

**EFFECT OF FINANCIAL MANAGEMENT PRACTICES ON FINANCIAL
PERFORMANCE OF SMALL-SCALE BUSINESS: A CASE OF KASANA
LUWEERO DISTRICT**

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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
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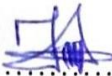


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DECLARATION

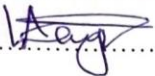
I, Nennifer Mely Justin Juma, hereby declare that the research report titled, “financial management practices effect on financial performance of small-scale business: a case of small-scale businesses in Kasana, Luweero District,” is my originally generated work and that it has never been submitted in any institution for any grading. I have read the regulations of the university with regards to plagiarism and here declares that I abided by all of them.

Signature  Date 09/04/2026.

Nennifer Mely Justin Juma

APPROVAL

This is to acknowledge that this report titled, “financial management practices effect on financial performance of small-scale businesses: a case of small-scale businesses in Kasana, Luweero District.” has been carried out under my supervision and is now ready for submission to the School of Business, Uganda Christian University with my approval.

Signature 

Ms. LORRAINE AKINYI OTIENO

Date 09/04/2021

DEDICATION

I wish to dedicate this report to my guardians who tirelessly supported me through this my education journey, to all my colleagues and my academic supervisor who guided and directed me as I was writing this research report I am so grateful. God bless you all.

ACKNOWLEDGEMENT

I wish to thank the almighty for the good health, protecting me through my education journey; it has not really been easy but I am still here.

I would like to thank my supervisor, Ms. Lorraine Akinyi Otieno for her tireless efforts and expertise, she rendered to me during her supervision of this research study. In addition, I would like to appreciate the owners and managers of SSBs in Kasana, Luweero District (respondents) for sparing their time to answer my questionnaires for this study, the information they gave contributed greatly to the study.

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ABSTRACT

Small-scale businesses are very important in Uganda because they help to create jobs, help in reducing poverty, and support economic growth. However, many of them like 40% fail within 1-3 years in operation and 80% within five years. One major reason for this high failure rate is poor financial management practices, such as weak budgeting, poor cash flow handling, and not managing risks properly. This is especially true in rural areas like Kasana, Luweero District where business owners often lack financial knowledge and support.

This study aimed to examine how financial management practices affect the financial performance of SSBs in Kasana, Luweero District. The specific objectives are; (1) to determine the effect of budgeting on financial performance, (2) to examine the effect of risk management on financial performance and (3) to establish the effect of cash flow management on financial performance. The study focuses on the three mentioned objectives and their link to performance indicators like profitability, liquidity, sustainability and business growth. The study also shows the background of study, the problem statement, the research questions, the scope of the study, significance of the study, all these are portrayed in chapter one. Chapter two presents the literature review, which includes the conceptual framework, theoretical framework, and all the literature on earlier research carried out by other scholars. Chapter three displays the methodology that is the different methods used to collect data from the respondents, this research was carried out using cross-sectional survey design where quantitative research approach was also used. The data for this study was collected using questionnaires and interviewing. The study population was approximately 100 and a sample size of 80 respondents of which only 63 respondents managed to answer the questions and return the questionnaires. It also highlights on the validity and reliability of the data collected. Chapter four is about the presentation, analysis and interpretation of the data collected. here tables were used to explain the quantitative data clearly. And chapter five presents the summary of the findings, conclusions and recommendations.

CHAPTER ONE

1.0 INTRODUCTION

In chapter one, key concepts such as the background, the problem statement, the main objective, the specific objectives, research questions that guide the study, scope of the study and significance to the study were presented.

1.1 BACKGROUND TO THE STUDY

Globally, small-scale businesses play a significant role in fostering innovation, generating employment opportunities, and lowering income inequality (Kiyabo & Isaga 2019; Zaridis et al 2021). SSBs support the economic growth of all countries, no matter the degree of their development. About 80% of the labor force in India and 50% of workers in Germany are employed in the small-scale business sector in respect to the developing countries. and according to ILO/JASPA (2018), the sector has made an important contribution to gross domestic product (GDP) of Kenya 19%, and Nigeria 24.5%, (Arther, Aluonzi & Byamukama 2013). In Ghana, SSBs constitute about 92% of businesses (Abudu et al 2021; Otoo 2022), provide over 80% of employment (Biney, 2018). In Uganda, 40% of the SSBs fail within their first year of operation and about 80% within five years. Despite their role in improving economic growth, there is still increase in the rate of enterprise mortality (Ssempala 2018).

