarely used in a year, though the well-kept training equipment and facilities around the countries are of great importance to the football game progression. On the other hand, the dilapidated football infrastructures contribute to the increment of hooliganism and coercion. They lack inner barriers which makes the fields volatile for fanatics to gain access and create hooliganism against the officiating referees. For instance, Jan Mulder and Abdelkader Benali visited Africa in 2010 for a television series coverage about football. In Ivory Coast they made a follow up of a young football player to his parental home. Their aim was to have a view of the football player living standards and meet his family. However, the trip faced undoubtedly unforeseen side-effects.

The footballer and his parents thought that the foreigners would secure him a place in European football leagues. Hence the cause for the media personality to troop the footballers' humble dwelling (Pannenberg, 2010). In the early years, education was the only way to achievement in life, thus, olden days parents did not like to see their children engage in playing football. Football was not considered as a profession that would lead to respect and decent remuneration. With the emergence of Samuel Eto'o, Mc Donald Mariga and Victor Wanyama earning huge salaries football has been acknowledged as a way of

wealth creation and gaining better reputation in the society. The current group of young footballers has even created admiration for the game and want to be associated with the likes of Didier Drogba or Samuel Eto'o (Mmbaaya, (2013).

Football investment objectives tend to differ with those of the footballers themselves. The investment project objectives aim at improving the living standards for Africans in Africa whereas the footballers want to improve their living standards in a different set up. The so-called 'muscle drain' is enormous: a large number of African footballers depart their continent in search of better opportunities in Asia, America and Europe. This can be regarded as form of 'exploitation' and 'neo-colonialism' by other continents despite the family and community benefiting from the profession of the player (Makori, 2016).

Football academies have been increasing over years in Africa for the trade in African players, with some offering basic education to the young footballers to assist them in post football life. Majority of the academies are characterized with management of questionable individuals who have intentions of making quick money as footballers are transferred through the football clubs worldwide. This has led to the increase of financially distressed local football clubs and leagues who also lose great talents to the money-making continental leagues. For example, in October 2003 a company, The Kenya Premier League (KPL) Ltd, was incorporated under the Companies Act Cap 486 Laws of Kenya (KPL, 2010). The ownership and management of this company have been in the hands of the sixteen Premier League clubs which include institutional clubs and community based clubs which compete for the league cup each season. At the end of the season, the last two clubs in the league standings are relegated to the second tier managed by the football federation of Kenya (FFK) hence cease to be members of KPL (Thiga, 2014).

Given that this is a direct cost for KPL and it still has obligations like league winner's title prize allocation, grants by final rank and equalization grant as well as internal costs like administration, research and development, KPL as is with most African professional leagues, does not really get a budgetary allocation for investment to deepen its asset base to cushion itself against external shocks like sponsor withdrawal. Income through sponsorship deals are increasingly being weighted towards a handful of big clubs at the top of the professional game, with smaller teams facing a tough battle to compete in this context (Makori, 2016).

1.2. Financial Stability and Financial Management Practices

Financial stability in the sports can be defined as the club's capability to secure numerous victories in great competitions they participate in that fetch more revenues than expenditures. Therefore, a football club that achieves high scores is considered to be financially stable. The club outcomes are inclined to various issues like individual and societal principles, the club leadership potential to motivate and achieve the targeted goals through manager's competence, clubs market size, the fanatic population, and club injuries. Thus, the sports outcomes are driven by the kind of corporate structure set up to regulate all these by the club (Ferri, 2017). Financial stability of football clubs specifically relies on the incomes raised. Monetary investment has positive rewarding effects in the short and long term of a venture. A club potential to sustain a financial stability progress depends on the incomes raised from footballers transfer fees (Nkaari & Ocholla, 2010).

In Kenya, prominent football clubs have been in financial distress for the previous two decades. The state did pull out from the sponsorship of Olympic youth centers in the 1979

(Makumi, 2007). In addition, sponsorship from companies has been minimal as the local football league has not yet gained financial sustainability. Media stations, fanatics, promoters and sponsors have not concentrated in promoting local football. It is only the committed fans called the 'die hards' who still maintain their match attendance where their club fixtures are scheduled to be played and the local media stations do not purchase viewership rights for all full matches. Corporate ventures whose core business is not related to sport activities are losing interest in sponsoring clubs (Makori, 2016).

Financial stability reflects a situation whereby the financial system is resilient to shocks and unravelling financial cycles, thus cushioning the possibility of interruptions in the financial intermediation process which is interconnected. Financial disintermediation can lead to poor allocation of savings to rewarding investment projects (Kimani, 2007). Most financial analysts have given more emphasis on the uncertainties and vulnerabilities of the financial system which are simple to measure and comprehend. The financial stability of a company relates simply to whether a company is performing well in business or otherwise. While in football financial stability must reflect both the on-field performance as well as maintaining sound financial base to run the football club affairs.

1.3. Problem Statement

Specifically, sports in Kenya suffer from limited financial sources which include scanty sponsorship, minimal gate collection, league fees among many other sources. Studies conducted by Mmbaaya (2013), Obonyo (2013) and Thiga (2014) reveal that football clubs

are over-reliant on sponsorship deals of which most of the revenues generated are utilized on maintenance of club assets and facilities, and are not able to utilize all the available avenues to generate revenues. Corporate institutions inject sponsorship monies into Kenyan football to the tune of Ksh 200 million per year (KPL, 2013). According to the agreement, 70-80 percent of these monies are channeled directly to the clubs. The rest is reserved by the management for 'administrative purposes. In addition, 14 of the 16 clubs in the top flight have separate sponsorship arrangements with companies, financial backers and owners.

Financial activities in football clubs varies from a broad range of activities which include broadcasting, commercial such as merchandise sale, and match day finances. Commercialized financing includes merchandise and sponsorships. The broadcasting income is raised from media agreements whereas commercial finance is raised from match tickets. However, it is the responsibility of football clubs to enhance proper utilization of their asset to increase the capability to generate income.

Deloitte and Touche (2009) in their submission of Football Money League 2009 report, acknowledged many clubs that were analyzed fall under the category of the elite clubs of the global football clubs, and possess a great brand. This makes them command a high demand that lead to surplus in regard to stadium capacity, regularly having a tournament with full capacity tickets sold out. While Nkaari and Ocholla (2010) found that football clubs are slanting in the football pyramid as well as the highly rated clubs in Kenya, the uniformity, raising of revenue from stadium-going fanatics differ from the best clubs featured. This is so since young football clubs have huge local attention, which translate to more incomes and shortages of game permits.

The capacity of a football clubs to raise more income, regulate expenses, invest and use resourceful financial management practices for ensuring a going concern that is financially sound is of great concern. However, Wilson (2011) noted that football affect other business sectors from an economic point of view during closure of every football season, thus the football clubs can only be viewed as liabilities from their respective sponsors.

A firm becomes more financially stable by proficiency and size of the working capital and better management of club assets. This is in contrast with the traditional concept that traditional policy of working capital compensates profits with liquidity. In the study, a positive relationship between traditional working capital policy and financial stability of an organization was found to exist. Football clubs are not obliged by law to publish their financial reports but as established by Gitman, (2011), financial reporting will not be beneficial unless financial information is utilized by management end users in decision making. Financial reports relay information necessary for planning and making decisions. Additionally, the information is useful in evaluation, planning and making decisions through comparison historically.

In Kenya, football clubs do not fall in the category of companies but are categorized as welfare clubs. Those corporates that sponsor the clubs are classified in the welfare departments in their budgets allocation for their annual estimates on expenditures rather than as independent entities who have the capacity to generate their own revenues. Empirical studies are vast globally on how utilisation of financial management practices influences financial stability but are largely incoherent and have not established a conclusive evidence on their relationship with football clubs' financial stability. For example, Thiga (2014) revealed that sponsorship deals between parent organizations and

football clubs constitutes the major source of income but the care of the facilities and assets of the football clubs contributes to huge spending element of the clubs with more inquiry. Mmbaya (2013) indicated that the profitability of the Kenyan Premier League clubs is majorly affected by return on assets and the liquidity of football clubs in the league. This has further driven various researchers such as Stewart (2012), Lonsdale (2004), and Smart, (2005) to try and establish where deficiency which leads to this problem arise from. And while the above researchers have focused on the sourcing of funds investment practice, financial planning and the profitability, this study focuses on financial reporting framework, how to manage the available fund through sound practices in financial management to ensure Kenya premier league football clubs' financial stability.

Significant gaps have been established on matters of financial management practices and their influence on the football clubs' financial stability from the study. Lack of proper financial management practices and structures has over time deprived football clubs of the privilege to maximize their potential towards contributing fully to the economic development of the country. This gap that arises from the highest level of football management has precipitated public power wrangles, widespread mismanagement, political intrigue and ethnic biasness of football that deny Kenya's youth their treasured opportunities and the advancement of socio-economic growth. Thus, good governance and its emphasis in the management of football clubs is of great importance in solving the youth problems.

1.4 Purpose of the Study

The main purpose of this study was to establish whether a relationship exists between football clubs and the financial stability.

1.5 Objective of the Study

- i. To determine whether the investment practices influences football clubs' financial stability.
- ii. To determine whether financial reporting framework influences football clubs' financial stability.
- iii. To determine whether working capital management influences football clubs' financial stability.
- iv. To determine whether financing activities influences football clubs' financial stability.

1.6 Research Hypothesis

- i. Ha: A significant relationship exists between investment practices and financial stability of football clubs in Kenya.
H0: There exists significant relationship between investment practices and financial stability of football clubs in Kenya.
- ii. Ha: A significant relationship exists between financing activities and financial stability of football clubs in Kenya.
H0: There exists no significant relationship between financing activities and financial stability of football clubs in Kenya

iii. Ha: A significant relationship exists between management of working capital and financial stability in football clubs in Kenya.

H0: There is no significant relationship between working capital management and financial stability of football clubs in Kenya

iv. Ha: There is a significant relationship between financial reporting framework and financial stability of football clubs in Kenya

H0: There exists no significant relationship between reporting frameworks of financial information and financial stability in football clubs in Kenya

1.7 Justification of the Study

The management in football clubs will be in a position to access information on the income generating prospects accessible and available to them. For football clubs' associations, the study will be beneficial in attainment of growth via prudent financial management practices. The study will help the professions and clubs access information on the basis on which to obtain a sustainable revenue to enable them meet their livelihoods. A financially sound football club will be in a position of attracting, developing and retaining quality footballers. The well-defined financial collaborations choices with football clubs will offer corporates with information to enable them choose football clubs that aligns well with their main objective. Cooperation between targeted football clubs is made simple when the partners are knowledgeable of paybacks and responsibilities. For football fanatics or supporters, the study recommends that if realized, it should enhance access to quality football club games and their products. The matches played should portray higher competitive strength and excellence to the fans.

The Government, under the Ministry for Youth and Sports, will benefit from the commercially feasible local premier league that will be attractive to the most talented footballers worldwide. A worldwide recognized product will offer more attraction from football clubs and countries that pay more attention to sports. Additionally, the study will offer new information in the football arena with a business perspective. The results and recommendations of this study might also offer guidance to further research on this area.

1.8 Scope of the Study

The study has been restricted to football clubs in Kenya. Information from existing football clubs who had been participating in the Kenyan Premier League between years 2010 – 2014 was collected. Financial management practices undertaken by football clubs were studied to determine their influence on the overall football club's financial stability. The population scope was the respondents based all over the country. The unit of analysis was the football clubs in Kenya. Financial officers, accountants and chairperson of these football clubs were the respondents of this study.

1.9 Limitation of the Study

The major limitation of this study was to ensure that respondents were assured of the confidentiality of the information they gave. Also, the respondents' willingness to give information was a limitation to this study. The respondents required that the confidentiality of the information disbursed be paramount.

1.10 Delimitation of the Study

The respondents were assured of their confidentiality and that of the information obtained. They were also assured that the information gathered would be generalized to avoid use names for the respective football clubs. The respondents were also assured that the information will only be for academic purpose.

1.11 Assumptions of the Study

The study makes an assumption that the provided information by the respondents was true and honest hence the developed data collection instruments are dependable and suitable for the study.

1.12 Definition of Terms

Fanatic: an individual possessing extreme and dedicated passion marked by excessive enthusiasm.

Fan: a person who admires sport or a sport team

Financial management practices: efficient and effective ways of management of football clubs' funds to accomplish the objectives of the clubs.

Financial stability: refers to a condition in which the financial systems of the club are resistant to economic shocks and has capacity to run smoothly its basic activities: the financial intermediation, risks management and payments arrangement.

Football club: a team that plays football as commercial entity

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

The chapter presents literature related to the area of study and a summary of their review in the field of research as well as other associated studies. The areas covered in this chapter include the concepts and theories that explain the financial management practices among football clubs in Kenya and their relationship with the financial stability of these clubs. These theories explain the background of each specific objective researched. The chapter also includes empirical studies and theoretical review relating to financial management practices in other organizations.

2.2. Theoretical Review

This comprises concepts and assumptions that explain the origin and the previous solutions available. These concepts and assumptions are explained in form of theories, hence the presence of this (theoretical review). These theories include, agency theory, pecking order theory, game theory in sport and the contracting theory.

2.2.1. Game Theory in Sports (1928)

Football as a sport is a competition among various teams. Every football club thrives to ensure that they win every match and enhance their fan base. For one football club to win the league, all other clubs, the competitors, must have lost the league. It is important to understand that winning the league is also associated with extra revenues especially winners' price.

Social sciences continue to consider game theory as a key contributor in its field. Since early 1970s, game theory has been practical in animal behavior not excluding the development theories. The theory has been unique since its publication by John von

Neumann in 1928 who was also regarded as the game theory inventor. Prisoner dilemma which is a game has been used to demonstrate concepts in political beliefs and science. Additionally, with the rise in computer science and artificial intelligence, game theory has gained popularity. The modern description of game theory was discussed by James Waldegrave in 1973 (Waldegrave, 1973).

Kenyan football clubs cooperate to enhance the success of the Kenyan football league. This cooperation involves honoring football matches and enhancing discipline for both the fans and the players. The cooperation can be elaborated by the Economic Behavior of Von Neumann and Oskar Morgenstern (1995), which entails the technique for searching a possible conclusive resolution for two individual zero-sum game. In this era, a task was basically attentive on cooperative game theory, which examines ideal plans for clusters of persons, with a presumption that there is contract enforcement among them about appropriate strategies. These strategies in return might enhance the overall attraction of fans, sponsors among other financiers to the league which would lead to greater pool of revenues for football clubs. As noted by Colman (1995), efficient management of finances in football clubs highly borrows from the game theory. A game is any condition in which the 'pay-offs' or results are the produce of more than one rational player collaboration.

The term involves widespread range of human interactions rather than games in the normal sense. Game theory is applicable in area where decisions are made by many players with the aim of maximizing returns. The vital characteristic is that it offers a recognized modelling style to societal circumstances where the interaction of makers of decisions and agents occurs. Football is game where when one team wins the other loses and for a team to generate extra revenue in football, the team must prevail over its opponents.

Moderate strategy is applied by a few number of football club while the aggressive game strategy has been applied by other football clubs. Football clubs following the moderate strategy incur less costs. Football clubs whose budget is insignificant need to implement a moderate game strategy and football clubs with a more expansive budget need to implement the aggressive game strategy. In the long-run, football clubs that have implemented a moderate strategy will face a risk of getting overtaken by the aggressive football clubs, which can lead to reduction in incomes: (sponsorship revenues, match tickets, revenues raised from media broadcasts). This can finally lead to the football club being relegated (Colman, 1995). The football clubs which preserve the agreement will teams possess reduced achievements brought about by low remuneration for players who become poor at the end (Colman, 1995). This research established that Football clubs especially in Kenya need to fully work and implement the models as demonstrated by the game theory. The football clubs fail to maximize the advantage created by winning against the loss of other clubs. The competitive advantage brought about by maximizing different gaming strategy has not been fully attained by football clubs in Kenya.

A visible difference can be seen for those clubs using the aggressive game strategies to achieve their long-term growth compared to other football clubs in the country. Football clubs are financially stable but do not use financial forecasting tools to plan ahead on matters relating to finance. This is elaborated by the fact that financial statements of football cannot be relied upon as established from the findings.

2.2.2. Agency Theory (1973)

Football clubs are owned by different types of owners. There are those owned by the community, government and those owned privately by individuals and companies. The owners of these football clubs do not directly run them but so do through various employees in different capacities. The presence of employees to work on behalf of the owners create a problem known as the agency problem. This research borrows the agency theory concepts to link the agency problems towards financial stability of football clubs. The agency theory was advanced by Jensen and Meckling (1976) to make an explanation on the connection and agreement that occur in a venture or corporate among the stakeholders like owners or principals and management or agents.

In spite of the goals that managers need to fulfill, they do not deliver fully due to selfish interests thus leading to agency conflicts (Jensen, 1994). The principal incurs agency costs in their effort to have a solution in the agency conflicts. Agency costs involves the monitoring costs and the bonding expenses which constitute significant expenses for the firm and accounts for part loss of the firm which is resultant of control separation with ownership (Jensen & Meckling, 1976).

The agency theory is crucial in managing funds of a firm as it relies on managers' capability and morals which are vital in the firm's progress. Football clubs are owned by different entities, they are either community based or corporate clubs. The management of these football clubs are entrusted to elect leaders to work on behalf of the owners. Thus, the interests of the principal or owners may differ with those of the agents or managers. This negates the main concept of agency theory which entails corporate staff working for the interests of the owners (Dalton & Certo, 2003). It is important for any organization to safeguard both the interest of the owners as well as those of its employees. From the finding

of this research finds out that with a well-articulated agency relationship that is; with proper remunerations and qualified staff the financial standard of the football will be uplifted creating a financially stable club with minimal agency problems. The study has aligned its findings with the help of the facts laid down by the agency theory. The finding also establishes that owners of these football clubs demonstrate that there exists an agency relationship as well as a conflict between the actual owners and the managers of these football clubs in Kenya. One of the key indicators of this conflict between the owners and the management of the football clubs is the lack of reliable financial statements that demonstrates the actual financial health of the football clubs in Kenya. The lack of qualified personnel and the poor salary as established from the study also shows lack of commitment from the owners of these football clubs to resolve the agency problem.

2.2.1 Pecking Order Theory (Myers & Majluf, 1984).

The theory holds that a firm prefers funding its projects from internal sources first before considering funding from outside. On the other hand, if a firm is in need of external financing they would go for debt as the best alternative then to equity. However, the cost of financing increases with information asymmetry. Managers of a firm have more information on how the organization is performing financially. Thus, shareholders use the managers' actions to give them information about the firm which favor the old shareholders (Jibran et. al., 2012). The Pecking order theory has been vital a contributor to the field appertaining to leveraging. It is in conflict with the knowledge that debt and equity combined finances a firm project while maintaining low cost of capital. Pecking order theory portrays a firm that has a preference order in regard to financing its projects. Internal financing should be given significance, debt financing next and finally, equity financing.

If a firm makes more profits, they will find no need to make borrowings. Firms that are struggling with internal finances are the only ones required to procure external financing like bank loans or bonds. Firms borrow less as they become more profitable since they accumulate more adequate internal finance to carry out their investment projects. Furthermore, firms outsource finances like bank borrowings, debentures and bonds when there exists institutional finances inadequacy. Football clubs need to ensure an optimum capital structure. Capital structure decisions that are poorly structured lead to firm financial distress and insolvency. A significant role is played by transaction costs in making capital structure decisions for a firm.

The transaction costs required to obtain finance from external sources are higher in comparison to internal sources of finance which have no transaction costs (Mazur, 2007). This theory would be very ideal in choosing the source of finance for football clubs. For agency theory to work, correct and reliable financial statements must be available. From the financial statements, the football clubs' owners and managers are able to determine the actual profit from the clubs. This will enable them to determine what to plough back, while also use the audited financial statements to source for external funds hence the application of this theory.

2.2.3. Contracting theory

There are various motivation strategies available for employees. Some are motivated by monetary aspects while others look toward other benefits which are not monetary in nature. Football players are largely motivated by their level of earning, job security and desire to grow and play for bigger clubs with extra wages. The terms of contract offered to these

football players largely plays a greater role in their motivation aspect, hence influencing their overall on field performance and lead to the success of their clubs. Due to the above, this research has been greatly influenced by the postulates of the contracting theory. Contracting theory is credited to the work of David Gauthier of 1986.

In the football sphere, contracting theory will assist in gaining knowledge relating to balancing between rewarding and being competent. Contract theory basically entails the requirement for having an agent and principal communication, so as to enhance principal's needs whilst understanding and assisting the agent deliver the principal's needs with competence. When the condition has been established, the contracting theory is applied to make sure agents receive better incentives for their achievements. Players are obliged to ensure results and social welfare of football clubs while the management of the football clubs should ensure adequate compensation of players to achieve the intended goal of the football clubs (Wise Geek, 2013).

A contradiction always arises on whether football clubs should tie football players to long term contracts or not. On one hand, the long-term contracts provide a sense of security and a sense belonging which may act as a source of motivation to perform better for football clubs. On the other hand, this may make the player lazy due to the fact that his future is secured in the long run. Short term contracts may be used as a motivation tool for the footballers to be industrious and improve their performance for earning another contract with improved terms. For example, Alexis Sanchez one of the highest paid player in the English premier league, reduced his work rate and performance upon receiving the extra ordinary pay package as demonstrated by play player opta statistics. In the application of the concept of employing individuals to perform duties, one faces an easier task of

understanding the contract theory. However, any potential employee will submit information on their capability to be hired for a certain task. On the other hand, the employer will take the position of verifying the reliability of the said information. Once the employer has no capacity to verify the information, asymmetric condition may arise and this may hinder the employer from adequately evaluating a potential footballer for hire (Geek, 2013).

2.2.4 Theoretical Framework

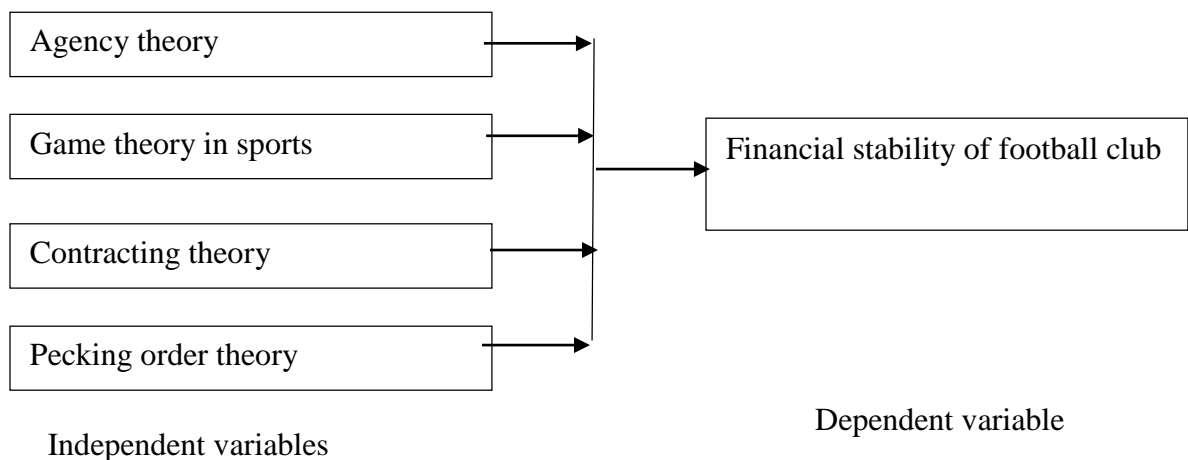


Figure 2.1. Theoretical Framework

2.3. Empirical Review

Empirical review in football clubs’ financial management practices globally has not been widely researched. This research borrowed some of its empirical studies on financial management practices influence on financial stability from other related fields of study. This was then used to relate these studies with the research objectives on the financial stability of football clubs. Comprehensive empirical review has been done and major findings have helped in the study conclusions.

Researchers disagreed in approaching financial management in regard to certain emphasis. For instance, Kieu (2004), stated that core financial management area entails financial planning such as cash till planning, non-current asset planning and income planning, investment decisions, working capital decision and financing decisions which might be either short term or long-term financing. Mohd, et al. (2010) in their study noted that the financial management has various components like financial planning and control which entails management in working capital, management and cost accounting, analysis of financial information, financial accounting as well as capital budgeting,

A study by Chung and Chuang (2010) recognized the practice of financial management to five definite parts as follows; managing of financial structure, use of information system in accounting, management in working capital, capital budgeting and evaluation in finance as well as reporting. From the above reviewed literature, financial management practices should be classified into four core areas being financing activities, management in working capital, financial accounting and analysis of financial information and capital budgeting.

This research identifies key areas of financial management practice in football clubs as follows; the financial reporting aspects of football clubs, management of working capital, financing activities and investment activities in football clubs. These facets of financial management practices are categorically unique in football clubs. In this research, a mediate variable to link the financial management practices factors to financial stability of football clubs was also introduced. The financial stability of football clubs has been diversely reviewed as appertains to the football clubs. From the finding of this research the financial management practice effect on profitability appeared to have a positive result. The study establishes football ability to enhance prudent financial management practices for them to

grow and earn returns. Other researches such as one done by Paramasivan, et. al. (2009) argues that profitability position of a business can be advanced with the assistance of financial management through use of strong financial control devices such as budgetary control, ratio and cost volume profit analysis.

Financial managers are vital to the profit, existence and welfare of small enterprises (McMahon & Holmes, 1991). Kieu (2004) in a study on small Vietnamese businesses indicated that financial management practices efficiency like systems for financial accounting information, non-current asset management, management of working capital, financial planning, financial reporting, financial analysis and improved features in financial performance like venture activities and liquidity portrayed a positive relationship towards profitability. Additionally, in the study carried out by Chung and Chung (2010), it was found that a positive relationship existed among efficiency in structure of financial structure management, management of working capital, reporting of finances and financial information analysis, financial accounting information system, capital budgeting and profitability of a venture. Kenyan football clubs lack a well stipulated accounting information system to run their accounting affairs in an efficient way as demonstrated by this research. It is important to have an efficient accounting information system as demonstrated by Studies by Tourna and Germanos (2000) on the role of financial accounting information on the Greece venture formulation of strategies indicated that the accounting information systems used have assisted the shareholders or management to plan and actualize a strategic plan that would make the ventures make profit for a long term. Similar findings were made by Kieu (2004) who stated that profitability of a firm was enhanced by efficacy of financial accounting information system and reporting and

analysis of finances. The competence of the firm was estimated by time and accuracy, information recording and firm activities summary, financial reporting and analysis preparation frequency, computerization intensity of the financial accounting information (Kieu, 2004). Moreover, various books in management of finances and accounting confirm that appropriate accounting reporting and analysis practices boosts stability of a firm by assisting users or decision makers plan and actualize strategic decisions that are wise.

Working capital in football clubs usually has a vital task in confirming that the overall financial stability of clubs are achieved. Matters relating to working capital especially in football clubs are unique in nature. For example, the cash conversion cycle in football clubs depends mostly on the income generated from gate collections during a match and sale of merchandise such a replica jerseys. Such unpredictable short-term revenues need extra prudent care in their management to enhance efficiency leading to the financial stability of football clubs (Padachi, 2006).

Literature on working capital is also available worldwide for instance a research carried out by Deloof (2003) indicated that the design of managing working capital impact firm profitability significantly. Padachi (2006) examined the association between financial stability defined as return on assets and working capital management in fifty eight Mauritius firms during the period 1998 to 2003. The regressed findings indicated that huge investments on inventories and account receivables has connection with meagre profits.

Moreover, Gill, et. al. (2010) in their review on eighty-eight corporate firms found that there exists a significant association between the cycle of cash conversion and firms' profitability, thus a hypothesis can be articulated. From this research it was found out that financial sources influence the financing activities of football clubs. There are diverse ways

of financing in football clubs. Revenues range from sponsorship deals, gate collections, sale of replica merchandise, match broadcasting revenues among others. It is important to gain knowledge on needs of the fanatics in football since the revenue base is enhanced by them. Attractive football, winning of matches and attraction of quality players increases the football clubs fan base. The presence football fanatics lead to reliable source of revenues for this clubs.

Capital budgeting decisions in football clubs also play a critical role towards the success of firms. This is demonstrated by findings from various studies for example a study done by Brigham and Ehrhardt (2008) made an argument that decisions on capital budgeting decision are important to the wellbeing of a firm and entails the most vital choices availed to the shareholders or managers to make. The basis of the argument is that decision made in capital budgeting are characterized by exorbitant capital outlay in non-current assets procurement. Furthermore, non-current assets procurement is followed by long-term and frequent financial responsibility. Additionally, it is very important to efficiently utilize, control and manage all procured non-current assets. Relevant procurement process, record keeping, evaluation of non-current assets efficiency periodically, frequent repair and maintenance and appropriate non-current assets disposal enhances the firms' performance. In the research by Olawale, et. al. (2010) in South Africa, it was found that prudent capital budgeting methods used such as internal rate of return and net present value methods results to a positive impact towards firms' profitability.

Corporates basically make preparation for wide variety of finance plans and financial budgets. Which may include the costs plan, production plan, sales plan, expenses budget and budgeted financial statements. The budgets become very easy early forecast in the

future. This results into hedging of risks and for the reason of risk and return tradeoff, the profits will increase. Thus, the preparation of a well comprehensive financial plan and budgets results in a positive effect on firms' profitability (Horngreen, Datar & Foster, 2006).

Liquidity in an organization can be measured by use of various factors such as current ratio, debt structure defined by debt-equity ratio and firm activities defined by total ration on asset turnover which entail three sovereign finance characteristics adopted in this study. Liquidity measured in regard to current ratio infers that with relative proportion in current assets such as money, accounts receivables and stock compared to short term liabilities the liquidity level can be reviewed. When the proportion of short-term assets is greater, the less the risk of cash being scarce while also causing decline in profitability, because of the liquid assets being idle and hence low income earnings. In contrast, low liquidity in the firm leads to very huge risk and the profitability of the firm will be on increasing trend because of risk and profits tradeoff (Higgins, 1995).

From the findings of this research it is clear that football clubs actually do maintain financial statement, but the financial statement cannot be fully relied upon. This is so because the financial statement is not audited and the credibility of the staff who prepare them cannot be ascertained. The staff capacity to prepare reliable financial statements has also been put to question due to their skills level. Data storage which has been mostly manual in most football clubs cannot be relied upon. This limits the use this information when calculating current ratio, debt ratio and total asset turnover ratio. Use of the preferred ratios would guide on the relative current assets ratio such as cash, accounts receivables

and stock as compared to short term liabilities. Hence, when liquid assets ratio is greater, it creates a less risk of cash depleting and profits declining, because the current assets become idle and thus no income generation. In the field of physics, in order to increase force, one is advised to use a lever. In the field of commerce, financial leverage as defined by debt ratio is applied in case the owners have a need of increasing returns (Brigham & Ehrhardt, 2008).

