ISSN 2663-127X

Vol. 7, Iss. 1 (2026), pp 610 – 623, November 11, 2026. www.reviewedjournals.com, ©Reviewed Journals

CREDITORS' MANAGEMENT PRACTICES AND OPERATIONAL PERFORMANCE OF SELECTED SUPERMARKET CHAINS IN KENYA

Helen W. Wanyoike

School of Business, Laikipia University, Kenya

Accepted: October 18, 2026

DOI: https://doi.org/10.61426/business.v7i1.602

ABSTRACT

This study examined creditors' management practices and their relationship with the operational performance of selected supermarket chains in Kenya. Specifically, it assessed accounts payable management, accounts payable policies, invoice tracking and processing, invoice approval efficiency, and payment arrangements. The study adopted a descriptive survey research design and was conducted among selected branches of Tuskys, Naivas, Uchumi and Nakumatt supermarkets in Nairobi County. The target population comprised 60 supermarket branches, from which a sample of 52 respondents was selected using stratified random sampling and proportionate allocation. Primary data were collected from branch managers using structured questionnaires. Operational performance and creditors' management practices were measured using Likert-scale items. Data were analysed using descriptive statistics, Pearson correlation and simple linear regression. The findings revealed that creditors' management practices were generally rated favourably, with an overall mean score of 3.52. Payment arrangements recorded the highest mean score (3.71), while daily invoice tracking and processing recorded the lowest (2.98), indicating an area requiring improvement. Correlation analysis established a weak negative and statistically insignificant relationship between creditors' management practices and operational performance ($r = -0.179$, $p = 0.203$). The regression model was also statistically insignificant ($R^2 = 0.032$, $F = 1.664$, $p = 0.203$). The study therefore found insufficient statistical evidence of a significant relationship between creditors' management practices and operational performance among the selected supermarkets. It recommends strengthening invoice tracking systems, improving accounts payable procedures, enhancing invoice approval efficiency and maintaining effective monitoring of supplier payment obligations.

Keywords: *Creditors' Management, Accounts Payable, Invoice Processing, Payment Arrangements, Operational Performance, Supermarkets, Kenya*

CITATION: Wanyoike, H. W. (2026). Creditors' management practices and operational performance of selected supermarket chains in Kenya. *Reviewed Journal International of Business Management*, 7 (1), 610 – 623.

INTRODUCTION

Creditors' management is an important component of working capital management because it concerns how organisations manage amounts owed to suppliers and other short-term creditors. It involves establishing accounts payable policies, monitoring outstanding invoices, processing and approving supplier payments, and determining appropriate payment arrangements (Narain, 2022). Effective management of these activities enables organisations to coordinate their cash requirements with supplier obligations while maintaining continuity in their procurement and operational activities (Petropoulos et al., 2026). For supermarkets, where business operations depend on the regular procurement and replenishment of goods, the management of supplier obligations is particularly important.

Accounts payable provides businesses with a source of short-term trade credit, allowing them to obtain goods and services before making payment. However, the timing of supplier payments requires careful management. Delayed payments may create disputes, weaken supplier relationships and potentially disrupt the availability of goods, while payments made earlier than necessary may place pressure on an organisation's available cash. García-Teruel and Martínez-Solano (2007) established that working capital management decisions are associated with firm profitability, demonstrating the importance of managing short-term assets and liabilities. Although their study focused on small and medium-sized enterprises in Spain, it provides a useful basis for examining how working capital practices relate to organisational outcomes in other business settings.

In supermarket operations, creditors' management extends beyond the amount of outstanding accounts payable to include the systems and procedures used to manage supplier invoices and payments. Clear accounts payable policies, effective invoice tracking, timely approval and appropriate payment arrangements can strengthen financial control and support coordination between supermarkets and their suppliers. Agency Theory provides a useful perspective for understanding these practices. Jensen and Meckling (1976) explain the relationship between principals and agents and the potential conflicts that may arise when decision-making responsibilities are delegated. In organisations, internal controls, monitoring and accountability mechanisms can help ensure that managers make decisions in the interests of the organisation. Applied to creditors' management, these mechanisms include clear payment policies, proper invoice authorisation, accurate records and oversight of outstanding supplier obligations.

The relationship between working capital management and supermarket performance has attracted research attention in Kenya. Ndege (2018) examined working capital management practices and operational performance among selected supermarkets with national branch networks in Kenya. Their study considered inventory and creditors' management, receivables and liquidity practices and reported that inventory and creditors' management practices had a very low effect on operational performance. Similarly, Hidaya (2014), in a study of supermarkets in Nairobi County, examined working capital management and financial performance, including accounts payable days. Waweru and Atheru (2022) also investigated working capital management and the financial performance of selected supermarkets in Nairobi County, considering creditor turnover alongside other working capital indicators. These studies provide a foundation for further investigation of the management of creditors within the supermarket sector.