Uganda, just as many other African countries, relies on small-scale businesses as engines of economic growth and poverty reduction (Achoko et al 2019). According to the Uganda bureau of statistics report of 2020, a small-scale business is defined as an enterprise with an annual turnover of not more that Ugandan shillings 1.2 billion, people employed are not more than 500 as employees and has a total asset value of about 2.5 billion. The small-scale enterprise contributes to Uganda's GDP, they are source of employment and also helps in economic growth (Kinyatta 2018).

Luweero district act as home to various small and medium businesses who are trying their best pursue competitive markets country wide. However, majority of these businesses find challenges connected to financial management, including improper record keeping, inadequate financial planning, and limited access to finance (Ssenyonga et al, 2018).

Financial management is in support of accurate book keeping of the monetary and non-monetary transactions, which translates the transactions into standard forms that show the net worth and level of performance of the businesses and ensures that the business's funds is well handled and utilized in a going concern manner, in the long run.

FMP such as budgeting, which deals with allocating of resources and managing finance (Mbratu 2020), risk management which deals with identifying and mitigating risks (Saunders & Allen 2017), cash flow management which involves keeping track of cash inflow and outflow and financial reporting are significant in the success and sustainability of small-scale enterprises (Mwanga 2019). Efficient financial enables business to make proper use of resources, minimize costs, maximize profits and helps managers to make informed decisions (Nalukenge 2017), on the other hand, poor financial management results into financial distress, reduced competitiveness and increased risk of business failure (Kibuuka 2016)

Previous research studies have investigated the relationship between financial management practices and financial performance in various contexts. However, there is still a need for study to be conducted specifically to small-scale businesses in Kasana, Luweero district. A study carried out by Mwanga (2019) examined financial management practices among small-scale businesses in Kampala City, but did not focus on Luweero district specifically. In addition, a study done by Mugenyi (2017) investigated challenges facing small-scale businesses in Uganda, but did not investigate financial management practices in depth and a study carried out by Asiimire (2024) examined the impact of financial management practices on financial performance of SSBs in Mukono municipality. This research study was meant to fill this gap by researching on the effect of financial management practices on financial performance among small-scale businesses in Kasana, Luweero district, central Uganda. This study investigated the financial management practices that are currently used by small-scale businesses in Kasana, Luweero District.

1.2 THE PROBLEM STATEMENT

Small-scale businesses play an important role in fostering economic growth, reducing unemployment, and reducing poverty levels in developing regions like kasana, Luweero district. Small scale enterprises play a crucial role in driving economic growth, creating employment opportunities, and alleviating poverty in any economy (Abisuga-Oyekunle et al. 2020). Considering that there are a number of small businesses in a wide range of industries

that perform well and are unceasingly profitable, about 33% of small businesses fail in their first two years of operation, around 50% lie flat after the first five years and roughly 33% make it to 10 years or more (Melissa Harton, 2024). Despite their significance, many of these businesses face challenges in achieving sustainable financial performance. An identifiable factor contributing to this issue was the lack of effective financial practices, which include budgeting, cash flow management, record-keeping and risk management.

Research indicates that poor financial management practices often lead to liquidity problems, misallocation of resources, and eventual business failure (Kitto, 2018). Furthermore, small-scale businesses in rural areas like Kasana often lack access to financial literacy programs and professional advisory services, exacerbating their inability to implement sound financial management practices (Ssebagala & Luyinda, 2018). This gap in financial management knowledge and application hinders their capacity to complete effectively and grow sustainably.

While many researchers have studied about the relationship between financial management practices and business performance in urban settings, there was limited research focusing on rural districts like Luweero, where socio-economic and infrastructural challenges are distinct. Thus, this research aimed to address this gap by examining how various financial practices can affect the financial performance of small-scale businesses in Kasana, Luweero District, and identifying strategies to enhance their financial sustainability.

1.3 THE MAIN OBJECTIVE OF THE STUDY

The main objective of thee study was to examine the effect of financial management practices on the financial performance of small-scale businesses in Kasana, Luweero District.