Higgins (1995) was of the view that financial leverage and return on equity has a dependency on return size of a project and the interest rate. The leverage of finance defined in terms of debt to asset improves equity returns, when the return on projects is greater than interest rate after tax. In the event that return on investment is less than interest rate, leverage increases reducing equity return. Thus, financial leverage improves financial stability when things are performing well but worsens financial stability when having a poor trend in performance (Uwalomwa & Uadiale, 2012).

Assets are believed to be good in the event they are in plenty while in reality the opposite holds. However, if a firm value is in the revenue trend generated, the assets are basically vital means to an end. The best performing company should be the one producing more revenues with less or no assets. Holding other variables constant, financial stability is enhanced when asset turnover is rising (Higgins, 1995).

Generally, investment is considered as a diversion of finance resources from today's consumption to benefits creation in future, (Sullivan & Sheffrin, 2003). This can be said to be the use of organization assets in gaining or generating more income. Though barter trade is no longer in existence where items for exchange had a perishability problem, it is usually

preferable, if not crucial, in investing than holding idle assets, for the investments to grow in fighting against inflation and future risks. Football clubs as seen from this research need to invest their resources so as to reap benefits from the available returns. Investment practices in football matters involve ensuring quality of football matches are maintained. Quality in football means ensuring discipline, winning matches while playing attractive football. To achieve this investment in training material and facilities, investment in the right type of player with right altitude, morals and ethic have to be emphasized. This will lead to a large pool of investors, in form sponsors, high number of live match coverage leading to broadcasting revenues, and a large pool of football fans and fanatics increasing the amounts of gate collection during matches. The combinations of the above factors are unique to investment practice in football clubs. It is important to note that any type of investment in the organization which been well thought and analyzed to attract income has a critical role to play on overall financial stability of the organization (Uwalomwa & Uadiale, 2012).

Investments can thus be labelled as redirection of the firm resources that have monetary value from consumption today so as to benefits creation in future (Sullivan & Sheffrin, 2003). Similarly, it is the earning of more income and profits through use of all assets of a firm. Though barter trade is no longer in existence, it is usually preferable, if not crucial, in investing than holding idle assets, for the investments to grow in fighting against inflation and future risks. (MSEs) must have the capability of quickly and efficiently responding to global trade signals to be in a position to take the benefits of opportunities of investment and global trading systems. This shows that firms need to be highly competitive and produce satisfactorily and thus the need for having effective business

support systems in place. Additionally, advancement of effective and efficient business support system is core and vital in the investment capacity and building success. However, business support agencies such as financial markets and institutions which focus on customers' needs and which with the potential of MSE sector penetration (Uwalomwa & Uadiale, 2012).

According to Dickson (2009), the multinational enterprises trying to make penetration into new markets and investment provide capable MSEs with the avenue to put their businesses into international market value chains by subcontracting linkages, whereas those not capable face the challenge of losing their business in the existing markets. There has to be intense competition within the advancing markets for export markets, foreign resources and investments. Contrary, to this topic of global market competition increment, MSEs relationships, support institutions and the states in the developing countries have to fine tune and accept new methods and create innovative ways of togetherness so as to enhance competition in MSEs.

Management of risk is described as the identification, examination and commercial control of uncertainties that affect the assets or organization earning capacity. Nevertheless, risk management has become one of the explicit strategic elements that facilitates survival of modern corporates. As such, all organizations in any business environment are faced with various potential risk. Financial risk in the context of football environment can be described as the inability of football to be able to sustain financial shocks as well as failure to mitigate the financial risk that football clubs are prone to. The financial stability of these football clubs can easily be explained by the ability to mitigate risks while also mitigating the financial shocks faced by these clubs. Efficient Financial management practices have a

vital role to play in improving capability of football clubs to mitigate the financial risks. Various studies on financial risk influence on the financial performance of organizations have been done. Financial risk faced by football clubs is diverse and unique in their occurrence (Dickson, 2009).

Risk management in an organization has been described by Dickson (2009) and Valsamakis et. al. (2002) as the documentation, examination and commercial control of risks which hinder all firm's assets from generating more income or reduce the firm's capability of increasing earnings.

Nevertheless, risk management has explicitly or implicitly become one of the strategic elements of modern corporates survival and advancement (Waring & Glendon, 2008). Risk is viewed as the possibility of financial gain or loss, as a result of risks or uncertainties related with carrying out a certain activity (Chapman & Cooper, 1983). Risk saturates all individual activities, all varieties of commercial and business and every single part of company management. Nevertheless, in several scenarios, risk is forecasted on experience basis, in the attempt of governing the disorder better. In the management of risk, there is a duty of risk recognition, probability measuring and possible events impact, risks treating, elimination or effect reduction with least resources investment. Risk management has been advanced and implemented in several fields in enterprise management. In the growth of any economy, micro, small and medium sized enterprises are regarded as significantly vital. Though these enterprises are risk volatile like enterprise risk, particular risks and trade risks. Hedging against these risks faced by small businesses has not been advanced. These small businesses need to implement risk management strategies and methodologies, since the resources are insufficient to reply frequently to all threats that they could face,

thus contributing to enormous losses that hinder their existence to a foreseeable future (Chapman & Cooper, 1983). In the research carried out by Singapore Government (2012) most of the risks faced by small enterprises are due to human contribution. Increase in employee's turnover and reduction of knowledgeable experts' leads to manpower wastage and expenses in training. These human factors will reduce productivity in the long run and affect small businesses' brand image (Alpa, et. al., 2005).

Garcia-Teruel et. al. (2007) carried out a study on the effects of working capital management on MSE profitability in Spain and there exists a significant inverse association between management of working capital and profitability of MSE. This was in contrast with the correlation findings of the research carried out by Uyar (2009) which stated that there exists a significant positive relationship between the components of working capital within firms' stability in Malaysia. Teruel and Solano (2007) conducted a research on 'working capital management effect on the profitability of a small population of small and medium-sized Spanish firms', the results indicated that managers were in a position to add value by stocks reduction and reduction in days of outstanding accounts. Furthermore, cash conversion cycle reduction improves the business stability.

The player salaries escalation in general is an indication of this growth, and it appears that it is not a personal strategy, that is, ratio to invest heavily. In the early 2000s the practice of raising players' remunerations was witnessed worldwide with an intention of obtaining a higher pay. For instance, Leeds United performance was characterized by heavy investment and gambling on attaining achievements in English Premier League and UEFA Champions League. The football club had a potential of securing a semi-final position in 2001. However, the club was unable to secure a position in the succeeding season and were

unable to finance a set of great footballers. Since then, the club have been pushed to sell many of its talented footballers. This variance appears questionable that any clarification would supply a convincing description on the relative stability in football clubs especially those who floated their stock in the mid-1990s. Nevertheless, information does pose a serious challenge to the perceived view that football clubs in England are value maximizers rather than profit oriented. (Uyar, 2009).

Football overall value, in the sports sector, has advanced greatly. In 2016 KPMG report, the 32 famous European football clubs' EV totaled approximately EUR 29.9 billion, a 14% rise from the preceding season. This advancement has been sustained by nearly all key player actors, as only three clubs saw their EV decrease year-on year, namely AFC Ajax (-8%), SS Lazio (-2%) and Olympique de Marseille (-1%) (Teruel & Solano, 2007).

Table 2.1.

Earning value for major leagues

	2016	2017	% change EV
England	7	8	17%
Spain	5	6	10%
Germany	3	3	14%
Italy	7	6	7%
France	4	3	6%
Turkey	2	3	97%
Netherlands	2	2	2%
Portugal	2	1	-28%

KPMG (2014)

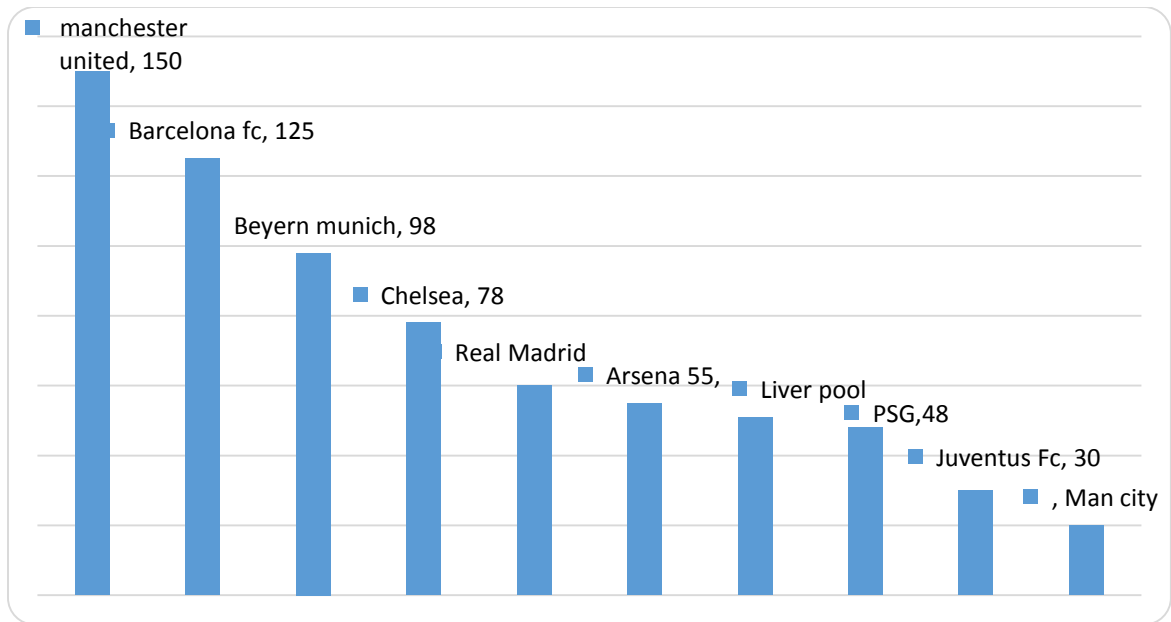


Figure 2.2 League Performance

League performance index

Team performance can be defined in numerous ways. The football clubs have various platforms for competition including the local league, league cup, the football association cup and the UEFA Champions' League cup. These platforms can be used as indicators for competitions within which clubs compete in the matches and the performance of clubs for some time have been compared (Marmo, 2014).

Marmo (2014) in his study on performance of football clubs in England also established that the most striking feature of the information in the 12 cases from the 16 cases when league performance was averaged performed better during the period following flotation of stock market than in period before floatation of shares of the club. Additionally, in three out four scenarios, the clubs involved in shares floatation fell into severe financial challenges and their listing could be lost (Queen's Park Rangers, Nottingham Forest, and Swansea City). Consequently, all clubs except one have reserved their listing in securities

market since the mid of 90s which club has also enhanced their performance in the league. This has been due to club's financial crisis not the share market listing that can lead to financial distress. Despite a strong powerful inclination towards advanced performance, there is need to have caution given the observations involved. In many scenarios, it cannot be expressed that financial stability has statistically significant influence on share market listing. In other scenarios (for example, Aston Villa and Chelsea) the enhancement was found to be insignificant. In other scenarios, a substantial enhancement in financial stability is essential in floatation (for example Bolton FC and Newcastle FC), this means that only in limited scenarios does there appear to be a substantial significant influence that agrees with floatation (Birmingham City, Charlton, Leicester City and Sunderland).

2.3.1 Investment Practices that Affect the Stability of Football Clubs

Based on literature from diverse organisations, the link between various investment practices and the financial performance of these organizations were explored. Literature that is directly related to football clubs unique aspects of investment practices and their overall influence on financial stability in the football clubs were explored as were the factors affecting investment activities which were also studied to provide insight towards the structure of this study.

Researchers disagreed in approaching financial management in regard to certain emphasis. For instance, Kieu (2004), stated that core financial management area entails financial planning such as cash till planning, non-current asset planning and income planning, investment decisions, working capital decision and financing decisions which might be either short term or long-term financing. Mohd, et al. (2010) in their study noted that the

financial management has various components like financial planning and control which entails management in working capital, management and cost accounting, analysis of financial information, financial accounting as well as capital budgeting,

Marmo, (2014), in his study on 'club ownership structure influence on football player transfer fees' indicated that star footballers offer field success and thus a club wishing to win the title league has to heavily invest in football players. Inappropriate procurement of players and players transfer funds in part contribute to increase in club losses with owners who are billionaire or foreigners affected on account of the expenses incurred. Some club owners face losses but still use their personal funds to acquire players while some foreign owners rely on external finances. Studies on the financial performance of football clubs have revealed that the foreign ownership trigger the rise of the debt ratios by up to fifteen percent while billionaire ownership reduces leverage by six percent within the same fiscal year while comparing other ownership structures. Thus the debt ratio increment can be attributed to the investment needs on players than attempting to attain football objective such as attaining a qualification position in UEFA competition or avoiding relegation. It is thus noted that ownership structure influences the players transfer fee and profitability of the firm.

Moreover, Gill, et. al. (2010) in their review on eighty-eight corporate firms found that there exists a significant association between the cycle of cash conversion and firms' profitability, thus a hypothesis can be articulated. From this research it was found out that financial sources influence the financing activities of football clubs. There are diverse ways of financing in football clubs. Revenues range from sponsorship deals, gate collections, sale of replica merchandise, match broadcasting revenues among others. It is important to

gain knowledge on needs of the fanatics in football since the revenue base is enhanced by them. Attractive football, winning of matches and attraction of quality players increases the football clubs fan base. The presence football fanatics lead to reliable source of revenues for this clubs.

Marmo (2014), also found that League, progress can be procured. For example, football clubs like Queen Park Rangers and Manchester City have portrayed that it is easy to convert non-performing clubs into successful and medal achieving clubs when well-off investors finance operations and procurement of players. The medal achieving clubs are established with the aim of making profits which is enabled by beneficiary owners. The expected return on investment is usually emotional based on the number of gained points and title cups won. In converse, ownership by the public contributes to profits increases by 64% while leverage reduces by 28% for the same financial year as compared to other ownerships. In general, those clubs held by public are financially healthy and make more profits considering the operational expenses. However, these clubs reduce the transfer fee by 12% for the same footballer, thus demonstrating that the clubs acquire footballers with a net present value that is positive.

Majority of the owners also maximize on winning rather than making profits for the clubs. UEFA introduced the principle of financial fair play so as to limit the losses incurred by the clubs and having highly leveraged club. This was adopted so that clubs could maximize on profits and delivering their goals. Nevertheless, this is vague as the principle of financial fair play (FFP) will seldom affect the billionaires' owned clubs behaviour having capability of absorbing the losses of the clubs. To get a better conclusion of how the principle of financial fair play has influenced the transfer market and the financial ratios, the ownership

structure study should be researched over years when changes that can impact are observable. It is much important to understand if the principle of FFP and any other possible restrictions have capability of increasing the balance of competition or even have an influence on the transfer market conduct. Moreover, the principle has possibly increased the balance of competition in the league. In addition, the ownership structure as well as financial ratios, player competency and features usually determine the transfer fee. An increment in goals scored escalates the transfer fee by five percent while an assist increment increases the transfer fee by eight percent and increment in minutes played increases the transfer fee by twenty three percent. This is in agreement with the research carried out previously by Frick (2007) where the endogeneous variable entailed yellow and red cards awarded, and injuries suffered.

Rogger (2014) in his study on organization financial performance confirms that many businesses that engage in several business activities face a lot of risks than those with strategic ways of contracting some of their business activities or function. Firms engaging in several business activities may face challenges in attempting to alienate risks and specifically the uncertainties of taking more of infrastructural capital which can affect the firms' financial stability. Subsequently, this eats away the profits and increases the risk of being financially unstable. Nevertheless, outsourcing assists organizations to reduce risks by adopting huge infrastructural expenses and this can lead to more attraction of customers to the business. With successful application of a strategy of outsourcing, many factors including receiving cost cuts, capacity increase, prices reduction, capacity improvement, quality improvement, profitability increases and increased flexibility production needs of the venture have changed. There also exist competent and employees who are motivated.

Chepnoen and Kimani (2017) in their study on ‘relationship between investment planning practices and financial performance of Bungoma town micro retail enterprises’ found that a positive and significant association between portfolio diversification and financial stability existed. This finding was converse to the modern portfolio theory. In conclusion, uncertainties and return optimization usually assist in investment decisions hence defining allocation of fund for projects. Further, fund allocation strategies of sub-asset class had been set in order to benefit from the uncorrelated returns from the portfolio vehicles used by the enterprise. Nevertheless, most of the research respondents had no different kind of financial assets or financial securities such as shares or stocks, bonds and instruments of the money market such as treasury bills, thus making a basis for concluding why the financial performance in micro retail enterprises was declining. Football clubs have to invest in a variety of areas, these areas range from engaging in business activities for example Gor Mahia football club had invested in bread industry to generate extra revenue. Other avenues for investment may include merchandise sale, transport industry by hiring out the busses when not in use by the club, hiring out football and training venues for activities such as weddings among others.

Waweru and Ngugi (2014) in their study on ‘financial management practices influence on the performance of Kenyan Micro and Small Enterprises’ made a conclusion that diversion of resources from consumption today benefits creation of resources in future such that it is vital to make profitable investment in order to tackle inflation and future hazards and advancement of venture support systems that are efficient and have the potential of gaining access to the MSE sector. In Kenya, football clubs can benefit as much as SMEs if well managed and can become a source of income to many people. If the investments in football

clubs are directed towards attaining financial stability, then hedging against inflation could be achieved. Sacrifice and caution should be taken when deciding what investment venture should be taken by football club management. This is to avoid wastage and loss of funds to unviable business ventures which would yield no returns or even lead to financial losses. Capital budgeting decisions in football clubs also play a critical role towards the success of firms. This is demonstrated by findings from various studies for example a study done by Brigham and Ehrhardt (2008) made an argument that decisions on capital budgeting decision are important to the wellbeing of a firm and entails the most vital choices availed to the shareholders or managers to make. The basis of the argument is that decision made in capital budgeting are characterized by exorbitant capital outlay in non-current assets procurement. Furthermore, non-current assets procurement is followed by long-term and frequent financial responsibility. Additionally, it is very important to efficiently utilize, control and manage all procured non-current assets. Relevant procurement process, record keeping, evaluation of non-current assets efficiency periodically, frequent repair and maintenance and appropriate non-current assets disposal enhances the firms' performance. In the research by Olawale, et. al. (2010) in South Africa, it was found that prudent capital budgeting methods used such as internal rate of return and net present value methods results to a positive impact towards firms' profitability.

Kuenzel and Yassim (2010) and Tapp and Clowes (2002), in their study found that there are various sets of motivation instigated by sports. Some become spectators while others become football fans. These two sets of people can be differentiated. The spectators only watch a game, while fans actively dedicate themselves to a certain sport. There are fans who offer support to their teams only when it is winning, while the die-hard fans stand with

their teams even through rough patches (when they are losing). The fanatics spend heavily on tickets as observed by Deloitte and Touche, (2009) and Nkaari and Ochola, (2016) who also found that market segmentation of stadia on the perspective of visiting spectators provides a key growth for football clubs. Football clubs can actually budget for the fanatics, this is so because fanatics rarely miss their clubs' football matches no matter the on the field performance. The football management should as well ensure the needs of these fanatics are adequately met to maintain them and avoid apathy towards the clubs.

Grajkowska (2011) and Githinji, (2010) establish that there are various motives for watching football games, which entail loyalty, the earning state images raised by the sport, societal pressures, past information of and connection with the game, craving to play and be excited, and curiosity in great footballers. Football players act as role models to many youth hence attract a huge number of followers to the football matches. Fans prefer to watch good teams play, besides emphasizing on the specific outcome of the teams. Segmentation of the market usually takes place on appearance frequency basis, demography and membership. These demographic essentials entail age, gender, salary earned and levels of education. Older people for instance are highly troubled on the place, time of travel and capability of the venue to have an impression of being at home.

Organization minimize their risk by having multiple sources of revenue. This strategy is known as diversification. Knotts, Jones and Udell (2006) in their study indicated that corporates have to perform better in all the areas, to overcome deficiencies in others not relying on excellence in one area. This means that organizations have to expand in their activities, in regard to the product choices and involvement to incomes. Football clubs must

maximize their revenue base as this will help in reduction of over reliance on a single revenue source.

Deloitte and Touche (2009) in their submission of Football Money League 2009 report acknowledged that many of the clubs that were analyzed fell under the category of the elite clubs of the global football clubs, and possessed great brands. This makes them command a high demand that lead to surplus in regard to stadium capacity, regularly having a tournament with full capacity tickets sold out. The fact that these clubs are iconic in nature increase the number of fans and followers hence offer broader revenue sources through match attendance revenues, further making them a rich avenue for the organizations to market their products.

Kenyan elite football clubs featured may vary with reliability, involvement and revenue structure from spectators going to the stadium raging from pyramid in football which includes top-flight football in Kenya. This is so because young clubs attract more domestic focus and thus increase revenue base and surplus in the game tickets. For example, the Nyayo National Stadium, which was the most famous location for Kenya Premier League in the period 2010 made an average game attendance record of ten-point five percent of its capacity (Nkaari & Ocholla, 2010). The remaining proportion which is unutilized offers a chance of more income generation.

Hatimy, Muro, Obingo, and Ogunda (2016) in their study found that the main sponsor of Kenya Premier League's is SuperSport Worldwide through the purchase of the media rights. Sponsorship deals facilitates the sustainability and growth in football clubs. There exist other sponsors in the corporate world who might also be owners of the clubs who

finance them for example Kenya Commercial Bank, East Africa Breweries Ltd, Kenya Department of Defense among others (Hatimy, Muro, Obingo & Ogunda, 2008).

Jiang, Chen, and Huang (2006) suggested that corporates should carry out investment projects that help to attain a net present value which is positive. This leads to the fact that capital expenditure in the preceding year need to produce future firm incomes that are more than the starting expenditures. Moreover, Busacca & Maccarone (2007), Coenen, Felten, & Schmid (2010) made an observation that the firms' capability to generate economic value branches directly from the ability earn more profit against the cost of capital. However, as it pursues generation of more profits than its competitors, the firm must uphold its competitive advantage position.

Advertising Value Equivalent espoused by Reelforge (2010) connotes the worth of the market for free advertising, or the amount the recipients will pay for a service as it has been billed. Kenyan Premier League's Advertising Value Equivalent (AVE) in 2010 makes a comparison with Kenya sport corporates. The flow in Kenyan football on media coverage is attributed to the increase in individuals attending a football match, from few in the year 2008 to 19,100 attendees for all fixtures of top-flight football clubs. Concurrently though, Nkaari and Ocholla (2010) attributed the increase in appearance or attendance and gathering of revenue on match days to that attention of live airing game days and other factors. Nevertheless, resources invested by media companies to satisfy fans and spectators needs, are also investment to the football clubs. The public attention attributed to advertisements of future games and classification of clubs usually result into financial benefits through the game appearance or attendance.

2.3.2 Working Capital Managemet

Hamza, Mutala, and Stephen (2015), in their studies ‘on cash managing practices and small and medium enterprises financial performance’ concluded that enterprises are not efficient in their cash management because they appear not to have incorporated and adopted cash management practices that are efficient in their enterprise’s operations. It has been witnessed in efficient levels that are low in liquid cash and the cash management theories that are limited in operation application. Thus, the study highlighted that managers expertise is vital than theories application on stock and cash balances in many firms in the research. The football clubs have dependency on their workers for cash management. The study results are in consonance to a large degree with the subsequent studies which stated that the presence of poor working capital management practices can be a major reason which leads to firm’s failure and poor cash flow management, stock control and debt defaults or improper debtor’s management are the large problems internally.

Working capital in football clubs usually has a vital task in confirming that the overall financial stability of clubs are achieved. Matters relating to working capital especially in football clubs are unique in nature. For example, the cash conversion cycle in football clubs depends mostly on the income generated from gate collections during a match and sale of merchandise such a replica jerseys. Such unpredictable short-term revenues need extra prudent care in their management to enhance efficiency leading to the financial stability of football clubs (Padachi, 2006).

Waema and Nasieku (2016) in their research on ‘working capital management effect on Kenya listed manufacturing firm’s financial performance’ established that a stable rise in average payment period mean that values over the 10-year period and the matching rise in listed Kenya manufacturing firms financial performance over the similar period. The research concluded that management of creditors as a variable of working capital element impacts positively the Kenya listed manufacturing firm’s financial performance for over 10-year period. Managing creditors of football clubs efficiently has critical task in warranting their going concern and capacity of liquidity. This can be done through short term loans, football training hiring and venues, hiring players transport means and ensuring creditors dues are settled on time to evade creditor’ apathy.

Waema and Nasieku (2016) also established that the stable decline in average collection period (ACP) mean values over the 10-year period and the consistent rise in Kenya listed manufacturing firm’s financial performance over a similar period. Their study concluded that accounts receivables management as a working capital component negatively impact Kenya listed manufacturing firm’s financial performance over the 10-year period. With the stable decline in stock conversion period it means values over the 10-year period and the consistent rise in Kenya listed manufacturing firm’s financial performance over the same period. The study further revealed that inventory management as a working capital constituent inversely impacted on Kenya listed manufacturing firm’s financial performance over the 10-year period. With the decline in cash conversion cycle mean values over the 10-year period and the consistent rise in Kenya listed manufacturing firm’s financial performance over the same period. However, it was also concluded that managing

of cash as a working capital constituent inversely impacted on Kenya listed manufacturing firm's financial performance over the 10-year period.

Liquidity in an organization can be measured by use of various factors such as current ratio, debt structure defined by debt-equity ratio and firm activities defined by total ration on asset turnover which entail three sovereign finance characteristics adopted in this study.

Liquidity measured in regard to current ratio infers that with relative proportion in current assets such as money, accounts receivables and stock compared to short term liabilities the liquidity level can be reviewed. When the proportion of short-term assets is greater, the less the risk of cash being scarce while also causing decline in profitability, because of the liquid assets being idle and hence low income earnings. In contrast, low liquidity in the firm leads to very huge risk and the profitability of the firm will be on increasing trend because of risk and profits tradeoff (Higgins, 1995).

Chebet (2015) in a study on 'working capital management practices effect on Nairobi county manufacturing firms financial performance' concluded that management of working capital is a critical element in financial performance since it affects company liquidity and profitability directly. Management performance can be enhanced by efficient management of working capital. Through use of ordinary least squares regression, it was evident that cash conversion cycle and return on equity are positively related. The findings revealed that managers improve their performance by better management of working capital. In addition, the period involved in accounts payables and inventory turnover elements of cash conversion cycle were found to be positively related to equity return. The research however noted that accounts receivable relationship with return on equity to be negative. This suggests that accounts receivable increment would lead to a decline in assets

return. This concurs with Atrill (2006) who highlighted that low receivable collection possibility among the firms would be due to improper debt collection methods like frequent invoicing and consistent statements. This however leads to increment in debt delinquency and defaulting by account receivables.

Aquino (2010) carried out a study on debt-equity ratio relationship with return on equity resulted to positive. This suggests debt equity ratio increment results to a decline in performance of a firm and vice versa. The study therefore makes a conclusion of management of working capital being a crucial part in the financial management field which entails making decisions on the quantity and structure of current assets and long-term asset financing. Current asset entails assets that can be converted to liquid cash with much ease and at a shorter period, basically in a year period as and when a necessity portrays itself. The study results show that performance of manufacturing firm's increases by decrease in accounts receivable period and the period of inventory turnover. Though finance managers are in anxiety with dealing with accounts payable period, it is attributed to the fact that controlling extra accounts payable period might destroy firms' image, and subsequently reduce firm performance. Manufacturing firms invest heavily on working capital increasing the investment too much with the ratio of total equity to be employed and thus it is important that the finances are utilized in an efficient and effective manner. Firms can be making more profits but when it is not interpreted into liquid cash from its function within the similar operating cycle, the companies will need to borrow to have a backing for their continuous working capital necessities.

In the study carried out by Aquino (2010), the association of current ratio and return on equity was found to be positive. This proposed that current ratio increment results to

increment in the return to equity and vice versa. The research indicated that return on equity association with average accounts payable is positive. This also suggested that accounts payables period increment has a resultant increment in performance of the company.

Aquino (2010) carried a study on financial structure of quoted and unquoted Indian companies and the study findings revealed that more credit is related to rates of advancement and more profits in unquoted companies. The study revealed that high debt ratio has a positive relationship with company growth rate and more profits though there was differing observation among the quoted companies. This was attributed to the attention of large quoted companies on effect of relying on debt financing for the prices of shares.

Christopher (2009) asserted that the lengthier the period for accounts payables, the more beneficial to the company for those finances cannot be utilized in other functions. Nevertheless, the lengthier the accounts holding period, the more likely it is to corrode the company credit worthiness while Waweru and Ngugi (2014) in their research on 'financial management practices influence on Kenya Micro and Small Enterprises financial performance' concluded that there exists a statistical significant for working capital and financial stability.

Mensah (2011), carried out a study on financial management practices on Ghana small firms that lack capacity to prepare management accounts on their own. Firms that are for profit making need to aim at maximizing shareholders wealth. This involves attaining possible maximum profit that is consistent with balancing owner's needs. These profits of a firm are only measurable when financial statement is prepared. Nevertheless, it is not possible for the small firm's management or owners to ascertain profits without financial statements. For business to thrive, prudent financial management need to be practiced.

Managing finance resources effectively is vital in young as well as escalating enterprises, thus enterprises should take time in developing and implementing financial ideas that will maintain small firms' growth. The research stated that with proper working capital management, growth of the firm can be highly facilitated. The absence of working capital management explains the reasons for the increased funds tied-up idle assets thus, reduced liquidity and reduction in the capability to invest in assets that are productive.

Mulualem (2011) indicated that a significant inverse relationship between collection period and the firm profits exists. The findings of the study indicated that profitability of a company can be enhanced through reduction of outstanding accounts receivable size. Furthermore, the lesser the period taken by clients to settle their bills, the more funds in cash is availed to restock, thus, the more sales grasped leading to strong firms' profits.

