

**Financial Distress and Financial Performance of Commercial and Services Companies
Listed At Nairobi Securities Exchange**

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Abstract

The study sought to determine the effects of financial distress and financial performance of listed firms in NSE. The specific objectives were; to determine the effects of poor debt management on financial performance of listed firms in NSE. To establish the effects of cash flow management on financial performance of listed firms in NSE and to scrutinize the effects of poor management of assets on financial performance of listed firms in NSE. This study employed descriptive research design. This study targeted the commercial and services companies listed in NSE. This study employed non-probabilistic sampling design, in specific purposive sampling technique. A sample size of 12 commercial and services firms listed in the Nairobi securities exchange as at 25th Nov 2019 was utilized. This study utilized secondary data obtained from published financial statement of commercial and service firms listed in the NSE for a period of 5 years that is from 2015 to 2019. Data was sorted and entered into Statistical Packages for Social Sciences (SPSS) and then analyzed using descriptive statistics such frequencies, mode, mean, percentiles, variances and standard deviations for ease of interpretation. Tables, figures and charts were used to analyze and interpret data. The study found out poor debt management negatively and insignificantly affect the financial performance of the firms as shown by (Beta value=-0.023, p=0.819) at minimum of 95% confidence level. The above results thus leads to failing to reject the null hypothesis that H01 there is no significant effect of poor debt management on financial performance of listed firms in NSE. Based on the research findings the study concludes cash flow management affects financial performance of commercial and services company's listed in NSE, also the study failed to reject null hypothesis that there is no significant effect of cash flow management on financial performance of listed firms in Kenya. Lastly the study concludes poor management of assets affect the financial performance of listed firms in NSE. The study also failed to reject the null hypothesis that there is no significant effect of poor management of assets on financial performance of commercial and Services Company's listed in NSE. The study recommends that management can utilize the debt management information to help them identify their specific source of financial

distress and find remedies to help reduce the mitigating factors by developing proper debt management policies.