1.4 THE SPECIFIC OBJECTIVES OF THE STUDY

- I. To determine the effect of budgeting on financial performance of small-scale businesses in Kasana, Luweero district.
- II. To examine how risk management, affect financial performance of small-scale businesses in Kasana, Luweero district.
- III. To establish the effect of cash flow management on financial performance on financial performance of small-scale businesses in Kasana, Luweero district.

1.5 RESEARCH QUESTIONS

- I. What is the effect of budgeting on financial performance of small-scale businesses in Kasana, Luweero District?
- II. What is the effect of risk management on financial performance of small-scale businesses in Kasana, Luweero District?
- III. What is the effect of cash flow management on financial performance of small-scale businesses in Kasana, Luweero district?

1.6 THE SCOPE OF THE STUDY

1.6.1 THE CONTENT SCOPE

This research focused more on key dimensions of financial management practices and their interplay with financial performance among various small-scale businesses in Kasana Luweero district. The study examined impact of practices such as budgeting, cash flow management and risk management on financial performance of SSBs. These practices were analyzed in relation to financial performance indicators, including profitability, liquidity, and overall business growth.

1.6.2 TIME SCOPE

The research study took a duration of six years since data was collected from the period 2018 – 2024 because it helped to determine the level of performance of SSBs for these past six years based on financial management practices used by these SSBs.

1.6.3 GEOGRAPHICAL SCOPE

The research was conducted among selected small-scale businesses found in Kasana, Luweero District. SSBs in Kasana, Luweero were selected because they have in the recent years struggled to operate efficiently which could partly be connected to the failure of these SSBs to adopt the different financial management practices so as they can use to operate their businesses.

1.7 SIGNIFICANCE OF THE STUDY

This research hoped to provide relevant information to owners and managers of the small-scale businesses more specially those in Kasana, Luweero district on how to better manage their finances so as to achieve efficiency in their operations.

The final results of this study hoped to inform policy makers the creation of government-led financial literacy programs or subsidized accounting software initiatives for small traders, so as to improve productivity and enhance economic growth and development of businesses in Uganda.

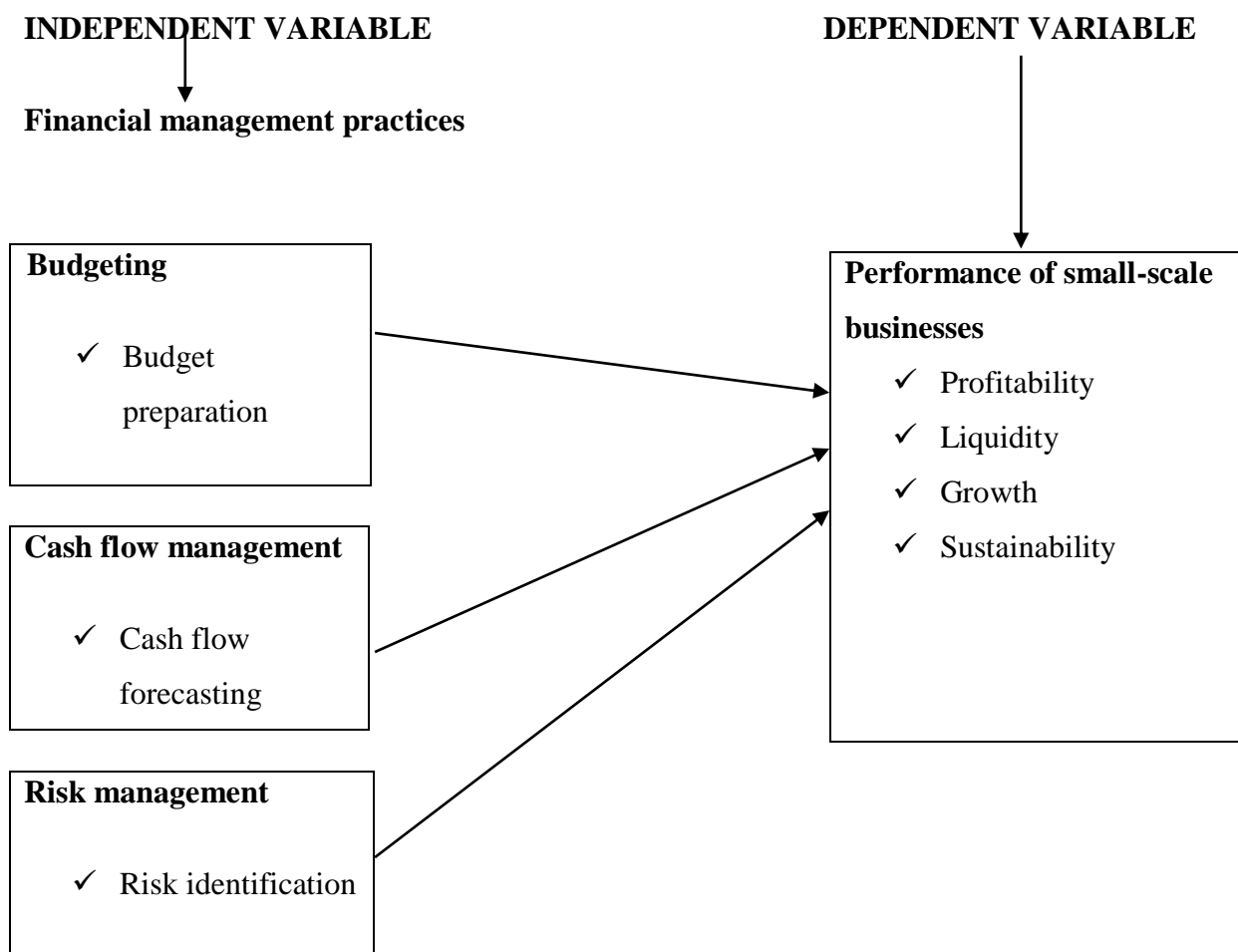
This research study act as a source of reference for future researchers who would like to make research about this topic or other topics related to this one.

