

**WORKING CAPITAL MANAGEMENT AND PERFORMANCE OF RETAIL
BUSINESSES IN IGANG MARKET, IGANGA MUNICIPALITY, IGANGA DISTRICT
CASE STUDY: RETAIL VENDORS OF IGANG MARKET, IGANGA
MUNICIPALITY**

JULIUS ISAAC WANJOLI

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF
SCIENCE IN ACCOUNTING AND FINANCE OF UGANDA CHRISTIAN UNIVERSITY**

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DECLARATION

I WANJOLI JULIUS ISAAC, declare that this research report is original and is a result of my personal efforts and the best of my knowledge and has never been submitted to any higher institution of learning for the award of any qualification. Therefore, photocopying or printing and circulation without authority will lead to penalties

Name: WANJOLI JULIUS ISAAC

Sign 

Date 25/02/2026

APPROVAL

This is to certify that this research was carried out under my supervision and is now ready for submission to Uganda Christian University with my approval.

Name: MR. OLOBO MAURICE

(ACADEMIC SUPERVISOR)

Sign.....

Date.....13/04/2026

DEDICATION

I dedicate this research report to my beloved family who worked so hard to support me financially, Retail owners , iganga market and my lecturers towards the attainment of my bachelor's degree and above all the almighty God who is the provider of Knowledge, Wisdom, Healthy and the gift of life and may God bless the above mentioned abundantly.

ABSTRACT

Effective working capital management is crucial for financial sustainability and Performance of retail business. This study examines working capital management and performance of retail businesses in Iganga Market, Iganga Municipality. Specifically, it explores how cash management, inventory management and accounts receivable management influence business performance.

The study adopts a mixed-method approach incorporating semi- structured interview and surveys to gather data from Vendors. The findings aim to provide insights into best practices for optimizing working capital to enhance performance. This research will contribute to existing body of knowledge and offer practical recommendation for business owners in the retail sector.

ABBREVIATIONS AND ACCRONYMS

GDP Gross Domestic Product

WCM Working Capital Management

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Working capital management still remains a fundamental concern among retail businesses across Ugandan markets. Retail businesses operate in highly competitive dynamic environment where daily operations are highly dependant on Cash, inventory and receivables management. Most retail traders still lack appropriate means of managing their working capital hence quite businesses before registering profits from their investments. Case study with Iganga market retailers in Iganga market, Iganga municipality.

This chapter presents the Background of the study, problem statement, going concern ahead to the purpose of the study and the specific objectives. This chapter further contains the Scope, justifications, significance and finally the conceptual framework visualizing the relationship between working capital management practices and Performance.

Working capital management (WCM) is a fundamental component of financial management, particularly for small and medium-sized enterprises (SMEs). According to Brigham and Houston (2019), effective management of short-term assets and liabilities ensures business continuity and operational efficiency. Retail businesses operate in highly competitive environments where daily operations depend largely on cash, inventory, and receivables management or working capital practices often result in liquidity shortages and declining profitability (Deloof, 2003).

In Uganda, the retail sector significantly contributes to employment and income generation. UBOS (2024) reports that wholesale and retail trade contribute substantially to Uganda's GDP. Despite this contribution, many small retail enterprises struggle due to weak financial management systems.

1.2 Background of the Study

Working capital management has increasingly become a central point of forces in financial management mainly due to its direct influence on business performance's study by James C. Van Horne and John M Wachowicz Jr (2008) , effective working capital management plays a crucial role in maintaining sufficient liquidity to ensure sustainable performance and meet its short term obligations. A study by Marc Deloof (2003) empathized that reduced supplier payment periods and cash collections time limes improves the financial performance

Findings from different scholars reveal a strong relationship between working capital management and firm performance. Deloof (2003) found that shorter cash conversion cycles improve profitability. Similarly, Raheman and Nasr (2007) established a significant relationship between WCM components and firm performance.

Retail sector in Uganda contributes significantly to economic growth especially employment creation and trade development. However, amidst all this importance, many retail businesses experience unstable performance characterized by fluctuating profits, Liquidity shortages and high business failure rates. Retail Businesses often lack structured financial systems, which affects performance (Padachi, 2006). Findings from Afza Raheman and Mohammad Nasr (2017), suggest that proper management of short-term financial resources is not a minor operational concern but a strategic driver of performance.

In wester Uganda, a study by Muhammad Ssewanyana & Francis Bua (20018) found out that poor working capital management practices (in cash and credit control was influenced by reduced profit margins and liquidity issues that affected the performance of retail businesses. Their findings indicated that businesses that had longer credit collection period and over stock (excessive inventory) registered reduced cash flows that lowered daily operational performance levels. In a similar context, a study on SMEs performance by Samuel Kato & Judith Asiimwe in western Uganda found out that businesses with unstructured working capital practices faced financial instability.

Similar challenges are found to exist among retail traders in Iganga market with delayed collection of payments from customers, high operational costs and inappropriate stock management inclusive. Factors below when combined together affect business performance in relation to profitability, sales growth, cash position and general sustainability. Understanding the relationship between WCM and performance can provide practical insights for business owners, policymakers, and financial institutions supporting the retail sector in Uganda. This study seeks to examine the effect of working capital management and how it influences the performance of retail businesses in Iganga market Iganga municipality, contributing to existing literature on financial management in Uganda's retail sector.

1.3 Statement of the problem

Findings from UBOS (2024/25) show that 41.9 % of Uganda's economy is comprised of retail businesses such as kiosks, vendors, super markets, small bars, electronic shops and market stalls which play a crucial role towards fostering economic growth, development and stability within several economies with a GDP growth of 5.2 % in the 2022 /2023 up from an average of 3.6% between 2019 to 2023 and also provide goods and services contributing to the high gross domestic product (Ernst &Young, 2015). In the financial year 2022/2023 wholesale and retail trade contributed the largest portion of taxable revenue of shs. 4.6 trillion of the shs. 15.4 trillion Total tax collections according to data from (monitor newspaper, 2024).

Much as the country depends on these businesses, there are worrying trend of most of these newly commenced businesses collapsing after a very short time of their existence (Kamzimoto, 2016). This is attributed to poor cash flow management, inefficient inventory control and delayed accounts receivables hindering their ability to contribute effectively to sustainable development (Kazimoto, 2016). Many studies have been carried out worldwide on how retail businesses can best manage their small working capital and remain profitable however there is no substantive research that has been carried out about WCM in Iganga market , Iganga district.