Inverse connection between average collection period and organization's profitability proposes that increment in account receivable size by an extra day can be related to reduction in profits. However, firm managers increase firm's profits by offering less debts to their clients, this discussion can be attributed to Lazaridis and Tryfonidis, (2006) who so demonstrated in their study on 'working capital management relationship with Athens listed companies' profits'.

Dong (2010) concentrated on the factors which relating to conversion cycle, profitability and the associated components and their connection that are there among them and found that a strong negative connection existed among them. This indicates that reduction in profits occurs because of cash conversion cycle. Additionally, the creditor's number of days and stock are reduced and profits increases.

The principles of working capital management indicate that companies need to attempt not to delay creditors' payment so much while maintaining enterprise relationship. Mathuva (2010) in his study on 'the working capital management components influence on listed Kenyan company's profitability' found that average payment period has a relationship with profits that is positive. The said positive connection proposes that number of days' accounts payable increase will lead to a change in the profitability of the firm. Football clubs in the country should ensure proper utilization of working capital hence prevent financial instability in clubs.

Darun (2011) focused on determining the working capital management practices on the perspective of an organization, on the factors of several employed practices on working capital management practices. The study was based on a multiple case study of 5 Malaysian firms listed on Bursa Malaysia Bursa. Semi structured interviews were issued to key informants from the management offices of working capital with the findings revealing that a positive relationships existed that enabled growth of organizations.

Apuoyo (2010) in a study on the connection between company's policies used and their effect on profitability, which research concentrated on fifty-five corporations quoted in the Nairobi securities exchange as for the year ending 31st December, 2009 used Stratified random sampling technique in classifying the companies in relation to the various Nairobi securities exchange categorization. Companies' audited annual financial reports were used for this study. The analyzed data was used to analyze each firm yearly working capital policy that was categorized as either aggressive, conservative or moderate policies. Simple regression was used to examine the working capital policies connection with return on capital which was used to define profitability and established the profitability firm

improves with efficiency in gross working capital of the firms, amount and reduced aggression of managing asset. Different to conservative philosophy that a conventional working capital policy takes profits in place of liquidity expenses, the research showed a connection that is positive between traditional working capital policy and profitability of the firm. Substantial differing in policies of working capital among five sector groupings was noted. Practices in working capital management adopted in several companies relied on several factors entailing alleged environmental risks, budgetary control, and structure in the organization, organizational culture, and interdependency and information technology.

Darun (2011) states that on the basis of empirical review available on working capital management of organizations in various fields, it is possible to establish although working capital components of clubs in football arena are unique in nature and that if we integrated the working capital management practices of other organization to football clubs, it would enhance the efficiency in managing working capital that results to financial stability and growth of these football clubs. It is therefore imperative to link the finding of the studies done in other areas with finding of this research to optimize efficient working capital management especially in football clubs.

2.3.3 Financial Reporting Framework

Procházka (2012), in his study on ‘transparency and financial conditions and professional football clubs in Czech republic’ establishes that despite the fact that it is mandatory to provide financial statements to register a business as stated in both Commercial Code of conduct and Accounting Act, the submission rate has remained low at (about 60%), even

the majority of those clubs who submit their financial statements do so with a considerable amount of delay. It should therefore be highlighted that with late submission and missing financial statements has led to the poor financial health of football clubs especially in Czech Republic. Some of the football clubs permanently or partially default in the obligation of providing their annual monetary accounts to the corporate record. In return, this has facilitated financial distress among the clubs while others have virtually survived on the financial edge. Even the clubs with a lengthy practice history have not been spared from these economic problems. The above-mentioned factors lead to a situation which shows that football environment in part signifies very high-risk environment for all parties involved, who lack access to other financial information apart from information contained in periodical financial statements prepared. The absence of this financial statements limits the availability of capital especially from external sources such as creditors, bank financial and potential external investors. To highlight the degree of this puzzle, it important to state that two of bankrupted clubs in Czech Republic major league had not satisfied their evidence disclosure duty at all.

Financial managers are vital to the profit, existence and welfare of small enterprises (Mcmohon & Holmes, 1991). Kieu (2004) in a study on small Vietnamese businesses indicated that financial management practices efficiency like systems for financial accounting information, non-current asset management, management of working capital, financial planning, financial reporting, financial analysis and improved features in financial performance like venture activities and liquidity portrayed a positive relationship towards profitability. Additionally, in the study carried out by Chung and Chung (2010), it was found that a positive relationship existed among efficiency in structure of financial

structure management, management of working capital, reporting of finances and financial information analysis, financial accounting information system, capital budgeting and profitability of a venture. Kenyan football clubs lack a well stipulated accounting information system to run their accounting affairs in an efficient way as demonstrated by this research. It is important to have an efficient accounting information system as demonstrated by Studies by Tourna and Germanos (2000) on the role of financial accounting information on the Greece venture formulation of strategies indicated that the accounting information systems used have assisted the shareholders or management to plan and actualize a strategic plan that would make the ventures make profit for a long term. Similar findings were made by Kieu (2004) who stated that profitability of a firm was enhanced by efficacy of financial accounting information system and reporting and analysis of finances.

Muinde, (2013) in his study on the ‘relationship between reporting of financial information and financial information analysis practices and finance performance SMEs in Kenya’ revealed that reporting, analysis, management and management accounting were key factors in reporting and analysis of financial statements that were adopted by small and medium enterprises in Kenya which significantly influence the financial performance. The study further revealed that with increased financial reporting, an increase on financial performance would be experienced. The study further found out that with increased financial statement analysis would an increase in financial performance of organizations would also be experienced. This study also found that there was excessive disparity on the finance performance of organizations dues to changes in reporting, analysis, finance management and management accounting which indicates that changes in finance

performance of organizations can be accounted for through changes in the above key factors. From the analysis and summary the study concludes as follows: that most of Small scale business prepared the income statement, had accountants who were in charge of preparing financial statements, the manager/owners of some organizations were engaged in preparing financial statements, the financial statements were prepared annually, majority of organizations prepared cash flow statement, further the study concludes that organizations performed financial analysis, used profitability ratios, prepared the balance sheet.

Martínez-Ferrero (2014), further concluded that the accountants are in charge of recording transactions, a significant number of organizations had a formal accounting system, while a significant number of business used the help of computer assisted software in recording transactions. In most accounting departments, the staff lacked some vital equipment and the study concluded that a significant number of organizations did not have sufficient cash to fund long term investment projects, non-currents were not fully utilized, and that a significant number of organizations did not have easy access to bank loans.

Martínez (2014), in his study on the 'quality of financial reporting influence on corporate performance' found that there exists various advantages which can be associated with high quality financial information as evidenced by various international level studies. With financial reporting, quality liquidity and information risk associated with business are controlled. In return, this solves the agency problem wherein managers try to use their discretionary powers for their own benefits while also improving the investment decisions undertaken by the organizations (Lambert, Leuz, & Verrecchia, 2007), averts managers

from using unrestricted controls to benefit themselves while also helping in choosing effective investment choices (Chen *et al.*, 2010).

Lambert *et al.* (2007) found an empirical signal which means that any capital expenditure undertaken now should yield returns that exceed the current value of the amount invested. Football club's ability to create economic value is pinned towards the clubs ability to generate revenues above its cost of capital. To achieve this, competitive advantage must be maintained hence giving the football club a better chance in the market compared to its competitors. Cost of capital can be influenced by the available accounting information either directly (through market participants perception about future cash flow outcomes) or indirectly (through influencing real cash flow distribution decisions perceived to affect future outcomes) while Chen *et al.* (2010) found that financial reporting quality has a positive effect on private sector investment efficiency especially in emerging markets. This in return enhances access to bank financing while increasing motivation to minimize to facilitate tax avoidance purposes. To reduce financial information in the market, availability of financial information by a company must enhanced at all levels. The investors, managers, regulatory agencies, the society and other key market stakeholders rely heavily on the available financial information to facilitate decision making. Therefore, the main queries that arises in relation to financial reporting quality is how it influences the financial performance in an organization, that is, how highly perceived the quality information is valued by the market environment.

Chen *et al.* (2010) in their study examined what consequences of financial reporting quality influence corporate financial performance, incorporating in their study three proxies relating to the quality of financial reports, that is accounting conservatism, earnings

quality, and accruals quality. The study first sought to analyze what effect good financial reporting quality possess on financial performance which was measured by the help of market to book ratio. Football as a sport is an international venture and due to this fact, the presence of divergent opinions and cultural differences required variety of moderating factors such as, corruption perception in the company's country of origin, the adoption of or not of the financial reporting standards established by International Financial Reporting Standards and the accounting system implemented by a company depending on the prevailing economic cycle. However, the moderating effect used in the study varied with the extent of financial reporting quality considered. The effect also varied in accordance to the accounting system. The results from the proposed hypothesis incorporating 1,960 internationally recognized firms certified that for companies with which financial statements reports are prepared in accordance to the accepted financial report standards had better quality information (associated to better earnings quality, accounting conservatism and better accruals quality) and hence enjoy a higher financial performance. This is measured through market related variables which is reflected by the trust that stakeholders accord towards the company at present as well as past and future expected financial outcomes.

Demba (2013) carried out a study on how application financial management practices in medical training college affects finance performance and concluded that reporting of finances and tracing via keeping of records, hiring expertise in accounts internally, management of data and communication of financial information affects Kenya Medical Training College performance to a very great extent. The budget report of Kenya Medical Training College contributed to the ease of each financial contribution program, to

understand financial commitments in future and estimates. The study recommended that Kenya Medical Training College should advance their reporting of finances and tracing by record keeping innovation. The automation will also help in data management and communication of financial information. It also recommended that Kenya Medical Training College should also hire internal accounting experts if they are to improve their financial reporting and auditing.

Making reference to financial report analysis, recording and shaping the accounting information systems, organizations will not achieve goals except reports from systems are examined and are utilized in managerial decision making. Financial statements offer information that is necessary for decision making of the firm. Additionally, it can be utilized in evaluation, forecasting and making decisions by historic contrasts (Gitman, 2011).

Kitonga (2013), conducted a research on the association between financial management practices and financial performance and made a conclusion that firms were found to have vigorous financial management practices in form of analysis of financial reports, management of fixed asset, financial structure management and management of working capital practices. It was recommended therefore that shipping companies management to make a consideration in adopting the recommended methods that were deemed possible methods of maintaining financial management practices that are enhanced for improved return on assets. For example, the need to improve the preparation, auditing and publishing process of firm financial statements, enhance the firms financial structure and warrant that the firm fully use their credit capacity to abilities available.

2.4 Financing Activities

Attractive football attracts a large pool of fans. The presence of a large pool of fans attracts revenues in diverse ways. A large number of fans attending live matches lead to increased revenues in terms of gate collection. This markets the football club as a brand which in return leads to an increased sponsorship attraction. Also, the presence of a large number of fans creates an avenue for companies to market their product hence leading to advertising equivalent value. This also has a ripple effect on broadcasting media which will lead to match coverage increasing the revenue base for the club.

Management of risk is described as the identification, examination and commercial control of uncertainties that affect the assets or organization earning capacity. Nevertheless, risk management has become one of the explicit strategic elements that facilitates survival of modern corporates. As such, all organizations in any business environment are faced with various potential risk. Financial risk in the context of football environment can be described as the inability of football to be able to sustain financial shocks as well as failure to mitigate the financial risk that football clubs are prone to. The financial stability of these football clubs can easily be explained by the ability to mitigate risks while also mitigating the financial shocks faced by these clubs. Efficient Financial management practices have a vital role to play in improving capability of football clubs to mitigate the financial risks. Various studies on financial risk influence on the financial performance of organizations have been done. Financial risk faced by football clubs is diverse and unique in their occurrence (Dickson, 2009).

Financial activities vary in football clubs and include broadcast, commercial, and game day finances. Financing activities also include sponsorship deals and merchandise sale such

as broadcast rights which indicates the financing stipulated by broadcast contract, match day finances which is stipulated by match day tickets, Deloitte's Money League report 2014 (Deloitte, 2014).

Nagy (2015) in his study on financing methods in professional football states that it is natural that football clubs use the same criteria while appraising their credit worthiness to access finance. Credit rating methods as used in other enterprises are applied. While financing football clubs, it is important to consider variety of factors such as, sources of finance (internal sources and external sources), risk, cost of capital, risks exposure and the market value. Football clubs are exposed to higher risks compared to other forms of businesses; this is attributed to the uncertainties associated sporting results in the field which influence the generation of revues. This unique form of risk associated must be taken into account when implementing financing solutions in football clubs. Assessing market value and cost of capital for football clubs should especially considered by the management.

Financial foresight and awareness requires a lot of considerations and improvements to enhance the growth and sustainability especially in professional football, lack of which results in dire financial continuances. Financial information asymmetry needs to be well thought of in the field of professional football. The presence of public opinion should be highly embraced. Public opinion especially in football clubs has a great influence on the financial direction of these clubs, this is due to the fact that the public are the key stakeholders towards contributing to the revenue generated through match revenues collected. Lack of correct market information limits the potential to exploit the avenues available to access capital funds as well as alternative financial opportunities to be used by

football clubs. Cost of capital and market value assessment influences the decision-making criteria of external investors. The assessment of market value and capital costs affects the decision-making criteria used by external principals. There exists a conflict of interest between the investors (principals) and the managers (agents) to a great extent especially in football clubs. An in-depth availability supplementary market information and other wide range of activities can be used to ease this conflict between the principal and the agent. Specific areas appertaining to criteria used by Football clubs can be established as follows specific criteria: the determinant effect of realized economic results; economic know how as a prerequisite; great dependence on sports results; the legal form of the football enterprise; the great impact of intangible results; and the increased impact of fans and spectators and the environment (Nagy, 2015).

Irene (2012) in her study on the effect of bank financing on the financial performance of small and medium-sized enterprises in Nairobi county made the conclusion that there existed a steady rise in bank financing over the five-year period between year 2009 and year 2013 that had been exploited by firms. A positive correlation between access to bank financing and financial performance of enterprises especially in Nairobi County can be established. This shows that banks financing is an important ingredient that gives organizations the platform to develop and grow exponentially. This study further concluded that there exists a positive relationship between the organizations size and their financial performance.

Muriithi (2014) in his study disagrees that using bank loans, venture capital and personal income to finance business operations does influence the financial performance of companies in Kenya. A weak negative influence between bank loans, venture capital and

personal income can be found from the results of the above study. Football clubs require very large capital outlay both as an initial outlay as well as running the day to day affairs. However, personal income especially from rich investors such as Sofapaka football club owners, Chelsea football club owner have been proven to enhance the financial welfare of these football clubs.

Muriithi (2014) in his study also demonstrates that financing from micro-finance had a positive but weak influence on financial performance of businesses studied. Leasing as found out in his study has been used as a means of organization financing avenue. A weak but negative effect on financial performance of firms in Kenya has been established, hence leading to the conclusion that leasing as a method of business financing does not influence financial performance of companies in Kenya. Government loans were used to finance the operations of enterprises. These loans comprise of; youth funds, women funds among others. The results of this study present the fact that loans from the government possessed a weak positive effect on the financial performance of firms. The share value for most of the mid-sized companies do not command high market prices. Converting these shares into liquid cash also takes longer. This study concluded that shares sale do not facilitate increased financial performance of mid-sized companies in Kenya as well as football clubs in Kenya.

Capital can be sourced through internal and external financing. Football clubs highly depend on internal financing, especially where other forms of financing specific to football are prevalent. To increase the available financial sources, efficient management of these resources through, increasing revenues while decreasing expenditures or releasing tied up capital must be embraced. The main revenue sources according to Keller (2006), include

media broadcasting revenues, sale of match day tickets and merchandise. Nagy (2015) established that there exists a correlation between broadcasting revenues generated and organization value. For football clubs, the ability to influence broadcasting revenue is often limited. Football clubs in Kenya need to enhance their product appeal, market size since these factors influences value of a league's media rights. The benefits accrued from a well-established and managed football league influences the broadcasting revenues availed to the football clubs.

In situations where significant economic and intangible results are prevalent, the dependence on the main revenues on sports results significantly decreases. Media rights revenues available to football clubs are sold through contracts prior to the start of the season is one example. Football clubs have the capacity to improve their league performance by recruiting or acquiring quality players compared to players from other competing clubs. Football clubs need to enhance and improve wage spending. This will help in acquiring quality and more talented players in an otherwise well-functioning market. It is possible for football clubs to extract extra revenues with increased performance levels. This is made possible by exploiting commercial opportunities available in the market (Muriithi, 2014).

2.4.1 Commercial Financing

Today, football receives increased commercial financing to include items related to sponsorships in form of cash and other non-cash item support. Football possess a brand global appeal which in particular facilitates the commercial finances in the big winning Premier League clubs. There exists the potential to improve financing in football clubs though expansion into new markets to enhance development of the brands. Venturing into international markets greatly promotes interactions with big international corporations,

which facilitates exploitation of foreign investors with international networks to negotiate sponsorship deals (Deloitte, 2013).

Revenue from commercial sources have been growing over time, compared particularly to other sources of revenue. This can be explained by the fact that football clubs have become more innovative in creating ways of making more money. Highly ranked football clubs in their respective leagues enjoy better image brand compared to others. With a good image it is possible to enjoy co-operation from various corporations. The public identifies themselves with sponsorship brought about sponsorship of football club jerseys and stadia contributes hence contributing towards a large pool of financial resources for the sponsoring companies (Deloitte, 2014).

Deloitte (2013) states that football clubs' brand and ability to negotiate lucrative broadcasting contracts provide s the best avenue to access financial resources in the market. Use of collective bargaining as well as well as individual bargaining systems have proven to be an effective way in negotiating broadcasting contracts in major football leagues such as English premier league and Spanish Primera Division. In addition to distributing the broadcasting revenue equally, football clubs receive a worth reimbursement that is reliant on the outcome of the season and charges which are reliant on the amount of clubs sports publicized on TV in England.

There exists an international broadcasting revenue that is equally divided among all clubs participating in the current Premier League season. According to Deloitte (2013), 'The broadcast revenue in the Premier League grew due to a three-year domestic broadcast rights contract worth of £3 million is effective from season 2013/14 with a 70% increase on the previous value'. The presence of collective bargaining system in the English premier

league upgrades the competitive balance between the bottom teams whose home match attendance is usually low hence low commercial level and top football clubs whose match attendance is relatively high a brand image that is appealing globally. In the Ticket Masters' KPL Attendance and Collection Report, Nkaari and Ocholla (2010) identify several factors which influence match attendance. High intensity with high energy demand matches invokes lots of interest and passion among the fans and fanatics. Average or low intensity football matches do not invoke much interest and passion and hence low attendances. Going beyond the various sources of revenue available to football clubs is imperative. It is important to understand the behavior, needs and motives that drive both the fanatics and the fans to attend various football matches.

Sporting performance influences gate collection revenue generated while participation in the international competitions. The difference that arises from revenues generated by football clubs comes from performance in the international competitions, such as UEFA champion's league, CAF confederations cup and the Europa league competitions. Thus, football clubs' objective of the season is set to qualify to the UEFA club competitions as it is an important source of revenue. This brings out the difference in game day revenues between football clubs. with increased amount of sports played, improvement in the club's brand overseas, and attractiveness in the eyes of possible business partners is enhanced (Deloitte, 2013).

2.5 Political Influence

According to Makori (2016), it is very hard to disconnect football matters from political aspects and especially in Kenya. Football plays a great role on connecting the youth and

the politicians. Through football, an individual may gain mileage in politics like demonstrated by the rise to power of Liberian president his Excellency George Weah who is a football icon. Interference by the government of the day and politicians in whichever way influences the financial capacity of these football clubs while affecting the financial stability of football clubs.

Political decisions from the government of the day and the politicians influence can be referred to as political interference. Ibeto (2011), describes political interference as various issues arising from political decisions and the government, which influence the outcome of specific economic activity by changing the normal route to achieving business objectives of an organization. Government policies and programs are some of the examples of political environmental factors which have an influence on a financial firm's capability to attain their entities' aim.

According to Walter (2014), there exists an influence of political environment on running the affairs of football club. There exist risks that originate from the probability that earnings may be affected due to the presence of political activities through direct impacts (such as taxes or fees) or indirect impacts (such as opportunity cost forgone). As a result, the probability of political event occurring may influence an investment option reducing its uptake hence reduction in the anticipated returns.

Saeed (2013) in his study titled 'Do Political Connections Matter' found that a relationship between political connection and firm's financial performance exists in firms listed at the stock exchange in Pakistan. With a well-connected political chain, owners of these firms collaborate with the political class to influence the regulatory framework that promote smooth business operation which enable access to the market and hence a greater avenue

for generating profits. Political connections have a direct association with firm financial performance since the projected coefficients on the interaction terms between extent and political connections, and commercial cluster and political influences have been found to be statistically significant.

Moreover, the investments inefficiencies and the presence of excessive employment constitutes the avenues through which political connections influences organization's economic decisions. Registering as business groups increases the financial performance of connected firms due to the presence of a positive coefficient between business group and political connections as demonstrated by the study. The study recognizes that the presence of political connection in running the affairs of an enterprise increases agency while also negatively affecting rational decision making hence causing frictions within the market. Investment opportunities arises from diverse areas. To pursue these investment opportunities, political connections have become a key component. Based on corporate finance theories, political ties highly influence the investment decisions in an organization. A relationship between politicians and businesses exists, this is facilitated by the fact that the regulatory framework that influences business are done by the politicians through Acts or Parliament. These findings are not unique to a single country but rather, it is possible to generalize these findings to other economies characterized by familiar political and organizational settings. The results of this study provide insights on the dominants impacts of political connections towards the success of a business enterprise (Saeed, 2013).

2.6 Financial Stability

Samagaio, Couto, and Caiado (2015), in their study on financial, stock market performance and Sporting performance, which is an empirical analysis in English football concluded that managers in football clubs in England combine both the gaming performance and financial performance to increase the chances of growth and sustainability. The study possessed high degree of correlation estimate at (0.95) between sports performance and financial performance hence supporting the views of Vrooman (2000) that elaborate the fact that football managers work to achieve both the financial and sports objectives simultaneously. The association between financial turnovers and salaries and wages turnovers in major competitions, (English Premier League and UEFA competitions) have been found to be very strong. Increased financial turnovers in football clubs has in fact led to an increased operational expense. Although revenues in football clubs has been increasing over time, the income generated and offered to the shareholders have failed to reflect the same.

This study agrees with the findings of Gerrard and Dobson (2000) which state that managers in football clubs prioritize maximizing sporting performance over profits generated. The objective of maximizing sporting performance does not change with change in ownership structure. Profit maximization objective as demonstrated in the economic theory for companies is replaced by the fact that football clubs ensure availability of enough revenues that can meet the operating cost while investing in acquiring and maintaining the best football players available in the market. The study demonstrates that with good football performance during the UEFA competition generates an immediate positive turnover in the four main English clubs due to progression financial rewards

available at each stage of the competition. Results of this study do not conform to the results of the previous study done by Dobson and Goddard (1998) which revealed that with a good financial performance the sporting performance in football clubs is enhanced.

The player salaries escalation in general is an indication of this growth, and it appears that it is not a personal strategy, that is, ratio to invest heavily. In the early 2000s the practice of raising players' remunerations was witnessed worldwide with an intention of obtaining a higher pay. For instance, Leeds United performance was characterized by heavy investment and gambling on attaining achievements in English Premier League and UEFA Champions League. The football club had a potential of securing a semi-final position in 2001. However, the club was unable to secure a position in the succeeding season and were unable to finance a set of great footballers. Since then, the club have been pushed to sell many of its talented footballers (Uyar, 2009).

Financial stability in an organization involves interactions between different sectors of an economy. This brings about non-linearity effects that propagate financial stocks that are shared among different sectors of the economy. For example, links between monetary and financial stability can be established due to the volatility of monetary conditions as affected by asset prices. To assess the financial stability in football, one cannot benchmark from individual sectors of the economy no matter the prevailing economic conditions. Although individual variables and indicators are useful in analyzing financial systems performance, various studies have attempted to develop acceptable indicators which can signal or predict the presence of financial distress with attempts ongoing to develop key indicators to warn against signals that lead towards conditions of financial distress. Development of multiple

indicators which would signal the presence of financial distress would facilitate capturing the interactions between relevant individual indicators (Illing and Liu, 2011).

Illing and Liu (2011) in their study on financial performance develop a good description of how to build a relevant indicator of financial stability in a firm. In their model, selection of a relevant variables has to be prioritized. Warning signals detected early should be used to select the relevant variables used to enhance financial stability. Market liquidity and risk spread are the key concepts used to predict financial stress (Schwartz, 2000). A country's financial system structure influences the choice of variables used as indicators of financial distress. For example, more weight should be attached where the banking system indicators in countries uses bank intermediation becomes more significant than market financing.

2.7 Research Gaps

From the empirical review, it is evident that research on the existence of financial management practices in football clubs worldwide have not been widely done. This research has borrowed some of the empirical studies that demonstrate the influence of financial management practice on financial performance from other related fields of study. This has helped in relating these studies with this research on the financial stability of football clubs. Comprehensive empirical review has been done and major findings helped in the study conclusions and in establishing various empirical gaps on financial management practices that influence financial performance in football clubs.

Several researchers such as Grajkowska (2011) and Githinji (2010) found that there are various motives for watching a football matches hence various categories of people who watch a football match. It is possible differentiate football fans and spectators. Spectators only watch a football match without any emotional connection towards the match, while

football fans enthusiastically devote themselves to the sport. Fans prefer to watch good teams play, besides emphasizing on the specific outcome of the teams. Organizations minimize their risk by having multiple sources of revenue in a strategy known as diversification. As Knotts, Jones and Udell, (2006) opine, firms have performed well in all financial aspects to overcome deficiencies in another by not relying on excellence in one area. This means that organizations need to diversify their operations and engage in a range of products to contribute towards revenue generation. Investment in football clubs varies from other forms of business. This is so because the investment is unpredictable and volatile for example match attendance, corporate sector relationship, training equipment players' behavior and attitude contribute largely to the revenue of this clubs and hence financial stability. This makes predicting the influence of investments practices in this sector vary from other forms organizations.

Gitman (2011) and Kitonga, (2013) note that recording accounting information as well as organizing it cannot meet the intended objectives unless analysis of financial report is undertaken and the results used for making managerial decisions. Companies that have embraced robust financial management practices stand to benefit from financial report analysis, management of non-current assets and management of working capital management. They recommend that the management of companies should consider implementing recommended steps to ensure that their financial management practices are improved to enhance assets return. Football clubs depend on cyclical patterns in terms of on field performances which enhance their capabilities. Reporting must encompass both financial and the number of games won to influence decision of the potential investors.

Agyei-Mensah (2011), Muluaem (2011) and Dong, (2010) stated that without proper regulatory framework, owners and managers would prefer to avoid preparation of management accounts. The main objective for a profit-making entity is usually to maximize shareholder wealth. To achieve these key objectives managers as well as owners of an organization should strive hard to ensure maximum profits are generated by the firm. Financial statements presents the actual financial status of a firm, thus making it paramount for the organizations to prepare them. Owners of football clubs should thrive to ensure that annual financial statements are prepared according to the accepted accounting standards. Sound management of available financial resources must be embraced by football clubs' management to promote growth and sustainability of this clubs. Financial plans such as budgets should be prepared and followed strictly to prevent wastage of financial resources. The study recommends that with careful management of working capital the chances of survival and growth of firms are improved. With a poorly structured working capital strategy, short-term assets and liabilities are unnecessarily tied up and thereby negatively affecting the ability to invest the available financial resources. A Company's profits are measured by financial statements figures but football financial performance is measured by both on field performance and financial statement performance.

2.8 Conceptual Framework

A conceptual framework demonstrates the causal relationship between the independent variables, (working capital management, financing activities, and financial reporting framework and investment activities) the mediating variable, (political interference) and the dependent variable (financial stability of football clubs) in a diagram form as demonstrated by the figure 2.2

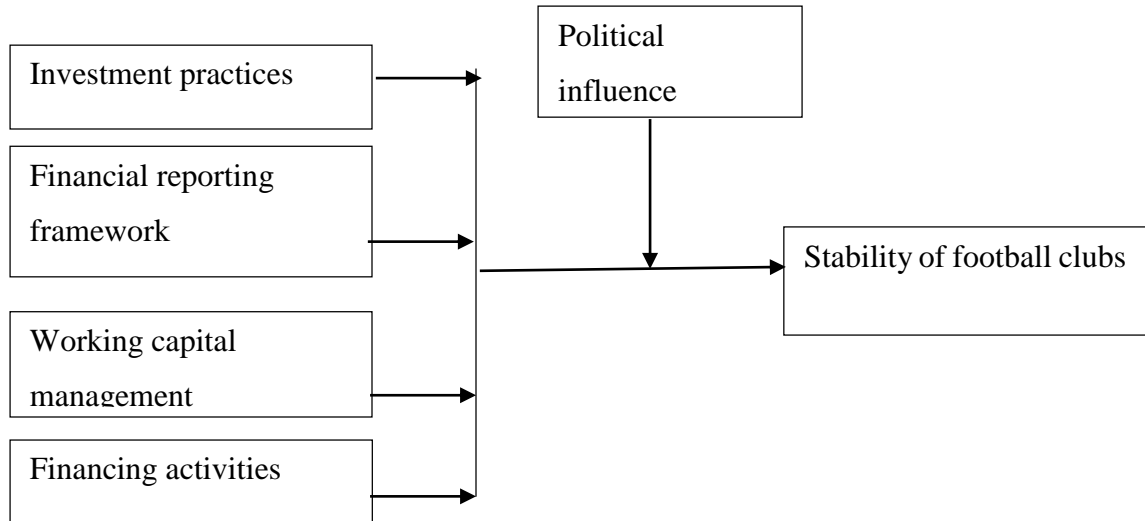


Figure 2.3: Conceptual Framework
Independent

Mediating variable

Dependent variable

2.7.1 Investment Practices

Organizations minimize their risk by having multiple sources of revenue this strategy is known as diversification. Firms have to do well in all areas, to overcome deficiencies from other areas and should not solely rely on excellence from one area. Football clubs need to diversify their business ventures to include a wide range of products to enable improved revenue earnings.

To invest in professional sports, franchises and sports agencies have become a special venture due to the huge capital outlay required to run the football clubs efficiently. Investors such as, companies and individuals own players by purchasing sport ownership rights for the player especially in developing countries. This is facilitated by the presence of insolvent or financially limited football clubs. In return, the investors are entitled to specific percentage of the player's future transfer fees.