Despite this research, there remains a need to examine creditors' management practices in greater detail, particularly the procedures through which supermarkets manage accounts payable policies, invoice tracking and processing, invoice approval and supplier payment arrangements. Examining these practices separately provides a more focused understanding of how creditors' management is implemented at branch level and whether variations in the reported practices are associated with operational performance. This study therefore examines the relationship between creditors' management practices and operational performance among selected supermarket chains in Kenya.

Problem Statement

Supermarkets depend on effective supplier relationships and reliable procurement arrangements to maintain product availability and support their daily operations. Since a significant part of their business activities involves purchasing goods from suppliers, the management of outstanding supplier obligations is an important aspect of operational administration (Zheng et al., 2026). Inadequate creditors' management may expose supermarkets to delayed invoice processing, inefficient payment approvals, disputes with suppliers and difficulties in coordinating cash requirements with payment obligations. Conversely, well-managed accounts payable procedures may strengthen accountability, improve payment coordination and support continuity in supplier relationships.

The Kenyan supermarket sector has experienced operational and financial challenges that have drawn attention to the importance of working capital management. Previous studies have examined aspects of this relationship. For instance, Ndege (2018) investigated working capital management practices and operational performance among selected supermarkets in Kenya, while Hidaya (2014) and Waweru and Atheru (2022) examined working capital management in relation to supermarket financial performance. Although these studies provide useful evidence, the specific practices through which supermarkets manage creditors, including accounts payable policies, invoice tracking, approval procedures and payment arrangements, warrant further focused examination in relation to operational performance.

Furthermore, the management of creditors involves several interconnected administrative and financial decisions. A supermarket may have established accounts payable policies but experience weaknesses in daily invoice tracking or delays in approval processes (Nyakundi, 2026). Similarly, payment arrangements may be considered appropriate while the systems for monitoring outstanding invoices remain inconsistent. (Islam & Ferrer, 2025). It is therefore important to examine these practices collectively and establish whether they are significantly associated with operational performance.

The problem addressed by this study is the need for empirical evidence on the relationship between creditors' management practices and operational performance among selected supermarket chains in Kenya. By examining the experiences reported by branch managers, the study seeks to contribute evidence on accounts payable management, invoice processing, approval efficiency and payment arrangements within the supermarket operating environment.

Research Objective

To examine the relationship between creditors' management practices and operational performance among selected supermarket chains in Kenya.

LITERATURE REVIEW

Theoretical Review

Agency Theory provides a framework for understanding the relationship between principals, who delegate authority, and agents, who are entrusted with managing organisational resources and making decisions on their behalf (Lopes, 2016). The theory has been widely applied in finance, economics and accounting because it explains potential conflicts of interest, information asymmetry and incentive problems that may arise when ownership and management are separated. Bosse and Phillips (2016) observe that agency relationships are important in understanding how managerial decisions and the information available to decision-makers influence organisational outcomes.

Agency Theory is relevant to working capital management because business owners often delegate responsibility for managing short-term assets and liabilities to employees and professional managers. In supermarkets, managers and finance personnel make routine decisions concerning supplier selection, procurement, accounts payable, creditor settlement and the allocation of available cash (Nyakundi, 2026).

Although these employees are expected to act in the interests of the owners, differences in objectives and access to information may create agency problems. Managers may, for instance, prioritise decisions that advance their personal interests or short-term departmental objectives rather than those that maximise the long-term interests of the organisation.

In creditors' management, agency problems may arise where employees responsible for procurement and accounts payable do not adequately consider the financial and operational implications of payment decisions. Delayed payments may preserve cash in the short term but can expose supermarkets to late-payment penalties, loss of early-payment discounts, deterioration of supplier relationships and interruptions in the supply of goods. Conversely, poorly coordinated or premature payments may weaken the organisation's cash position and limit its capacity to meet other operational obligations (Kovach & Swink, 2022). Effective monitoring, clear payment policies, transparent approval procedures and accountability mechanisms are therefore important in aligning managerial decisions with organisational objectives.

The theory also highlights the importance of monitoring managerial conduct and establishing appropriate organisational controls. Abbassi et al., (2021) discussed the role of ownership and monitoring arrangements in influencing the quality of investment and management decisions. In the supermarket context, internal controls over invoice verification, payment authorisation, supplier account reconciliation and compliance with payment terms can reduce opportunities for inappropriate decisions and strengthen accountability.

Agency Theory has also been applied in studies of working capital management, including the work of Aktas (2015) on factors affecting working capital management in supermarkets. In the present study, the theory provides a basis for examining how the separation of ownership and management influences creditors' management practices. It suggests that effective accounts payable policies, efficient invoice processing, appropriate payment arrangements and adequate managerial oversight can help align employees' decisions with the financial and operational interests of supermarket owners. The theory therefore provides the conceptual foundation for examining the relationship between creditors' management practices and operational performance.