Despite the importance of retail businesses in economic development, many enterprises

in Iganga Market experience unstable performance characterized by liquidity challenges and inconsistent profits. Studies such as Lazaridis and Tryfonidis (2006) show that inefficient working capital management negatively affects financial performance. However, most existing studies focus on large firms, creating a contextual gap for localized markets such as Iganga.

1.4 Purpose of the Study

The purpose of this study will examine the relationship between working capital management and performance of retail businesses in Iganga Market and identify strategies for improving working capital management and enhance the financial performance .

1.5 Specific Objectives

- i. To examine the role of inventory management on performance of retail businesses in Iganga market.
- ii. To Examine the effect of accounts receivable management on performance of retail businesses in Iganga market.
- iii. To analyze the role of cash management in improving the performance of retail businesses in Iganga market.

1.6 Research Questions

- 1.What is the role of inventory management on the performance of retail businesses in Iganga Market?
- 2.What is the relationship between account receivables management and on performance of retail businesses in Iganga Market?
3. What is the relationship between cash management and performance of retail businesses in Iganga Market?

1.7 Scope of the Study

This scope is confined to geographical, time and content scope.

1.7.1 Geographical scope.

The study will focus on retail businesses with in Iganga market, Iganga Municipality which is positioned along the Jinja -Toro high way which is about 45km south west. The Market serves as the main municipal and commercial hub of Iganga district for retail activities, attracting a diverse range of vendors and customers. Through concentrating on this particular market, the study will aim at gaining insights onto the unique working capital management practices to be employed via businesses operating within this specific spot

1.7.2 Time Scope

The study focuses on retail businesses in Iganga Market, Iganga municipality which have been operational since the early part of the 20th century. established originally as a rail way stop point between Uganda and Kenya. The research is based on the time line from 2017 to 2025 **and** will be conducted between November to March 2026. The timeframe has been selected to identify current trends and shifts in working capital management and performance, especially bearing in mind the ongoing economic uncertainty and obstacles raised by the COVID-19 pandemic.

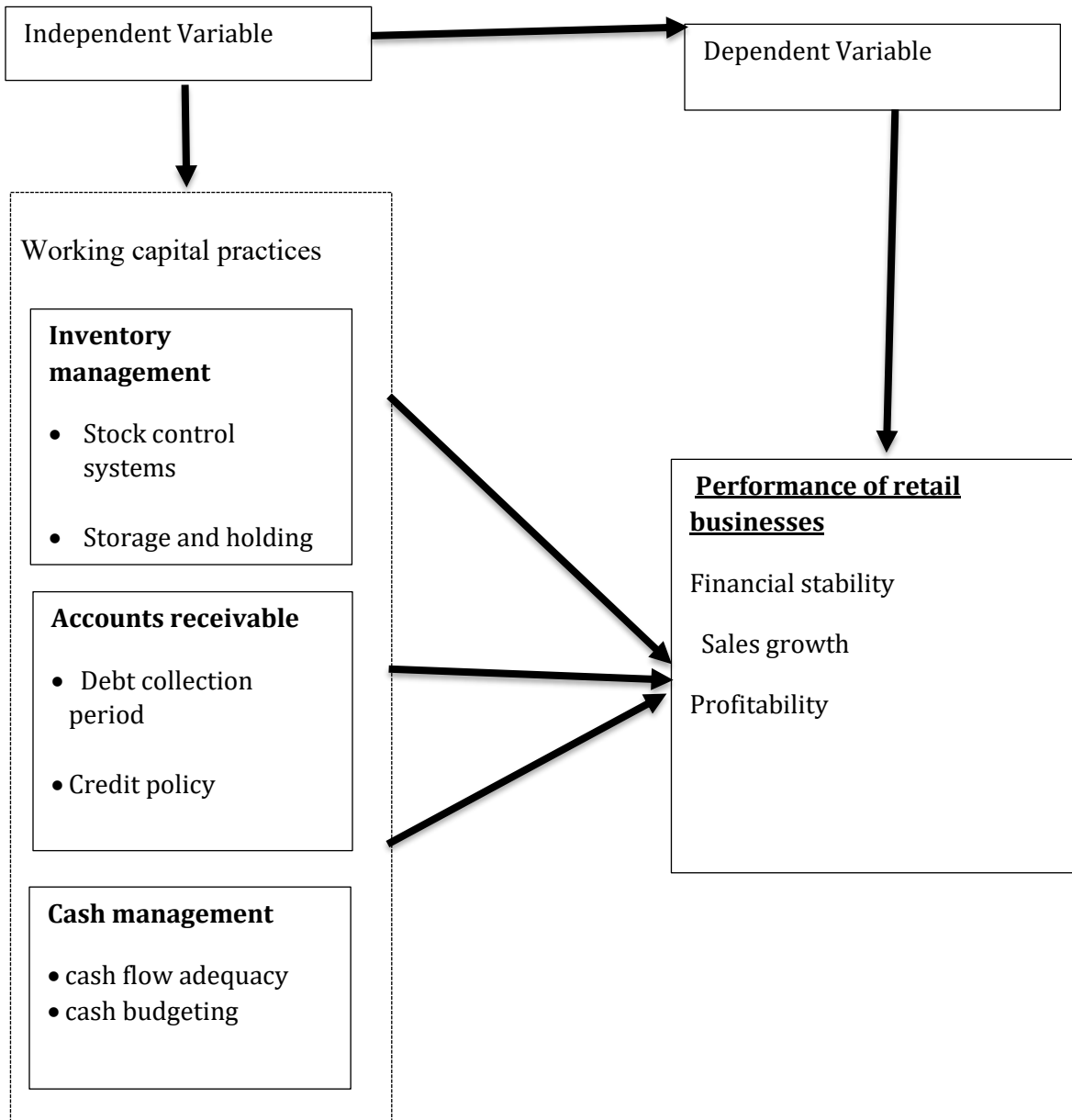
1.7 Significance of the Study

The findings of the study are expected to benefit retail vendors through providing practical insights into effective working capital management practices that improve profitability. Policy makers and local authorities may use the findings to design targeted financial literacy and business support programs. Academically, the study will contribute to existing literature on working capital management in Uganda's retail sector, particularly at the municipal market level

1.8 Conceptual Framework

The core variables in this study is visually represented in the conceptual framework showing the relationship between working capital management and profitability. A study by Garcia and Tervel, 2017 found out that efficient management of short-term assets and liability are essential to a firm's financial performance. This brings the idea of visually understanding how WCM relates to profitability. Working Capital Management being the

Independent Variable is measured through inventory management, account receivables and cash management. Performance on the other hand, being the Dependent variable is measured through indicators such as gross profit margin, sales growth, liquidity stability and business stability.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews related literature on effect of working capital management and performance of retail businesses. The review is structured into theoretical review, empirical review, and identification of research gaps. It focuses on inventory management, accounts receivable management, and cash management as key components of working capital management and examines how these influences the performance of retail businesses, particularly in developing economies and the Ugandan context.