2.7.2 Management of Working Capital

Management of short-term assets and liabilities through designing tools to utilize and monitor can be referred to as working capital management. Management of current assets and liabilities efficiently would help to ensure smooth financial operations within football clubs. Successful management of financial resources is an important avenue that aids in expanding businesses ventures in a firm. Sufficient time should be set aside to develop and implement financial plans that will ensure the success of football clubs.

Working in football clubs has an important role to ensure the overall financial stability in football clubs is achieved. Matters relating to working capital in football clubs are unique in nature as established by this research. For example, the cash conversion cycle in football clubs depends mostly on the income generated from gate collections during a match and sale of merchandise such replica jerseys. Such short term and unpredictable short-term revenues require prudent care in their management to enhance efficiency leading to the financial stability of football clubs.

2.7.3 Financial Reporting Framework

Financial statements should be prepared in accordance with the financial reporting framework requirement as stated by the accepted accounting standards. Recognition, disclosure, measurement and presentation of all items that should appear in financial statements is usually referred to as the financial reporting framework available in football clubs. It is important that football clubs implement a globally acceptable financial reporting framework.

Football clubs do maintain financial statement, but the financial statement cannot be fully relied upon. This is so because the financial statement is not audited and the credibility of the staff who prepare them cannot be ascertained. Their skills and the data storage methods employed which has been mostly manual cannot be relied upon. Financial statements prepared in accordance to the accepted accounting standards should be analyzed further to enable managerial decision making from the analyzed financial statement.

2.7.4 Financing Activities

Financing activities in football clubs depicted in cash flow statements allows external activities to raise capital that enable repayment to the investors through issuance of cash dividends, increasing or changing loan terms or issuing more common stock. Cash flow generated through financing activities indicates the company's financial strength to the stakeholders. Finance activities vary in football clubs to include broadcast, commercial, and game day finances. Financial sources include broadcasting revenues, sponsorships deals, and merchandise sale as well as match day revenues generated which consists of match day tickets.

Financial sources influence financing activities of football clubs. From the findings of this research, it can be deduced that there are diverse ways of financing in football clubs. Revenues range from sponsorship deals, gate collections, sale of replica merchandise, match broadcasting revenues among others. It is important to understand the needs of the football fans due to the fact that they are the major components when it comes to the revenue base of football clubs. Attractive football, winning of matches and attraction of quality players improves the fan base of any football clubs. The presence football fanatics lead to reliable source of revenues for this clubs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology of research that was adopted for this study. The methodology involves the identification and selection of the most appropriate research approach. It is structured into research philosophy, research design, population of study, sample design and size, data collection procedure, data analysis, operationalization of variables, validity, reliability and ethical considerations.

3.2 Philosophical approach

An important consideration in research is the philosophical assumption which underpins the study. The central part of research is usually to develop an effective research strategy (Sekaran, 2010). It contains clear objectives, research hypothesis and specified sources from which data will be collected as well as consider the constraints that will be inevitably faced (Saunders, Lewis & Thornhill, 2009).

Positivism philosophy is reflected in this study as it is an important approach that seeks facts or causes of social or business phenomena. Bevir (2010) observes that positivism is a philosophical attitude. Its features include trust in science, opposition to metaphysics, and unified science. Bhattacharjee (2012) contends that positivism holds that science or knowledge creation should be restricted to what can be directly tested.

Positivism paradigms usually explain and predict what happens in the social world by examining the extent of a relationship between the variables. The paradigm makes an assumption that the social reality cannot be influenced, it is measurable and that the truth

has an external reality. It further combines deductive logic and empirical observation to estimate the human behaviour (Catane, 2002).

This study involved collecting and converting data into numerical form to enable statistical calculations and ensure conclusions are drawn from reliable information and had more than one hypothesis. Collection of data for this study was done by using various methods while observing a strict procedure to enhance statistical analysis. Use of sophisticated statistical computer packages was integrated in carrying out data analysis. The analysis enabled the evaluation of the extent of the relationship between two or more variables.

3.3 Research Design

A research design can be defined as scientific detailed plan that guides how research is conducted so as to obtain valid findings (Vogt & Johnson, 2011). A well-articulated research design encompasses a well-defined purpose which is consistent with the research questions or hypothesis and the research method proposed (Sekaran, 2010).

In this study, explanatory research design was adopted. This method was preferred since the problem has not been exhaustively researched before. This design demands priorities and generates operational definitions while providing a better-researched model. The research design focused on explaining various aspects of this study in detail. This research started with a general idea while using the research as tool for dealing with future subjects. The method helps to provide details in situations where there is scarce information relating to a certain phenomenon in the mind of a researcher. Explanatory Research design was conducted in order to help determine the problem that has not been studied in depth before, that is the relationship between financial management practices and financial stability of football clubs (Gravetter & Forzano, 2011). Financial stability in football clubs in Kenya was used as the dependent

variable, whereas financial reporting framework, working capital management, financing activities and investments practices were used as independent variables.

The purpose of explanatory research design was to observe and describe while documenting various aspects of situations as they naturally occurred. The design also gave an opportunity for gaining an insight into population of the study and the variables that were studied. It also allowed for causal explanations and univariate, bivariate, and multivariate analysis which allowed determination of relationships of variables by the use of factor analysis and multiple regressions. This also allowed for use of inferential statistics to establish significance in relationships between the dependent and independent variables and hence test hypotheses (Hair *et. al.*, 2010).

3.4 Population and Sampling Design

It is important to understand the target population for this research, as well as the how the respondents were selected for the entire population. This is demonstrated below on the population and sampling design.

3.4.1 Population

Target population refers to the aggregate and or the totality of all objects, subject or members that consists of the set of (Politt & Hungler, 2013). On the other hand, Kombo and Tromp (2010) states that population define target population as comprising a larger group from which samples are taken. It consists of all elements including individuals, items, or an object whose characteristic is being studied. The population that is being studied is also called the target population (Polit & Hungler, 2013).

In this research, the target population comprised of the 63 officials from 21 football clubs that had been participating in the Kenyan Premier League from 2010-2014. The target population of this study consisted of officials and administrators from each football club targeted, namely Finance Officer, the Chairperson and the club Accountant constituting a total of 63 respondents. The above respondents are in a position to give credible information pertaining the financial management practices in football clubs.

Table 3.1.

Kenya Premier League Clubs

CATEGORY	Finance officer	Chairman	Club Accountant	Total
Gor Mahia	1	1	1	3
Sofapaka football club	1	1	1	3
Tusker F.C	1	1	1	3
Chemilil Sugar F.C	1	1	1	3
Sony Sugar F.C	1	1	1	3
A.F.C Leopards	1	1	1	3
Muhoroni youth	1	1	1	3
Thika united	1	1	1	3
Western stima	1	1	1	3
Bandari F.C	1	1	1	3
K.C. B F.C	1	1	1	3
Nairobi city stars	1	1	1	3
Nakuru all stars	1	1	1	3
Posta rangers	1	1	1	3
Vegpro F.C	1	1	1	3
Fc westham united	1	1	1	3
Mathare united	1	1	1	3
Kakamega home boyz	1	1	1	3
Karuturi sports	1	1	1	3
Ushuru F.C	1	1	1	3
Ulinzi F.C	1	1	1	3
TOTAL	21	21	21	63

3.5 Sampling Technique

Sampling involves that process used in selecting people, items or place to participate in the study. It is that procedure of having selected people or items from the target population which consists of traits that are representative of the entire population (Orodho, 2003). The study used purposive sampling to select the respondents. The study utilized Yamane (1967) formula at 95% confidence level and $e = 0.05$ in calculating the sample size.

$$n = \frac{N}{1+N(e)^2}$$

Where n is the sample size, N is the population size, and e is the level of precision. This resulted to 54 respondents who were used as a parameter for stratification to select the respondents to be included in each stratum. To obtain the respondents for the study the number of business was multiplied with the total sample size and the result divided by total population.

Table 3.2.

Sample Frame

Category	Population	Sample Size
Chairmen	21	$\frac{21 \times 54}{63} = 18$
Accountants	21	$\frac{21 \times 54}{63} = 18$
Financial officer	21	$\frac{21 \times 54}{63} = 18$
Total	63	54

Table 3.3.

Operationalization of variables

Variable	Variable type	Measure	Level of scale	Method of analysis
Financial stability	Dependent	-intermediation of funds -financial risk management -efficient/ dually payment	-Interval -Nominal	-Descriptive statistics - Inferential statistics
Investment practices	Independent	-Match attendance -Corporate sector relationship -Investment in training material -Investment in players	-Nominal	- Inferential statistics
Financing activities	Independent	-Broadcasting contract -advertising and publicity -match day financing -sponsorship deals -merchandise sale	-Nominal	- Inferential statistics
Financial reporting framework	Independent	-Financial statements disclosure -Revenues recognition -Best reporting practices	-Nominal	-Inferential statistics
Working capital management	Independent	Efficient: Inventory management Accounts receivables and payables Cash management cycle	-Nominal	-Inferential statistics
Political interference	Intervening variable	-government policies -government programs	-interval	-inferential statistics

3.6 Data Collection Methods

Data used for this research was collected by the use of structured questionnaires w. Saunders *et. al.* (2009) define a questionnaire as a general term which includes the data collection techniques where every individual is asked to answer a set of similar questions in a predetermined order. Ratio scales, ordinal and nominal scales were used to structure the questionnaire as they are widely accepted as measures of classification, (2004). These questions were structured using both open-ended and closed-ended to enable collection of relevant information and entry of data possible.

Use of Likert Scale questionnaires plays a key role in ensuring that a greater flexibility is given to the respondents in their responses. According to Stangor (2010), a response that has to be measured, where each response is stand-alone which is an opinion about phenomenon (McNabb, 2008). A questionnaire as a tool plays a key role in data collection due to its efficiency in consolidating responses from large samples, it has structure and uniformity that facilitates use of closed-ended questions, and hence the capacity to use data for quantitative analysis. Questionnaires used comprised of two sections that is: section A which involved questions on the general state of affairs of the respondents, and section B where categorized questions were structured to fit specific aspects which were being investigated.

3.7 Data Analysis Methods

The process of cleaning up data to bring together numerical evidence about a social world can be described as data analysis (Marsh & Elliott, 2009), taking into consideration the objectives of this study, both descriptive and inferential statistics were used made it possible for the data collected to be analyzed. Data collected was analyzed by use of

descriptive statistics such as mode, median, mean and standard deviation. Regression analysis was also utilized to bring out the relationship between independent variables and dependent variable and to test the hypothesis, this is because they are quantitative variables in nature. There were three possible research hypotheses that is; there exists a positive linear relationship between the variables, negative linear relationship between the variables exists. Working capital management and investment practice was regressed against financial stability of football clubs. Multiple linear regression analysis was used to bring out the relationship between financial planning and financial reporting framework against financial stability of football clubs. This is so because the model has a relationship that exists between two variables being explanatory and a response variable which fits a linear equation from the observed data is possible. The values of the independent variables (x) are related to the value of the dependent variable (y).

$$FS = \beta_0 + \beta_1 IP + \beta_2 FA + \beta_3 FRF + \beta_4 WCM + \epsilon$$

Where, FS is the dependent variable (Financial stability),

β_0 is the intercept.

FA-Independent variable financing activities.

FRF -Independent variable financial reporting framework.

IP- Independent variable investment practices

WCM- Independent variable working capital management

ϵ_i is the error term.

All the characteristics of independent variables and the dependent variable were analyzed using Descriptive statistics to bring out their distinct characteristics. Descriptive data was

presented in the form of frequency tables and percentages. Narrative interpretation was also used in qualitative data. The findings of this research were presented in form of figures and tables. Narrative interpretation was used to present open ended questions information.

3.8. Validity

The relevance and accuracy of the inferences which pinned to the research results is defined as validity (Mugenda & Mugenda, 2003). Validity can also be described as the extent to which results obtained from the analysis of the data represent the actual state of affairs for the subject studied. The questionnaire was validated using content validity. Content validity is a measure of the degree to which data collected using a particular instrument represents a specific domain of indicators or content of a particular concept (Mugenda & Mugenda, 2003). To ensure that content description was represented in the study, it was important to use content validity. Content validity was thus assessed through the use of professionals and experts as advocated by (Mugenda & Mugenda, 2003). In this respect, the researcher worked closely with the thesis supervisors who went through the tools and made their suggestions which were taken into consideration and incorporated.

3.9 Reliability

Reliability connotes the measurements on the degree to which scores are free from random errors while ensuring consistency in measurement across time in the instrument (Zikmund, 2003). In enhancing reliability, this study used test re-test and Cronbach's alpha approach (Saunders, Lewis & Thornhill, 2009). Through test re-test approach the same questionnaire were issued twice to the same respondents and the approximation of reliability will be obtained by showing an association of data collected from similar questionnaire. The tendency toward consistency that is found in repeated measurements is referred to as reliability. Cronbach Alpha which is applicable with Likert scale responses was used. Any data which were obtained revealing a Cronbach Alpha value of 0.7 or greater was reliable as a value of 0.7 or greater is the accepted measure of reliability based on the recommendation by (Zikmund, 2003).

3.10 Ethical Consideration

The researcher sought permission from NACOSTI and the University on the questionnaire issuance, while also obtaining permission from the football clubs. The researcher was guided by deontology and teleology philosophies on ethical issues. The researcher requested the respondents to indicate their willingness to be part of the study. The researcher ensured that respondents were not coerced to participate in this study hence respecting their rights. Primary data obtained from the respondents was handled carefully to ensure anonymity and privacy rights of respondents. The identity in form of names of the respondents has not been associated to the information received.

CHAPTER FOUR
RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter discusses the results from data collection, presenting, analyzing and interpretation the information gathered during the study.

4.1.1 Reliability Statistics

The consistency of measure for this study was done by use of Cronbach's Alpha. This is a reliability coefficient that indicates how well the items of data collection instruments were positively correlated to one another. The study had a 0.982 value which was considered moderately high on a scale of 0.00 - 1.00 as it tends towards 1.00 on attitudinal measurement scales.

Table: 4.1.

Reliability Statistics

Cronbach's Alpha	Standardized Items	No of Items
.963	.985	54

4.1.2 Response Rate of Respondents

During the data collection, a total of 54 questionnaires were distributed which covered the sample size of the study, the number of those who participated and returned the questionnaires were 54 (100%), drawn from clubs which had participated in the Kenyan premier league during the stated period. Those clubs from which no data was collected

comprised those that were no longer active, they had been dissolved and no longer had an accessible office or football officials that could give reliable information appertaining to the financial status. Their financial status had dwindled over time leading to their dissolution. The 100% responses were found to be very significant to carry out the study. Based on the response rate, the findings of this study can be termed as reliable.

4.1.3 Normality Test

A test for the normality of the dependent variable (Financial stability) as well as the residuals of the study was carried out. Both multiple and simple Linear regression analysis assumes that both the dependent variable and the residuals should be normally distributed. Kolmogorov Simonov (K-S) test has been used to determine the state of normality for the dependent variable (financial stability).

Data from this study was tested for the major assumption of parametric data analysis. Parametric tests in which linear regression analysis and Pearson's bivariate correlation analysis assumes that the residuals (also called error/disturbance terms) follow a normal distribution. A linear regression model requires that the conditional distribution of the residuals must be normal in form, which clearly implies that the dependent variable, Y, has a normal conditional distribution (Poole & O'Farrell, 1971). To test the normality of the residuals, Kolmogorov Smirnov and Shapiro Wilk tests were used. Results indicated that the residuals were normally distributed with (p-values greater than 0.05). Normal Q-Q Plot and histogram also confirmed these findings. Given H_0 and H_1 , set $\alpha = 0.05$, the rule is that reject H_0 if P- value is less than α else fail to reject H_0 : where

H_1 : The data is normally distributed

H₀: The data is not normally distributed.

Table 4.2.

Predictors: (Constant), IPAV, WCMAV, PAV, FRFAV, FAV

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.919	0.977		0.94	0.352
IPAV	0	0.228	0	-0.001	0.999
WCMAV	-0.341	0.206	-0.192	-1.66	0.104
FRFAV	0.521	0.151	0.479	3.447	0.001
FAV	0.092	0.2	0.07	0.461	0.647
PAV	0.49	0.21	0.342	2.332	0.024

a Dependent Variable: FSAV

Table 4.3.

Tests of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Financial reporting framework	.115	312	.000	.972	312	.000
Working capital management	.104	312	.000	.968	312	.000
Financing activities	.053	312	.036	.994	312	.270
Investment activities	.123	312	.000	.968	312	.000

Lilliefors Significance Correction

All the variables had P-values less than 0.05 except the financing activities (X₃) that is, attention to financial reporting framework (X₁), working capital management (X₂), and investment activities (X₄). This study therefore rejected their corresponding null hypotheses (H₀₁, H₀₂, H₀₃, and H₀₄) respectively and concludes that the data sets for these

three variables are not normally distributed. The assumption was discredited by the use of a normal probability plot where if all values lie on a straight line cutting across diagonally, then the residuals are interpreted to be normally distributed.

Table 4.4.

Tests of Normality Residuals

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Unstandardized Residual	.035	278	.200*	.994	278	.355

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

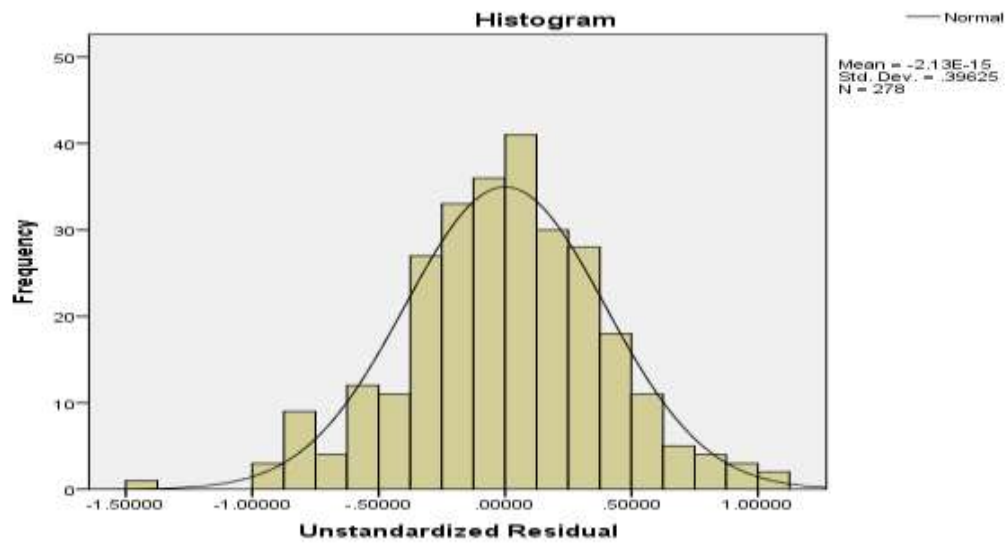


Figure.4.1. Histogram Normality of all Variables

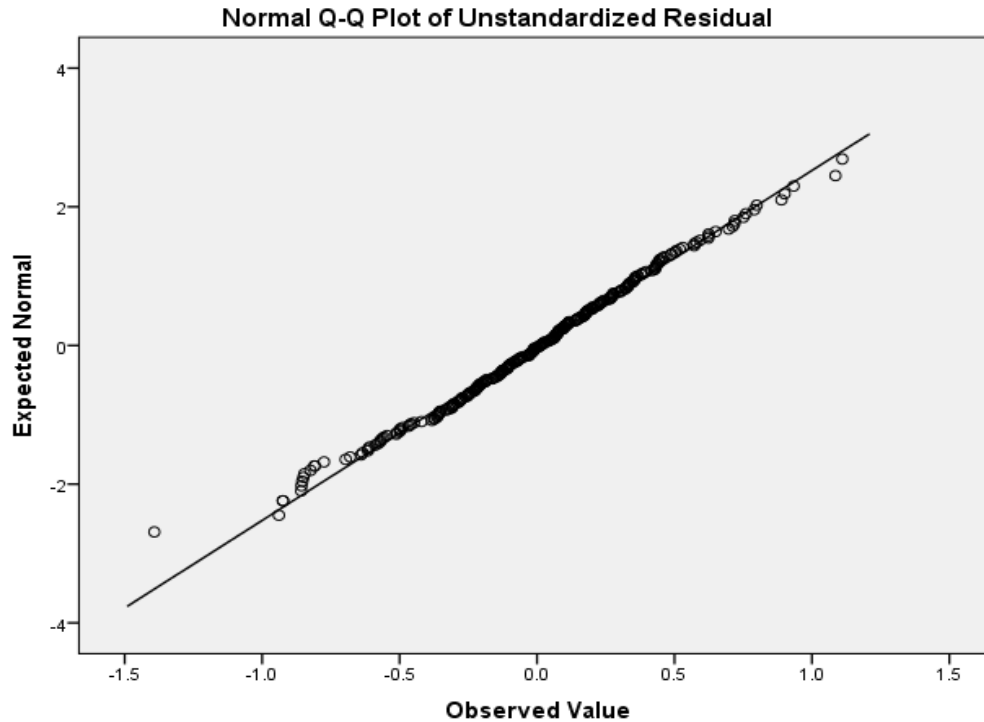


Figure 4.2. Q-Q Plot for Data Normality

Figure 4.2 Q-Q plot indicates that the values lie on a straight line cutting across diagonally. Data on the how independent variables are aligned towards financial stability of football clubs did not extensively deviate from the normal distribution.

4.2 Background Information

4.2.1 Age of Respondents

Respondent's age brackets is a vital characteristic in understanding the views appertaining a particular situation or problem. Age as a factor indicates the level of maturity of respondents towards examining the responses received. Sometimes, age bracket for the respondents also indicates the level experience both on the target response as well as the overall experience on various matters appertaining to the responses required. With age the

level of information given tends to be more reliable and also the level of experience on general issues appertaining to the overall society issues tends to be more articulate.

From the findings, most of the respondents were aged between 35-45 years and represented 18.5 % of the total respondents. 45-55 years represented 42.6% while over 55 years bracket represented 38.9% of the total population. The findings also revealed that most of the employees that football clubs employed were a mixture of both the youth and older people. This indicated that the football clubs were ready to hire enthusiastic, energetic and physically active employees who are able to bring wealth of knowledge with them while also blending older employees. This also showed a trend where the long-term capabilities in terms of manpower availability to work in the football clubs have been taken care of.

Table 4.5.

Age Bracket

	Frequency	Percent
35 years to 45 years	10	17.9
45 years - 55 years	23	41.1
above 55 years of age	21	37.5
Total	54	96.4
Total	54	100.0

Table 4.6.

Gender

	Frequency	Percent
Male	39	69.6
Female	15	26.8
Total	54	96.4
Total	54	100.0

Football matters all over the world have always been dominated by the male. This trend in the long run may change as demonstrated by the growing acceptance of women in football. National women teams and women football clubs are on the rise. Administrative staff in football clubs have also been male dominated for a long time. From the research, out the total sample of 53 respondents only 15 female workers were found, none of them was a chairperson in any of the football clubs studied.

4.2.2 Work Experience

Work experience in an organization is an important factor in ensuring efficiency in an organizations and productivity; this forms a basis from which the questionnaire was set to ensure they capture the above. The findings establish that the respondents had worked in the football clubs for some time, most of them had work experience in their clubs for a period of 5 to 10 years 38(70.4%), less than 5 years were 6 (11.1%), 10 to 15years were 10 (18.5%). This pointed out that they had the knowledge and experience in their respective clubs and therefore availed credible information towards this study. Also, from the above results on the work experience the researcher was able to establish that based on it the efficiency of work performed by the staff would be of higher quality due to their experience gained working for the football clubs.

Table 4.7.

Descriptive Statistics

	N	Mean	Std. Deviation
Age Bracket	54	4.20	.737
Gender	54	1.28	.452
Work Experience	54	2.07	.544
Valid N	54		

The relationship between age bracket, gender and work experience influence on the financial stability of football clubs was also examined through enquiring on the demographic factors of the respondents so as to be able to ascertain the familiarity of the subject matter. Age bracket of the respondents were found to possess a mean and a standard deviation of, (M=4.20, SD=0.737). Gender had a mean and a standard deviation of, (M=1.28, SD=0.452), work experience on the other hand was found to possess a mean and a standard deviation of, (M=2.07, SD=0.544.) from the above results the demographic factors (age bracket, gender and work experience) are not highly dispatched from the mean as demonstrated by their standard deviations

4.2.3 Club structures

It was important to understand the structure and ownership of footballs clubs in Kenya. This was helpful in understanding the source of revenues. For example for private football clubs such as Sofapaka where there was presence of owner availing the revenues and the decision making process of the clubs, while in most community and clubs the major source of revue was based on sponsorship, this clubs are also based on bureaucratic management

which hinder their growth. For government sponsored clubs although players are not highly paid compared to the other structures, there was constant available of revenues to the club affairs for Ulinzi stars rarely missed matches due to lack of funds.

The ownership or the structure of any organization and specifically the football clubs has been proven to play significant role towards sourcing and management of available resources. It is the basis of the reporting structure within an organization. The organization structure will differ based on the club ownership. This might also affect the efficiency i.e. in terms of delivery and on the decision making, both the financial decisions and otherwise.

4.2.3.1: Community clubs

It is always viable for societies to undertake community project to upgrade the living standards of their members. These community projects are diverse in nature and cover areas that are beneficial to the society. Football plays a significant role on both the empowerment and cohesion among the various group (i.e. children, youth and the elderly). From this fact NGOs and the community at large has contributed towards the growth of football organization. Some the beneficiaries have been Gor Mahia, AFC leopards Thika united among others.

Gor Mahia and AFC Leopards are incorporated as Societies (registered with the Registrar of Societies). These are by far the best supported clubs in Kenya. Thika United and Muhoroni Youth also operate as community-based organizations while Mathare United is run by an association referred to as the Mathare Youth Sports Association (MYSA), an NGO which has a membership of over 25,000 players on in the Mathare slums. Muhoroni Youth has registered its own businesses - “Bethel Global Suppliers Limited” produces

and supplies mineral water called “Bethel Sprinkles” to raise funds to support its participation in the league. In 2014, Gor Mahia registered a co-operative society as an investment arm of the club – targeting 10,000 fans capable of contributing Sh1, 000 monthly to bolster the club’s financial stability and minimize dependence on sponsors.

The boards of directors for these clubs are elected by the registered members within the clubs. Their duties and obligations should be aligned with goals and objectives of the founding communities. The values of all the employees within these clubs should also adhere to those of the founding communities. These however should not serve as a limiting factor towards their own field and outfield performances. The staffs within the clubs are supposed to adhere to strict financial management practices so as to ensure growth, continuity and high on field performance from these football clubs.

4.2.3.2: State Clubs

The state through its many arms has the responsibility to empower its citizens and especially the youths. Countries should ensure that its citizens are empowered. There are so many ways the state can empower its citizens, either by offering low interest loans, employments, creating a conducive environment where the citizens can express their financial capabilities or else sponsoring talent creation for example through games such as football. They pay the players wages and salaries. If the state-owned football clubs can ensure prudent and strict adherence to financial management practices then the government will be in a position to yield returns on the financial aspects hence sponsor more talents or diversify the resources to other projects.

Football clubs plays a role in creating employment to the various groups of people. For example, those working as assistants, the coaches and the players among others. The state propelled a few football clubs in Kenya Owned and managed by agencies of the state- or state-owned companies. Some of these clubs have a multi-sports tradition (in common with many community-owned clubs) e.g. Ulinzi previously had basketball, volleyball and rugby teams

4.2.3.3: Private Clubs

Football environment in general plays a key role in marketing an organization. It has the highest number of viewers compared to other sports worldwide. This provides the best avenues for companies willing to market their products. But for this to effectively take place the football club brand must be enhanced. The football club performance the field must enhanced to attract more audience, for this to happen prudent and strict adherence to financial management practices must be embraced within this football clubs.

The private sector should embrace and carry out corporate social responsibility. There are various forms which includes use of football clubs. There are various Company clubs e.g. Chemelil Sugar started as a social welfare for employees but developed into fully professional teams KCB is also a multi-sports club. As the table shows, nearly 50% of KPL clubs are privately owned (5 community; 4 state and 7 private clubs).

Table 4.8.

Kenyan Premier League Club Structures

CLUB	STRUCTURE	FOUNDED	MEMBERS/OWNERS
Gor Mahia	Community	1968	Registered members
Afc Leopards	Community	1964	Registered members
Sofapaka	Private	2004	Individual
Tusker	Private (Company)	1970	East Africa Breweries Limited
Chemelil Sugar	Private (Company)	1968	Chemelil Sugar Company
Ulinzi Stars	State (military)	1995	Kenyan Defense Forces
Thika United	Community	1999	Community
Mathare United	Community	1994	MYSA
Kenya Revenue Authority Fc (Changed Name To Ushuru Fc)	State	2006	Kenya Revenue Authority
Western Stima	State	1997	Kenya Power and Lighting Company
Muhoroni Youth	Community	2002	Community
Bandari	State	1985	Kenya Ports Authority
Kenya Commercial Bank Sports Club	Private	1993	Kenya Commercial Bank
Nairobi City Stars	Private (NGO)	2009	Ambassadors in Sport Kenya50
Sony Sugar	Private (Company)	1982	South Nyanza Sugar Company
Nakuru Top Fry All Stars	Private	2010	Consortium of private owners

The age of the football club does not reflect the financial capability of a club. Although Sony sugar FC which was established in 1982 and AFC leopards which was formed in 1964 has continued to face financial woes, on the other hand Gor mahia which was established in 1968 has remained financially stable while performing consistently on the footballing matters. On the other hand, Sofapaka FC which was formed in 2004 has remained financially stable, while Nairobi city stars which was established in 2009 has had

its fine share of financial woes leading to non-payment of players wages and hence affecting, they're on the field football performance.

4.2.4 Financial Status of Football Clubs

The ability to attract the highest quality talent in football depends on the capability of football club to generate financial resources. Either through attracting sponsors, borrowing loans and ensuring continuity of the football clubs, they must ensure maintenance of proper and up to date financial records, while also investing in marketing sources and the broadcasting rights. The financial muscle of a football club will most likely lead to greater trophies, attractive football due to the availability of talent hence a very strong fan base worldwide leading to wide range of various revenue sources.

Football giant Real Madrid was listed as the richest football club in the world in April 2016, Forbes magazine listed Spanish giants Real Madrid as the richest club in the world with an estimated net worth of Sh284 billion. In that year real Madrid football club eclipsed English champions Manchester United who enjoyed the status of the world's richest club for nine years in a row. United were ranked second with a net worth of Sh272 billion.