CHAPTER TWO LITERATURE REVIEW

2.0 INTRODUCTION

Chapter two portrays the conceptual framework, theoretical framework, overall content of relevant literature that connects to objectives of this research study under the topic the effects of financial management practices on financial performance of small-scale businesses in kasana, Luweero district.

2.1 CONCEPTUAL FRAMEWORK



Source: Adopted from Benet 2023, modified by the researcher.

Conceptual framework can be defined as a research structure that identifies key concepts and variables and it helps to map out the presumed relationships between these variables. It acts as a roadmap or blueprint for the study, providing a visual or written outline to guide the research process, from formulating questions and hypotheses to collecting and analyzing

data. It is more specific than a theoretical framework. The structure above shows the relationship between the effects of financial management practices and the financial performance of small-scale businesses. The independent variable being financial management practices, which are represented by budgeting, risk management and cash flow management. On the other side, financial performance of SSBs which is the dependent variable showed as profitability, liquidity, growth and sustainability.

2.2 THEORITICAL FRAMEWORK

The concept theoretical framework to this study is grounded on the principles of financial management and its impact on small-scale businesses' performance. The framework draws on theories and concepts from financial management literature to portray the relationship between financial management practices (budgeting, risk management, cash flow management) and the financial performance of small-scale businesses. The researcher uses two main theories to explain what relationship exist between financial management practices and financial performance of SSBs.

2.2.1 RESOURCE BASED VIEW THEORY

Resource based theory was popularized by Jay Barney (1991), and it argues that a firm's sustainable competitive advantage and superior performance depends on the unique resources and capabilities it possesses and effectively utilizes.

RBV has been criticized by many researchers on many occasions. The resource-based theory suggests that managers acquire and control valuable, rare, inimitable and non-substitutable resources and develop an appropriate organization, however, it is silent on how it should be done. Similarly, the VRIN criteria are neither sufficient nor necessary to explain sustained competitive advantage (Armstrong et al. 2016). In a related view another criticism comes out on the illusion of total control, trivializing the property rights issues, exaggerating the extent to which managers can control organizational resources (McGuinness,2018). On the same issue, Lado et al...., (2018) points out that RBV suffers a tension between descriptive and prescriptive theorizing, RBV does not give due attention in addressing most critical differences in how different types of resources may contribute in a different manner to a business' sustained competitive advantage.

From a resource-based value perspective, financial management practices can be viewed as key organizational resources and capabilities that influence SSB's financial performance. When these financial management practices are well-developed and effectively implemented,

they become valuable internal resources that enable SSBs to make the right decision, efficient allocation of scarce resources and improve profitability and liquidity. For example, efficient cash flow management ensures liquidity and prevents insolvency, some SSBs develop sophisticated budgeting systems that competitors lack, strong financial expertise built through years of experience is hard to imitate, and no other resource can substitute accurate financial information for decision-making. The RBV suggests that SSBs that possess and effectively use superior financial management practices will experience better financial performance measured through profitability, growth, return on investment and liquidity.