2.2 Empirical Review

2.2.1 Performance of Retail Businesses

Business Performance is an essential indicator of business success thus reflecting the firm's ability to settle all its operational costs and assets. Retail businesses play a vital role in employment generation and economic development across borders, yet maintaining its performance remains a serious issue due to operational inefficiencies and insufficient access to financial resources. Deloof (2003) notes that in many developing African economies; Retail businesses with short changeover were significantly more profitable and registered higher returns on assets and equity attached short inventory dates, showing that efficient inventory turnover increased performance.

Empirical evidence from east Africa shows that small retail businesses in Kenya that have structured inventory management mechanism recorded higher sales growth with enhanced performance compared to those with unstructured mechanisms Mutungi, M. (2020) university of Nairobi. The study highlighted that failure to working capital components contributed to performance.

In Ugandan, Research by Namsonge (2018) revealed that many Ugandan retail vendors that had better financial reporting standards, budgeting and cash management registered

high financial performance. The study featured the existence of a significant connection between working capital management and performance. Retail vendors in Iganga market operate in a dynamic environment where business performance depends heavily on daily cash turnover, variable pricing, and informal credit arrangements. Although there are narrow empirical studies that have examined how working capital management practices impact retail vendors in municipal markets such as Iganga. This study therefore seeks to bridge this gap through providing localized empirical evidence from Iganga Market.

2.2.2 Inventory Management and Performance

Inventory management plays a key role in retail businesses, since it determines how effectively Vendors make their investments on business stock. Effective inventory management assures that capital is not unnecessarily tied up in excess inventory, in that discharging resources for other operational and investment essentials. Padachi, K. (2006) found out that retail businesses with incompetent inventory control performed poorly financially hence excess inventory resulted in higher storage and capital costs reducing profits.

Holding costs, such as storage, insurance, and spoilage, substantially impact retail profitability. Empirical evidence from east Africa shows that small retail businesses in Kenya with structured inventory management systems recorded higher sales growth with improved performance compared to those with unstructured systems Mutungi, M. (2020) university of Nairobi. Research by Namsunge (2018) revealed that many Ugandan retail vendors face challenges such as tied up capital, reduced liquidity and weak forecasting skills. These challenges are directly associated with lower profit margins and limited business growth

2.2.3 Accounts Receivable Management and Performance

Accounts receivable management plays a vital role in ensuring timely cash inflows and maintaining liquidity. Effective management of receivables ensures adequate liquidity, improves cash flows and enhances overall business performance. Similarly, Garcia Terul and Pedro Martinez Solano (2007) found out that reducing debt collection periods enhances liquidity with minimal risks of bad debts, thereby improving financial performance. Chen

and Xie (2017) reported that firms with strong receivables management practices recorded a 15% reduction in bad debt expenses as a result of stringent credit policies and regular follow-ups. Patel and Patel (2018) further observed that businesses with efficient receivables management experienced operational efficiency and financial performance.

In addition, Retail businesses with effective receivables management systems experienced improved financial performance due to better control over credit sales and debt collections (Nyaga 2011). In the same way Kumar and Gaur (2019) found that firms with improved receivables management recorded a 12% improvement in current ratios and a 15% increase in quick ratios. Zhang and Li (2020) also established that timely collection of receivables reduced reliance on short-term borrowing, leading to a 20% reduction in financing costs. For Iganga central market vendors, where informal credit is common, efficient receivables management is necessary for balancing liquidity and financial performance.

2.2.4 Cash Management and Performance

Cash management is considerable to the performance of retail business, especially for retail businesses that depend heavily on daily cash transactions. Effective cash management guarantees that businesses maintain adequate cash to meet short-term obligations while avoiding unnecessary idle cash. Ahmed, and Lopez Garcia (2023) found out that betterment in cash management greatly impacted financial performances measures like profitability and firm value. Eljelly (2017) found that firms with powerful cash management practices experienced a 15% progress in cash ratios; empowering smoother daily operations and shortened financial distress.

Efficient cash management also reduces dependence on external financing. Yao and Li (2017) reported that businesses with effective cash management practices experienced a 20% diminution in financing costs due to decreased reliance on short-term loans. Kerman and Moghadam (2018) further more observed that efficient cash management contributed to a 10% rise in profitability through enabling businesses to invest surplus cash and limit borrowing costs.

Besides, cash flow forecasting and budgeting improve operational productivity and financial planning. Sharma and Kumar (2019) found that businesses with developed cash

management systems achieved a 15% upgrade in operational efficiency. Maintaining sufficient liquidity reserves also improves resilience during economic shocks. Bell and Sykes (2020) established that businesses with improved cash management practices experienced a 20% decrease in financial risk.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that will be used to conduct the study on the relationship between working capital management and performance of retail businesses in Iganga Market, Iganga Municipality. It outlines the research design, study area, study population, sample size and sampling techniques, data sources, data collection methods, research instruments, data analysis procedures, validity and reliability, ethical considerations, and limitations of the study.

3.2 Research Design

The study will adopt a descriptive and correlational research design. The descriptive design will be used to describe the working capital management practices and performance of retail businesses in Iganga Market, while the correlational design will examine the relationship between working capital management components and performance. This design is appropriate as it allows for systematic data collection and analysis without manipulating the study variables (Creswell, 2014).

3.3 Study Area

The study will be conducted in Iganga Market, located in Iganga Municipality, Iganga District in Eastern Uganda. Iganga Market is a major commercial center serving both urban and surrounding rural communities. The market showcases a wide variety of shopkeepers dealing in foodstuffs, clothing, electronic appliances, and household goods. The selection of this study area is justified by the high concentration of retail businesses and the significance of working capital management to their daily operations.