Empirical Review

Creditors' management is an important component of working capital management because it concerns how an organisation manages amounts owed to suppliers and other creditors. It involves decisions relating to credit terms, payment policies, invoice processing and the timing of creditor settlement. Subrahmanyam (2017) identifies accounts payable management as an important consideration in working capital decisions, alongside cash, accounts receivable and inventory management. Effective creditors' management seeks to balance the benefits of supplier credit with the need to maintain good supplier relationships and avoid unnecessary financing costs.

Agha (2014) observes that creditors are an important component of effective cash management and should be managed carefully to strengthen a firm's cash position. A well-designed accounts payable policy can support cash flow management while reducing late-payment charges, unnecessary interest costs and the loss of discounts associated with early settlement. This requires organisations to maintain accurate records of amounts owed, payment deadlines and applicable supplier terms. In supermarket operations, where procurement and supplier transactions occur frequently, reliable accounts payable records and systematic monitoring of payment obligations are particularly important.

The timing of supplier payments also has implications for operational and financial performance. Danis (2016) notes that delayed supplier payments may allow firms to retain cash for their day-to-day operations, making trade credit a potentially flexible source of short-term finance. However, delaying payments beyond agreed terms may create additional costs and weaken supplier relationships. The benefits of

retaining cash must therefore be balanced against the possible consequences of late settlement, including penalties, loss of supplier discounts and disruption of future supplies.

The management of payment periods is commonly assessed using the accounts payable period (APP), which measures the average time taken by an organisation to settle its supplier obligations. Zettelmeyer (2018) identifies the accounts payable period as an indicator of accounts payable management policy. It is generally calculated as average accounts payable divided by credit purchases, multiplied by 365 days. The measure provides an indication of the time taken to pay suppliers and can help assess how an organisation uses supplier credit in managing its working capital. However, the appropriateness of a particular payment period depends on the organisation's cash position, supplier agreements and operational requirements.

Malombe (2014), in a study of working capital management and profitability among supermarkets in East Africa, established a relationship between working capital management and supermarket profitability. This finding provides a basis for examining individual working capital components, including creditors' management, within the supermarket sector. Similarly, Agha (2014) emphasises the importance of efficient accounts payable management in supporting profitability and shareholder wealth.

Other studies cited in the working capital management literature, including Garg (2015), Wanjohi (2013) and Olongo (2013) examined the relationship between working capital or liquidity management and organisational performance. Their findings provide a broader basis for considering the importance of financial management practices in supporting organisational operations. However, the relationship between general working capital management and performance does not necessarily establish the individual contribution of creditors' management practices.

Invoice processing and approval efficiency constitute another important dimension of creditors' management. Organisations need systems for recording invoices, verifying supporting documents, confirming receipt of goods and authorising payments within appropriate timelines. Inefficient processing may delay settlement, create discrepancies in supplier accounts and expose the organisation to penalties or interruptions in supply. Conversely, timely invoice verification and approval can improve payment accuracy and strengthen the management of supplier obligations. The studies cited by the original research, including Wanjohi (2013) and Olongo (2013) provide a broader working capital management context for examining these administrative processes.

Payment arrangements and supplier relationships are also important considerations. Supermarkets depend on suppliers for the continuous availability of products, making reliable payment arrangements relevant to procurement continuity and business operations. Maintaining open communication with suppliers, honouring agreed payment terms and negotiating suitable arrangements when cash flow constraints arise may help preserve supplier confidence. Kovach and Swink (2022) emphasises the importance of establishing appropriate payment arrangements and priorities in managing organisational debts.

Although the cited literature recognises the importance of accounts payable management, payment timing, invoice processing and supplier relationships, much of it addresses working capital or credit management broadly. There is therefore a need to examine these specific creditors' management practices in the context of supermarkets with national branch networks in Kenya. This study addresses that concern by assessing accounts payable management, the existence of formal payment policies, invoice processing and approval efficiency, and payment arrangements in relation to operational performance.

METHODOLOGY

Research Design

The study adopted a descriptive survey research design to examine the relationship between creditors' management practices and operational performance among selected supermarket chains in Kenya. The design

was considered appropriate because it enabled the collection of information from branch managers on creditors' management practices within their respective supermarkets. It also facilitated the examination of the relationship between creditors' management practices and operational performance using descriptive and inferential statistical techniques.

Study Area

The study was conducted in Nairobi County, Kenya, focusing on four supermarket chains: Tuskys, Naivas, Uchumi and Nakumatt. These supermarket chains were selected because of their extensive retail operations and branch networks within the county. Nairobi County provided an appropriate setting for examining creditors' management practices among large-scale retail businesses operating across multiple branches.