In the Kenyan Premier League (KPL), no independent study have ever been conducted to determine the actual financial health of local football clubs and thus making it difficult to determine the richest football club in Kenya. The financial status of football clubs in Kenya are rapidly growing. Financial sources available to football clubs have also grown due to the sponsors within the country. The presence of a TV (super sport) sponsoring as well broadcasting live football matches has yielded considerable benefits by exposing the Kenyan Premier league worldwide. This has granted Kenyan football recognition creating

employments and sustainable salaries and wages for the participants. Hence the on what exactly is the financial status of the richest football clubs in Kenya today arises. According to Wandera, (2016), the estimated wealth value of the richest football clubs here in Kenya were estimated as follows.

4.2.4.1: Gor Mahia (estimated worth Sh65 million)

Gor Mahia collects the highest amount of money in gate Collections at an average of Sh2 million per home game, which translates to Sh30 million in a season. The club also receives another Sh29.5 million from shirt sponsors Tuzo and own a piece of land donated by the government to develop a stadium in Embakasi that is worth Sh4 million. However, the status of the land remains unknown as a former politician is believed to have settled some squatters on it. Last season, Gor earned Sh2.5 million from the sale of replica jerseys. The team has the potential of earning more than Sh10 million in sale of replica jerseys but this is not structured and has been left to unscrupulous businessmen who make a kill while the club gets nothing.

4.2.4.2: AFC Leopards (estimated worth Sh52 million)

In terms of revenue generated, AFC Leopards are next to arch-rivals Gor Mahia. The team has a Sh20 million per year sponsorship with Mumias Sugar Company. In three years, the club will have been paid Sh65 million by the sugar company. The team also owns a Sh6.5 million bus which helps them cut down on transport costs significantly. Another Sh10 million is collected in gate collections while slightly more than Sh2 million is earned by

the club on replica jerseys. Here also a lot of revenue is lost since most of the jerseys are sold illegally and the proceeds do not go to the club. If well structured, the club could make upwards of Sh8 million in sales of replica jerseys.

4.2.4.3: Sofapaka (estimated worth Sh50 million)

Among the teams who have taken part in the Kenyan Premier League (KPL), Sofapaka have benefitted the most in players transfer fees. Just this year, they were paid Sh4 million when Zimbabwean striker Obadiah Tarumbwa moved to South Africa. The club was also paid another Sh4million last year when midfielder Humphrey Mieno was loaned out to Tanzanian club Azam. The clubs have been enjoying a massive Sh33 million sponsorship deal from East Africa Portland Cement (EAPC) and get Sh4.2million in gate collections.

4.2.4.4: Tusker (estimated worth Sh45 million)

The Kenyan Premier League (KPL) champions are funded to the tune of Sh30 million annually by East African Breweries Limited (EABL). Last year, they pocketed Sh4 million when former defender Brian Mandela was signed by South African club Santos. Another Sh1 million comes in from replica jerseys every year and another Sh1 million in gate collections. The team was also paid television rights money totaling Sh1 million by taking part in last year's CAF champion's league. The club receives Sh 4.2 million from the Kenyan Premier League (KPL) as their annual grants.

4.2.4.5: Thika United (estimated worth Sh20 million)

The team enjoys a modest Sh15 million sponsorship from Brookside Dairy Limited. They also receive about Sh500, 000 from sale of replica jerseys annually. Another Sh1 million from gate collections, Sh4 million from KPL as grants making them the fifth richest club in Kenya.

Table 4.9.

Descriptive Statistics (Variables)

	N	Mean	Std. Deviation
Financing activities	54	3.0380	.47012
Financial Reporting framework	54	2.3102	.61273
Working capital management	54	1.9630	.45487
Political influence	54	3.5972	.26784
Investments activities	54	2.8505	.54580
Valid N	54		

The study sought to establish whether a relationship between investment practices, financing activities, financial reporting framework, working capital management and political interference and the financial stability of football clubs existed. It is important to demonstrate the descriptive statistics appertaining to all variable studied in this research on football clubs in Kenya. It was established that the mean values and the standard deviation of each variable plays a key to help understand the significant contribution towards the

research. After computing the mean values and standard deviation on each question, the results were presented as shown in table 4.9 above.

Political influence had the highest influence on financial stability of football clubs based on the above descriptive statistics. This is due to the fact that it has the highest mean of 3.6 the variables are higher dispersed form the mean at 0.738 standard deviation. Political interference also affects the financial stability of football clubs greatly, this is due to the fact that it has a mean of 3.94 which is high compared to the other factors affecting financial stability but the variables are highly dispersed as represented by a standard deviation of 0.763.

4.3 Investment Practices in Football Clubs

Football clubs should be in a position to generate optimal financial resources to enhance their financial stability. For this to happen proper efficient and comprehensive investment practices should be enhanced by the football clubs. Ensuring the right wage structure/package to attract good players, diversifying the various sources of revenues accessible to the football clubs, creating football brand attractive to the various fan base to enhance media coverage and hence a wider range of broadcasting rights, investment in the tight players as well as the right training materials and scheduling the football match in a way that it ensures availability of the various categories of fans to attend the matches. These factors greatly influence the investment activities available to the football club's world and structures should be laid down to ensure prudent utilization of the above factors. To qualify for higher revenues in football, directors of football clubs have to gamble on improving

football performance with a view to exploiting the very rapid growing media income during a given period have to ensure that satisfaction of players is paramount.

4.3.1 Descriptive Statistics

There are various motives for watching a football match hence various categories of people who watch a football match. It is possible to differentiate football fans and spectators. Spectators only watch a football match without any emotional connection towards the match, while football fans enthusiastically devote themselves to the sport. Some of the fans support their football teams only when they are winning, while the die-hard fans stand with their teams even through rough patches (when they are losing). The fanatics spend extremely large amounts on tickets. Market segmentation of stadium on the perspective of visiting spectators provides a key growth for football clubs.

Table 4.10.
Test Statistics

	Match attendance by supporters	corporate sector relationship	investment in training material	investment in players	basis for customer classification
Chi-Square	10.778 ^a	1.444 ^a	1.000 ^a	1.185 ^b	4.778 ^a
Df	2	2	2	1	2
Asymp. Sig.	.005	.486	.607	.276	.092

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

Through chi-square, the study sought to establish the relationship between each independent question influence on the independent variable (investment practices). The results show that Match attendance by supporters had no significant relationship on investment practice since the significant level calculated was 0.05. Corporate sector relationship had a significant relationship on investment practice since the significant level calculated was 0.486 which higher than the expected value of 0.05. Investment in training material had a significant relationship on investment practice since the significant level calculated was 0.607 which higher than the expected value of 0.05. Investment in player had a significant relationship on investment practice since the significant level calculated was 0.092 which higher than the expected value of 0.05, while basis for customer classification.

Table 4.11.*Test Statistics*

	revenue From More sources	Efforts to Add value to spectators	wide attraction of times	use of match schedule to identify profitable ones	application of laid down systems
Chi-Square	.074 ^a	10.667 ^a	.296 ^a	14.519 ^a	1.852 ^a
Df	1	1	1	1	1
Asymp. Sig.	.785	.001	.586	.000	.174

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

Chi-square established the relationship between the independent question and their influence on the independent variable (investment practices). The results show that revenue generated from more sources, wide attraction of fans, application of the laid down systems had a significant relationship on investment practice since the significant level calculated was higher than the expected value of 0.05. While efforts to and value to spectators and use of match schedule to identify profitable ones had no significant relationship on investment practice since the significant level calculated was lower than the expected value of 0.05.

Table 4.12.***Test Statistics***

	satisfactory Training Programs	Appraisal for Players	appraisal for support staff	Staff Recognition
Chi-Square	12.333 ^a	.074 ^b	7.407 ^b	4.778 ^a
Df	2	1	1	2
Asymp. Sig.	.002	.785	.006	.092

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

Chi-square was also used to establish the relationship of each independent question on the independent variable (investment practices). The results show that appraisal for players, appraisal for support staff and staff recognition had a significant relationship on investment practice since the significant level calculated was higher than the expected value of 0.05. While satisfactory Training Programs had no significant relationship on investment practice since the significant level calculated which was 0.02 hence lower than the expected value of 0.05.

Table 4.13.

Match Attendance by Supporters

	Frequency	Percent
very little	21	38.9
Moderate	27	50.0
Significant	6	11.1
Total	54	100.0

It is important for each and every football club to ensure that the conditions necessary to increase the number of fans in the field are met. Investment in the security, social welfare among many other factors that makes the fans more comfortable on the stands should be embraced by the football clubs. This in return yields more money in terms of tickets and gate collections. The findings established that match day attendance by the club supporters had an effect on the financial stability of the club. From the overall respondents 21(38.9%) were of the view that match day attendance by the supporters had little significance on the financial stability of the club, 27(50%) believe that there is moderate influence of the match day attendance on financial stability of the football clubs, while 6 (11.1%) were of the view that the match attendance have a significant effect on the financial stability of football clubs. Various studies are in agreement that football match attendance should be embraced to enable football clubs diversify their revenue sources. Expansion of various revenue sources will enable financial stability in football clubs.

Investment in the right players and instilling the right footballing culture that portrays the right altitude will enhance the overall image of the club. This in return will create an attractive brand where the corporate are comfortable to relate. A good corporate relationship between a football clubs and the organization means a conducive for

sponsorships among other financial relations amongst the two. It is therefore prudent for football clubs to enhance their total footballing image, through their on the field performance as well as their management roles and especially on the financial aspects of the management.

As per response from the respondent's corporate sector relationship had its fair share of influence on the financial stability of football clubs. 14(25.9%) of the respondents were of the view that corporate sector relationship had low influence on financial stability, 21(38.9%) shared their sentiments that corporate sector relationship had moderate effect on financial stability of football clubs, while 19 (35.2%) were of the view that corporate sector relationship had a very significant effect on financial stability. Good corporate sector relationship has been established by various researchers to enable football clubs attract sponsorship money. The sponsorships received from maintaining this corporate sector relationship enables football clubs to have a sustainable source of revenues leading towards financial stability of this clubs.

Investment in training materials by football clubs is an essential element in ensuring stable performance on field of play. While this is important it also plays a key role in ensuring financial stability of this football clubs as the results showed that 18(33.4%) of the respondents were of the view that, investment in training material have a significant influence on financial stability of football clubs, 15(27.8%) of the respondent were of the view that, investments in training material have a moderate influence on financial stability of football clubs. On the field Performance attracts more match day revenues, corporate sponsorship and hence more media coverage boosting the overall financial performance of the specified football club. Researchers have found out that investment in training as being

significant towards financial stability of football clubs, this study is in agreement with this view. Proper investment in proper and effective training material enhances greater performance on the field hence attracting a greater pool fans that in return bring about increased revenue sources enhancing financial stability of football clubs.

For a football club to be recognized behavior, attitudes, ethics and the overall output of the players have to be effective. Investment in the right players plays essential part in contributing towards the financial stability of football clubs. From the finding it was established that 27 (50%) of the respondents were of the view that investment in players had a moderate influence on financial stability of football clubs, while 23 (32.6%) of the respondents were of the view that investment on players have a significant influence on financial stability of football clubs. Investments in the right set of players for a football has a significant influence on the direction taken by the club. While researchers agree on this there exist no set criteria on establishing the right set of players who would significantly influence the financial direction of football clubs. Player's altitude, ethics and work rate should influence on field performance in football clubs, attracting more fans while increasing the amount of revenues through gate collections, which in return enhance the financial stability of the football clubs.

Scheduling a football match requires the football club's management to take into consideration many factors. Some of these factors range from the availability of the football venue, the weather condition, the overall conditions of the football ground, security of both the players as well as the fans and of course the capacity to generate revenues from the match. With the above taken into consideration by the management of the clubs as well as

the football federation as it becomes easy for the football clubs to generate revenues through attraction of a wider fan base.

Football clubs who participate in the Kenyan premier league use match schedules to identify the most profitable matches. For matches played in major cities such as Nairobi, Kisumu and Mombasa, the number of fans in attendance is much higher compared to those scheduled in local towns such as Kakamega especially due to the convenience and the number of people in the locality. This can be illustrated by the figure above where the majority of the respondents were of the view that match schedule is an important tool in identifying the most profitable match from the fixtures. According to various researches done the use of match schedules has not been enhanced in football clubs to enable them identify the profitable football matches, although the use of match schedules has been recognized as an effective way for enlarging revenue base for football clubs and enhancing overall financial capacity and stability of the football clubs.

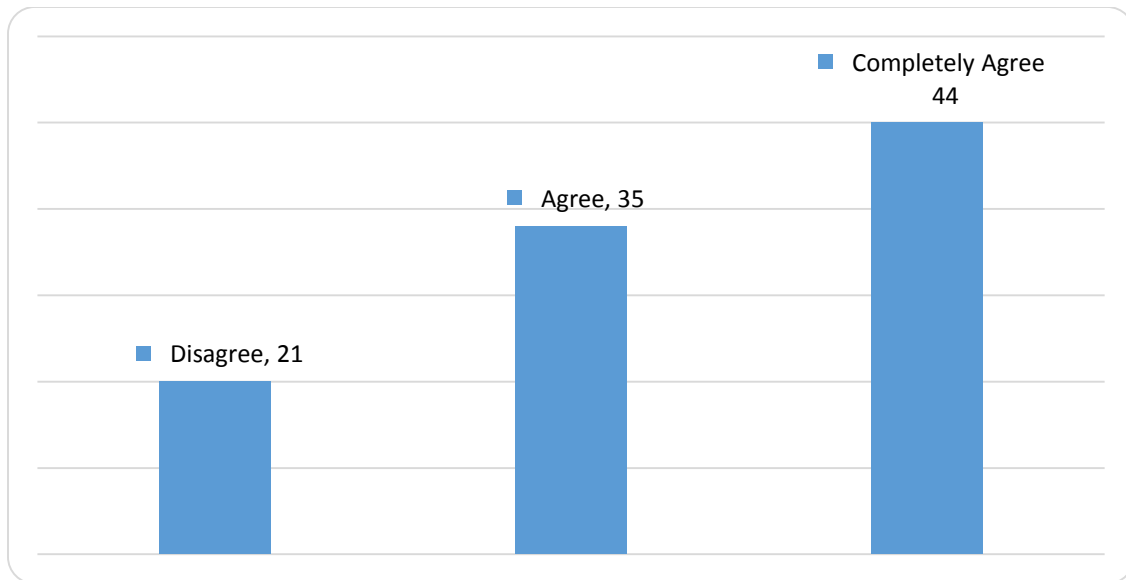


Figure 4.3 Satisfactory Training Programs

View on implementation of Satisfactory Training Programs

The modern footballer in the modern footballing world requires a carefully researched ways of training. Proper diet as well proper training program are an important ingredients to producing an effective football player, this requires sufficient funds to finance the dieting, and training equipment's such as a fully operational gym thus failure to prudently and effectively manage the available financial resources would lead to lack the necessary training program which directly affects the performance of the players.

Performance on the football pitch translates into a wider attraction of more football fans and creation of a greater brand. For a club to perform well on the match day, extensive training is required. The management of the football clubs needs to ensure facilitation in terms of training programs and materials. From the study it was established that most of the respondents believes that with effective training structures and facilitation and enhancement of performance both on the field and the financial status of the clubs would

be achieved. Investment in the right set of players has been proven to enhance financial stability of football clubs; furthermore, investment in the right training programs would effectively improve the on-field performance of these player leading to an established brand of football that would attract more revenue base leading to financial stability of football clubs.

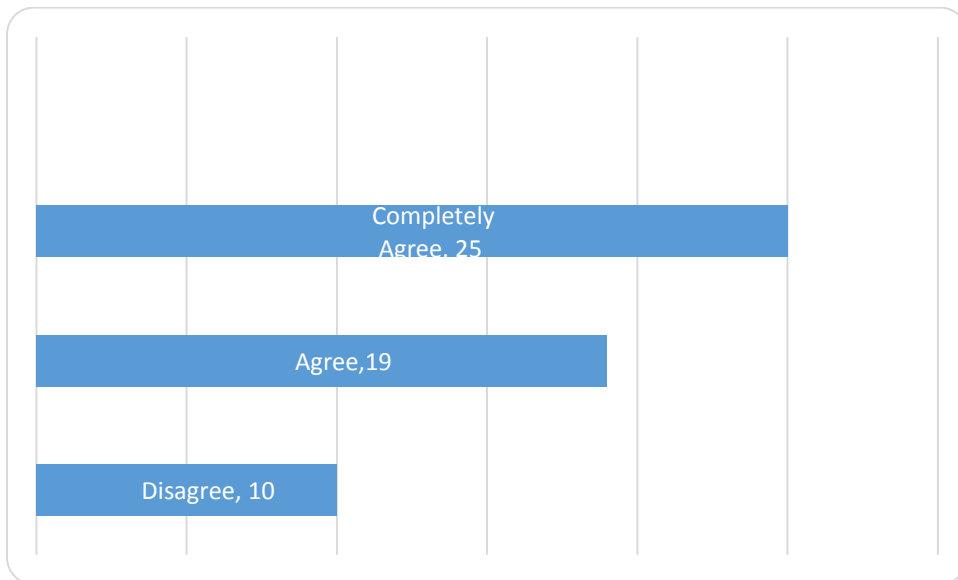


Figure 4.4 Basis for Customer Classification

View on implementation of Customer Classification

For football clubs the customers are mostly the fans and the sponsors. It is important for the management of these clubs to be able to categorically classify the various customers so as to be able to bring them on board and enable the football receive financial boost from these customers. It is important as established by the response from the respondents as the majorities were of the view that a basis for customer classification should be put in place. Various researchers have established that a basis for customer classification should be

established. This will enable the management of the football clubs to concentrate on the right segment that broadens the revenue base for the football clubs.

It is important to demonstrate the descriptive statistics appertaining to investment practices in football clubs in Kenya. Their mean values as well as standard deviations of each question are important to help understand their significant contribution towards the investment practices variable of the research. After computing the mean values and standard deviation on each question, the results are shown in table below.

Table 4.14.*Descriptive Statistics (investment activities)*

	N	Mean	Std. Deviation
Match attendance by supporters	54	1.74	.678
Corporate sector relationship	54	2.09	.784
Investment in training material	54	1.94	.856
Investment in players	54	1.43	.499
Basis for customer classification	54	1.85	.737
Revenue From More sources	54	1.48	.504
Efforts to Add value to spectators	54	1.72	.452
Wide attraction of times	54	1.93	1.007
Use of match schedule to identify profitable ones	54	1.24	.432
Application of laid down systems	54	1.41	.496
/Recruitment Team	54	2.00	.000
Satisfactory Training Programs	54	1.78	.664
Appraisal for Players	54	2.52	.504
Appraisal for support staff	54	1.69	.469
Staff Recognition	54	2.24	.799
Investment activities influence	54	2.00	.000
Valid N	54		

The descriptive statistics shows that staff recognition, recruitment criteria, corporate sector relationship and investment in players were the main investment factors enhancing financial stability of football clubs. This is demonstrated by their superior means from the descriptive statistics table above. This shows that if prudent use of financial resources are put in place the management that prioritize them first followed by other investment practices within the football club.

The study also sought to determine the relationship between Match attendance by supporters, corporate sector relationship, investment in training material, investment in players, basis for customer classification, revenue From More sources, Efforts to Add value to spectators, wide attraction of times, use of match schedule to identify profitable ones, application of laid down systems, Recruitment Team, satisfactory Training Programs, Appraisal for Players, satisfactory Training Programs, Appraisal for Players, appraisal for support staff, Staff Recognition and investment activities and the financial stability of football clubs.

4.3.2 Hypothesis Testing

SPSS was used to perform a linear regression between investment practices and financial stability of football clubs. Significance level denotes to the probability that the results obtained from a study may have occurred by chance. Regression analysis have been used to examine the extent of relationship between independent variables and the dependent variable.

Table 4.15.***Coefficient of Regression of IP: FS***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.790 ^a	.624	.616	.497

a. Predictors: (Constant), investment practices influence

In reference to the above table, the independent variable that was studied, explain 62.4% of investments practices relationship on financial stability of football clubs. This is illustrated by adjusted R². Investment practices are a key contributor towards the financial stability in football clubs as illustrated from the results above.

Table 4.16.***ANOVA (IP)***

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.293	1	21.293	86.128	.000 ^a
	Residual	12.855	52	.247		
	Total	34.148	53			

a. Predictors: (Constant), investment practices influence

b. Dependent Variable: financial stability

The above table shows a significance value of 0.000 that is less than 0.05 hence making the model statistically significance in predicting how investment practices affect financial stability in football clubs. The critical value of F at 5% level of significance was 2.32.

Hence F calculated value was greater than the F critical (value = 86.128), which demonstrates that the model was significant.

Table 4.17.

Linear Relationship between IP: FS

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.002	.311		-.006	.995
	investment practices influence	.859	.093	.790	9.281	.000

a. Dependent Variable: financial stability

HA: There exists a significant relationship between Investment activities and financial stability of Football clubs

Multiple linear regression analysis was conducted to ascertain the influence of investment practices on financial stability in football clubs. The linear equation generated by the SPSS generated was found to be as follows; $FS = 0.859 IP - 0.002$ hence the equation $Y_i = B_0 + B_1 X_{i1} + \epsilon$. The researcher found that investment practices have a significant influenced on financial stability of football clubs as its P values were less than 5%.

People watch football for various reasons, which include patriotism, drama and social pressures, emotional connection towards the sport, excitements, idleness as well as interest in star players. Fans prefer to watch good teams play, besides emphasizing on the specific outcome of the teams. Segmentation of the market usually factor in various aspects such as, frequency of attendance, membership, and demographic factors of the fans and spectators.

It has been proven that league success can be bought. The rich football clubs, such as Manchester City and Paris saint German among others have shown how possible it is to turn mediocre clubs into winning clubs with the presence of wealthy investors financing operations and player recruitments. These winning teams are built at the expense of profitability which is enabled by the owners who acts as benefactors. For the wealthy investors return on investment is highly attached to emotional factors such as points accrued and titles won by their football clubs in the short-term. In the long-term, due to the high-quality players this leads to attractive football leading to attraction of a wide range of fans hence increased revenues to the football club.

This study is in agreement with studies done by Grajkowska, (2011), Githinji, (2010), which states that Fans prefer to watch good teams play, besides emphasizing on the specific outcome of the teams. Segmentation of the market usually based on the frequency of attendance, membership, and demographic factors of the fans and the spectators. Therefore, football clubs should create an environment where football fans can enjoy watching the match. This is by taking into consideration the financial capabilities of the fans hence providing the necessary amenities that align to their capabilities hence segmentation of the fans is necessary. The management of the football clubs should ensure that the funds

available to be properly utilized so as to maximize on segmentation needs of the fans, which in return increases the number of attendances while also generating more revenues in the matches. An argument brought forward by Knotts, Jones and Udell, (2006) states that firms have to perform well in all areas, to overcome deficiencies in another not relying on excellence in one area. This means that organizations have to diversify in their financial operations to encompass a range of products hence contributing towards revenue generation.

Investments can thus be labelled as redirection of the firm resources that have monetary value from consumption today so as to benefits creation in future (Sullivan & Sheffrin, 2003). Similarly, it is the earning of more income and profits through use of all assets of a firm. Though barter trade is no longer in existence, it is usually preferable, if not crucial, in investing than holding idle assets, for the investments to grow in fighting against inflation and future risks. (MSEs) must have the capability of quickly and efficiently responding to global trade signals to be in a position to take the benefits of opportunities of investment and global trading systems. This shows that firms need to be highly competitive and produce satisfactorily and thus the need for having effective business support systems in place. Additionally, advancement of effective and efficient business support system is core and vital in the investment capacity and building success. However, business support agencies such as financial markets and institutions which focus on customers' needs and which with the potential of MSE sector penetration (Uwalomwa & Uadiale, 2012).

This study agrees with Marmo, (2014), in his study which states that investment in quality and experienced players improves the chances of winning the matches. Due to this fact any

football club striving to win league titles must invest heavily in the right mix of talented and proven players at the expense of the profits. Private investment in football by rich foreign owners explain the weak profitability of the clubs due to excessive fees paid to premium players. In return the higher the investment in the right players i.e. in terms of players transfer fee as well as the wages leads to higher attraction of the football club brand. This leads to higher sale of club merchandise, higher number of fans attending matches, and higher broadcasting right. This has also been supported by the game theory where it states that for organization that use aggressive business strategies the long-term gains are higher and guarantee of growth is assured.

The research is also in agreement with a study done by Jiang, Chen, and Huang, (2006) suggested that corporates should carry out investment projects that help attain a net present value that is positive. This translates that capital expenditure in the preceding year need to produce future firm incomes that are more than the starting expenditures. Moreover, Busacca & Maccarone, (2007), Coenen, Felten, & Schmid, (2010) made an observation that the firms' capability to generate economic value branches directly from the ability earn more profit against the cost of capital. However, as it pursues to generate more profits than its competitors the firm must uphold its competitive advantage position.

The research of Rogger, (2014) in his study on organization financial performance confirms that many businesses that engage themselves into several businesses' activities face a lot of risks than those with strategic ways of contracting some of their business activities or function. Engaging into several business activities, firms may face challenges in attempting to alienate risks and specifically the uncertainties of taking more of infrastructural capital which can affect the firms' financial stability. Subsequently, this eats

away the profits and increases the risk of being financially unstable. However this study disagrees with Roger's study since organization minimizes their risk by having multiple sources of revenue this strategy is known as diversification. Football clubs have to do well in all areas, to overcome deficiencies in another not relying on excellence in one area. This means that football clubs have to diversify their operations, in terms of their range of products which contributes to revenue. Nevertheless, outsourcing assists organizations to reduce risks by adopting huge infrastructural expenses and this can lead to more attraction of customers to the business. With successful application of a strategy of outsourcing may things have changed like receiving cost cuts, capacity increase, prices reduction, capacity improvement, quality improvement, profitability increases and increased flexibility production needs of the venture. There also exist competent and employees that are motivated.

Kenyan elite football clubs featured may vary with reliability, involvement and revenue structure from spectator's going to the stadium raging from football pyramid that includes top-flight football in Kenya. This is so because young clubs attract more domestic focus and thus increase revenue base and surplus in the game tickets. For example, the Nyayo National Stadium, which was the most famous location for Kenya Premier League in the period 2010 made an average game attendance record of ten-point five percent of its capacity (Nkaari & Ocholla, 2010). The remaining proportion which is unutilized offers a chance of more income generation.

Advertising Value Equivalent is introduced in the research as used by Reelforge (2010) which is the value of the market for free publicity, or the amount the recipients will pay for a service as it has been billed. Kenyan Premier League's Advertising Value Equivalent

(AVE) in 2010 makes a comparison with Kenya sport corporates. The flow in Kenyan football on media coverage is attributed to the increase in individuals attending a football match, from few in the year 2008 to 19,100 attendees for all fixtures of top-flight football clubs. Concurrently though, Nkaari and Ocholla (2010) attributed the attendance increment and collection of revenue on match days to that attention of live airing game days and other factors. Nevertheless, resources invested by media companies to satisfy fans and spectators needs, are also investment to the football clubs. The public attention attributed to advertisements of future games and classification of clubs usually results into financial benefits through the game appearance or attendance.

4.4 Financing Activities

Football as a sport should ensure a high level of financial integration for the sport to survive. The management of these football clubs should strive to ensure sufficient availability of finance to run the sport. There are various avenues available to the management of this clubs where they can source finance. But even with the available finances it is therefore important for football clubs to ensure proper financial management practices are put in place to warrant the long-term capabilities of these clubs. Financial activities in football vary from, broadcast, commercial, and match day finances. Commercial financing which comprises of sponsorships, merchandise, and broadcast which involves financing stipulated by broadcast contract and match day finances which comprises of tickets. Macherdise sale and merchandise distribution channels also acts as a key role in ensuring availability of finances in football clubs, Deloitte's Money League report 2014 (Deloitte, 2014).

4.4.1: Descriptive Statistics

Table 4.18.

Test Statistics

	team performance in matches	ticket pricing	age of audience	gender of audience	convenience and location of the venue
Chi-Square	.074 ^a	4.000 ^b	19.000 ^b	14.519 ^a	14.519 ^a
Df	1	2	2	1	1
Asymp. Sig.	.785	.135	.000	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

By the use of chi-square, the relationship of each independent question influence on the independent variable (financing activities) was examined. The results show that team performance in matches and ticket pricing had a significant relationship on investment practice of football clubs since the significant level calculated was higher than the expected value of 0.05. While age of audience, gender of audience and appraisal for players, appraisal for support staff and Staff Recognition had no significant relationship on investment practice of football clubs since the significant level calculated this was lower than the expected value of 0.05.

Table 4.19.***Test Statistics***

	match scheduling	supporters club loyalty	level of sponsorship	Merchandise sale	quality of merchandise distribution	Merchandise distribution channel
Chi-Square	4.000 ^a	21.407 ^b	6.000 ^b	6.333 ^a	6.778 ^a	5.444 ^a
Df	2	1	1	2	2	2
Asymp. Sig.	.135	.000	.014	.052	.034	.066

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

Chi-square was also used to establish the relationship of each independent question on the independent variable (financing activities). The results show that match scheduling, Merchandise sale and Merchandise distribution channel had a significant relationship on investment practice since the significant level calculated was higher than the expected value of 0.05. While supporters club loyalty, level of sponsorship and quality of merchandise had no significant relationship on investment practice since the significant level calculated which was lower than the expected value of 0.05.

The goal of any football clubs is to win as many matches as possible although league. It has been proven that league success can be bought. The rich football clubs such as Manchester City and Paris saint German among others have shown how possible it is to turn mediocre clubs into winning clubs with the presence of wealthy investors financing operations and player recruitments. These winning teams are built at the expense of

profitability which is enabled by the owners who acts as benefactors. For the wealthy investors return on investment is highly attached to emotional factors such as points accrued and titles won by their football clubs in the short-term. In the long-term, due to high-quality players this leads to attractive football leading to attraction of a wide range of fans hence increased revenues to the football club. Attractive football ensures a wide pool of fans. Good team performance on the field is very crucial in enhancing the financial activities of a given football club. From the respondent point of view as illustrated by the figure 4.5 team performance on the field is very significant in ensuring continuity of financial activities of football clubs.