3.4 Study Population

The study population will include all registered shopkeepers operating in Iganga Market. These include shop owners, stall vendors, and small-scale traders engaged in retail activities. Based on Iganga Municipal council Records there are approximately registered

80 Medium Businesses administering in Different Businesses in Iganga Market (2025). The target population is considered appropriate as these businesses rely heavily on working capital for day-to-day operations. To guarantee a comprehensive analysis, the study will target business owners, managers and financial Coho directly involved in decision making regarding working capital. The number of these businesses will be determined from Iganga municipal council records business, and trade associations. Over 80 registered retail enterprises which comprise of 16 Dealers in General merchandise, 38 Retail shops, 26 hardware shops

3.5 Sample Size and Sampling Techniques
A sample of shopkeepers will be selected from the study population using stratified random sampling. Retail businesses will first be grouped into strata based on the type of goods sold, after which random sampling will be used to select respondents from each stratum. This technique guarantees fair representation and reduces sampling bias.

The sample size shall be determined using Yamane's (1967) formula. This formula is suitable for finite populations and secures an adequate sample size for statistical analysis.

$$n = \frac{N}{1 + 100N(e)^2}$$

n is sample size

N is population

e is error (0.05) or level of confidence 95%

N = 80 registered firms in Iganga market, Therefore the samples size will be 66 registered businesses in Iganga market

3.6 Sources of Data

This study will depend on both primary and secondary data sources to guarantee comprehensive analysis and accuracy of findings

Primary data. Primary data is necessary for all fields of study since they offer exact information on the results of an experiment. The researcher will be able to collect data directly from shop owners and use structured questionnaires to get quantitative data on

working capital management practices and profitability. Interviews will be used to gather data to gain deeper insight into working capital difficulties and decision making

3.7 Data Collection Methods

zData shall be collected using questionnaires and interviews; Questionnaires will be administered to retail vendors to gather quantitative data on inventory management, accounts receivable management, cash management, and profitability. Interviews will be conducted with selected vendors and market leaders to obtain qualitative insights into working capital management practices.

3.8 Research Instruments

A structured questionnaire with both closed-ended and Likert-scale questions will be used as the main data collection instrument. An interview guide will also be used to collect in-depth qualitative information. These instruments will be designed in line with the study objectives and research questions.

3.9 Validity and Reliability

To ensure validity, the research instruments will be reviewed by the supervisor and research experts. A content validity Index (CVI) will be computed to establish the validity of the research instrument. The researcher will use the formula below to determine the validity of the research instruments.

Content validity Index (CVI) = Relevant items by all judges as suitable

Total number of items judged.

If the CVI meets or exceeds the recommended threshold of 0.70 (Duckett, 2021), it suggests that the questionnaire is effective for data collection.

3.9.2 Reliability

Reliability in research pertains to the consistency, stability, and dependability of research outcomes, reflecting how well a study's results can be replicated or reproduced under comparable conditions or by different researchers. The questionnaire's reliability will be evaluated using Cronbach's coefficient alpha (Mellinger & Hanson, 2022)

3.10 Data Collection Procedure

An introductory letter will be obtained from the university and presented to the Iganga Municipal authorities and market leadership. After obtaining permission, the researcher will administer questionnaires and conduct interviews. Respondents will be given adequate time to complete the questionnaires to ensure accurate responses.

3.11 Ethical Considerations

Ethical morals will be carefully observed throughout the study. Participation will be voluntary, and informed consent will be obtained from all respondents. Privacy and anonymity of respondents will be ensured, and the data collected will be used strictly for academic intentions thus to ensure data is not fabricated in the research process, and promotion of pursuit of knowledge and ethical standards were adhered to with these considerations

To keep privacy; the researcher will ensure that all personal data gathered from the volunteer participants is stored safely and only used for the purposes in the defined research hence no unauthorized individuals will have access to the information and all data will be handled with strict adherence to privacy laws and regulations to prevent its misuse.

Concerning informed consent; the researcher will provide volunteer participants with clear, detailed information about the need of the study and any potential risks involved. Participants will be asked to sign a consent form to confirm that they fully understand the study and agree to participate voluntarily

To maintain confidentiality; the researcher will guarantee that any personal information collected is only accessible to the research group and is kept safe. Participants' responses will not be disclosed/revealed to third parties and data will be used purely for research purposes in collected form

With the aim to avoid plagiarism; the researcher will guarantee that all sources of information like ideas and data from other researchers/publications are properly credited through accurate citations and reference hence any direct quotes will be clearly marked and attributed to their original sources to maintain academic integrity

At last' throughout the research process the researcher will maintain an ethical approach by following institutional guidelines and upholding principles of respect and fairness thus ensuring the protection of participants' rights and the integrity of the research discoveries

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

Findings on working capital management and performance of retail businesses in Iganga market are presented and analyzed in this chapter the chapter further presents four main sections: the response rate, background characteristics of the respondents, descriptive analysis of the study variables, and findings presented objective by objective. Stata analysis tool was used to analyze all the data collected from retail business owners in order to come up with valid and reliable findings.

4.2 Response Rate

A sum of 66 questionnaires were distributed to retail business owners in Iganga Market. Properly filled and returned questionnaires were 59 Out of the 66 questionnaires, representing an overall response rate of **87.9%**.

Table 4.1 Response Rate

| Category | Questionnaires Issued | Questionnaires Returned | Response Rate (%) |
|-------------------|-----------------------|-------------------------|-------------------|
| Retail businesses | 66 | 59 | 87.9 |

Source Primary Data (2026)

According to Fincham (2008) the response rate of 87.9% registered from respondents was affirmed as high and adequate for analysis. A response rate above 50% is acceptable for survey research, according to Fincham (2008). Therefore, the returned questionnaires were

sufficient to draw reliable conclusions about working capital management practices and performance of retail businesses in Iganga Market.

4.3 Background Characteristics of the Respondents

Demographic information about the respondents like gender, age and years of operation are highlighted in this Section

Table 4.2 Background Information of Respondents

| Item | Category | Frequency | Percentage (%) |
|-------------|-----------------|------------------|-----------------------|
| Gender | Male | 34 | 57.62 |
| | Female | 25 | 42.37 |
| | Total | 59 | 100.0 |
| Age Group | 18–25 | 9 | 15.25 |
| | 26–35 | 19 | 32.20 |
| | 36–45 | 11 | 18.64 |
| | 46–55 | 8 | 13.56 |
| | 56–65 | 12 | 20.34 |
| | Total | 59 | 100 |

Source Primary Data (2026)

Out comes in Table 4.2 shows that 57.6% constituted of male respondents and 42.37% accounted for females indicating relatively balanced gender participation registered in Iganga market.

