

Effects of Total Assets on Financial Performance of Food and Beverage Manufacturing Firms in Nakuru County, Kenya

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Abstract— Since 2015 some manufacturing firms in Kenya closed their business due to poor performance while others have been forced to relocate their manufacturing plants to other countries. Some companies have also scaled down their manufacturing capacity impacting negatively on the financial performance of manufacturing firms therefore the study sought to analyze the effect of total assets on financial performance of food and beverage manufacturing firms in Nakuru county Kenya. The study was guided by economic theory of firm growth. The study adopted descriptive survey research design with a target population of 15 food and beverage manufacturing firms. The unit of observation was 15 food and beverage manufacturing firms in Nakuru County. The unit of analysis was 56 employees in the finance department. The study utilized primary data. Questionnaires were used to collect primary data desirable for the study. Piloting was done in Kericho County. Data was analyzed using both descriptive and inferential statistical methods. Descriptive analysis was done using frequency, percentage, means and standard deviations to describe the basic characteristics of the population. Inferential statistics involved the use of Pearson's Product Moment correlation and multiple regression model. The finding of the study was presented in table form. There exists a moderate positive and significant relationship between total assets and financial performance of food and beverage manufacturing firms in Nakuru county Kenya ($r=0.513$ and $p=0.000$). The study recommended that food and beverage manufacturing firms ought to have more tangible assets this is because tangible assets are often an essential resource for such business. The study also recommended that for food and beverage manufacturing firms to increase their sales revenue, they ought to align marketing with sales.

Index Terms— Total Assets, Financial Performance, Food and beverage manufacturing Firms.

I. INTRODUCTION

A firm is a commercial enterprise, a company that buys and sells products and/or services to consumers with the aim of making a profit (Zingales, 2016). Firms of varied sizes are distinguished by a variety of discernible and undetectable metrics (Gedajlovic & Shapiro 2019). As a result, there are a variety of ways for determining a firm's size class. In this way there are a wide range of methods for characterizing a firm's size class. Firms with less than 10 workers are small-scale firms and those with more than 250 are extensive firms which may shift by nation according to the (OECD, 2018). According to Abiodun (2017), the size of a company

determines the type of interaction it has both inside and outside of its working environment. The bigger a company is, the more power it has over its stakeholders. Again, the growing impact of conglomerates and multinational firms in today's global economy demonstrates the importance of scale in the business world.

In the United States of America, the highest limit for large firms is set at 500 workers rather than 250. Micro-sized businesses are frequently characterized as having up to 49 people, whereas SMEs are defined as having 50 to 249 employees (Chen & Wong, 2014). Financial data is also used by the European Union to categorize size bands. SMEs are businesses with annual revenues of between EUR 2 million and EUR 50 million. Micro businesses have a turnover of less than EUR 2 million, while large businesses have a turnover of more than EUR 50 million (Walker, 2016). The possession structure of enterprises is another important factor in determining firm size classes. In contrast to free miniature scale enterprises or SMEs, it is critical to treat auxiliaries of large organizations that fall under the micro firm or SME classifications based on their turnover or number of personnel separately (Jelic & Kakani 2015).

The total assets and total sales of a company are used to determine its size in Nigeria. Firm size has a beneficial impact on non-financial company performance in Nigeria. In Nigeria's construction sector, firm size is important in defining output per labor, which is defined as total sales divided by the number of employees, and has a positive effect on output per labor and total number of employees (Olawale, 2016). In Ghana, a small number of large companies employ approximately half of the official private sector's workers. The employment stock distribution is concentrated in larger corporations, with micro enterprises and small and medium businesses relatively evenly distributed. To put it another way, major businesses in Ghana are especially enormous: the average large business employs approximately 300 full-time employees. This tendency contradicts cross-country study, which shows that in economies with lower income levels, SME enterprises account for the majority of employment (Aga, 2015).