Many studies have applied RBV to SSBs and found that efficient financial management practice serve as strategic assets that enhance performance (Ngugi & Bwisa, 2013). In addition, managerial competencies in financial decision-making act as unique capabilities leading to profitability and growth (Njoroge & Gathungu, 2013). Furthermore, SSBs with strong financial planning and control systems demonstrates higher sustainability and access to financing (Mwangi & Murigi, 2018).

2.2.2 AGENCY THEORY

The Agency theory, first introduced by Jensen and Meckling (1976), explains the relationship between principals (owners or shareholders) and agents (managers) who are tasked with managing the firm's resources on behalf of the owners. The theory is based on the idea that the principal expects the agent to perform in their best interests. However, agents pursue their own self-interests, which may lead to agent's conflicts like moral hazard and information asymmetry. The central issue of agency theory is how to align the interests of managers with those of owners to ensure optimal decision-making and performance.

In the context of financial management practices, agency theory emphasizes the need for systems, controls and incentives that ensure managers make decisions that enhances firms' value rather than personal gain. SSBs although often owner-managed, increasingly experience agency problems as they grow and delegate financial responsibilities to accountants, finance officers, or managers. Therefore, proper financial management practices act as mechanisms to monitor, control, and align management behavior with the goals of the owners. For instance, financial reporting and transparency reduce information asymmetry between owners and managers, budgeting and internal controls ensure that financial resources are used efficiently, incentive-based compensation systems motive managers to improve firm

performance. Thus, under agency theory, strong financial management practices are necessary to minimize agency costs and enhance financial performance.

According to Memba and Nyanumba (2013) research, found out that SSBs in Kenya with sound financial management practices such as proper record keeping, budgeting and internal controls achieved better financial performance due to reduced likelihood of funds misuse. To add on that, in a study carried out by Abanis et al. (2013) in Uganda, the authors found out that financial management practices such as working capital management, cash flow management and financial reporting had a significant positive effect on profitability. The study concluded that effective financial management minimizes agency conflicts and enhances performance. Furthermore, Nthenge and Ringera (2017) reported that SSBs that implement strict internal controls systems and regular financial audits tend to perform better financially. The study explained that such controls act as agency cost-reducing mechanisms. Mugo, Gakure, and Waititu (2012), in a study on financial management and firm performance, they found out that budgeting and financial reporting systems promote accountability, reduce agency costs and lead to improved profitability.

2.3 Budgeting practice and financial performance of small-scale business.

Budgeting refers to creating a financial plan that forecasts an organization's or individual's expected revenue and expenses over a specific future period. It acts as a roadmap to achieve financial goals by allocating resources effectively, monitoring spending, and helping to control finances and minimize debt. A budget provides a framework for making informed decisions, measuring performance against targets, and adjusting plans as needed to maintain financial stability and health.

All small-scale businesses should be prepared for both long terms run and short term run of the business in order to be able to cover their operational and strategic goals and objectives. Operational short-term financial plans are those which are completed within one year or two (Muriithi & Omagwa, 2018). According to Mutya (2019), the long-term financial plans are strategic in nature and act as a guide for creating the short-term financial plans. Financial plans help in reducing risks and uncertainties that may affect their potential to be sustainable or successful. A research done by Oyelere and Olowookere states that proactive monitoring and management of budget variances enables businesses to detect inefficiencies early and in turn leads to improved cost management and overall financial performance of the entities (Oyelere & Olowookere, 2017).

Many researches studied portray that proper budgeting significantly improve the performance of small-scale businesses. They were of the view that soundness in the budgeting practices of an entity should be localized to the socio-economic background and other individualities of the culture so that the output and performance of financial decision-making are fully enhanced (Nkundabanyanga et al., 2020).

A Research carried out by Kabanda and Mubiru states that combining long-term strategic goals of an entity into the budgetary frameworks improves proper resource allocation, efficiency and strengthens business resilience against prevailing market uncertainties (Kabanda & Mubiru, 2019). Mugerwa and Nakato investigated the relationship between budgeting practices and financial performance metrics such as return on investment (ROI) and liquidity ratios among small-scale businesses in Uganda, their final results suggest that small-scale businesses that practice effective budgeting achieve better financial performance outcomes (Mugerwa & Nakato, 2023).