Population and Sampling Procedure

The target population comprised 60 supermarket branches belonging to the four selected supermarket chains. These consisted of 24 Tuskys branches, 23 Naivas branches, eight Uchumi branches and five Nakumatt branches. Branch managers constituted the primary respondents because of their involvement in overseeing branch operations and managing activities relating to suppliers and creditor obligations.

The study employed stratified random sampling, with the four supermarket chains forming the respective strata to ensure representation of each chain. The sample size was determined using the finite population correction formula attributed to Mugenda and Mugenda (2012), resulting in a sample of 52 respondents. Proportionate allocation was subsequently applied to distribute the sample across the four supermarket chains: 21 respondents from Tuskys, 20 from Naivas, seven from Uchumi and four from Nakumatt. Random sampling was then used to select respondents within the respective strata.

Data Collection Instrument

The study relied on primary data collected using structured questionnaires administered to branch managers. The questionnaires captured information on creditors' management practices, focusing on accounts payable management, the existence and implementation of accounts payable policies, invoice processing and approval efficiency, and payment arrangements. Specific aspects examined included the management of accounts payable balances, monitoring of invoices received and processed, the time taken to approve payment documents and the management of payment arrangements to minimise organisational risk.

The questionnaire also included scaled items for assessing operational performance. Respondents indicated their level of agreement with statements relating to the operational performance of their respective supermarkets using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The resulting responses were used to derive the operational performance measure for subsequent statistical analysis.

The questionnaire was pre-tested in Spear and Jamaa supermarkets in Laikipia County to assess the clarity and suitability of the questions. Content validity was established through the review and pre-testing of the questionnaire. Reliability was assessed using Cronbach's alpha based on ten pilot questionnaires. The resulting coefficient of 0.712 was considered adequate for the study.

Data Analysis Procedures

Data were analysed using descriptive and inferential statistical techniques. Descriptive statistics, including frequencies, percentages and mean scores, were used to summarise respondents' assessments of creditors' management practices. These statistics facilitated the examination of the extent to which the selected supermarkets implemented accounts payable policies, monitored invoices, maintained efficient approval procedures and adopted appropriate payment arrangements.

Operational performance was measured using a composite score derived from the Likert-scale questionnaire responses. Pearson correlation analysis was used to establish the direction and strength of the relationship between creditors' management practices and operational performance. Simple linear regression analysis was also applied to examine the relationship between creditors' management practices and operational performance and to determine the proportion of variation in operational performance explained by creditors' management practices. Statistical significance was evaluated at the 5% significance level. The null hypothesis was rejected where the probability value was below 0.05.

FINDINGS & DISCUSSION

Descriptive Statistics of Creditors Management Practices

Creditors' management practices were examined using five indicators relating to accounts payable management, accounts payable policies, invoice processing, payment approval procedures and payment arrangements. Respondents rated each statement on a five-point Likert scale, where 1 represented strongly disagree and 5 represented strongly agree. The results are presented in Table 4.1. The results indicate that 67.3% of respondents agreed that their supermarkets-maintained accounts payable below 50% of all debts owed at the end of every month, while 28.9% disagreed and 3.8% were neutral. The statement recorded a mean score of 3.54. Regarding the existence of formal accounts payable policies, 65.4% of respondents agreed that their supermarkets had a solid accounts payable policy, while 23.1% disagreed and 11.5% were neutral. The mean score was 3.69. On invoice processing, 51.9% of respondents agreed that management tracked the number of invoices received and processed daily, while 48.1% disagreed. No respondents selected the neutral category. This statement recorded the lowest mean score of 2.98 among the five indicators. Regarding payment approval procedures, 65.3% of respondents agreed that management ensured that the average time taken to approve payments was favourable to business operations. A further 23.1% disagreed, while 11.5% were neutral. The mean score was 3.69. On payment arrangements, 65.4% of respondents agreed that their supermarkets ensured payment arrangements had low risk for the organisation. A further 26.9% disagreed, while 7.7% were neutral. The statement recorded the highest mean score of 3.71. Overall, the creditors' management practices recorded a mean score of 3.52, indicating a generally favourable assessment by respondents.

Table 1

Descriptive Statistics of Creditors Management Practices

Creditors Management Practices	**1 %**	**2 %**	**3 %**	**4 %**	**5 %**	**Likert Mean**
We always maintain account payables below 50% of all debts owed at the end of every month	13.5	15.4	3.8	38.5	28.8	3.54
The supermarket has a solid accounts payable policy	7.7	15.4	11.5	30.8	34.6	3.69
The supermarket management tracks number of invoices received and processed daily	23.1	25.0	0	17.3	34.6	2.98
The management ensures that average time to approve is favorable to business operations	9.6	13.5	11.5	28.8	36.5	3.69
We ensure payment arrangements have low risk for the organization	7.7	19.2	7.7	25.0	40.4	3.71
Overall Mean	**8.32**	**17.5**	**6.9**	**28.1**	**35**	**3.52**

Key 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree

Correlation Analysis of Creditors' Management Practices and Operational Performance

Pearson correlation analysis was conducted to determine the direction and strength of the relationship between creditors' management practices and operational performance among the selected supermarket chains. The results are presented in Table 2.