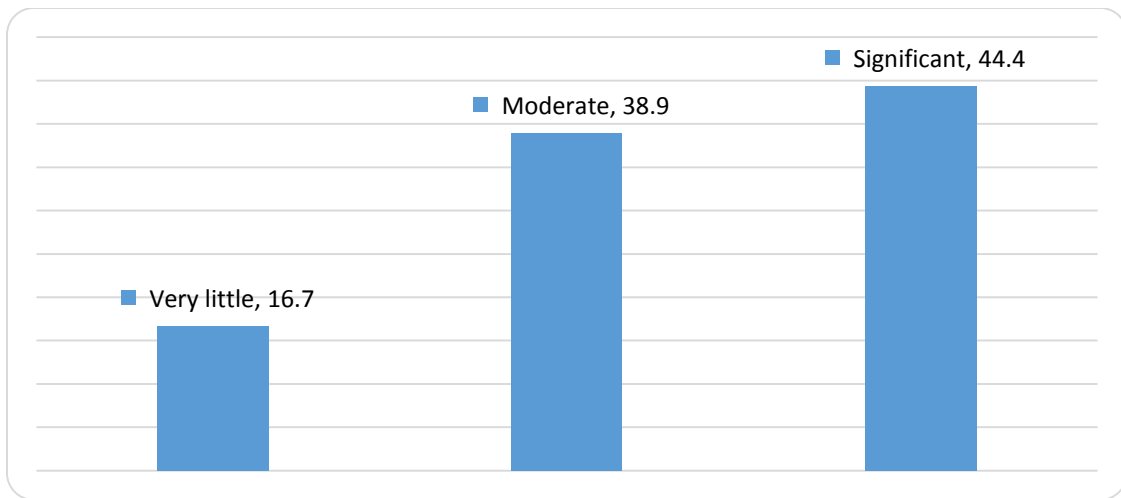


Figure 4.5 Influence Ticket Pricing

View on Ticket Pricing influence towards financing capacity

The aim of any organization is to generate financial resources. In sport the primary source of revenues comes from the fans of the sport. In football it is important that matters appertaining to the prices of tickets are cautiously taken into consideration. The charges

set on any match ticket should take into consideration many factors, such the convenience of the location, and football fans segmentation among other factors.

For a fan to attend a football match and for a football club to benefit from the attendance of the fans, some financial charges have to be incurred by the fans, these charges are sold in form of tickets. There are various tickets ranging from season tickets to match day tickets. The prices set by the respective football clubs for a ticket influences the number of football fans to attend the match hence an influence on the financial activities of the clubs. This has been demonstrated by the fact that most of the respondents were of the view that ticket pricing plays a key role on the overall financial activities of football clubs as shown by the figure 4.8. Various researchers have been able to establish that proper ticket pricing enhances the revenue base required of the football clubs. However, from the findings show that the prices go beyond the amount of money paid per ticket but thorough market review on the affordability of the tickets should be enhanced to strike the balance between ticket price and the affordability. This will enable revenue attraction and further lead to the financial stability of football clubs.

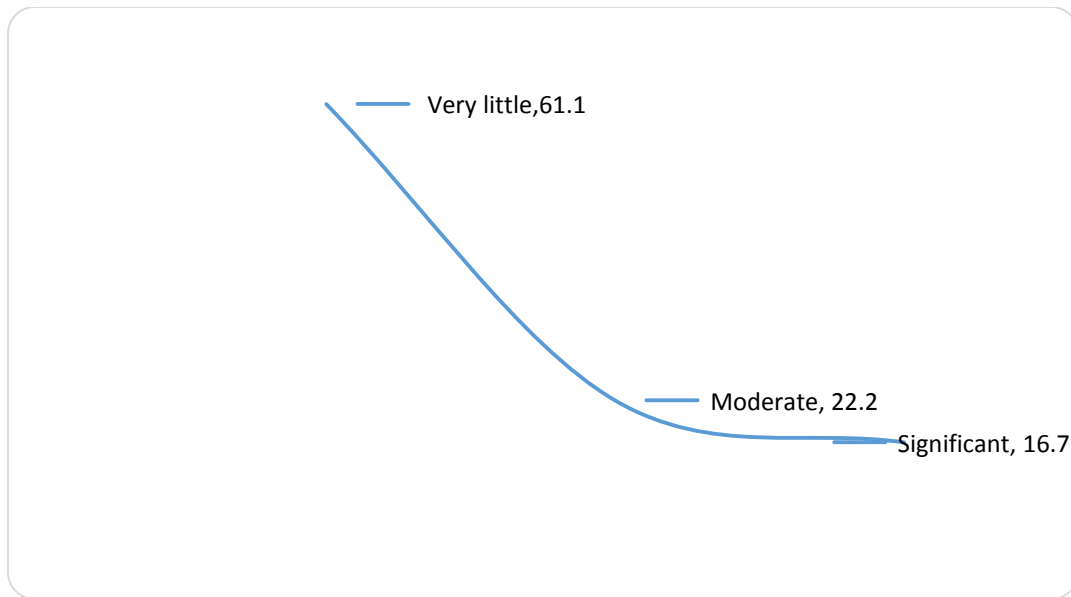


Figure 4.6 Influence of Age of Fans

View on Influence of Age of Fans on income generation.

Youths comprise the largest number of people who attend match day. This is due to their nature as being flexible. However there those fanatics, who no matter the age brackets they attend the matches no matter distance of match. Segmentation of fans into various categories especially the age ensures provision of the right attraction towards that segment hence an increase in financial activities of football clubs. This illustrated in the figure 4.6 above. Research has established that at some age the public tends to be attracted and find time to attend football matches. However proper segmentation in terms of age of the fans should be undertaken to ensure focus on the right fans who enhance football revenues capability. This in return will help financial stability in football clubs.

In developed countries where roles of men are not clearly defined the gender of football does not highly vary. But in Africa the roles are clearly defined the male tends to dominate the attendance of football matches. Football in Kenya is taken more as a mode of luxury to many. Where couples attend match day for fun. Gender of those who attend the various

football matches do not influence the financial activities of football clubs. as long as the club can be able to identify the right ways of attracting either gender to the matches without creating any sign of inferiority feelings, then they will have achieved their goal of attracting more fans and hence more revenues. The findings reveal that gender of the audience does not significantly affect the financial activities in football clubs.

Table 4.20.

Influence of Convenience and Location of the Venue

Influence	Frequency	Percent
Moderate	15	27.8
Significant	39	72.2
Total	54	100.0

Football clubs in Kenya are located at various geographical parts of the country. Some are located in Nairobi, Mombasa, Nakuru, Naivasha and Kakamega. Some of this clubs prefer to play their matches in Nairobi where there is a wide pool of fans to attend the matches. The convenience of the location/venue of the football clubs plays a key role in attraction of football fans hence greater revenues. From findings, it is evident that convenience and location of a football match has a major influence on financial activities in football clubs in Kenya. Fanatics mostly sacrifice their activities to attend any football match for their respective clubs unless there is sort an apathy towards the club. This cannot be said of the normal fan. Careful planning by the football management and the football federation as

well should be taken into consideration to convenience and as high as possible number of fans attends the football matches.

Football matches are mostly scheduled for weekends that's Saturdays and Sundays either during the lunch hour or in the afternoon, however some of the matches are scheduled on weekdays. The weekend matches tend to attract more supporters since they are not committed to jobs at their workplace. Match day scheduling has an important role in enhancing financial activities in football clubs in Kenya. This is shown by the fact that the findings establish that match scheduling plays a role.

Table 4.21.

Supporters Club Loyalty

Influence	Frequency	Percent
Moderate	5	9.3
Significant	49	90.7
Total	54	100.0

Segmentation of football fans worldwide is a major tool of knowing how successful the clubs will maintain its fans. One of the major segmentations is between the fans and the fanatics of a given football club. Fanatics remain royal to the club no matter the on the field performance of the club. These fanatics can be budgeted for since they rarely miss any match of the club no matter the location, the performance or the timing of the match schedule. Supporter's loyalty have been proven to play a significant role on financial activities in respective football clubs.

Football clubs worldwide bring on board various sponsor, for example the jersey sponsor, kit sponsor, stadium sponsors. In Kenya the case is not different to football clubs. The Kenyan clubs depend on sponsorship deals to be able initiate most of the operations within the football clubs. Level of sponsorship have a significant influence on financial activities of this clubs. Sponsorship deals have been found to be very significant in promoting the financial activities of football clubs hence enhancing the financial stability of football clubs.



Figure 4.7 Influence of Merchandise Sale
View on Influence of Merchandise Sale on income generation.

A football club is a brand by itself. The player uniforms i.e. the training kits as well as the playing are of high value to the fans of the respective football clubs. Sale of replica merchandise should be efficiently managed to enable the clubs generate the maximum revenues. Prudent financial management practices should be embraced to avoid misappropriation of these revenues even before they reach the respective football clubs.

This sale of merchandise if well managed can be a gold mine in terms of financial resources to the clubs.

With well-managed sales channels of replica merchandise of the various football clubs, there is a wider range of revenue attraction. However, in Kenya football clubs have not been able to ensure a proper channel for sale of their merchandise. Middle men, brokers and cartels benefit from the sale of this merchandise while football clubs suffer greatly due to the loss of this revenue. As deduced from the findings, clubs lowly benefit from the sale of their merchandise which is supposed boost their financial activities.

Most of the fans who attend football matches in Kenya are low income earners. Some of them only wishes to wear the colors of the clubs they are supporting. However, majority of this prefer to purchase quality merchandise. The quality of merchandise has a major role to play in contributing towards financial activities of the respective football club. A high quality product eliminates cartels due to the high costs involved in production. From the various researchers point sale of merchandise contribute effectively towards the revenue base of football club, however whether the quality of merchandise sold has an influence on the overall contribution towards extra revenues has not been established. From this study the quality of merchandise or replica materials sold by the football clubs influence the revenues as well as the financial stability of football clubs.

With well-managed sales channels of replica merchandise of the various football clubs, there is a wider range of revenue attraction. However, in Kenya football clubs have not been able to ensure a proper channel for sale of their merchandise. Middle men, brokers and cartels benefit from the sale of this merchandise while football clubs suffer greatly due to the loss of this revenue. As shown through the findings, clubs with well managed

distribution channels stand to benefit heavily from the sale of their merchandise which and boost their financial activities as illustrated by the figure above.

Table 4.22.

Financing Activities Influence

Influence	Frequency	Percent
Yes	54	100.0

From the above table researcher established that there existed an influence of financing activities on financial stability in football clubs in Kenya. This is supported by the fact that all the respondent of this study (54) were of this view hence an important variable in this study. Football receives increased commercial financing; this will include items related to sponsorships inform of cash and other non-cash item support. Football possess a global appeal which drives commercial finances in the biggest and winning Premier League clubs. There exists the potential to improve financing of football clubs through expansion into new markets while also developing their brands.

Table 4.23.

Financing Activity Influence

Influence	Frequency	Percent
Low	25	46.3
Moderate	19	35.2
High	10	18.5
Total	54	100.0

Prudent financial management practices should be embraced to avoid misappropriation of these revenues even before they reach the respective football clubs. This sale of merchandise if well managed can be a gold mine in terms of financial resources to the clubs. With well-managed sales channels of replica merchandise of the various football clubs, there is a wider range of revenue attraction. However, in Kenya football clubs have not been able to ensure a proper channel for sale of their merchandise. Middle men, brokers and cartels benefit from the sale of this merchandise while football clubs suffer greatly due to the loss of this revenue. As deduced from the findings, clubs lowly benefit from the sale of their merchandise which is supposed boost their financial activities.

Table 4.24.***Descriptive Statistics (Financing Activities)***

	N	Mean	Std. Deviation
team performance during matches	54	3.52	.504
ticket prices	54	3.28	.738
Audience age	54	2.56	.769
Audience gender	54	2.24	.432
convenience location of match venue	54	3.72	.452
match scheduling	54	3.24	.725
supporters club loyalty	54	3.91	.293
level of sponsorship	54	3.67	.476
Merchandise sale	54	3.13	.702
quality of merchandise	53	3.04	.706
Merchandise distribution channel	54	3.17	.694
Valid N	53		

From the above descriptive statistics, team performance in matches, ticket pricing, supporter's club loyalty, level of sponsorship, merchandise sale and merchandise distribution channel contributes highly towards the various avenues available for funds. This is due to the fact that they have the highest means, hence it is important for the club's management to lay structure to enhance them to increase revenue generation.

The research sought to determine the relationship between performance of teams in matches, pricing of tickets, age, gender of fans, convenience location of match venue, match scheduling, supporter's club loyalty, level of sponsorship, Merchandise sale, and quality of merchandise, Merchandise distribution channel, and the financial stability of football clubs. Team performance in matches was found to possess a mean and a standard deviation of (M=3.52, SD=0.504), ticket pricing was found to possess a mean and a standard deviation of (M=3.28, SD=0.738), age of the audience had a mean and standard deviation of (M=2.56, SD=0.769), gender of the audience was found to possess a mean and a standard deviation of (M=2.24, SD=0.432), convenient location of the venue was found to possess a mean and a standard deviation of (M=3.72, SD=0.452), match scheduling was found to possess a mean and a standard deviation of (M=3.24, SD=0.725), supporters club loyalty was found to possess a mean and a standard deviation of (M=3.91, SD=0.293), level of sponsorship had a mean and standard deviation of (M=3.67, SD=0.476), merchandise sale was found to possess a mean and a standard deviation of (M=3.13, SD=0.702), quality of merchandise was found to possess a mean and a standard deviation of (M=3.04, SD=0.706), merchandise distribution channel had a mean and standard deviation of (M=3.52, SD=0.504)

4.4.2 Regression Analysis

Regression analysis was used to establish whether a relationship exists between financing activities and financial stability of the respective football clubs in Kenya.

Table 4.25.***Coefficient for the Regression of FA: FS***

Model	R	Adjusted R		Std. Error of the Estimate
		R Square	Square	
1	.931 ^a	.867	.865	.295

a. Predictors: (Constant), financing activity influence

In reference to the above table, the independent variable that was studied, explain 86.5% of financing activities relationship to financial stability of football clubs as illustrated by the adjusted R². Financing activities have been proven to possess a significant role towards the financial stability in football clubs as illustrated by the above results.

Table 4.26.***ANOVA (FA)***

Model		Sum of			F	Sig.
		Squares	df	Mean Square		
1	Regression	29.623	1	29.623	340.427	.000 ^a
	Residual	4.525	52	.087		
	Total	34.148	53			

a. Predictors: (Constant), extent of financing activity influence

b. Dependent Variable: financial stability

Table above shows the significance value of 0.000 which is less than the value of 0.05, thus making the model statistically significance for predicting how financing activities influences financial stability in football clubs. The critical value of F at 5% level of significance was found to be 2.32. Since the F calculated value is greater than the F critical value (340.427), this shows that the model was significant.

Table 4.27.

Linear Relationship between FA: FS

Model		Unstandardized		Standardized		T	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	.147	.150			.976	.333
	financing activity influence	.980	.053	.931	18.451	.000	

a. Dependent Variable: financial stability

H1: There exists a significant relationship between Financing Activities on financial stability in Football clubs

A linear regression analysis was conducted determine the influence financing activities on financial stability of football clubs. The variable analyzed by the help of SPSS generated the equation following equation; $FS = 0.147 FA - 0.980$ hence the equation $Y_i = B_0 + B_1 X_i + \epsilon$. The findings established that financial activities is significant and influenced the financial stability of football clubs as its P values were less than 5%.

This research is in agreement with a study done by Nagy, (2015) in his study which states that, it is natural that football clubs use the same criteria while appraising their credit worthiness to access finance. Credit rating methods as used in other enterprises are applied. While financing football clubs it is important to consider a variety of factors such as, sources of finance (internal sources and external sources), risk, cost of capital, risks exposure and the market value. Football clubs are exposed to higher risks compared to other forms of businesses; this is facilitated by the uncertainties associated with sporting results in the field which influence the generation of revenues. This unique form of risk must be taken into account when sourcing financing solutions in football clubs. Assessing market value and cost of capital for football clubs should be especially significant for management.

The study however disagrees with a study done by Irene, (2012) in her study on the effect of bank financing on the financial performance of small and medium-sized enterprises in Nairobi county. She made the conclusion that there existed a steady rise in bank financing over the five-year period between year 2009 and year 2013 that had been exploited by firms. A positive correlation between access to bank financing and financial performance of enterprises especially in Nairobi County can be established. This shows that bank financing is an important ingredient that gives organizations the platform to develop and grow exponentially. This study further concludes that there exists a positive relationship between the organizations size and their financial performance.

This study also disagrees with a study done by Muriithi, (2014) which concludes that using bank loans, venture capital and personal income to finance business operations does

influence the financial performance of companies in Kenya. A weak negative influence between bank loans, venture capital and of personal income can be found from the results of the above study. Football clubs require very large capital outlay both as an initial outlay as well as running the day to day affairs. However Personal income especially from rich investors such as Chelsea football club owners, Chelsea football club owner have been proven to enhance the financial welfare of these football clubs.

This research affirms the fact that football receives increased commercial financing; this will include items related to sponsorships in form of cash and other non-cash item support. Football possess a brand global appeal which in particular facilitates the commercial finances in the big winning Premier League clubs. There exists the potential to improve financing in football clubs through expansion into new markets to enhance development the brands. Venturing into international markets greatly promotes interactions with big international corporations, which facilitates exploitation of foreign investors with international networks to negotiate sponsorship deals (Deloitte, 2013).

There exists an international broadcasting revenue that is equally divided among all clubs participating in the current Premier League season. According to Deloitte (2013) 'The broadcast revenue in the Premier League grew due to a three-year domestic broadcast rights contract worth of £3 million is effective from season 2013/14 with a 70% increase on the previous value'. The presence of collective bargaining system in the English premier league upgrades the competitive balance between the bottom teams whose home match attendance is usually low hence low commercial level and top football clubs whose match attendance is relatively high a brand image that is appealing globally. In the Ticket Masters' KPL Attendance and Collection Report, Nkaari & Ocholla (2010) identify several

factors which influences match attendance. High intensity with high energy demand matches invokes lots of interest and passion among the fans and fanatics. Average or low intensity football matches do not invoke much interest and passion and hence low attendances. Going beyond the various sources of revenue available to football clubs is imperative. It is important to understand the behaviour, needs and motives that drive both the fanatics and the fans to attend various football matches.

4.5: Financial Reporting Framework

Every organization should ensure that its financial reports are up to date, and that they represent the true and fair view of the organization financial status. Football clubs are unique in nature. It is not mandatory for them to disclose their financial statements, but they have a moral responsibility to do so. It is important that each and every football club in Kenya discloses its financial statement. This can be made possible by automation of accounts reporting and by use of internal accounting experts. These financial statements should be analyzed for use in decision makings on matters relating to financial aspects.

Increased financial reporting would lead to an improved financial performance while also increased financial analysis would lead to improved financial performance of Organizations. Further increasing financial management surveillance would lead to increase in financial performance. Management accounting would also improve the amount of financial performance of Organizations.

Recording and organization of the accounting information and the use of the accounting information system cannot meet the objective of preparing financial statements, that is enhance the managerial decision making, unless the financial reports are properly analyzed

to bring out meaningful information for decision making. Information required for financial decision making and planning can only be retrieved from financial statements prepared by the football clubs. Evaluation and historical comparison to determine the financial direction of football is also made possible.

4.5.1: Descriptive Statistics

Table 4.28.

Test Statistics

	disclosure of financial statement enhancement	use of internal accounting expert	automation of accounting reporting	analysis of the financial reports
Chi-Square	14.519 ^a	14.519 ^a	21.407 ^a	10.111 ^b
Df	1	1	1	2
Asymp. Sig.	.080	.000	.000	.066

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

The research through the help of chi-square pursued the relationship in each independent question on the independent variable (financial reporting framework). The results show that disclosure of financial statement enhancement and analysis of the financial reports had a significant relationship on financial reporting framework since the value calculated was

higher than the expected value of 0.05. While use of internal accounting expert and automation of accounting reporting had no significant relationship on financial reporting framework since the significant level calculated which was lower than the expected value of 0.05.

Table 4.29.

Table Test Statistics

	use of financial report for decision making	tracking of financial reports is enhanced	best reporting practices are recipe to survive
Chi-Square	18.963 ^a	18.963 ^a	16.667 ^a
Df	1	1	1
Asymp. Sig.	.674	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

Through the use of chi-square, the study sought to establish the relationship of each independent question on the independent variable (financial reporting framework). The results show that use of financial report for decision making had a significant relationship on financial reporting framework since the value calculated of (0.674) was higher compared to the expected value at 0.05. While tracking of financial reports enhanced and best reporting practices are recipe to survive and best reporting practices as a recipe to survive had no significant relationship on financial reporting framework since the significant level calculated which was lower than the expected value of 0.05.

Whereas it is not a mandatory requirement that football clubs should publish and disclose their annual financial statements. However, disclosure of financial statements brings about

responsibility in terms of ensuring that proper utilization of the club assets enhanced. This comes with accountability to various stakeholders. There are consequences associated to financial reporting quality on corporate performance. Evidence internationally concludes that there exist numerous advantages arising from providing high-quality information hence reducing information risk and liquidity (Lambert *et al.*, 2007).

The findings reveal that most of the clubs do not disclose their financial statements to all the stakeholders. This means that the club's financial statement cannot be fully relied upon for purposes of financial analysis. This can be established by the fact most of the respondents disagree with this fact that disclosure of financial statement is enhanced in football clubs as illustrated by the figure above.

Table 4.30.

Use of Internal Accounting Expert

	Frequency	Percent
strongly disagree	5	9.3
somewhat disagree	39	72.2
somewhat agree	10	18.5
Total	54	100.0

A relationship between financial reporting, tracking financial records, employing internal accounting experts, management of data, enhancing communication of financial information and financial performance in football clubs in Kenya exists to a very great extent. Football clubs' budgetary reports contributes to the financial welfare of each program, to improve the future financial commitments and forecasts. Thus, football clubs

in Kenya should improve their financial reporting and tracking, by developing automation mechanism to keep their record. The automation will also help in financial information communication, data management and communication of financial information. Football clubs should also hire internal accounting experts if they are to improve their financial reporting and auditing.

Football clubs in Kenya do not have the luxury to employ a large pool of qualified accounting experts. In most of the clubs interviewed the duties of various staff overlap. The salary packages offered to the staff is low compared to other major organizations in the country. This limits the ability of the clubs to attract the experts required to run the duties of the respective football clubs. This can be established since from the respondents most of them disagree that the football clubs use internal accounting expert in performance their accounting obligations.

The accountants are in charge of recording transactions, a significant number of football clubs have not laid down formal accounting systems. A significant number of these football clubs have not implemented the use of computer enabled software to record transactions. Accounting departments they the staff lacks some of vital equipped, football clubs lack sufficient cash to fund long-term investment projects, non-currents aren't fully utilized, and that a significant number of football clubs didn't have easy access to bank loans.

Technology in the world makes it easier for organization to run their activities. In accounting there are various accounting software's which have been established over time that makes the accounting information/output more reliable. This software's requires a chunk of resources ranging from cost of establishment to trained personnel. Football club

have not invested in such software system hence most of these is backed up manually. This can lead to manipulation of the information and loss of data. The findings reveal that automation of the accounting reporting has not been enhanced in the football clubs. The respondents disagreed that automation of the clubs financial reporting had been enhanced.

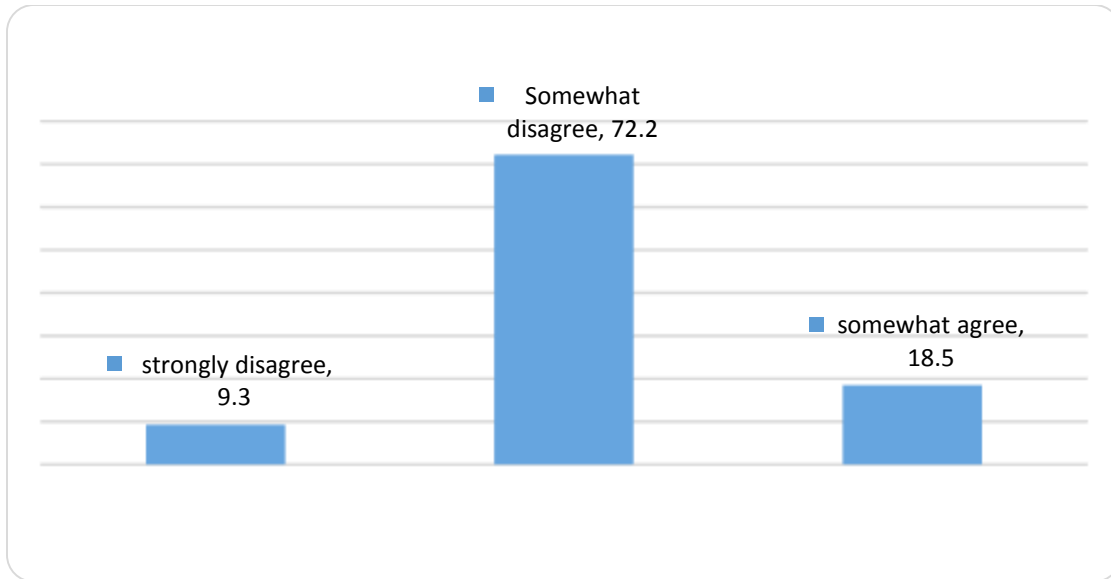


Figure 4.8 Analysis of Financial Statements
View on implementation of financial statement analysis

Analysis of financial statement involves the process through which users of financial information manipulate the presented financial reports for the purpose of extracting information necessary in decision making. Ordinarily financial information is presented to stake holders in a standardized manner in line with the recommended reporting standards. This information is meant for a big group of users and as such may not be able to focus on the needs of specific categories of users. For this reason further analysis may be necessary to be able to bring out specific aspects of the financial reports necessary for decision making.

In order to make rational decisions in keeping with objectives of the firm the stakeholders especially the managers must have at their disposal certain analytical tools. These tools of financial analysis are important as they give a feedback as to the contents of the financial statements. These tools are also used by external suppliers of capital, creditors, and external investors and by the firm itself. The firm uses financial analysis not only for the purpose of internal controls but also for better understanding of what capital suppliers seeks from financial conditions and performance. The findings established that football clubs rarely analyses their financial statement for decision making. Most of the respondents disagree that football clubs analyses their financial statement for decision making purposes.

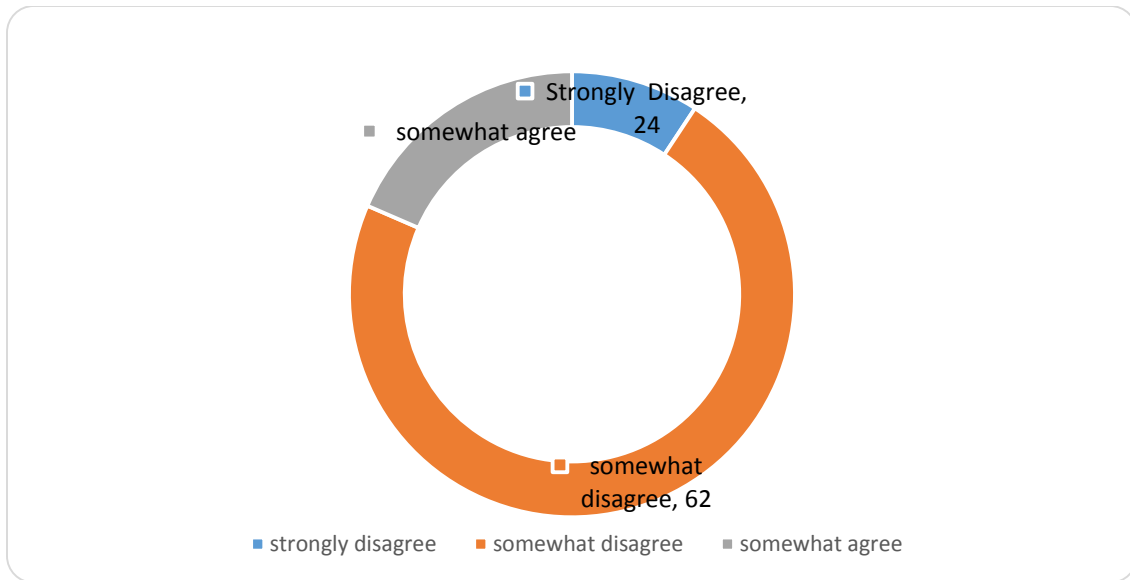


Figure 4.9 Tracking of Financial Reports

View on implementation of tracking financial reports

Football clubs as established are not automated. The lack of automation carries a ripple effect on the tracking of financial reports. Lack of backup and compromised security of manually kept records makes even harder to track the financial reports of the respective

football clubs in Kenya. This can be verified by the fact that most of the respondent interviewed disagreed that the football clubs enhance tracking of financial reports as illustrated by the figure above.

Table 4.31.

Best Reporting Practices Are Recipe to Survive

	Frequency	Percent
somewhat agree	43	79.6
strongly agree	11	20.4
Total	54	100.0

Companies that publish their financial statements for all the stakeholders to access are better placed to avoid fraud and enhance performance in their organization. Lack of transparency comes with unlimited disadvantages ranging from, frauds, loss of money, and mismanagement of resources within the organization. The findings reveal that the best

reporting practices especially in football clubs are a recipe growth, continuity and survival of football clubs as established in the table above.

Table 4.32.

Descriptive Statistics (Financial Reporting Framework)

	N	Mean	Std. Deviation
disclosure of financial statement enhancement	54	2.28	.878
use of internal accounting expert	54	2.28	.878
automation of accounting reporting	54	1.89	.317
analysis of the financial reports	54	2.28	.878
use of financial report for decision making	54	2.28	.878
tracking of financial reports is enhanced	54	2.28	.878
best reporting practices are recipe to survive	54	4.20	.407
Valid N	54		

	N	Mean	Std. Deviation
disclosure of financial statement enhancement	54	2.28	.878
use of internal accounting expert	54	2.28	.878
automation of accounting reporting	54	1.89	.317
analysis of the financial reports	54	2.28	.878
use of financial report for decision making	54	2.28	.878
tracking of financial reports is enhanced	54	2.28	.878
best reporting practices are recipe to survive	54	4.20	.407

The study determined the relationship between disclosure of financial statement enhancement, use of internal accounting expert, automation of accounting reporting, analysis of the financial reports, use of financial report for decision making, tracking of financial reports is enhanced, best reporting practices are recipe to survive, and the financial stability of football clubs. Apart from best reporting practices as a recipe for survival which has a higher mean compared to the other variables all the other variables have the same impact on ensuring that financial reporting framework contributes effectively towards financial stability in football clubs in Kenya. Disclosure of financial statement enhancement had a mean and a standard deviation of (M=2.28, SD=0.878), use of internal accounting expert had a mean and a standard deviation of (M=2.28, SD=0.878), automation of accounting reporting had a mean and a standard deviation of (M=1.89, SD=0.317), analysis of the financial reports had a mean and a standard deviation of (M=2.28, SD=0.878), use of financial report for decision making had a mean and a standard deviation of (M=2.28, SD=0.878), tracking of financial reports is enhanced had a mean and

a standard deviation of (M=3.52, SD=0.504), best reporting practices are recipe to survive had a mean and standard a deviation of (M=4.20, SD=0.407).