In Kenya, the classification of enterprises is primarily by the number of employees engaged by firms and their turnover. The Micro and Small Enterprises (MSE) Bill 2012 defines micro enterprises as any firm, trade, service, industry or a business activity, formal or informal that has an annual turnover that does not exceed Kenya Shillings 500,000 and employing (or rather engaging) 1- 9 people, (Bebbington,

2018). The total assets and financial investment or the registered capital of the enterprise does not exceed Ksh 10 million in the manufacturing sector and does not exceed Ksh 5 million the service and farming sector. Small enterprises as those firms, trade, service, industry or business activities that post an annual turnover of between Ksh500,000 and Ksh5 million and have an employee list of 10 to 50. In the manufacturing sector, investment in plant and machinery should be between Ksh 10 million and Ksh 50 million and registered capital of the enterprise between Ksh 5 million and Ksh 25 million in the service and farming sector, (McMahon 2019). In Kenya a medium/large business employs 50 or more employees (Kenya Institute for Public Policy Research and Analysis, 2014).

Sales Growth, Returns on Assets (ROA), Returns on Capital Employed (ROCE), Returns on Investments (ROI), Returns on Equity (ROE), and Return on Sales are all financial performance measures. Sales growth is linked to an increase in the organization's overall returns and its ability to achieve balance with the surrounding environment (Gormoma, 2014). The profit made over the total assets used is referred to as return on asset. It gives an overview of how effective the management is at using assets to generate profits. Returns on Investments evaluate an investment's efficiency or compare the efficiency of different investments.

Return on capital measures the profitability of a company's investments, whereas Return on Equity is defined as average income divided by the shareholders' equity. These can be produced from a company's financial statements and utilized as financial performance indicators. However, it is necessary to include non-financial metrics of performance in order to fully measure financial performance. This comprises operational efficiency, flexibility in service offerings, and the organization's dependability. This allows for a full assessment of an organization's performance at any given time (Selvarajane, 2017).

Food and beverage manufacturing firms in Kenya are categorized under the manufacturing industry. The sector accounts for roughly 10% of the economy's Gross Domestic Product (GDP) (KIPPRA, 2018). Due to its enormous potential in poverty reduction, job creation, and wealth establishment, the segment is a vital prolific area of the economy that is expected to contribute to the realization of Vision 2030. Food and beverage processing is a rather well-developed business in Kenya, with products ranging from dairy products to canned vegetables, bread goods, sugar and confectionery, fish, oil and fats, and a variety of other items.

Currently, food and beverage processing and manufacturing firms in Nakuru County are poor in terms of economic, social, and environmental sustainability; there are significant medium-term economic risks, a significant portion of the population is excluded, and the environment is deteriorating due to climate change; and there is a lack of quantity and quality of food (Nkatha, 2016). The policy environment is characterized by a plethora of well-conceived policies, but implementation mechanisms are weak, according to a governance study with accompanying bottlenecks that make diversification of food systems

challenging (Kinyua, Muathe & Kilika, 2015).

• **B. Statement of the Problem**

In Kenya, manufacturing sector is the second most important sector after agriculture. It is important in terms of contribution to gross domestic product, employment and foreign exchange earnings. (Kenya Association of Manufacturers, 2019). The manufacturing sector contributed 9.9 per cent of GDP and provided 14.4 per cent of employment in the formal sector in 2020 (Kenya Economic Report, 2020). Although this seems to be a good performance, it is below the 10 per cent contribution target per annum anticipated in the Kenya's vision 2030.

The manufacturing firms are currently undergoing difficult times posing a great challenge to their profitability. High input costs result in expensive and often low-quality raw materials, rising labor costs, unreliable and expensive energy. Capital productivity in the Kenyan manufacturing sector is particularly low, compared to regional and global productivity levels (Kenya Economic Report 2020). Statistics from World Bank show that manufacturers that operate in Kenya registered stagnation and declining profits for the last five years due to a turbulent operating environment (World Bank, 2017). Since 2015 some manufacturing firms in Kenya closed their business due to poor performance while others have been forced to relocate their manufacturing plants to other countries. Some companies have also scaled down their manufacturing capacity impacting negatively on the financial performance of manufacturing firms. In Nakuru County a number of manufacturing firms have closed or scaled down their production for example Ever-ready and Pyrethrum. It is against this background that the study sought to assess the effects of total assets on financial performance of food and beverage manufacturing firms in Nakuru county Kenya.