Table 2

Correlation Analysis of Creditor's Management Practices

		Inventory Management Practices	Operational Performance
Creditors Mgt. Practices	Pearson Correlation	1	-0.179
	Sig. (2-tailed)		0.203
Operational Performance	Pearson Correlation	-0.179	
	Sig. (2-tailed)	0.203	

Correlation significant at 0.01 level (2-tailed)

The correlation analysis established a Pearson correlation coefficient of −0.179 between creditors' management practices and operational performance. The corresponding significance value was 0.203, which was greater than the 0.05 significance threshold. The results therefore indicate a weak negative and statistically insignificant relationship between creditors' management practices and operational performance. Consequently, the study did not find sufficient statistical evidence to reject the null hypothesis that creditors' management practices have no statistically significant relationship with operational performance among the selected supermarket chains in Kenya.

Regression Model of Creditors Management Practices

Simple linear regression analysis was conducted to examine the extent to which creditors' management practices explained variations in operational performance. The analysis comprised the model summary, analysis of variance and regression coefficients. The model summary results are presented in Table 3.

Table 3

Model Summary on Creditors Management Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.179	.032	.013	.66649

The regression model produced an R-square value of 0.032, indicating that creditors' management practices accounted for 3.2% of the observed variation in operational performance. The remaining 96.8% was not explained by the predictor included in the model. The adjusted R-square was 0.013, while the standard error of the estimate was 0.66649.

Analysis of Variance (ANOVA)

The ANOVA results were used to assess the statistical significance of the regression model. The results are presented in Table 4.

Table 4

ANOVA of Creditors' Management Practices and Operational Performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.739	1	0.739	1.664	0.203
Residual	22.21	50	0.444		
Total	22.949	51			

The ANOVA results produced an F-statistic of 1.664 and a significance value of 0.203. Since the probability value exceeded the 0.05 significance level, the regression model was not statistically significant. The results indicate that creditors' management practices did not significantly explain variations in operational performance among the selected supermarkets.

Regression Coefficients

The regression coefficients were examined to establish the direction and statistical significance of the relationship between creditors' management practices and operational performance. The results are presented in Table 5.

Table 5

Regression Coefficients of Creditors' Management Practices

Model	Unstandardised B	Std. Error	Standardised Beta	t	Sig.
Constant	5.122	0.921	—	5.564	0
Creditors' management practices	−0.335	0.26	−0.179	−1.290	0.203

The regression coefficient for creditors' management practices was −0.335, with a standardised beta coefficient of −0.179. The coefficient had a t-statistic of −1.290 and a significance value of 0.203. Since the significance value was greater than 0.05, the coefficient was not statistically significant.

The estimated regression equation was:

Operational Performance = 5.122 − 0.335(Creditors' Management Practices)

The results indicate that creditors' management practices had a negative but statistically insignificant estimated coefficient in the regression model. Accordingly, the study did not establish a statistically significant relationship between creditors' management practices and operational performance.

Discussion

Accounts Payable Management Practices

The findings indicate that the selected supermarkets generally maintained accounts payable management practices, with a mean score of 3.54. Approximately 67.3% of respondents agreed that their supermarkets maintained accounts payable below 50% of total debts owed at the end of each month. This suggests that most of the participating branches paid attention to the level of outstanding obligations as part of their working capital management practices. Maintaining accounts payable within manageable limits may help supermarkets balance their short-term financing needs with their obligations to suppliers. However, the responses also indicate that this practice was not uniform across all branches, as 28.9% of respondents disagreed with the statement.

The finding is consistent with the discussion of accounts payable management in Malombe (2014), which highlights the importance of managing outstanding supplier obligations. From an Agency Theory perspective, monitoring accounts payable is an internal control mechanism through which management can promote accountability in the use of organisational resources. Clear oversight of outstanding obligations can help limit decisions that expose the organisation to unnecessary financial and operational risks. Nevertheless, the descriptive finding establishes the reported practice of managing payables; it does not, on its own, demonstrate that maintaining payables below the stated threshold improves operational performance.

Accounts Payable Policies

The study established that respondents generally considered their supermarkets to have established accounts payable policies, with a mean score of 3.69. A majority of respondents (65.4%) agreed that their

supermarkets had a solid accounts payable policy, while 23.1% disagreed. This suggests that formal or established procedures for managing supplier obligations were present in many of the participating branches, although the responses point to differences in the extent to which such policies were recognised or implemented.