4.5.2 Regression Analysis

Linear regression analysis was used to determine whether a relationship exists between financial reporting framework and financial stability of the respective football clubs. These results are illustrated below,

Table 4.33.

Coefficient for Regression of FR: FS

R	R Square	Adjusted R Square	Std. Error of the Estimate
.704 ^a	.496	.486	.575

a. Predictors: (Constant), extent of financial reporting framework influence

In reference to the above table, the independent variable that was studied, explain 49.5% of financial reporting framework relationship to financial stability of football clubs as illustrated by the adjusted R². Financial reporting framework was found to possess significant role towards financial stability and of football clubs as illustrated by the above results.

Table 4.34.

ANOVA (FRF)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.928	1	16.928	51.120	.000 ^a
	Residual	17.220	52	.331		
	Total	34.148	53			

a. Predictors: (Constant), financial reporting framework influence

b. Dependent Variable: financial stability

Table 4.33 above shows that a significance value of 0.000 which is less than the value of 0.05 thus the model has a statistical significance in predicting how financial reporting framework influence financial stability of football clubs. The critical value of F at 5% significance level computed gave a value of 2.32, hence F calculated value is greater than the critical value of F at 340.427, thus the conclusion that the overall model was statistically significant.

Table 4.35.

Coefficient for Regression of FR: FS

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.597	.320		1.865	.068
	financial reporting framework influence	1.051	.147	.704	7.150	.000

Dependent Variable: financial stability

H1: There exists a significant relationship between Financial Reporting framework and the financial stability of Football clubs

A linear regression analysis to explain the influence of financial reporting framework on financial stability in football clubs was conducted. The variable as per the SPSS generated, the equation: $FS = 0.547 FR + 1.051$ hence the equation $Y_i = B_0 + B_1 X_i + \epsilon$. From the findings it is evident that financial activities are significant and influenced the financial stability of football clubs as its P values were less than 5%.

This study establishes that it is not mandatory that football clubs should publish and disclose their annual financial statements. However disclosure of financial statements brings about responsibility in terms of ensuring that proper utilization of the club assets enhanced. This comes with accountability to various stakeholders. There are various advantages associated with high quality financial information as evidenced by various international level studies. With financial reporting quality, liquidity and information risk associated with business are controlled. In returns this solves the agency problem wherein managers try to use their discretionary powers for their own benefits while also improving

the investment decisions undertaken by the organizations (Lambert *et. al.*, 2007), prevents managers from using their discretionary powers to benefit themselves as well as helping them make efficient investment decisions.

Making reference to financial report analysis, recording and shaping the accounting information systems, organisations will not achieve goals except reports from systems are examined and are utilized in managerial decision making. Financial statements offer information that is necessary for decision making of the firm. Additionally, it can be utilized in evaluation, forecasting and making decisions by historic contrasts (Gitman, 2011).

Further, the study shows that financial reporting and tracking through record keeping, having internal accounting experts, data management and financial information communication affect the financial performance football clubs in Kenya to a very great extent. Football clubs budget report makes it easy to see the financial contribution of each program, to see future financial commitments and forecasts. Thus football clubs in Kenya should improve their financial reporting and tracking by automating their record keeping. The automation will also help in financial information communication data management and financial information communication. Football clubs should also hire internal accounting experts if they are to improve their financial reporting and auditing.

Analysis of financial statement analysis involves the process through which users of financial information manipulate the presented reports for the purpose of extracting information necessary in decision making. Ordinarily financial information is presented to stake holders in a standardized manner in line with the recommended reporting standards. This information is meant for a big group of users and as such may not be able to focus on

the needs of specific categories of users. For this reason, further analysis may be necessary to be able to bring out specific aspects of the financial reports necessary for decision making.

This study is in agreement with a study done by, Muinde, (2013) 'relationship between reporting of financial information and financial information analysis practices and finance performance SMEs in Kenya' reveals that; reporting, analysis, management and management accounting were key factors in reporting and analysis of financial that were adopted by small and medium enterprises in Kenya which significantly influence the financial performance. The study further reveals that with increased financial reporting an increase on financial performance would be experienced. The study further found out that with increased financial statement analysis would an increase in financial performance of Organizations would also be experienced. This study also exposed that there was excessive disparity on the finance performance of Organizations dues to; changes in reporting, analysis, finance management and management accounting which indicates that changes in finance performance of Organizations can be accounted for through changes in the above key factors. From the analysis and summary the study concludes as follows: that most of Small scale business prepared the income statement, had accountants who were in charge of preparing financial statements, the manager/owners of some Organizations were engaged in preparing financial statements, the financial statements were prepared annually, majority of Organizations prepared cash flow statement, further the study concludes that Organizations performed financial analysis, used profitability ratios, prepared the balance sheet.

The study is also in agreement with a study done by Procházka, (2012), ‘transparency and financial conditions and professional football clubs in Czech republic’ establishes that despite the fact that it is mandatory to provide financial statements to register a business as stated in both Commercial Code of conduct and Accounting Act, the submission rate has remained low at (about 60%), even the majority of those clubs who submit their financial statements do so with a considerable amount of delay. It should therefore be highlighted that with late submission and missing financial statements has led to the poor financial health of football clubs especially in Czech Republic. Some of the football clubs permanently or partially default from providing their annual monetary accounts to the corporate record. In return this has facilitated financial distress among the clubs while others have virtually survived on the financial edge. Even the clubs with a lengthy practice history have not been spared from these economic problems. The above-mentioned factors leads to a situation which shows that football environment part signifies very high-risk environment for all parties involved, who lack access to other financial information apart from information contained in periodical financial statements prepared. The absence of this financial statements limits the availability of capital especially from external sources such creditors, bank financial and potential external investors. To highlight the degree of this puzzle, it important to state that two of bankrupted clubs in Czech Republic major league had not satisfied their evidence disclosure duty at all.

4.6: Working Capital Management

The study focused on various variables, which includes financial stability, cash conversion cycle and whether a relationship that exists between them. Firms should work towards

lagging behind creditors payments as much as possible while taking into consideration a healthy business relationship. Football clubs in the country faces myriad of financial problems to a point they cannot pay creditors hence ruining credit worthiness. Proper utilization of working capital can enhance financial instability in clubs.

4.6.1: Descriptive Statistics

Table 4.36.

Test Statistics

	payment to creditors is enacted in time	payment of staff salaries and wages is on stipulated in time	cash management cycle is well considered
Chi-Square	18.963 ^a	1.185 ^a	8.111 ^b
Df	1	1	2
Asymp. Sig.	.000	.276	.017

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

Through chi-square, the study sought to determine whether a relationship of each independent question exists on the independent variable (Working capital management). The results show that payment of staff salaries and wages is on stipulated in time and cash management cycle is well considered had a significant relationship on Working capital management since the calculated value at (0.674) was higher compared to the expected value of 0.05. While payment to creditors is enacted in time had no significant relationship on Working capital management since the significant level calculated which was lower than the expected value of 0.05.

There various type of debt that football clubs owed by other organizations and individuals. This debt ranges from the annual capitation from the Kenyan Premier League, sponsorship money, player transfer fee among others. Efficient collection of debt ensures that the football stays a float in terms of its financial status. Every organization including football clubs should ensure an efficient debt collection policy. In football clubs in Kenya the debt collection policy is poor as the findings established. The respondents disagreed that the clubs meet the stipulated debt collection period as shown in the table above.

There various types of debt owed by the football clubs. This debt ranges from the player's wages, transports outsourced, and fields cost among others. Efficient payment of debt ensures that the football stays a float in terms of its financial status, also it ensures that a good relationship exists between the creditors and the football club. Every organization including football clubs should ensure an efficient credit policy. In football clubs in Kenya the credit policy is poor as the results established. The respondents disagreed that the clubs meet the stipulated debt payment to creditors is enacted in time as shown in the table above.

Lagging the payments of debts can be healthy since the clubs can invest the money but ensuring a healthy relationship with the creditors is maintained.

Table 4.37.

Payment of Staff Salaries and Wages Is on Stipulated in Time

	Frequency	Percent
somewhat disagreed	32	59.3
somewhat agree	22	40.7
Total	54	100.0

Various players who are contracted by the football clubs in Kenya have often refused to train and play for their respective clubs due to accrued wages. These scenarios have put off most of the potential investors and sponsors of the respective clubs. Satisfied player engages in proper training hence translating it on to the field performance. This attracts a large pool of fans to attend matches while ensuring an increased revenue in terms of gate collections. Some the football clubs actually pay staff salaries and wages in time, while others delay. This is reflected on the actual performance of each club on the pitch

To measure the management effectiveness on enhancing the financial health of the organization use of cash conversion cycle metric should be put in place. To measures how fast an organization can, convert cash on hand into inventory and accounts payable, through sales and accounts receivable, and then back into cash conversion metric can be used. Football clubs generates cash from various sources. The cash is usually deposited at different times to the accounts. The cash received is used to run the football clubs' affairs.

Sale of football merchandise, gate collections and other revenues received can be converted to ensure that enough working capital is available to meet the daily obligations of football clubs.

Table 4.38

Descriptive Statistics (Working Capital Management)

	N	Mean	Std. Deviation
Stipulated debt collection period	54	1.00	.000
payment to creditors is enacted in time	54	2.19	.585
payment of staff salaries and wages is on stipulated in time	54	2.81	.992
cash management cycle is well considered	54	2.81	.992
Valid	54		

The study sought to determine the relationship between Stipulated debt collection period, payment to creditors is enacted in time, payment of staff salaries and wages is on stipulated in time, cash management cycle is well considered and the financial stability of football clubs. Stipulated debt collection period had a mean and a standard deviation of (M=1.00, SD=0.000), payment to creditors is enacted in time had a mean and a standard deviation of (M=2.81, SD=0.992), payment of staff salaries and wages is on stipulated in time had a mean and a standard deviation of (M=2.81, SD=0.992), cash management cycle is well considered had a mean and a standard deviation of (M=2.28, SD=0.878),

4.6.2: Regression Analysis

Table 4.39.

Coefficient for Regression of WCM: FS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 ^a	.784	.780	.377

a. Predictors: (Constant), working capital management

In reference to the above table, the independent variable that was studied, explain 78% of working capital management relationship to financial stability of football clubs as illustrated by the adjusted R². Working capital management contributes a significant towards the financial stability and success of football clubs as illustrated by the above results.

Table 4.40.

ANOVA (WCM)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26.767	1	26.767	188.559	.000 ^a
	Residual	7.382	52	.142		
	Total	34.148	53			

a. Predictors: (Constant), working capital management

b. Dependent Variable: financial stability

Table 4.39 above demonstrates the significance value at 0.000 which is less than 0.05 thus making the model is statistically significance to predict how working capital management influence financial stability of football clubs in Kenya. The critical value of F at 5% level

of significance was 2.32, thus F calculated is greater than F critical value at (188.559), this portrays that the model was statistically significant.

Table 4.41.

Regression Relationship between WCM: FS

Model		Unstandardized		Standardized		t	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	.566	.172			3.297	.002
	working capital management	.855	.062	.885		13.732	.000

a. Dependent Variable: financial stability

H1: There exists a significant relationship between working capital management and the financial stability in Football clubs.

A linear regression analysis was conducted to explain the effect of working capital management on financial stability in football clubs. The variable as per the SPSS generated, the equation: $FS = 0.147 FA - 0.980$ hence the equation $Y_i = B_0 + B_1 X_{1i} + \epsilon$. To assess the significance of each independent variable on the dependent variable, the study revealed that financial activities is significant and influenced the financial stability of football clubs as its P values were less than 5%.

From the studies on working capital management the researchers establish with profitability firm improves with efficiency in gross working capital of the firms, amount and reduced aggressiveness of managing asset. Different to conservative philosophy that a

conventional working capital policy takes profits in place of liquidity expenses the research showed a connection that is positive between traditional working capital policy and profitability of the firm. Substantial differing in policies of working capital among five sector groupings was noted. The study further showed that practices in working capital management adopted in several companies relied on several factors entailing alleged environmental risks, budgetary control, and structure in the organization, organizational culture, and interdependency and information technology.

The principles of working capital management indicated that companies need to attempt delaying creditor's payment so much, while they are still concerned of not destroying enterprise relationship. In the research review by Mathuva (2010) on the working capital management components influence on listed Kenyan company's profitability states that average payment period has a relationship with profits that is positive. The said positive connection proposes that number of day's accounts payable increase will lead to a change in the profitability of the firm. Football clubs in the country should ensure proper utilization of working capital hence prevent financial instability in clubs.

Dong, (2010) on the other hand concentrated on the factors which entails conversion cycle, profitability and the associated components and their connection that are there among them. Strong negative connection was found to exist among them. This indicate that reduction in profits happens because of cash conversion cycle. Additionally, the creditor's number of days and stock are reduced and profits increases.

4.7 Political Influence

Political decisions from the government deeply affects the economic welfare of football clubs. These decisions have a direct relation on achieving the business of objectives in

football clubs. Hence political interference can be referred to as the government actions that influence the probability of achieving the objectives of a business enterprise. The political environmental factors arising from government policies and programs changes also influence the ability of organizations to achieving their business goals.

4.7.1: Descriptive Statistics

Table 4.42.

Test Statistics

	policies set by the government	Programs set by the government	forms of external political environment
Chi-Square	26.741 ^a	10.667 ^a	35.852 ^a
Df	1	1	1
Asymp. Sig.	.000	.073	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.0.

The study through chi-square sought to determine the relationship in each independent question on the independent variable, (Political influence). The results shows that Programs set by the government had a significant relationship on political influence due to the fact that the calculated value at (0.075) was exceeds the expected value of 0.05. While policies set by the government and forms of external political environment no significant relationship on political influence since the significant level calculated which was lower than the expected value of 0.05.

Table 4.43.

Policies set by the Government

	Frequency	Percent
Somewhat agree	13	24.1
strongly agree	41	75.9
Total	54	100.0

Government plays a major role in setting policies that govern the major sectors of the economy. In Kenya a ministry of sport is in existence. This ministry is responsible for setting policies that govern sports in Kenya. There are various policies set that directly affect football clubs in the country. These policies ensure smooth running of the football within the country. The study established that these policies actually had an effect on financial aspects in the football clubs. From the results in 4.42 table above the respondents were of the view that, government policies actually influence the financial aspects in football clubs.

Table 4.44.

Programs set by the Government

	Frequency	Percent
somewhat agree	31	57.4
strongly agree	23	42.6
Total	54	100.0

Government also plays a major role in setting programs that are implemented by the various sectors of the economy. This ministry is responsible for setting programs that helps sports in Kenya. There are various programs set that directly affect football clubs in the country. These programs ensures smooth running of the football within the country. These programs offer incentives to the clubs in terms rebates and other financial support. The study established that these programs actually had an effect on financial aspects in the football clubs. From the results in 4.43 table above the respondents were of the view that, government programs actually influence the financial aspects in football clubs.

Table 4.45.

Forms of external political environment

	Frequency	Percent
somewhat agree	43	79.6
strongly agree	11	20.4
Total	54	100.0

Politics in football manifest in various aspects. They range from internal politics to the external environment politics. From the fans to the management to the government of the day politics keeps on manifesting in the football clubs. External environment such as the

government interference and league management interference really affect the running of the football clubs in the country. Politicians also engage themselves in football club affairs, some even help finance football club that are dire financial needs. From the respondent's perspective they agree to the fact that forms of external environment politics really affect the financial management of football clubs as elaborated in the table 4.44 above.

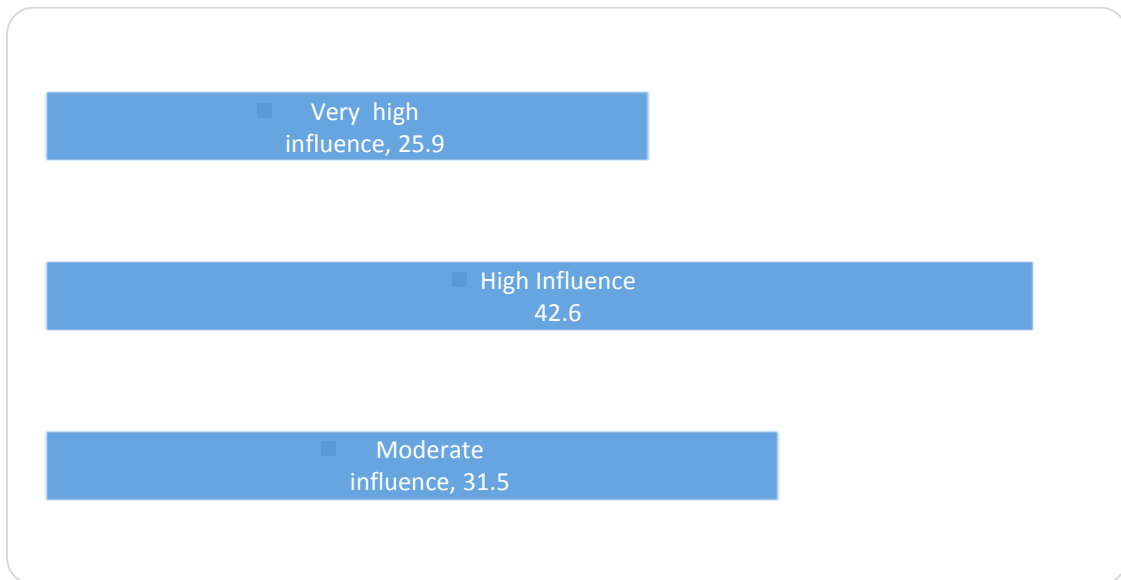


Figure 4.10 Political Interference Influence
View on influence of political interference

Table 4.46.

Descriptive Statistics (Political Influence)

	N	Minimum	Maximum	Mean	Std. Deviation
policies set by the government	54	4	5	4.76	.432
Programs set by the government	54	4	5	4.43	.499
forms of external political environment	54	4	5	4.20	.407
political interference influence	54	1	1	1.00	.000
Valid N	54				

The study sought to determine the relationship between policies set by the government, programs set by the government, forms of external political environment, and political interference influence. Policies set by the government had a mean and a standard deviation of (M=4.76, SD=0.432), programs set by the government had a mean and a standard deviation of (M=4.43, SD=0.499), forms of external political environment had a mean and standard deviation of (M=4.20, SD=0.407).

4.7.2 Regression Analysis

The study used regression analysis to establish whether there exist a relationship between political interference and the financial stability in the respective football clubs in Kenya.

Table 4.47.

Coefficient of regression of PI: FS

R	R Square	Adjusted R Square	Std. Error of the Estimate
.907 ^a	.823	.820	.341

a. Predictors: (Constant), extent of political interference influence

In reference to the above table, the independent variable that was studied, explain 82% of political interference relationship to financial stability of football clubs as illustrated by the adjusted R². Political interference found to possess a significant role towards financial stability and success of football clubs as illustrated by the above results.

Table 4.48.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.118	1	28.118	242.477	.000 ^a
Residual	6.030	52	.116		
Total	34.148	53			

a. Predictors: (Constant), political interference influence

b. Dependent Variable: financial stability

Table above shows a significance value of 0.000 which was found to be less than the value of 0.05 thus the model has a statistical significance in predicting how political interference influences financial stability in football clubs in Kenya. The F critical value at 5% significant level was found to be 2.32. Due to the fact that F calculated was greater than

the F critical value at 340.427, this demonstrates the fact that the overall model was significant.

Table 4.49.

Regression relationship between PI: FS

Model		Unstandardized		Standardized		t	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	-.952	.246			-3.865	.000
	political interference influence	.955	.061	.907		15.572	.000

a. Dependent Variable: financial stability

H1: There exists a significant relationship between Financing Activities and financial stability of Football clubs

A linear regression analysis to explain the influence political interference on financial stability in football clubs was conducted. The variable as per the SPSS generated, the equation: $PI = -0.952 FA - 0.955$ hence the equation $Y_i = B_0 + B_1 X_{1i} + \epsilon$. The study established that political interference is significant and influenced the financial stability of football clubs as its P values were less than 5%.

This study concurs with Ibeto (2011) Walter (2014), describes Political interference refers to various issues arising from political decisions and the government, which influence the outcome of a specific economic activity, by changing the normal route in achieving

business objectives of an organization. Government policies and programs are some of the examples of political environmental factors which influence the ability of economic entities in achieving their business goal. There exists an implication of political environment on running the affairs of football club. There exist risks that originates from the probability that earnings may be affected due to the presence political activities through direct impacts (such as taxes or fees) or indirect impacts (such as opportunity cost forgone). As a result, the probability of a political event occurring may influence of an investment option reducing its uptake hence reduction in the anticipated returns.

Moderation Effect of the political influence on financial stability of football clubs in Kenya

4.7.1 Moderated Multiple Linear Regression

This section analyzes the influence of a moderation variable on dependent variable. This study sought to examine whether there exists a relationship between financial management practices and the financial stability in football clubs in Kenya. Moderation explains whether the moderator variable influences the strength direction of the relationship between the dependent and independent variables. The effect is determined by a significant coefficient of an interaction term. The interaction terms were calculated by multiplying the independent variables with the moderator variable. The study tested the moderating variable hypothesis as follows:

H₀₅: The political interference does not moderate the relationship between financial management practices and the financial stability in football clubs in Kenya.

Multiple linear regression was conducted to ascertain the influence of moderating variable. Financial stability in football clubs was used as the dependent variable and financial reporting framework, working capital management, investment practices and financing activities as the independent variables. Political interference was taken to be the moderating variable. Three models were presented where model 3 had interaction terms thus concentrating on the model. Three Tables were produced in each model.

Table 4.50: shows the Model summary Table which presents results of the coefficient of determination (R^2) the interaction terms was found to explain 53.4 % of the variation in the financial stability of football clubs in Kenya.

Table 4.50

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.731a	0.534	0.484	0.4957

a Predictors: (Constant), IPAV, WCMAV, PAV, FRFAV, FAV

Table 4.51.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.972	5	2.594	10.56	.000b
Residual	11.305	46	0.246		
Total	24.277	51			

a Dependent Variable: FSAV

b Predictors: (Constant), IPAV, WCMAV, PAV, FRFAV, FAV

The ANOVA results in Table 4.58 shows that the model with the interaction terms was found to be statistically significant as indicated by the significant p-value ($F(9,305) = 11.305, p < 0.0001$).

Table 4.52.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.919	0.977		0.94	0.352
IPAV	0	0.228	0	0.001	0.999
WCMAV	-0.341	0.206	-0.192	-1.66	0.104
FRFAV	0.521	0.151	0.479	3.447	0.001
FAV	0.092	0.2	0.07	0.461	0.647
PAV	0.49	0.21	0.342	2.332	0.024

a Dependent Variable: FSAV

Where FSAV is the financial stability, IPAV = investment practices, WCMAV= working capital management, FRFAV= financial reporting framework, FAV= financing activities.

Table 4.60 infers that the interaction term of financial management practices was found to be statistically significant while the interaction terms of all the other variables were found to be statistically insignificant. This was indicated by p-values above 0.05 significance level. Therefore, this study concluded that there was a partial moderation effect of financial

reporting framework on the relationship between financial management practices and the financial stability of football clubs in Kenya.

Politics comprises various external financial risks. Legal framework components and changes are a recipe to promote or suppress competition in the market, there exists an association between social political bases and responses. Political environment has always been proven to control the management of organization. To define, align and predict the political environment objectives have been proven to influence the business objectives. Football clubs often struggles with various political interference from various quotas that sometimes surprise even the most experienced people in football management.

4.8 Financial Stability

Financial stability especially in football clubs incorporates a number of key sectors with interactions between different sectors of the economy. Availability of financial resources either from; sponsors, broadcasting rights, investments activities among other sources should exceed the total costs consumed by the football clubs. Monetary conditions affects asset prices hence a links between monetary and financial stability.

Table 4.53.

Financial Management Practices Enables Club Financial Risk Management

	Frequency	Percent	Valid Percent	Cumulative Percent
somewhat agree	54	100.0	100.0	100.0

The study sought to establish whether financial management practices enables financial risk management in football. The respondent were of the view that there exists a

relationship between financial management practices and financial risk management in football. With efficient financial management practices, financial risks in football clubs can be mitigated and hence ensure financial stability of the football clubs.

Table 4.54.

Financial Management Practices Enables Efficient Payment

	Frequency	Percent	Percent	Cumulative Percent
somewhat agree	54	100.0	100.0	100.0

Football clubs are involved in various finance transactions. The management of these football clubs have to ensure that creditors and other financial obligations are dually met. The study sought to establish whether financial management practices enables efficient payment of various football clubs financial obligation and hence financial stability. The researcher found out that there exists a relationship between financial management practices and efficient payment to creditors.

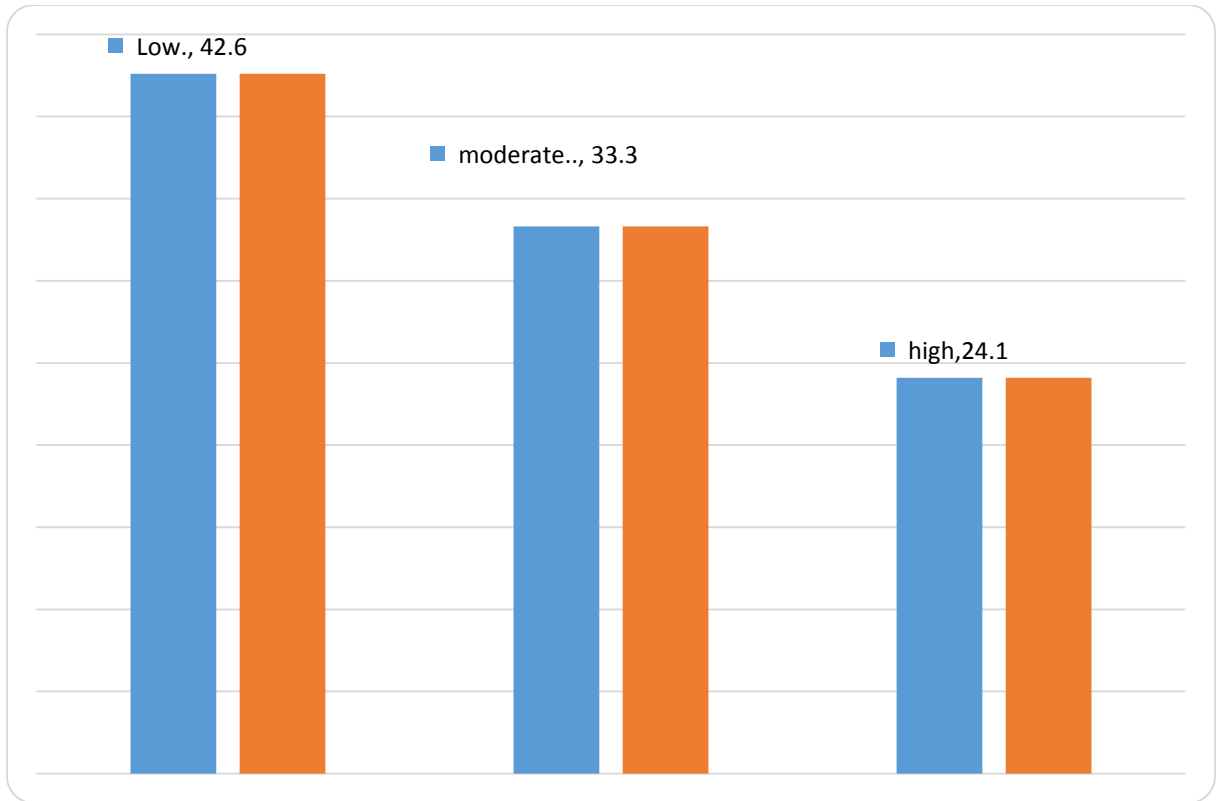


Figure 4.11 Financial Stability of Football Clubs
View on financial stability capacity

The study also sought to examine the financial conditions (in terms of financial stability) in football clubs in Kenya. He found out that financial stability of football clubs was could be classified as low as illustrated by the figure above.

Table 4.55.

Descriptive Statistics (FS)

	N	Minimum	Maximum	Mean	Std. Deviation
financial stability	54	2	4	2.81	.803
Valid N	54				

The financial stability was measured by averaging the responses generated from questions on; whether the sources of finances are diversified, the football clubs level of investment in players, the level of sponsorship available to the football clubs and the use financial statements generated from the club to make future financial decisions. Since the research questions were formulated using a Likert scale, if the total of the averages exceeds 3.5 then the football clubs are financially stable. From the above table the mean for the variables used to measure financial stability was 2.81 which is below the mean of 3.5 required to conclude that football clubs in Kenya are actually financially stable.

Regression

The study used multiple linear regression to determine influence of financial management practices influence on financial stability of football clubs in Kenya. The study sought to examine whether all the independent variables had and influence on all the factors studied on the dependent variable.

Table 4.56.

Coefficient for regression of all variables: FS

R	R Square	Adjusted R Square	Std. Error of the Estimate
.962 ^a	.926	.918	.230

a. Predictors: (Constant), extent of working capital management, financial reporting framework influence, investment practices influence, political interference influence, financing activity influence

In reference to the above table, the independent variable that was studied, explain 91.8% of all the factors that influence financial stability of football clubs. Those factors studied included investment practices, financing activities, financial reporting practices, working capital management and the intervening variable which was political interference. As illustrated by the adjusted R^2 . All the factors that were studied had a significant role towards financial stability of football clubs as illustrated by the above results in table 4.54.

Table 4.57.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	31.610	5	6.322	119.543	.000 ^a
Residual	2.538	48	.053		
Total	34.148	53			

a. Predictors: (Constant), working capital management, financial reporting framework influence, investment practices influence, political interference influence, financing activity influence

b. Dependent Variable: financial stability

Table 4.57 above shows a significance value of 0.000 which is less than the value of, 0.05 thus making the model statistically significance in predicting how investment practices, financing activities, financial reporting practices, working capital management and the intervening variable which was political interference influence financial stability of football clubs in Kenya. The F critical value at 5% confidence level had a significance of

2.32, hence F calculated was found to be greater than the F critical (value = 119.543), this shows that the model was statically significant.