Results captured in relation to age showed that most retail businesses in IGang market are operating in their economically active years since majority of the respondents (32.20%) in the age bracket 26-35, those aged 36-45 years (18.64%) and 46-55 years (13.56%) actively participate in retail trade in Iganga municipality.

4.3.1 Period spent operating the business

The table below summarizes the period respondents that are Retail owners in Iganga market have spent operating their businesses and the data in the table was interpreted below.

Table 3 Period spent operating the business

| | Frequency | Percent | Cumulative Percent |
|----------------|-----------|---------|--------------------|
| 1-5 years | 31 | 52.54 | 52.54 |
| 6-10 years | 23 | 38.98 | 91.52 |
| Above 10 years | 5 | 8.47 | 100.0 |
| Total | 59 | 100.0 | |

Source Primary data

Findings from the table 3 above show that majority of respondents, 52.54% have spent 1-5 years operating their respective businesses, followed 38.98% who have been operating their respective businesses for a period of 6-10years, where those who have spent more than 10 years operating their respective businesses constituted the minority represented by 8.47%. . This indicates that most respondents had adequate experience in running retail businesses, making their responses reliable for analyzing working capital management practices.

4.4 Descriptive Analysis of Study Variable.

4.4.1 Analysis of the relationship between inventory management and performance

Descriptive findings presented in this section examine the relationship between inventory management and performance. Working capital management help determine the operational efficiency of the business. This research objective was conceptualized using questionnaires which required each respondent to do self-rating in regards to their views on inventory management, Accounts receivables management, Cash management and profitability.

Table 4 summarizes responses obtained from retail businesses owners regarding inventory management practices and its influence on Business performance. The response were measured using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree)

Table 4 Inventory Management and performance of retail businesses in Iganga market.

| Statements | Extent of agreement and disagreement | | | | |
|---|--------------------------------------|-------------|-------------|------------|-----------|
| | SA | A | NS | D | SDA |
| | F (%) | F (%) | F (%) | F (%) | F (%) |
| Business maintains the right level of stock to meet customer demand | 34 57.6% | 10 16.9% | 8 13.6% | 6 10.2% | 1 1.7% |
| Maintaining the right amounts of inventory improves sales growth | 19 32.2% | 30 50.8% | 3 5.1% | 7 11.9% | 00 |
| Poor inventory management can lead to loss of customers | 20 33.9% | 17 28.8% | 12 20.3% | 9 15.3% | 1 1.7% |
| Proper inventory control improves the financial performance | 21 35.5% | 29 49.2% | 2 3.4% | 7 11.9% | 00 |
| Proper inventory control improves the profitability of the business | 27 45.8% | 18 30.5% | 11 18.6% | 3 5.1% | 00 |

Source *Primary data*

Table 4 represents the descriptive statistics on the relationship between inventory management and profitability of retail businesses in Gayaza market. The findings revealed that 74.5% of the respondents agreed that maintaining appropriate stock levels is crucial in business operations, while 11.9% disagreed and 13.6% were not sure. Outcomes show that a majority of retail traders meet customer needs promptly by maintaining the right level of stock. hence improving business performance.

Findings show that 83% of the respondents were in strong support that maintaining right amounts of inventory contributes increased sales indicating that effective inventory management helps retail businesses maintain product availability and increase customer satisfaction, which leads to higher sales volumes.

Retail business with poor management of stock levels register minimal business performance arising from reduced customer trust and loyalty. Findings showed that 62.7% of retail owners affirm that improper management of inventory affects the daily operations and performance of business ,20.3% were not sure, while 17% were in disagreement with this statement. These outcomes showed that most retail business encounter negative outcomes that drop the business performance. Therefore, its essential for businesses to engage in improved inventory management practices for survival and growth.

Retail business hat registered low sales resulted from delayed customer deliveries and low stock levels hence affecting the customer trust in the business. Outcomes revealed that 84.7% of the respondents agreed that proper inventory control improves the financial performance of the business

Businesses that invest in proper stock control practices minimize cost related to shortages ,wastage and overstocking .Results show that 76.3% of the respondents were in agreement that inventory management enhances the financial performance of the business ,Only 5.1% were in disagreement while 18.6% remained unsure .Therefore the businesses .with proper inventory management registered high profits hence increasing their financial capacity to perform financially

. Findings registered on inventory management provide a significant role in improving performance of retail businesses in Iganga market. Efficient management of stock ensures product availability, improves customer satisfaction, and enhances the financial stability of retail enterprises. The findings of the study concerning the relationship between Inventory management and performance of business in Iganga market were further determined using Pearson's correlation that was conducted as shown below;

Table 5 Pearson’s correlation on inventory management and business performance

| Correlations | | | |
|--|---------------------|----------------------|---------------|
| | | Inventory management | Profitability |
| Inventory management practices | Pearson Correlation | 1 | .681 |
| | Sig. (2-tailed) | | .000 |
| | N | 59 | 59 |
| Business performance | Pearson Correlation | .681 | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 59 | 59 |
| . Correlation is significant at the 0.05 level (2-tailed). | | | |

Source *Primary data*

The findings indicated in table above shows that there is a significant positive relationship between inventory management and performance . This relationship is affirmed by R-values of 0.681 with significant p-values of 0.000 at the level of 0.05 (2-tailed) ($r = .663$, $p < .05$). The positive correlation implies that improvement in inventory management practices significantly increases the level of business performance among retail businesses in Iganga market.

4.4.2 Accounts Receivable Management and performance of retail business in Iganga market

Table 6 summarizes respondents’ responses on the relationship between Accounts Receivable management and profitability of retail business in Gayaza market by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 6 Accounts Receivable management and performance

| Statements | Extent of agreement and disagreement | | | | |
|--|--------------------------------------|-------------|------------|------------|----------|
| | SA | A | NS | D | SDA |
| | F (%) | F (%) | F (%) | F (%) | F (%) |
| Business sells goods on credit to customers | 20 33.8% | 29 49.2% | 8 13.5% | 2 3.4% | 00 |
| Delayed payments from customers affects business cashflows | 31 52.5% | 22 37.3% | 5 8.5% | 1 1.6% | 00 |
| Delayed payments from customers affects ability of the business to restock goods | 21 35.6% | 30 50.8% | 1 1.6% | 7 11.9% | 00 |
| Business has experienced losses due to bad debts | 29 49.2% | 20 33.8% | 8 13.5% | 2 3.4% | 00 |
| Customers pay their debts with in the agreed credit periods | 22 37.3% | 31 52.5% | 7 11.9% | 1 1.6% | 00 |

source primary data

The results showed that 83% of the respondents confirmed that their daily most of the operations in the businesses are based on credit sales, whereas 3.4% were in disagreement and 13.5% were not sure. Businesses that operate on credit basis register more sales and maintain customer relationships although they have high risk of suffering Bad debts that affect the financial performance of the business.