II. LITERATURE REVIEW

A. Theoretical Review

The study was anchored economic theory of firm growth. The economic theory of firm growth was pioneered by Myint (1967). According to economic theory, growing firm size allows for incremental advantages since it allows the firm to create entry barriers for potential entrants and utilize economies of scale to achieve higher profitability (Myint, 1967). A new entrant, for example, has little choice but to incur significant fixed costs in obtaining entrance to the business, such as acquiring and maintaining predetermined capital needs and capital equipment investments.

The size of a company has a variety of effects on its performance. The ability to utilize economies of scale and breadth, as well as the formalization of operations, are key characteristics of a large corporation. Larger organizations can provide greater performance in comparison to smaller firms since these features make operations execution more successful (Amato & Wilder, 1990). Alternative points of view indicate that scale is linked to market power, and that as market power grows, inefficiencies emerge, resulting in subpar performance.

The theory is relevant to the current study as it will help in explaining the relationship between firm size and financial

performance of the food and beverage processing firms. The theory assumes that increasing firm size allows for incremental advantages because the size of the firm enables it to raise the barriers of entry to potential entrants as well as gain leverage on the economies of scale to attain higher profitability, hence helps in explaining financial performance of food and beverage processing manufacturing firms in Nakuru county Kenya.

B. Total Assets on Firm Performance

Total asset refers to the underlying assets giving value to a company, investment or loan. The total asset is not fixed this means it will appreciate or depreciate according to market forces, or increase and decrease as a company sells or acquires new assets (Rahman, 2014). Because of the overall assets features, intangible assets are frequently linked to sources of long-term competitive advantage. Intangible assets, also known as knowledge, invisible assets, absorptive capabilities, core competencies, strategic assets, core capabilities, intellectual property rights, trademarks, information technology such as databases, networks, and skills such as capabilities and competencies, organizational memory, organizational memory, organizational memory (Lopez, 2016). Technology, acquired consumer information, brand name, reputation, and corporate culture, according to Leitner (2016), are intangible assets that are crucial to a firm's competitive strength and the only true source of competitive advantage that can be sustained over time.

Total asset financing facilities, according to Rahman (2014), provide great flexibility because the company does not have to go through the entire underwriting process again. This benefit is particularly important for companies that are rapidly growing and require additional funding, such as insurance companies. This means that lenders are more likely to have a physical asset as a guarantee that at least a portion of the money borrowed can be recouped through sales of the backed asset if the loan is not repaid. As pledged securities whose value fluctuates with the market are frequently employed for this reason, margin loans are particularly sensitive to the underlying value of collateral. As a result, a company's total asset typically includes valuation and tangible, hard assets such as property, equipment, plant, and inventory (Rahman 2014).

Al-ani (2013) investigated the impact of asset structure (fixed and current assets) on the financial performance of several industrial companies listed on Oman's Muscat Securities Market (MSM). For the study, content analysis of annual reports from a sample of 28 out of 70 (40%) companies from 2008 to 2012 was used. The studies demonstrated that asset structure had little influence on profitability in terms of ROE. This result demonstrated that if the asset structure changes, the ROA will not change. Another finding of the study is that, unlike ROA, only fixed assets have an impact on ROE.

Zhang (2017) investigated the link between intangible assets and financial performance of China's publicly traded telecommunication companies. Financial statements from 17 publicly traded telecommunications companies in China from 2014 to 2016 were used to compile the data. According to the research, intangible asset ratios have a favorable and

significant impact on financial success as assessed by Return on Assets (ROA). The greater the investment in intangible assets, the greater the total assets' ability to generate revenue.

Adeolu (2014) used the Pearson correlation coefficient and SPSS regression to analyze the data in a study on the impact of a company's investment in fixed assets on its operating profit margin in Nigeria. The research was conducted on a sample of four Nigerian breweries during an eleven-year period, from 1999 to 2009. The analysis found that while there was a positive association between the level of fixed asset investment and the influence on operational profit, the conclusion was not statistically significant. As a result, the findings did not indicate that investing in fixed assets has a significant favorable influence on the operating profit of Nigerian beer enterprises.