Table 4.58.

Linear Relationship between All Independent Variables: FS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.579	.502		1.153	.255
Investments practices	.601	.114	.597	5.258	.000
Financing activities	.065	.140	.056	.469	.641
Financial Reporting framework	.282	.040	.314	7.019	.000
Working capital management	.224	.071	.185	3.133	.003
political	-.192	.232	-.094	-.826	.413

a. Dependent Variable: stability

A multiple linear regression analysis to explain the influence investment practices was conducted. Financing activities, financial reporting practices, working capital management and intervening variable which was political interference on financial stability of football clubs. The variables generated by SPSS produced the following equation; $PI = -0.391 + 0.021 IP + 0.549 FA - 0.152 FRM + 0.169 WCM - 0.955 PI$ hence the equation $Y_i = B_0 + B_1 X_{1i} + \epsilon_i$. To assess the significance of each independent variable on the dependent variable, the study established that investment activities, financial reporting framework and working capital management had a significant relationship and influenced the financial

stability in football clubs as its P values were less than 5%. While financing activities had no significant relationship and did not influence the financial stability of football clubs as its P values were more than 5%.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings by linking specific objectives and research questions used as units of analysis. Data collected was analyzed and interpreted to enable correlation of the results of the findings to both empirical and theoretical literature available. The conclusions of this study are linked directly to specific objectives and/or research questions. The recommendations have also been based on the conclusions and discussion of the research findings. Gaps established from this research that need further studies have also been identified.

5.2 Summary

5.2.1: Background Information

5.2.1.1 Age of Respondents

The study found that the largest populations of all the respondents were aged between 35-45 years and represented 18.5 % of the total respondents. 45-55 years represented 42.6% while over 55 years bracket represented 38.9% of the total population. The study found that most of the employees that football clubs employed were a mixture of both the youth and older people. This indicated that the football clubs were ready to hire enthusiastic, energetic and physically active employees who are able to bring wealth of knowledge with them while also blending older employees. The research therefore concludes age as a factor influenced the response given due to the varying level of experience attained through age.

5.2.1.2 Work Experience of the Respondents

The findings established that the respondents had work experience in the football clubs for some time, most of them had work experience in their clubs for a period of 5 to 10 years 38(70.4%), less than 5 years were 6 (11.1%), 10 to 15years were 10 (18.5%). This points out that they had the knowledge and experience in their respective clubs and therefore were in a position to offer credible information towards the research. Experience on working on the various clubs studied helped the researcher in determining whether the respondents had vast knowledge on the matters appertaining to their football clubs hence understand the level of reliance in the data collected.

5.2.1.3 Club Structures

It was important to understand the structure and ownership of footballs clubs in Kenya. This was helpful in understanding the source of revenues. For example for private football clubs such as Sofapaka where there was presence of owner availing the revenues which underpinned the decision making process of the clubs, while in most community and clubs the major source of revue was based on sponsorship, this clubs are also based on bureaucratic management which hinder their growth. For government sponsored clubs, where players are not highly paid compared to the other structures, there was constant available of revenues to the club affairs for Ulinzi stars rarely missed matches due to lack of funds.

The ownership or the structure of any organization and specifically the football clubs has a significant role to play in sourcing and management of the resources. It is the basis of the

reporting structure within an organization. The organization structure will differ based on the club ownership. This might also affect the efficiency for example in terms of delivery and on the decision making, both the financial decisions and otherwise.

These football clubs which include Community football clubs, such as Gor Mahia FC and AFC Leopards are incorporated as Societies registered with the Registrar of Societies. These are by far the best supported clubs in Kenya. Thika United and Muhoroni Youth also operate as community-based organizations while Mathare United is run by the Mathare Youth Sports Association (MYSA), an NGO. Muhoroni Youth has registered its own businesses; Bethel Global Suppliers Limited which produces and supplies mineral water called “Bethel Sprinkles” to raise funds to support its participation in the league.

State clubs are owned and managed by agencies of the state or state-owned companies. Some of these clubs have a multi-sports tradition (in common with many community-owned clubs) for example Ulinzi previously had basketball, volleyball and rugby teams. Private clubs, which include Company clubs such as Chemelil Sugar started as a social welfare for employees but developed into fully professional teams KCB is also a multi-sports club. As the table shows, nearly 50% of KPL clubs are privately owned.

5.2.1.4 Financial Status of Football Clubs

The research through the chi-square examined the relationship in each independent question on the independent variable (financial reporting framework). These results show that disclosure of financial statement and analysis of the financial reports had a significant relationship on financial reporting framework since the value calculated was higher than the expected value of 0.05 while use of internal accounting expert and automation of

accounting reporting had no significant relationship on financial reporting framework since the significant level calculated was lower than the expected value of 0.05.

Manchester United came second with a net worth of Sh272 billion. In the Kenyan Premier League (KPL), researchers have not been able to conduct independent research to establish actual the financial status in local football clubs and thus it is difficult to know exact the richest team in Kenya. For some time, the availability of different sources of financial resources in football clubs in Kenya has been enhanced. Availability of sponsorship funding in the sport have also grown. The presence of a broad range of fans has promoted the participation of pay TV services such as supersport to promote football in Kenya while generating revenues through TV rights. Various top flight football clubs in Kenya are well funded by their sponsors within Kenya. With increased revenues and a wide coverage of the Kenya premier league, football players have also benefited by pocketing better salaries, (Wandera, 2016). So, what exactly is the financial status of the richest football clubs in Kenya today? According to Wandera, (2016) in his article the estimated net value of the richest football clubs in Kenya are as follows.

5.2.2: Influence of Investment Activities on Financial Stability

The findings established that match day attendance by the club supporters had a significant influence towards the financial stability of the club. From the findings, corporate sector relationship had its share of influence towards the financial stability of football clubs. Investment on training materials by football clubs is integral in ensuring stable performance on match days. While this is important, it also ensures financial stability of these football clubs as the study showed that performance during match days attracts more

match day revenues, corporate sponsorship and hence more media coverage boosting the overall financial performance of the specified football club

For a football club to be recognized, behaviour, attitudes, ethics and the overall output of the players have to be effective. Investment in the right players is an integral part in enhancing the financial stability in football clubs. The findings establish that 27(50%) of the respondents were of the view that investing in the right players have a moderate influence on financial stability in football clubs, while 23(32.6%) of the respondents said that investing in the right players had a significant influence on financial stability in football clubs. Use match schedules to identify the most profitable matches. For matches played in major cities such as Nairobi, Kisumu and Mombasa, the number of fans in attendance is much higher compared to those scheduled in local towns such as Kakamega. Success on the football pitch translates into a wider attraction of more football fans and creation of a greater brand. For a club to perform well on the match day, extensive training is required. The management of the football clubs needs to ensure facilitation in terms of training programs and equipment. From the study, it was found that most of the respondents were of the view that with effective training programs and facilitation, enhancement of performance both on the field and the financial status of the clubs would be achieved. For football clubs, the customers are mostly the fans and the sponsors. It is important for the management of these clubs to be able to categorically classify the various customers so as to be able bring on board and enable the football clubs receive financial boost from these customers. It is important as established by the response from the majority who were of the view that a basis for customer classification should be put in place.

The research also employed the use of linear regression analysis to explain the influence investment practices on financial stability in football clubs. The results showed that investment practices are significant and influenced the financial stability in football clubs as the P values computed were less than 5%. This model reveals the existence of a significant relationship between investment practices and financial stability in football clubs.

5.2.3: Financing Activities Influence on Financial Stability

The goal of any football club is to win as many matches as possible. Attractive football ensures a wide pool of fans. Good team performance on the field is very crucial in enhancing the financial activities of a given football club.

For a fan to attend a football match and for a football club to benefit from the attendance of the fans, some charges have to be incurred by the fans, these charges are borne in the form of tickets. There are various tickets ranging from season tickets to match day tickets. The prices set by the respective football clubs for a ticket influence the number of football fans to attend the match hence a significant influence on financial activities in these football clubs. Ticket pricing plays a major element that affects financial activities in football clubs.

Youth comprise the largest number of people who attend match day games. This is due to their nature as being flexible. However, there are those fanatics who, no matter their age brackets, still attend the matches no matter the distance of the match venue. Segmentation of fans into various categories, especially by age, ensures provision of the right attraction.

towards that segment hence an increase in financial activities of football clubs. Football in Kenya is taken more as a luxury to many where couples for example attend match day for fun. The gender of those who attend the various football matches do not influence the financial activities of football clubs. The research established that gender of the audience does not significantly affect the financial activities of football clubs

Football clubs in Kenya are located at various geographical parts of the country. Some are located in Nairobi, Mombasa, Nakuru, Naivasha and Kakamega. Some of these clubs prefer to play their matches in Nairobi where there exists a wide pool fans to attend the matches. The convenience of the location or venue of the football clubs plays a key role in attraction of football fans hence greater revenues.

Football matches are mostly scheduled for weekends that is Saturdays and Sundays either during the lunch hour or in the afternoon. However some of the matches are scheduled on weekdays. The weekend matches tend to attract more supporters since they are not committed to jobs at their workplace. Match scheduling is one of the major factors in enhancing financial activities in football clubs in Kenya.

Segmentation of football fans worldwide is a major tool of knowing how successful the clubs will maintain their fans. One of the major segmentations is between the fans and the fanatics of a given football club. Fanatics remain loyal to the club no matter the on the field performance of the club. These fanatics can be budgeted for since they rarely miss any match of the club no matter the location, the performance or the timing of the match schedule. Supporter loyalty has a great influence on financial activities of respective football clubs.

Influential football clubs all over the world bring on board various sponsors for example the jersey sponsor, kit sponsor and stadium sponsors. In Kenya, the case is not different to football clubs as the Kenyan clubs depend on sponsorship deals to be able initiate most of the operations within the clubs. Level of sponsorship has been established to possess a significant influence on financial activities of this clubs.

With well-managed sales channels of replica merchandise of the various football clubs, there is a wider range of revenue attraction. However, in Kenya, football clubs have not been able to ensure a proper channel for sale of their merchandise.

Middle men, brokers and cartels benefit from the sale of these merchandise while football clubs suffer greatly due to the loss of this revenue. As established in this research, clubs lowly benefit from the sale of their merchandise which is supposed boost their financial activities

Most of the fans who attend football matches in Kenya are low income earners. Some of them only wish to the colors of the clubs they are supporting. However, majority of these prefer to purchase quality merchandise. The quality of merchandise has a major role to play in contributing towards financial activities of the respective football club. A high-quality product eliminates cartels due to the high costs involved in production.

With a well-managed sales channel of replica merchandise of the various football clubs, there are is a wider range of revenue attraction. However, in Kenya football clubs have not been able to ensure a proper channel for sale of their merchandise. Middle men, brokers and cartels benefit from the sale of this merchandise while football clubs suffer greatly due to the loss of this revenue. As established by the findings clubs with well managed distribution channels stand to benefit heavily from the sale of their merchandise which and

boost their financial activities. Multiple linear regression analysis was used to explain the influence of financing activities on financial stability in football clubs was conducted. The study established that financial activities is significant and influenced the financial stability of football clubs as its P values were less than 5%.

5.2.4: Financial Reporting Framework Influence on Financial Stability

It is not a mandatory requirement that football clubs should publish and disclose their annual financial statements. However, disclosure of financial statements brings about responsibility in terms of ensuring that proper utilization of the club assets is enhanced. This comes with accountability to various stakeholders. From the findings of this research, most of the clubs do not disclose their financial statements to all the stakeholders. This means that the clubs' financial statement cannot be fully relied upon for financial analysis purposes. Football clubs in Kenya do not have the luxury to employ a large pool of qualified accounting experts. In most of the clubs interviewed, the duties of various staff members overlap. The salary packages offered to the staff is low compared to other major organizations in the country. This limits the ability of the clubs to attract the experts required to run the duties of the respective football clubs.

In accounting, there are various accounting software which have been established over time that make the accounting information or output more reliable. These software require resources ranging from cost of establishment to trained personnel. Football clubs have not invested in such software and systems hence most of these are backed up manually. This can lead to manipulation of the information and loss of data. The firm uses financial analysis to not only improve internal controls but also to better understand what capital

suppliers seek in the way of financial conditions and performance. This study found that football clubs rarely analyze their financial statements for decision making.

Companies that publish their financial statements for all the stakeholders to access are better placed to avoid fraud and enhance performance in their organizations. Lack of transparency comes with unlimited disadvantages ranging from fraud, loss of money, and mismanagement of resources within the organization. The results of this study reveal that best reporting practices especially in football clubs are a recipe for growth, continuity and survival of football clubs. Through multiple linear regression analysis the relationship between financial reporting framework and their influence on financial stability of football clubs was determined. The findings revealed that financial activities are significant and influenced the financial stability of football clubs as the P values were less than 5%.

5.2.5 Working Capital Management Influence on Financial Stability

There are various types of debt owed to football clubs. These debts range from the annual capitation from the Kenyan Premier League, sponsorship money, player transfer fee among others. Efficient collection of debt ensures that the football stays afloat in terms of its financial status. Every organization including football clubs should ensure that they have an efficient debt collection policy. The study findings revealed that among football clubs in Kenya, the debt collection policy is poor.

The findings also showed that satisfied players engage in proper training hence translating to on the field performance. This attracts a large pool of fans to attend matches while ensuring an increased revenue in terms of gate collections. The findings also revealed that some of the football clubs actually pay staff salaries and wages in time, while others delay.

This is reflected on the actual performance of each club on the pitch. Football clubs receive cash from various sources. The cash is usually deposited to the accounts at different times. The cash received is used to run the football clubs' affairs. Sale of football merchandise, gate collections and other revenues received can be converted to ensure smooth running of club activities. In this study, multiple linear regression analysis was used to determine management of working capital influence on financial stability of football clubs. It was found that management of working capital has a significant relationship and influenced the financial stability in football clubs as its P values were less than 5% leading to the conclusion that management of working capital has a significant role in enhancing financial stability of football clubs. Working capital encompasses the short-term liability as well as short assets which should be well managed to ensure that football clubs stay afloat throughout the years to enable them meet their daily obligations such as ensuring training is conducted smoothly and all matches are honored by the clubs.

5.2.6 Political Influence

Political interference refers to various issues arising from political decisions and the government which influence the outcome of specific economic activity by changing the normal route used to achieve business objectives of an organization. Government policies and programs are some of the examples of political environmental factors which influence economic entities in the pursuit of their business objectives. Government plays a major role in setting policies that govern the major sectors of the economy. In Kenya, the Ministry of

Sports, Culture and the Arts is responsible for setting policies that govern sports in Kenya. There are various policies set that directly affect football clubs in the country. These policies ensure smooth running of the football within the country and this study found these policies to influence financial aspects in football clubs.

The government also plays a major role in setting up programs that are implemented by the various sectors of the economy. This ministry is responsible for setting programs that promote sports in Kenya. There are various programs that directly affect football clubs in the country and ensure smooth running of the football clubs within the country. These programs offer incentives to the clubs in terms of rebates and other financial support. The findings revealed that these programs actually affect the finance aspects in football clubs. From the table above, the respondents agree to the fact that government programs actually affect finance aspects in football clubs

Politics in football also manifest in various aspects. They range from internal politics to the external environment politics. From the fans to the management to the government of the day, politics keeps on manifesting in the football clubs. External environment such as the government interference and league management interference significantly affect the running of the football clubs in the country. Politicians also engage themselves in football club affairs, some even help finance football clubs that are financially limited.

In assessing the significance of all independent variables and their influence on the dependent variable, the findings showed that political interference is significant and influenced the financial stability of football clubs as its P values were less than 5%. Internal politics, which are promoted by need for leadership positions in football clubs, sometimes disrupt the smooth running of the clubs affairs due to fact that competition is stiff and club

officials constantly and oftentimes seek ways of retaining the positions. National politics has also planted its roots on the football clubs. Due to the number of fans available to this, politicians engage in football affairs to win political support from these fans.

5.2.7 Financial Stability

Financial stability in an organization involves interactions between different sectors of an economy. This brings about non-linearity effects that propagate financial stocks that are shared among different sectors of the economy. For example, links between monetary and financial stability can be established due to the volatility of monetary conditions as affected by asset prices.

The study also sought to establish whether financial management practices enable management of financial risk in football clubs. Respondents were of the view that there existed a relationship between the two. With proper financial management practices, financial risks in football clubs can be mitigated and hence ensure financial stability of the football clubs.

Football clubs are involved in various financial transactions. The management of these clubs have to ensure that creditors and other financial obligations are dually met. The study sought to establish whether financial management practices enable efficient payment of various football clubs' financial obligations and hence contributing to their financial stability. The findings established that there exists a relationship further revealed that financial stability of football clubs could be classified as low.

The financial stability of the clubs was also examined by averaging the responses generated from questions on; whether the sources of finances are diversified, the football clubs' level

of investment in players, the level of sponsorship available to the football clubs and the use of financial statements generated from the club to make future financial decisions. Since the research questions were formulated using a Likert scale, if the total of the averages exceeds 3.5 then the football clubs are financially stable. From the findings of this study, the mean for the variables used to measure financial stability was 2.81 which is below the mean of 3.5 required to conclude that football clubs in Kenya are actually financially stable.

5.3: Conclusion

Only a few football clubs worldwide are financially sound and stable as to persevere the rapid change in economic activities. With updated business ventures and solutions to prevailing financial problems, football clubs are now able to meet the required results and achievements. It is therefore paramount for football clubs to select financing sources and risks carefully to enable them respond to given economic circumstances which involve suitable potential investors.

This study concludes that football clubs constitute both a social and an economic unit. They contribute to the social well-being of the participants including fans and fanatics, sponsors, management, players and other staff through interacting with other football clubs from all over the country. These football clubs also ensure income for various classes of people. These people range from the staff of football clubs who earn salaries and wages, while also encompassing small traders who sell merchandise during the match days who also benefit economically from the presence of these football clubs.

Football as a sport has grown and is enhancing the overall value which can be measured in several ways. Football Clubs participate in several sporting competitions such as the domestic league, Sportpesa Cup, and continental League. Local league performance becomes a key indicator used to measure each football club's performance, since most of the football matches are played in the local league hence making it possible to compare club performance over a period of time.

Football clubs have the capacity to improve their league performance by recruiting or acquiring quality players compared to competing clubs. Football clubs also need to enhance and improve wage spending. This will help in acquiring quality and more talented players in an otherwise well-functioning market. It is possible for football clubs to derive extra revenues with increased performance levels. This is made possible by exploiting commercial opportunities available in the market.

There exists a correlation between broadcasting revenues generated and organization value and for football clubs, the ability to influence broadcasting revenue is often limited. Football clubs in Kenya need to enhance their product appeal and market size since these factors influence the value of a league's media rights. The benefits accrued from a well-established and managed football league influence the broadcasting revenues available to the football clubs.

Brand image especially in football clubs plays a key role in increasing their value. The presence of employee turnover and shortage of experts in football clubs results in underutilization of manpower hence additional cost of training required. Human factors if

not well managed lower the productivity and affect the brand image in the long run. Lack of proper remuneration for football clubs staff leads to high staff turn-over. This affects the football clubs due to training requirement for new staff as well as lowering their efficiency and in the long run, the profitability of these football clubs is also affected.

Professional football clubs have a well-structured regulatory regime with an authority that partakes issuing of licenses while also supervising the football operations at all level. This aspect is a very unique and special phenomenon that cannot be overlooked or disregarded while running the affairs of football clubs. These authorities which consists of FIFA and UEFA gives directives, guidelines and procedures to be applied in this field. Locally football operating licenses are issued by local regulatory bodies such Football Kenya Federation making it possible to run football affairs smoothly.

It is important to ensure that the investment goals for Football clubs generate positive net present value. This means that any capital expenditure undertaken now should yield returns that exceed the current value of the amount invested. A football club's ability to create economic value is pinned towards the club's ability to generate revenues above its total cost of capital. To achieve this, competitive advantage must be maintained hence giving the football club a better chance in the market compared to its competitors.

This research concludes that there are some factors that influence match attendance by fans and hence revenue collection. These factors include the football fixtures and nature of the opponents. Football played at high intensity with high energy invoke lots of interest and passion among the fans and fanatics. Average and low intensity football matches do not invoke as much interest and passion and hence characterized by low attendances. Going beyond the various sources of revenue available to football clubs, it is imperative and

important to understand the behavior, needs and motives that drive both the fanatics and the fans to attend various football matches.

The research also concludes that for football clubs to be financially stable and self-reliant while also enhancing their going concern capabilities, the objective of maximizing shareholders wealth must be achieved. This means enhancing performance at all levels, that is generating revenues and utilizing them in a prudent manner to balance the needs of the owners. Financial statements are mandatory in enabling the football clubs ascertain their performance and especially determine the profits or losses generated. Without preparation of these financial statements, it becomes very difficult for the owner or managers of the football clubs to know the financial status of their entities. Sound management of financial resources is an essential aspect towards success of a business. Successful management of financial resources is an integral part in development of a new as well as expanding enterprise. This calls for due diligence in developing and implementation of financial plans that will ensure growth and financial success in football clubs. Working capital management plays a crucial role in promoting growth and sustainability of football clubs. Funds that are unnecessarily tied to non-performing assets should be avoided to improve the liquidity level while also improving investment opportunities in productive assets.

It has been proven that league success can be bought. The rich football clubs such as Manchester City FC and Paris saint German FC among others have shown how possible it is to transform mediocre clubs into title winning clubs. With the presence of wealthy investors, financing operations and player recruitments in these football clubs and winning become real. These winning football teams are built at the expense of profitability which

is enabled by the owners who act as benefactors. The wealthy investors return on investment is highly attached to emotional factors such as points accrued and titles won by their football clubs in the short-term. In the long-term, due to high-quality players this leads to attractive football leading to attraction of a wide range of fans hence increased revenues to the football club.

5.4: Recommendation

The research recommends that football clubs should ensure that there exist diversity in football squads, live broadcasting of international football fixtures, collaboration on team management styles from diverse footballing cultures, increased direct foreign investments in football clubs, increased number of international fixtures and the transformation of football as a sport. Football clubs and stakeholders should realize that the economic environment is very dynamic. For the clubs to succeed, pro-active and innovative measures must be put in place. Football academies that train young footballers should also be established. This will ensure supply of senior players to the football clubs hence reducing cost of player recruitment while also enabling the clubs maintain a higher level of competitiveness.

The research recommends that financial reporting plays a major role in ensuring accountability of organizations. The reports generated also help in financial decision making. Football clubs should ensure that financial reporting is enhanced at all times. Qualified staff with competitive salary packages should be employed to ensure credibility of financial reports. The management should be in a position to analyze the financial reports for financial decision making.

Automation of accounting systems has been proven to enhance efficiency, security and credibility of accounting information generated. It is therefore recommended that football clubs should embrace this technology to enable them monitor the flow of cash, expenses and proceeds generated at all levels. Use of technology in running the affairs of football clubs will automatically improve revenue hence profitable investment. Football clubs should consider investing in modern technology to harness this opportunity. A web-enabled financial function triggers a number of financial benefits in football clubs. It allows convenient control over cash positions to enable football clubs run their financial affairs efficiently. It is recommended that computerized accounting and financial packages should be availed to raise the standard of financial reporting in football clubs.

The research recommends that football clubs should be facilitated to make it easier for them to access financing from banks to enhance their liquidity levels. For this to happen, it is therefore paramount that policy makers in government reform Kenya's football sector. The study establishes that an inverse relationship between football club's tangibility and their financial performance exists. Hence football clubs should use a capital structure that allows them diversify their business activities.

The research recommends that football clubs should increase asset classes in their portfolios to include financial assets such as stocks, bonds and money market instruments as well as real assets such as cash, property and commodities. Investing in assets with different risk and return would enable football clubs to benefit from unrelated returns on portfolios invested in. The research also recommends that investors in football clubs should buy shares using economic rights of young players as securities that covers the costs of

their training and accommodation. In response to this, clubs are entitled to a certain percentage of a player's future transfer fee.

5.5: Further Research

This research focused on the financial management practices factors that influence financial stability in football clubs. The research did not exhaustively look into all other factors that influence the financial stability of football clubs such as social factors. It is therefore important to carry out research on other aspects other than the financial management practices, to establish their overall influence on financial performance of football clubs.

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Appendix I: Questionnaires

Section A

EMPLOYEE BACKGROUND / PERSONAL INFORMATION

Please tick () the appropriate choice

1. Name (optional).....

2. Age

Below 25 years ()

25-35 years ()

35-45years ()

45- 55years ()

Above 55 years ()

3. Gender

Female ()

Male ()

4. How many years have u been in the organization in that position?

1- 5 years ()

5-10 years ()

10- 15 years ()

Above 15 years ()

Section B

INVESTMENT PRACTICES

To what extent would you say the following factors contribute to your club's financial performance?

Revenue Source	None	Very little	Moderate	Significant	Very Significant
attendance by supporters	1	2	3	4	5

Relationship with the corporate sector	1	2	3	4	5
Investment in training material	1	2	3	4	5
Investment in players	1	2	3	4	5

For each of the questions below, please indicate (tick) the extent to which you agree or disagree with the statements below:

Key :1: completely disagree 2. Disagree 3. Not sure 4. Agree 5. Completely agree

We have classified our customers based on their unique needs. (1) (2) (3) (4) (5)

We generate revenue from more than two sources. (1) (2) (3) (4) (5)

Effort is made to add value to the spectator experience during matches. (1) (2) (3) (4) (5)

The club has a wide attraction to fans. (1) (2) (3) (4) (5)

The club uses the match schedules to identify the most profitable match days. (1) (2) (3) (4) (5)

Laid down systems and processes are applied (1) (2) (3) (4) (5)

There is a recruitment team to scout for new players. (1) (2) (3) (4) (5)

Training programmes are satisfactory. (1) (2) (3) (4) (5)

Performance appraisal is done for players. (1) (2) (3) (4) (5)

Performance appraisal is done for support staff. (1) (2) (3) (4) (5)

Rewards and recognition are used to motivate staff to meet targets. (1) (2) (3) (4) (5)

Investment activities set by the club have an influence on the financial stability of the football club

Yes { } No { }

To what extent does Investment activities set by the club have an influence on the financial stability of the football club?

Very low influence [] Low influence [] Moderate influence []

High influence [] very high influence []

Section C

Financing Activities

To what extent do the following factors influence your club's revenue?

	1			2			3			4			5	
--	---	--	--	---	--	--	---	--	--	---	--	--	---	--

Factor	Degree of Influence				
	(1) None	(2) Very little	(3) Moderate	(4) Significant	(5) Very significant
Team performance in matches.	1	2	3	4	5
Ticket pricing.	1	2	3	4	5
Age of audience.	1	2	3	4	5
Gender of audience.	1	2	3	4	5
Convenience and location of match venue.	1	2	3	4	5

Match scheduling (day of the week, and time).															
Loyalty of the club's supporters	1			2			3			4			5		
Level of sponsorship.	1			2			3			4			5		
Merchandise sales.	1			2			3			4			5		
Quality of merchandise.	1			2			3			4			5		
Variety of channels through which club merchandise is sold.	1			2			3			4			5		

Financing activities set by the club have an influence on the financial stability of the football club

Yes { } No { }

To what extent does Financing activities set by the club have an influence on the financial stability of the football club?

Very low influence [] Low influence [] Moderate influence []

High influence [] very high influence []

Section D

Financial reporting framework

Please indicate how much you agree or disagree with each of the following statements:

	Somew	Neither		
	hat	agree	Some	
Strongly	disagre	nor	what	Strongly
disagree	e	disagree	agree	agree

1. Disclosure of financial statements is enhanced by the club	1	2	3	4	5
2. Valuation of inventories is at lower cost and net realizable value	1	2	3	4	5
3. Using internal accounting experts increase amount of financial report	1	2	3	4	5
4. Automation of accounting reporting is enhanced	1	2	3	4	5
5. Analysis of the financial reports is enhanced by the club	1	2	3	4	5
6. Financial report are in decision making process of the club	1	2	3	4	5
7. Tracking of financial reports is enhanced by the club	1	2	3	4	5
8. Best reporting practices are recipe to survive, growth and prosper of the football club	1	2	3	4	5

Financial reporting framework set by the club have an influence on the financial stability of the football club

Yes { } No { }

To what extent does financial reporting framework set by the club have an influence on the financial stability of the football club?

Very low influence [] Low influence [] Moderate influence []

High influence [] very high influence []

Section E

Working capital management

Please indicate how much you agree or disagree with each of the following statements:

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
-------------------	-------------------	----------------------------	----------------	----------------

1. Debt collection period is usually on a specific stipulated time					
2. Efficient use of available inventories is enhanced by the management of the club	1	2	3	4	5
3. Payment to creditors is enacted in time					
4. Payment of staff salaries and wages is on stipulated in time					
5. Accounts receivables and accounts payables are efficiently and effectively managed	1	2	3	4	5
6. Cash management cycle is well considered to ensure effective cash management and smooth operations of the club	1	2	3	4	5

Working capital management set by the club have an influence on the financial stability of the football club

Yes { } No { }

To what extent does Working capital management set by the club have an influence on the financial stability of the football club?

Very low influence [] Low influence [] Moderate influence []

High influence [] very high influence []

Section F

Political interference

Please indicate how much you agree or disagree with each of the following statements:

			Neither		
		Somewh	agree	Some	
Strongly	at	nor	what	Strongly	
disagree	disagreed	disagree	agree	agree	

1. There are policies set by the government that affect the running of football clubs	1	2	3	4	5
2. There are some programmes set by the government that affect football clubs	1	2	3	4	5
3. There are various forms of external political environment that influence football clubs	1	2	3	4	5

Political interference have an influence on the financial stability of the football club

Yes { } No { }

To what extent does Political interference have an influence on the financial stability of the football club?

Very low influence [] Low influence [] Moderate influence []

High influence [] very high influence []

Section G

Financial stability

Please indicate how much you agree or disagree with each of the following statements:

	Some			
	what	Neither	Some	Strong
Strongly	disagr	agree nor	what	ly
disagree	eed	disagree	agree	agree

1. Use of proper financial management practices enables intermediation of clubs financial funds	1	2	3	4	5
2. Use of proper financial management practices enables clubs financial risk management	1	2	3	4	5
3. Use of proper financial management practices enables clubs efficient arrangement of payments.	1	2	3	4	5