The study revealed that 89.8% of the respondents confirmed that late payments from customers affect Business cashflows.,1.6% disagreed and 8.5% were undecided. Delayed customer payments result in to inconsistent cashflows therefore survival of retail businesses relies on consistent cash flow in order to meet their financial obligations which negatively affects the business performance.

The results revealed that 86.4% were in support of delayed payments from customers significantly affecting the business capacity to restock, whereas 11.9% disagreed and 1.6% remained undecided. This indicates that untimely debt payments limit the ability of retail

business to purchase new inventory. Businesses with minimum restocking level register declines sales and reduced customer satisfaction. I dearly this ultimately affects business performance.

Findings further revealed that 83% of the respondents were in agreement that their business register losses as a result of bad debts, while 3.4% disagreed and 13.4% were not sure. Retail Businesses today are unable to survive for a long time due to high levels of bad debts, highlighting the need for stricter credit assessments and collection strategies

To sum up, the results revealed that 89.8% of the respondents agreed that customers pay their debts with in the agreed credit period. Effective, while 1.6% disagreed and 11.9% were not sure. Although debts payments are made some uncertainties in relation to consistent payments till exist therefore Businesses are able to operate smoothly when they monitor credit sales and maintain stable cashflows.

Overall, the findings demonstrate with strong evidence that Accounts receivable management has a significant influence on the performance of retail Businesses in Iganga market. Business es that implement effective receivable management practices highly experience improved cash flow, reduced losses and operate efficiency. The findings of the study concerning the relationship between Accounts receivable management and performance of retail business in Iganga market were further determined using Pearson’s correlation that was conducted as shown below;

Table 7 Pearson’s correlation on accounts receivables and performance

| Correlations | | | |
|--|---------------------|---------------------|---------------|
| | | Accounts receivable | profitability |
| Accounts receivable management | Pearson Correlation | 1 | .681 |
| | Sig. (2-tailed) | | .000 |
| | N | 59 | 59 |
| Business performance | Pearson Correlation | .681 | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 59 | 59 |
| . Correlation is significant at the 0.05 level (2-tailed). | | | |

Source: *Primary data*

The Pearson's correlation coefficient between accounts receivable management and profitability is $r=0.681$, with p-value of 0.000. The relationship between accounts receivable management and business performance is statistically significant. level of significance (0.01 or 0.05), the relationship is statistically significant. The positive correlation shows that proper management of accounts receivables play a significant role in effective performance of the retail businesses.

4.4.3 Cash management and performance

Table 8 summarizes respondents' responses on the relationship between Cash management and performance of retail markets in Iganga market by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 8 Cash management and performance

| Statements | Extent of agreement and disagreement | | | | |
|---|--------------------------------------|-------------|-------------|-------------|-----------|
| | SA | A | NS | D | SDA |
| | F (%) | F (%) | F (%) | F (%) | F (%) |
| Business always has enough cash to meet daily expenses | 14 23.7% | 22 37.3% | 9 15.3% | 13 22.0% | 1 1.7% |
| Poor cash management affects the smooth operation of business | 25 42.7% | 19 32.2% | 2 3.4% | 10 16.9% | 3 5.1% |
| Our business prepares a cash budget to guide daily financial operations | 23 40.0% | 33 55.9% | 2 3.4% | 1 1.7% | 00 |
| Effective control cash transactions improve the overall performance of business | 20 29.0% | 29 42.0% | 15 21.7% | 1 1.5% | 4 5.8% |
| Poor cash management can negatively affect the operations of business | 14 23.7% | 22 37.3% | 9 15.3% | 13 22.0% | 1 1.7% |

Source *Primary data*

Table 8 represents the descriptive statistics on the relationship between cash management and profitability of retail business in Gayaza market. The findings indicated that 61%

respondents strongly agree that their business generate enough cash that meet daily operational expenses,22.0% disagree and 15.3% were not sure showing that a notable number of businesses still struggle with cash availability. This implies that while cashflow is stable for many traders, cash shortage remains a challenge for some business, potentially affecting continuity of operations.

Furthermore, the findings indicated that 74.9% of the respondents strongly acknowledge that cash shortage reduces business profitability, whereas 22% disagreed and 3.4% were not sure. Poor financial management of cash affects business operations. This directly affects the smooth running of the retail businesses. Businesses that adopt cash control technics, maintain smooth operations.

More so, the study established that 81.8% of the respondents agreed that corrective actions are taken after identifying budget variances, while 11.4% disagreed and 6.8% were not sure.

Cash planning in retail businesses plays a crucial role since the business owners forecast cashflows and out floors. Findings show that 95.9% Of the respondents agree that cash budgeting's as a significant practice in managing business operations. While 3.4% were not sure and 1.7% disagreed. Businesses that implement proper cash budgeting practices are therefore more likely to maintain stable financial performance.

Furthermore, the results provided that 71.0% of the respondents were in agreement with the statement of effective cash transactions improves the overall performance of the business ,7.3% were in disagreement and 21.7% were unsure. Businesses that monitor their cash transactions face minimal financial losses hence improve operational efficiency Therefore, effective cash planning enhances overall performance.

In addition, the outcomes found out showed that 61% of the respondents agreed that poor cash management negatively affects business operations, whereas 15.3% remained unsure and 23.7% were in disagreement Effective cash management plays a crucial role in ensuring business sustainability. Retail business that adopt cash management skills will definitely protect their sustainability and register long term profit growth.

To sum up, Findings on cash management had a significant relationship with profitability of retail businesses in Iganga market. From the high levels of agreements registered in all the statements revealed that effective cash planning, credit control mechanisms, are crucial factors required to maintain sustainable financial performance.