Anjili (2016) investigated the effects of asset and liability management on commercial banks' financial performance in Kenya. With a target population of 43 commercial banks, the study used a descriptive design. All of the CAMEL (Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity) criteria had a statistically significant impact on financial performance, according to the study. The report advised strategies to enhance income diversification, lower operational costs, reduce credit risk, and encourage banks to reduce their liquidity holdings based on the findings.

Mwaniki and Omagwa (2017) investigated the effects of asset structure on financial performance: a case study of enterprises listed on the Nairobi Securities Exchange in the commercial and services sectors. The secondary data from the firms' annual reports served as the study's target population. The asset structure was examined in terms of the independent variables: property, plants, and equipment; current assets; intangible assets; and long-term investments and finances. Statistical applications were used to do a standard multiple regression analysis. The study's findings show that asset structure has a statistically significant impact on financial success. The study discovered that property, plants and equipment, as well as long-term investments and finances, have a statistically significant effect on financial performance, although current assets and intangible assets do not.

C. Research Gap Summary of Reviewed Literature

Anjili (2016) investigated the effects of asset and liability management on commercial banks' financial performance in Kenya. With a target population of 43 commercial banks, the study used a descriptive design. All of the CAMEL (Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity) criteria had a statistically significant impact on financial performance, according to the study. The report advised strategies to enhance income diversification, lower operational costs, reduce credit risk, and encourage banks to reduce their liquidity holdings based on the findings. Nonetheless, the study was conducted in the banking institution while the current study will be conducted in food and beverage processing manufacturing firms.

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D. Conceptual Framework



Figure 1: Conceptual Framework

III. RESEARCH METHODOLOGY

The study adopted descriptive survey research design. The study was conducted in Nakuru County, specifically among 15 food and beverage manufacturing firms. The employee were purposively selected since they were involved in financial management of their organization.

Table 1: Target Population in Food and Beverage Manufacturing Firms

Manufacturing Firm	Employees in Finance Department
1. Bidco East Africa	5
2. Mombasa maize milers	4
3. Vertica Agro (EPZ) Ltd	3
4. Njoro Canning Limited	4
5. Nakuru industries	2
6. Happy Cow Ltd	3
7. Nakuru Farm care	4
8. Kinangop Dairy Limited	4
9. Menengai Oil Refineries Ltd	5
10. New kcc	4
11. Domaine Kenya limited	2
12. Bread (k) limited	4
13. Rift Valley cake bakers	5
14. Flamingo bottlers	3
15. Valley Confectionery(Tosti) Ltd	4
Total	56

Kenya Manufacturers & Exporters Directory 2021-2022 Edition

Since the target population was small the study adopted

Table 2: Response Rate

Sampled No. of respondents	No. of Questionnaires Returned	Response Rate (%)
56	50	89

Source: Research Data (2022)

. Duration the Respondents have been in Working in the Current Organization

The study sought to find out the duration for which the respondents have been in working in the current organization. The results of the analysis are indicated in Table 3

census technique to include all the targeted respondents. This helped to capture all the targeted 56 employees in the finance department. The study utilized primary data which was collected using questionnaire. Piloting was done at Litein Tea Factory, Kerenga Engineering Food, Kabianga Dairy Limited in Kericho where 6 questionnaires was issued out to finance employees. The supervisor’s opinion were deemed sufficient in determining the instrument’s content validity. Given that the data collection instrument were structured on a 5-point Likert scale, the Cronbach’s alpha coefficient was used to test the reliability of the research instrument. Statistical Package for Social Sciences (SPSS) version 24. Data was analyzed using both descriptive and inferential statistical methods. Descriptive analysis was done using frequency, percentage, means and standard deviations to describe the basic characteristics of the population. Inferential statistics involved the use of Pearson’s Product Moment correlation and multiple regression models to determine the nature of the relationship between the variables.