The finding relates to Agha (2014), whose work was cited in the literature review in connection with accounts payable management. Established accounts payable policies can provide guidance on payment authorisation, supplier obligations and the handling of outstanding invoices. Under Agency Theory, such policies are important because they provide rules and monitoring mechanisms through which managers and employees can be held accountable for decisions involving organisational resources. They may also reduce information asymmetry by clarifying the procedures that should be followed when approving and settling supplier obligations.

However, the presence of accounts payable policy does not necessarily establish that it is consistently implemented or that it produces better operational outcomes. The differences in respondents' views suggest that supermarkets may need to strengthen communication, implementation and monitoring of their payment policies across branches.

Invoice Tracking and Processing

Invoice tracking emerged as the weakest area among the creditors' management practices examined, recording a mean score of 2.98. Although 51.9% of respondents agreed that management tracked the number of invoices received and processed daily, 48.1% disagreed. The nearly equal distribution of responses indicates that daily invoice tracking was not consistently reported across the selected supermarket branches.

This finding is important because invoice tracking supports the timely verification, approval and settlement of supplier obligations. Weaknesses in tracking may make it difficult for management to establish which invoices have been received, processed, approved or remain outstanding. Such gaps may contribute to delayed payments, duplication of processing or inadequate visibility over amounts owed to suppliers. These are potential operational risks rather than outcomes directly measured by the present study.

The finding relates to the literature reviewed from Garg (2015), Wanjohi (2013), Olongo (2013) and Kavale (2016), which discusses the role of creditors' management practices in organisational operations. It also has implications for Agency Theory. Where invoice information is not systematically recorded and monitored, information asymmetry between operational employees and management may increase, making it more difficult to monitor decisions and enforce accountability. Strengthening invoice registers, reconciliation procedures and daily processing records could therefore improve internal control over accounts payable.

Efficiency of Invoice Approval

The findings further indicate that respondents generally considered the average time taken to approve invoices to be favourable to business operations. This item recorded a mean score of 3.69, with 65.3% of respondents agreeing, 23.1% disagreeing and 11.5% remaining neutral. The results suggest that most respondents viewed their organisations' invoice approval arrangements positively, although a considerable proportion identified room for improvement.

The finding is consistent with the position discussed by Alhassan (2018) concerning invoice approval and creditors' management. However, it differs from the concerns raised in the studies by Bassey (2015), Molefe and Muzindutsi (2016), and Vintila and Nenu (2016), as presented in the literature review. These differences may reflect variations in organisational procedures, management systems and the operating environments of the businesses examined.

From an Agency Theory perspective, invoice approval procedures provide an opportunity to verify transactions and ensure that payments are properly authorised. Effective approval systems should balance the

need for accountability with the need to process legitimate supplier invoices promptly. Excessively slow approval may delay supplier payments and disrupt supply arrangements, while inadequate verification may expose an organisation to errors or unauthorised payments. The findings therefore point to the importance of approval procedures that are both efficient and adequately controlled.

Risk Associated with Payment Arrangements

Payment arrangements recorded the highest mean score among the creditors' management items, at 3.71. Approximately 65.4% of respondents agreed that their supermarkets ensured payment arrangements had low risk for the organisation, while 26.9% disagreed and 7.7% were neutral. This suggests that most respondents considered their organisations' payment arrangements to be reasonably well managed, although the responses also indicate that this was not the experience across all branches.

Payment arrangements are an important component of creditors' management because they influence the timing and predictability of cash outflows and the organisation's ability to meet supplier obligations. Arrangements that are appropriately planned may help supermarkets manage their cash requirements while maintaining reliable supplier relationships. Conversely, poorly managed payment arrangements may expose businesses to late-payment consequences, strained supplier relationships or interruptions in the supply of goods.

The finding is discussed in relation to Kovach and Swink (2022), Olongo (2013), Wanjohi (2013) and Kavale (2016), whose works were included in the literature review on creditors' management and payment practices. Agency Theory also provides an explanation for the importance of this practice. Management is expected to make payment decisions in the organisation's interests and within established controls. Transparent payment arrangements and appropriate authorisation procedures can help ensure that decisions about supplier payments are accountable and consistent with organisational objectives.

Relationship Between Creditors' Management Practices and Operational Performance

The correlation analysis revealed a weak negative relationship between creditors' management practices and operational performance ($r = -0.179$). However, the relationship was not statistically significant ($p = 0.203$). The regression analysis produced a similar result, with an R^2 of 0.032 and an F-statistic of 1.664 ($p = 0.203$). The model therefore did not provide sufficient statistical evidence of a significant relationship between creditors' management practices and the measured operational performance of the selected supermarkets.