Table 9 Pearson’s correlation cash management and performance.

| Correlations | | | |
|--|---------------------|-----------------|---------------|
| | | Cash management | Profitability |
| Cash management | Pearson Correlation | 1 | .754 |
| | Sig. (2-tailed) | | .000 |
| | N | 59 | 59 |
| Business performance | Pearson Correlation | .754 | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 59 | 59 |
| . Correlation is significant at the 0.01 level (2-tailed). | | | |

Source Primary data

The study revealed that a significant relationship lies between cash management and profitability with $r = .754$. This relationship is affirmed by r values that read $.764$ with significant p values of $.000$ at a level where $.01$ (2-tailed), ($r = .754, p < 0.01$). Since the p -value is less than the significance level of 0.01 , the relationship between cash management and business performance is statistically significant. The positive value of $r = 0.754$ indicates a strong positive relationship between the two variables.

This means that improvements in cash management practices lead to improvements in the performance of retail businesses.

4.4.4 Performance of Retail Businesses

Table 10 Performance Levels

| Item | Category | Frequency | Percentage (%) |
|-----------------------------|-----------------|------------------|-----------------------|
| Overall Profitability Level | Poor | 9 | 15.94 |
| | Fair | 27 | 36.23 |
| | Good | 24 | 47.83 |

Source Primary Data (2026)

The outcomes found out that 47.83% of the respondents registered good performance levels, where as 36.23% registered fair performance and 15.94% registered poor performance levels. These findings suggest that although nearly half of the retail businesses are performing well, a considerable proportion still experiences moderate or low performance levels. Businesses reporting good performance are register improved sales, stable cash flows, and better financial management practices.

4.5 Findings by Study Objectives

Objective one. To examine the role of inventory management and performance

The outcomes found out that retail businesses with inconsistent stock levels experienced lower perform levels. In addition, business that frequently experienced stock outs lost potential sales opportunities which negatively affected their revenue generation and customer satisfaction. This presents an insignificant relationship between inventory management and performance.

Objective Two. To examine the effects of Accounts receivables management on performance.

Findings based on the study found out that Businesses with unrealistic credit sales with long credit collection periods registered inconsistent cash flows, as a result, inefficient accounts receivable management negatively affected both liquidity and overall performance of retail businesses.

Objective Three. To analyze the role of cash management in enhancing profitability.

The outcomes revealed that businesses with insufficient cash flows were unable to reserve cash for financing their daily operations especially timely payment to suppliers which constrained business expansion. Respondents who reported better cash flow sufficiency reported higher levels of performance. This revealed that effective cash management significantly ensures operational community, financial stability and improved business performance

4.6 Discussion of Findings

The findings of this study confirm that working capital management significantly influences the performance of retail businesses in Iganga Market. Inefficient inventory management, delayed receivables and cash shortfalls were frequent difficulties reported by participants. These results line up with previous studies that emphasize the significance of managing short-term assets and liabilities to improve financial performance.

Poor inventory management practices rise holding costs and cause frequent inventory-outs resulting to lost sales and reduced profits, in the same way inefficient receivables management delays cash inflows and weakens liquidity. Furthermore, inadequate cash flow sufficiency moderates the ability of firms to meet obligations and invest in growth opportunities.

4.7 Inconclusion

To total up the outcomes found out, working capital management significantly impacts the performance of retail businesses in Iganga market. Businesses that adopt efficient cash management practices registered consistent cashflows hence realizing performance out comes. The conclusions, recommendations and areas for further research are highlighted in the next chapter

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter explains the summary of key outcomes obtained from discussions in line with the study of existing literature and research objectives. Conclusions drawn are based on reliable data collected. It also provides recommendations focused at upgrading working capital management practices among retail businesses in Iganga market.

5.2 Summary of the Study

The study was to examine the effects of working capital management on the performance of retail businesses in Iganga market. The study focused on three key players of working capital management, that is to say inventory management, accounts receivable management and cash/liquidity management.

A detailed research design was adopted for the study. Data was collected using structured questionnaires that were given to retail business owners operating in Iganga market. A total of 69 valid responses were collected and analyzed using statistical methods.

Descriptive statistics were used to analyze the background characteristics of respondents and the general working capital management practices among retail businesses. Also, Pearson correlation analysis was used to examine the relationship between the elements of working capital management and performance of retail businesses.

Business performance was assessed using indicators like revenue increase, profitability levels, consistent cash flow and the ability of businesses to meet operational expenses.

5.3 Discussion of Findings

5.3.1 Inventory Management and Business Performance

The outcomes of the study revealed that there was no strong considerable relationship between inventory management practices and performance of retail businesses in Iganga market though many retail businesses were found to rely mainly on manual inventory record keeping systems, with limited use of computerized inventory management systems

Poor inventory practices like recurring inventory shortages, overstocking, and insufficient stock monitoring were so common among the businesses studied. These obstacles can lead to missed opportunities, increased storage costs and inefficient use of business assets

These outcomes suggest that inefficient stock control practices lower the contribution of inventory control to improved business performance. Previous studies have also shown that ineffective inventory management decreases operational efficiency and may negatively affect the financial performance of retail businesses

5.3.2 Accounts Receivable Management and Business Performance

The study also exposed a very weak positive relationship between accounts receivable management and business performance which was not statistically significant which indicates that the way retail businesses in Iganga market manage their credit sales and client payments does not strongly influence their overall business performance.

A possible explanation for this finding is that many retail businesses operate mainly on cash sales/short credit periods that reduces the impact of receivables management on business performance. Furthermore, ineffective credit management and delays in customer payments also may limit the effectiveness of receivables management practices.

Similar findings in previous studies suggest that when businesses lack strong credit management policies, the potential benefits of accounts receivable management on business performance may not be fully realized.

5.3.3 Cash Management and Business Performance

The findings of the study established a significant positive relationship between cash management and the performance of retail businesses in Iganga market.

Retail businesses that practiced effective cash management were able to maintain adequate cash flows, meet operational expenses, and manage payments to suppliers on time. These practices contributed to improved operational stability and better financial performance.

The study also revealed that businesses with proper cash flow planning were more capable of taking advantage of business opportunities and maintaining smooth daily operations.

These findings support existing literature which emphasizes that effective cash management is essential for the sustainability and performance of small and medium-sized businesses, as it ensures liquidity and supports business growth.

5.4 Conclusions of the Study

Based on the study findings, several conclusions can be drawn relating to the influence of working capital management on the performance of retail businesses in Iganga market.