IV. RESULTS

A. Response Rate

The study targeted a sample size of 56 respondents out of which 50 filled and returned the questionnaires giving a response rate of 89%. Six questionnaires were not obtained from the respondents 11 % response failure. With a 89% response rate, the study had a considerable response adequate for the research. According to Barbie (2014), a high response rate is advantageous since it greatly reduces non-response bias as compared to a low response rate.

Table 3: Duration the Respondents have been in Working in the Current Organization

Years	Frequency	Percentage
Below 1 Year	6	12
2-5 Years	28	56
6-10 Years	14	28
Above 10 Years	2	4
Total	50	100

From the finding 12% of the respondents stated they have been working in their current organization for less than 1 year, 56 % stated they have been working in their current organization for 2-5 years, 28% have been working in their current organization for 6-10 years while 4% have been working in their current organization for more than 10 Years.

This implies that majority of the respondents have been working in their current organization for 2- 5 years.
C. Duration the Organization has been in Operation

The study sought to find out the duration the organization has been in existence. Table 4 illustrates the findings.

Table 4: Duration the Organization has been in Operation

	Frequency	Percentage
Below 1 Years	0	0
2-5 Years	0	0
6-10 Years	12	24
Above 10 Years	38	76
Total	50	100.0

Source: Survey Data (2022)

Based on the findings none of the firm has been in operation for less than 5 year, 24% of the firms have been in operation for 6-10 years while 76% of the firms have been in operation for more than 10 years. This implies that majority of the firms have been in operation for more than 10 years.

manufacturing firms in Nakuru county Kenya. The findings of the study are shown in Table 5

D. Total Assets on Financial Performance

The first objective of the study sought to establish the effects of total assets on financial performance of food and beverage

Table 1: Total Assets on Financial Performance

Total Assets Statement	SA	A	N	D	SD	N	Mean	Std
The organization uses its tangible asset to improve liquidity which has positive effect on financial performance:	46%	44%	4%	6%	0%	50	4.64	0.876
Tangible assets serves as collateral when getting loans from the banks which improves the financial performance of the organization	43%	52%	2%	3%	0%	50	4.82	0.765
Intangible assets such as skilled employees produce quality products which improves the financial performance of the firm.	41%	52%	2%	5%	0%	50	4.46	0.567
Firm has intangible assets like good reputation which attracts customers thus positively affecting it's financial performance	47%	33%	7%	10%	0%	50	4.17	0.641

From the findings, 46% of the respondents strongly agreed that the organization uses its tangible asset to improve liquidity which has positive effect on financial performance, 44% of the respondents agreed, 4% of the respondents were neutral while 6% of the respondents disagreed with a (mean = 4.64; std dev = 0.876). In addition 43% of the respondents strongly agreed that tangible assets serves as collateral when

getting loans from the banks which improves the financial performance of the organization, 52% of the respondents agreed, that tangible assets serves as collateral when getting loans from the banks which improves the financial performance of the organization, 2% were neutral while 3% of the respondents disagreed with (mean =4.82; std dev = 0.765). The study findings are in tandem with those of

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Lintner, (2014) who found that physical tangible assets are those with true physical substance, such as, fixtures, equipment, and premises. Financial tangible assets are those that involve a clear legal claim on future income or underlying assets, such as loans and investment. Thus financial tangible assets can be used as collaterals while getting loan for the bank.

Further 41% of the respondents strongly agreed that intangible assets such as skilled employees produces quality products which improves the financial performance of the firm, 52% agreed, 2% were neutral while 5% agreed with a (mean = 4.46; std dev = 0.567). This implies that intangible assets such as skilled employees produces quality products which improves the financial performance of the firm. The study findings conquers with those of Vasanthi and Selvaraju (2016) which found that intangible assets to productivity growth are generally positive. Between 1998 and 2006, intangible assets have been a source of growth for UK firms in most sectors, although the magnitude and composition (across intangible asset types) of these contributions varies across sectors. The sectoral pattern of intangible asset contributions to productivity growth remains broadly stable over time.