These results suggest that, within the study sample, differences in the reported creditors' management practices were not significantly associated with differences in the questionnaire-based operational performance measure. Although respondents generally reported favourable practices in accounts payable policies, invoice approval and payment arrangements, these descriptive assessments did not translate into a statistically significant relationship with operational performance in the inferential analysis.

The weak negative coefficient should not be interpreted as evidence that better creditors' management reduces operational performance. Since the relationship was statistically insignificant, the study does not establish either a positive or negative effect. Other organisational and operational factors may also contribute to differences in supermarket performance, but identifying or testing those factors was beyond the scope of this model.

The result should also be considered alongside the empirical literature reviewed. For example, Jindal (2017) reported a positive relationship in a study of small and medium-sized enterprises in Ghana. The difference between that finding and the present study may reflect differences in the business settings, samples, measures or institutional contexts examined. The present study focused on selected supermarket chains operating in Kenya and measured operational performance using questionnaire responses. Consequently, its findings should be interpreted within that specific context rather than generalised to all business sectors.

Overall, the results indicate that the selected supermarkets reported several established creditors' management practices, but the study did not find statistically significant evidence that these practices were associated with operational performance. The findings therefore underscore the distinction between the adoption of management procedures and evidence of their relationship with organisational outcomes.

CONCLUSION & RECOMMENDATIONS

The study examined creditors' management practices and their relationship with the operational performance of selected supermarket chains in Kenya. The findings indicate that the supermarkets generally reported established accounts payable management practices, with an overall mean score of 3.52. Respondents reported relatively favourable practices in maintaining accounts payable at manageable levels, having accounts payable policies, ensuring timely invoice approval and adopting payment arrangements considered to pose low risks to their organisations.

However, the findings revealed variations in the implementation of these practices. Daily tracking of invoices received and processed recorded the lowest mean score of 2.98, indicating that invoice monitoring was less consistently reported across the participating branches. This suggests an area requiring greater management attention, particularly in strengthening the recording, tracking and processing of supplier invoices.

The inferential analysis established a weak negative but statistically insignificant relationship between creditors' management practices and operational performance ($r = -0.179$, $p = 0.203$). The regression model was also statistically insignificant ($R^2 = 0.032$, $F = 1.664$, $p = 0.203$). Therefore, the study did not establish sufficient statistical evidence of a significant relationship between creditors' management practices and the measured operational performance of the selected supermarkets.

The study concludes that although the selected supermarkets reported several established creditors' management practices, the presence of these practices was not significantly associated with operational performance in the study sample. Creditors' management remains an important area of financial control and operational administration, particularly in relation to supplier obligations, invoice processing and payment accountability. Nevertheless, the findings do not establish that variations in these practices independently explain variations in supermarket operational performance.

Based on the findings, the study recommends that the selected supermarkets strengthen their systems for recording and tracking supplier invoices. Since daily invoice tracking recorded the lowest mean score, management should consider adopting centralised or electronic invoice registers to monitor when invoices are received, verified, approved and paid. Regular reconciliation of invoice records with supplier statements would also improve visibility over outstanding obligations and help minimise the risk of missed or duplicated payments.

The study further recommends that supermarket management regularly review and strengthen accounts payable policies to ensure that they provide clear guidance on invoice verification, payment authorisation, supplier communication and settlement procedures. These policies should be communicated to relevant employees and implemented consistently across branches. Periodic internal reviews should also be undertaken to establish whether the prescribed procedures are being followed.

Management should also improve the efficiency of invoice approval by reviewing existing procedures and identifying unnecessary administrative delays. Clear approval responsibilities, defined processing timelines and appropriate delegation of authority would help ensure that legitimate supplier invoices are processed promptly while maintaining adequate financial controls. This would support more predictable payment processes and effective management of supplier obligations.

In addition, supermarkets should maintain prudent payment arrangements that take account of their cash-flow requirements and contractual obligations to suppliers. Management should communicate payment terms clearly, monitor upcoming payment deadlines and address potential delays proactively. This may help minimise payment disputes and maintain constructive supplier relationships, which are important for the continuity of business operations.

The study also recommends stronger monitoring and accountability in creditors' management. Supermarket management should introduce regular reporting on outstanding payables, overdue invoices, invoice-processing timelines and payment approvals. Branch managers and finance personnel should have clearly defined responsibilities for monitoring these processes to promote transparency and accountability in the management of supplier obligations.

Finally, supermarket management should consider creditors' management as one component of a broader operational performance framework rather than treating it as the sole determinant of organisational outcomes. Since the study did not establish a statistically significant relationship between creditors' management practices and operational performance, management should assess these practices alongside other relevant organisational and operational factors. Any improvements introduced should be monitored to determine whether they contribute to more effective operational management.