Firstly, inventory management practices among retail businesses were found to have no significant influence on business performance largely due to reliance on manual inventory systems and insufficient stock control practices

Secondly, accounts receivable management also showed no significant influence on business performance hence suggesting that credit management practices among retail businesses are either weak or not widely used

Although, cash management was found to have a significant positive influence on business performance, retail businesses that efficiently managed their cash flows were better to meet operational expenses, maintained stable operations and achieved improved financial performance

Generally, the study concludes that effective working capital management particularly cash management plays an important function in enhancing the performance of retail businesses

5.5 Recommendations of the Study

According to the study findings, the following recommendations are suggested to improve working capital management and upgrade the performance of retail businesses in Iganga market.

Firstly, retail shop owners should adopt improved inventory management practices like maintaining accurate stock records and use of basic computerized inventory tools where necessary thus it will help reduce inventory shortages, minimize carrying costs and improve operational efficiency

Secondly, shop owners should strengthen their accounts receivable management practices through establishing a clear credit policy, setting appropriate credit limits plus regular monitoring customer payments. This will help them to reduce delayed payments and minimize the risk of bad debts.

Thirdly, retail business owners should give greater priority to effective cash management practices such as proper monitoring of cash inflows and outflows, maintaining adequate cash reserves and ensuring timely payment of financial obligations thus effective cash flow planning will help improve working capital and support business growth

Lastly, retail business owners should consider participating in training programs in line with financial management and working capital management so as to improve their financial decision-making and general business performance.

5.6 Suggestions for Further Research

Future studies may consider using longitudinal research designs so as to examine changes in working capital management practices and their effect on business performance over time.

Furthermore, similar studies can be conducted in other markets, regions/business sectors to provide wider panorama and upgrade the generalization of findings regarding the relationship between working capital management and performance of businesses.

APPENDICES

Proposed research questionnaire

Title: Working Capital Management and Performance of Retail Business in Iganga Market Municipality, Iganga District.

Introduction

This questionnaire is designed to collect data on how working capital management affects the performance of retail business in Iganga central market. The data gathered will be used solely for academic purposes and will remain confidential.

SECTION A: DEMOGRAPHIC INFORMATION

| | | |
|---|---------------------------------|--------------------------|
| 1 | Name of the business (optional) | |
| 2 | Gender | |
| | Male | <input type="checkbox"/> |
| | Female | <input type="checkbox"/> |
| 3 | Age group | |
| | Below 18 year | |
| | Between 18-25 years | |
| | Between 26-35years | |
| | Between 36-45 years | |
| | Between 46-55 years | |
| | Between 56-65 years | |
| | Above 66 years | |

| | | |
|---|--|---|
| 4 | How long has your business been in operation | <input type="checkbox"/> less than 1 year <input type="checkbox"/> 1-3 years <input type="checkbox"/> 4-6 years <input type="checkbox"/> more than 6 years |
| 5 | what is the size of your business | <input type="checkbox"/> small (less than 5 (employees)) <input type="checkbox"/> medium (5-50 employees) <input type="checkbox"/> more (more than 50 years) |
| 6 | what type of retail business do you operate | <input type="checkbox"/> grocery <input type="checkbox"/> closing store <input type="checkbox"/> electronic store <input type="checkbox"/> other (specify) |

WORKING CAPITAL COMPONENTS

This section explores working capital components. Please indicate by ticking the appropriate box to what extent you agree or disagree with the following statements below.

1=strongly Disagree (SD)

2= Disagree (D)

3=not sure (U)

4 = Agree (A)

5= strongly agree (SA)

SECTION B INVENTORY MANAGEMENT AND PERFORMANCE

| No | Statement | SA | A | U | D | SD |
|-----|---|----|---|---|---|----|
| | Inventory Management and Performance | SA | A | U | D | SD |
| IM1 | Business maintains the right level of stock to meet customer demand | 5 | 4 | 3 | 2 | 1 |
| IM2 | Maintaining the right amounts of inventory improves sales growth | 5 | 4 | 3 | 2 | 1 |
| IM3 | Poor inventory management can lead to loss of customers | 5 | 4 | 3 | 2 | 1 |
| IM4 | Proper inventory control improves the financial performance | 5 | 4 | 3 | 2 | 1 |
| IM5 | Proper inventory control improves the profitability of the business | 5 | 4 | 3 | 2 | 1 |

SECTION C ACCOUNTS RECEIVABLE MANAGEMENT AND PERFORMANCE

| | | | | | | |
|-----|--|---|---|---|---|---|
| AR1 | Business sells goods on credit to customers | 5 | 4 | 3 | 2 | 1 |
| AR2 | Delayed payments from customers affects Business cashflows | 5 | 4 | 3 | 2 | 1 |

| | | | | | | |
|-----|---|----|---|---|---|----|
| AR3 | Delayed payments from customers affect ability of the business to restock goods | 5 | 4 | 3 | 2 | 1 |
| AR4 | Business has experienced losses due to bad debts | 5 | 4 | 3 | 2 | 1 |
| AR5 | Customers pay their debts with in the agreed credit periods | SA | A | U | D | SD |

SECTION D CASH MANAGEMENT AND PERFORMANCE

| No | Statement | SA | A | U | D | SD |
|-----|---|----|---|---|---|----|
| CM1 | Business always has enough cash to meet daily expenses | 5 | 4 | 3 | 2 | 1 |
| CM2 | Poor cash management affects the smooth operations of the business | 5 | 4 | 3 | 2 | 1 |
| CM3 | Our business prepares a cash budget to guide daily financial operations | 5 | 4 | 3 | 2 | 1 |
| CM4 | Effective control cash transactions improve the overall performance of business | 5 | 4 | 3 | 2 | 1 |
| CM5 | Poor cash management can negatively affect the operations of business | 5 | 4 | 3 | 2 | 1 |

SECTION E PERFORMANCE OF RETAIL BUSINESSE

| No | Statement | SA | A | U | D | SD |
|-----|--|----|---|---|---|----|
| PR1 | Business has experienced increased sales over the past 2 years | 5 | 4 | 3 | 2 | 1 |
| PR2 | | 5 | 4 | 3 | 2 | 1 |

| | | | | | | |
|-----|--|---|---|---|---|---|
| | Business is able to generate enough profits to sustain operations. | | | | | |
| PR3 | Proper financial management has enabled the business settle the daily operational expenses | 5 | 4 | 3 | 2 | 1 |
| PR4 | Numbers of customers trading with the business has increased over time | 5 | 4 | 3 | 2 | 1 |
| PR5 | The performance of the business has improved in the recent years. | 5 | 4 | 3 | 2 | 1 |

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