It was also noted that 47% of the respondents strongly agreed that firm has intangible assets like good reputation which attracts customers thus positively affecting it's financial performance, 33% of the respondents agreed, 7% of the respondents were neutral while 10% of the respondents disagreed (mean = 4.17; std dev = 0.641). This implies that firm has intangible assets like good reputation which attracts customers thus positively affecting it is financial performance. The study findings are in line with those of Zhang (2017) who while conducting a study on the relationship between intangible assets and financial performance of China's publicly traded telecommunication companies found that intangible asset ratios have a favorable and significant impact on financial success as assessed by Return on Assets (ROA). The greater the investment in intangible assets, the greater the total assets' ability to generate revenue.

E. Financial Performance of Food and Beverage manufacturing Firms

The dependent variable of the study sought to establish the financial performance of food and beverage manufacturing firms in Nakuru county Kenya. The results were as shown in Table 6

Table 6: Financial Performance of Food and Beverage manufacturing Firms

Statements on financial performance	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std.
The organization has experienced a gradual increase in profits	58	24	8	4	6	4.177	0.912
The organization has recorded an increase in net income	42	48	4	4	2	2.984	1.032
The total assets of the company has gradually increased over the years	50	34	8	4	4	4.145	0.921
The organization has recorded an increase in the number of sales revenue	54	36	2	5	3	4.563	0.608

From the findings, 58% of the respondents strongly agreed that the organization has experienced a gradual increase in profits, 24% of the respondents agreed 8% were neutral, 4% were undecided that the the organization has experienced a gradual increase in profits while 6% disagreed with a (mean = 4.177; std dev = 0.912). This implies that the organization has experienced a gradual increase in profits. Further the 42% of the respondents strongly agreed that the organization has recorded an increase in net income, 48% were agreed that the organization has recorded an increase in net income, 4% were neutral, 4% disagreed that the organization has recorded an increase in net income while 2% strongly disagreed that the organization has recorded an increase in net income with (mean = 2.984; std dev = 1.032). This implies that the organization has recorded an increase in net income.

In addition, 50% of the respondents strongly agreed that the total assets of the company has gradually increased over the years, 34% agreed, 8% were neutral, 4% of the respondents disagreed and strongly disagreed that the total assets of the company has gradually increased over the years,

(mean = 4.145; std dev = 0.921). This implies that the total assets of the company has gradually increased over the years.

From the study the 54% of the respondents strongly agreed that the organization has recorded an increase in the number of sales revenue, 36% of the respondents, agreed that the organization has recorded an increase in the number of sales revenue , 2% of the respondents were neutral, 5% disagreed while 3% strongly disagreed with a (mean = 4.563; std dev = 0.608). This implies that the organization has recorded an increase in the number of sales revenue. The study findings are in line with those of Duvernay and Le Thanh, (2021) who argue that high growth in sales is one of signs of a firm business success in the past, and it could be used as a tool to predict the development in the future. It partly shows that the capacity of the company to expand the market share or launch new products.

F. Test for Multicollinearity

To verify that the independent variables did not exhibit co-linearity among themselves, a multicollinearity test was done. The results are illustrated in Table 7 below

Table 7: Tolerance and VIF Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Total Assets	.649	1.540

a. Dependent Variable: Financial Performance

From the findings total assets had a tolerance of 0.649 and a VIF of 1.540, the According to the findings there was no need for additional research since the tolerance for all variables was more than 0.1 and the VIF was less than 7

G. Test of Normality of Data

The researcher sought to test the normality of the data. Its findings are displayed in the Table 8 below.

Table 8: Tests of Normality

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Total Assets	.293	49	.061	.788	49	.000

a. Significance Correction

The findings agree with Shapiro-wilk and kolmogorov-smirnova test recorded 0.000 values < 0.05. If the Sig. value of the Shapiro-Wilk Test is greater than 0.05, the data is normal. If it is below 0.05, the data significantly deviate from a normal distribution. Since the sig value was

more than 0.05 then it implies that the data was normally distributed. Data should follow a normal distribution.