REFERENCES

Abbassi, W., Hunjra, A. I., Alawi, S. M., & Mehmood, R. (2021). The role of ownership structure and board characteristics in stock market liquidity. *International Journal of Financial Studies, 9*(4), Article 74. https://doi.org/10.3390/ijfs9040074

Agha, H. (2014). Impact of working capital management on profitability. *European Scientific Journal, 10*(1), 374–381. https://doi.org/10.19044/esj.2014.v10n1p%25p

Aktas, N., Croci, E., & Petmezas, D. (2015). Is working capital management value-enhancing? Evidence from firm performance and investments. *Journal of Corporate Finance, 30*, 98–113. https://doi.org/10.1016/j.jcorpfin.2014.12.008

Bosse, D. A., & Phillips, R. A. (2016). Agency theory and bounded self-interest. *Academy of Management Review, 41*(2), 276–297. https://doi.org/10.5465/amr.2013.0420

Danis, A. (2017). Do empty creditors matter? Evidence from distressed exchange offers. *Management Science, 63*(5), 1285–1301.

García-Teruel, P. J., & Martínez-Solano, P. (2007). Effects of working capital management on SME profitability. *International Journal of Managerial Finance, 3*(2), 164–177.

Garg, A. K., & Gumbochuma, I. (2015). Relationship between working capital management and profitability in JSE listed retail sector companies. *Investment Management and Financial Innovations, 12*(2), 127–135.

Hidaya, K. (2014). *The relationship between working capital management and financial performance of supermarkets in Nairobi County* [Master's thesis, University of Nairobi]. http://hdl.handle.net/11295/76560

Islam, S. M., & Ferrer, M. A. (2025). Unlocking the cashless shift: Retailers' adoption of digital payment systems in emerging markets. *Journal of Theoretical and Applied Electronic Commerce Research, 20*(4), Article 359. https://doi.org/10.3390/jtaer20040359

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kovach, J., & Swink, M. (2023). Delaying supplier payments to increase buyer profits. *Journal of Supply Chain Management, 59*, 26–47. https://doi.org/10.1111/jscm.12293

Lopes, H. (2016). Agency theory and social interactions at work. *Review of Social Economy, 74*(4), 349–368. http://www.jstor.org/stable/26098469

Malombe, M. N. (2014). *Relationship between working capital management and profitability of reinsurance companies in East Africa* [Master's thesis, University of Nairobi].

Mugenda, A. G., & Mugenda, O. M. (2012). Research Methods Dictionary. Nairobi: Kenya Arts Press.

Narain, R. S. (2022). Good credit management's impact: How does it contribute to material effectiveness and possibility in business? *Materials Today: Proceedings, 63*, 376–381. https://doi.org/10.1016/j.matpr.2022.03.242

Ndege, T. W. (2018). *Effect of working capital management practices on financial performance of supermarkets in Nairobi, Kenya* [Master's thesis, Kenya Methodist University].

Nyakundi, E. K. (2026). *The effect of business process management on financial performance of tier one supermarkets in Nairobi County, Kenya* [Master's thesis, Strathmore University].

Olongo, O. (2013). *The effects of financial fraud and liquidity management on financial performance of commercial banks in Kenya* [Unpublished MBA project, University of Nairobi].

Petropoulos, F., Akkermans, H., Aksin, O. Z., Ali, I., Babai, M. Z., Barbosa-Povoa, A., & Zheng, T. (2026). Operations & supply chain management: Principles and practice. *International Journal of Production Research, 64*(1), 330–513. https://doi.org/10.1080/00207543.2025.2555531

Ratemo, D. G. (2018). *Working capital management and profitability of selected supermarkets in Nairobi City County, Kenya* [Master's research project, Kenyatta University]. http://ir-library.ku.ac.ke/handle/123456789/19382

Subrahmanyam, M. G., Tang, D. Y., & Wang, S. Q. (2017). Credit default swaps, exacting creditors and corporate liquidity management. *Journal of Financial Economics, 124*(2), 395–414. https://doi.org/10.1016/j.jfineco.2017.02.001

Wanjohi, G. (2013). *The effect of financial risk management on the financial performance of commercial banks in Kenya* [Unpublished MBA project, University of Nairobi].

Waweru, F. G., & Atheru, G. (2022). Working capital management and financial performance of selected supermarkets in Nairobi County, Kenya. *Asian Journal of Economics, Finance and Management, 4*(1), 114–122.

Zettelmeyer, J. (2018). *Why has Euro crisis management been so hard?* Peterson Institute for International Economics.

Zheng, R., Gu, B., Yin, S., & Lai, K. K. (2025). Supply chain management in times of supply disruption risk and consumer panic buying: A systematic review. *Mathematics, 13*(21), Article 3449. https://doi.org/10.3390/math13213449