H. Correlation Analysis

The researcher undertook correlation analysis to establish the nature and strength of the relationships between the independent and the dependent variables of the study.

Table 2: Correlation between Total Assets on Financial Performance

		Total Assets
Financial performance of the firms	Pearson Correlation	.513**
	Sig. (2-tailed)	.000
	N	50

The study conducted a correlation analysis between total assets and financial performance of food and beverage manufacturing firms in Nakuru county Kenya. The findings indicated that there exists a moderate positive and significant relationship between total assets and financial performance of food and beverage manufacturing firms in Nakuru county Kenya (r=0.513 and p=0.000). Therefore the findings imply that total assets enhance financial performance of food and beverage manufacturing firms in Nakuru county Kenya. The

study findings are in line with those of Adeolu (2014) who found that there was a positive association between the level of fixed asset investment and the influence on operational profit, the conclusion was not statistically significant. As a result, the findings did not indicate that investing in fixed assets has a significant favorable influence on the operating profit of Nigerian beer enterprises.

. Regression Coefficients

Table 10: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.082	.127		8.529	.000
Total assets	.314	.033	.433	9.470	.000

Dependent Variable: Financial Performance of Food and Beverage manufacturing Firms.

The goal was to determine how total assets influences financial performance of food and beverage manufacturing firms in Nakuru county Kenya. The study aimed to test the hypothesis: **H0₁**: Total assets have no significant statistical effects on financial performance of food and beverage manufacturing firms in Nakuru county Kenya. From the findings in table 21 the p-value was 0.000 which was less the 0.05 significant level. Therefore, based on the rule of

significance, the study rejects the null hypothesis (H₀₁) and concluded that total assets have a significant effect on the influence on financial performance of food and beverage manufacturing firms in Nakuru County, Kenya. The study findings are in line with those of Zhang (2017) while investigating the link between intangible assets and financial performance of China's publicly traded telecommunication companies found that the greater the investment in intangible

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assets, the greater the total assets' ability to generate revenue. This implies that total assets is positively linked with the firm's financial performance. The study findings also concur with those of Adeolu (2014) who found that there was a positive association between the level of fixed asset investment and the influence on operational profit, the conclusion was not statistically significant. As a result, the findings did not indicate that investing in fixed assets has a significant favorable influence on the operating profit of Nigerian beer enterprises.

$$Y = 1.082 + 0.314X_1 + \epsilon$$

V. CONCLUSIONS AND RECOMMENDATIONS

A. Findings

The study findings revealed that food and beverage manufacturing firms in Nakuru County uses its tangible asset to improve liquidity which has positive effect on financial performance. The study also revealed that tangible assets serve as collateral when getting loans from the banks which improves the financial performance of food and beverage manufacturing firms in Nakuru County. Further, the study revealed that an intangible asset such as skilled employees produces quality products which improve the financial performance of food and beverage manufacturing firms in Nakuru County. Further the study found that firm has intangible assets like good reputation which attracts customers thus positively affect financial performance of food and beverage manufacturing firms in Nakuru County. The findings indicated that there exists a moderate positive and significant relationship between total assets and financial performance of food and beverage manufacturing firms in Nakuru county Kenya ($r=0.513$ and $p=0.000$).

Regarding the effect of total assets on financial performance of food and beverage manufacturing firms the study concluded that there exists a positive and significant relationship between total assets and financial performance of food and beverage manufacturing firms in Nakuru county Kenya. Therefore this implies that a total asset enhances financial performance of food and beverage manufacturing firms in Nakuru county Kenya. The study also concluded that total assets have a significant effect on the influence on financial performance of food and beverage manufacturing firms in Nakuru county Kenya.

B. Recommendations

The study recommended that food and beverage manufacturing firms ought to have more tangible assets this is because tangible assets are often an essential resource for such business. They also present a significant part of the firms net worth captured on the balance sheet. As such, they are important in the presentation of financial position. Assets also help to reduce risk to the business. For instance, maintaining production machinery can help protect your business from health and safety risks, inefficiency and lost working time. Assets show the profitability and the financial position of the business it also increase the goodwill and positive attitudes towards the business

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