2.4 RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF SMALL-SCALE BUSINESSES

According to Saunders and Cornette (2018), Risk refers to the possibility that financial loss or gain might occur due to various factors such as market volatility, credit defaults, and operational failure.

Researchers view risk management as a crucial practice within financial management, essential for boosting firm stability, profitability, and long-term growth by enabling proactive identification, assessment, and mitigation of financial threats. Key aspects highlighted by various authors include its formalized role in heavily regulated industries like banking and insurance, the utilization of both quantitative and qualitative tools for analysis, the importance of a systematic approach to manage diverse risks and the need for robust credit, liquidity and even climate related risks framework.

The 2016 cadbury report described the concept of risk management as the process which involves executive management, under the top board oversight identifies risks coming from the business and set priorities for control and specific goal. Risk management involves all stages identifying, assessing, and reducing risks (Arena, 2017). Hull (2015) describes risk management as the recognizing, evaluating, and minimizing possible risks to a company's assets, reputation and health. In the rapidly changing business environment today, organizations should control uncertainties like political instability, supply chain disruption,

inflation, and cyber threats so as to succeed in their business operations. All these challenges emerge over businesses causing risks which can severe financial failure (Nadine, 2024).

According to Muriuki and Mukulu (2020), vigorous risk management practices significantly affect the financial performance of small businesses. The study highlighted that businesses that practice formalized risk management has less financial volatility, reduced operational losses, and enhanced profitability. The detection and aanalysis of risks in a business affects the performance of businesses. In a research study conducted by Akinboye et al, it suggested that addressing behavioural biases among small-scale business owners and managers enhances the implementation of proactive risk management strategies (Akinboye et al., 2019).

According to Wanyama and Nangoli (2022), there is a relationship between risk management practices and financial performance metrics such as return on assets (ROA) and profitability among small-scale businesses. The research finding showed that small-scale businesses which adopted comprehensive risk management practices achieve better financial performance results than SSBs that failed to practice risk management, demonstrating that there exists a direct impact of risk mitigation on business profitability. Effective risk management practice helps to reduce financial losses which is the primary purpose of risk management. By detecting risks earlier, it guides businessmen to put strategies to mitigate and reduce on the effect of adverse events such as market downturns, credit defaults, or operational failures. Risk management also improves financial stability, it safeguards capital and assets from losses, and helps to maintain financial stability, thus leading to profitability, and ensuring the long-term success of the business. Comprehensive risk management is beyond just the management of risks, it enhances organizations to comply with legal requirements and protect them from reputational damage caused by various financial or non-financial issues. This in turn helps to maintain stakeholder confidence and credibility (Sutton, 2024).

Therefore, it is important that small-scale businesses should keep monitoring their business operations and risk management techniques to determine if they are effective and make changes whenever necessary.

2.5 CASHFLOW MANAGEMENT AND FINANCIAL PERFORMANCE OF SMALL-SCALE BUSINESSES

Cash is lifeblood of any business. In its absence, any business is likely to perish. Cashflow management is the tracking and controlling of inflows and outflows in order to accurately forecast cash flow. It can also mean the daily monitoring, analyzing, and handling of the net amount of cash receipts less the expenses. Cashflow management is so important in the financial health of small-scale businesses, as highlighted by Jones and Smith (2018). According to a research study carried out by Rahman and Hossain, cashflow management practices positively affect the financial performance of businesses. Their study suggested that businesses that regularly forecast cash flows are better performing and prepared to forecast and address liquidity challenges and so improving profitability as well as minimizing financial risks (Rahman & Hossain, 2019).

Proper cashflow management practices can aid in predicting how much money the business will have to cover debt, payroll, and vendor invoices. A cashflow forecast gives managers insight into the likely future state of the business. According to Davis and Johnson's (2020) research study also suggested that owner-manager behaviour and decision-making styles significantly affect cashflow management effectiveness in many organizations. (Lee & Park, 2021) showed in their research study how mobile banking apps and digital payment platforms improve cash flow visibility and facilitate real-time monitoring of financial transactions in businesses. The above-mentioned technological advancement enhances efficiency and accuracy in cash flow management when taken into consideration by managers.

Strategic fit of cashflow management through long-term planning can enhance improved financial performance of the firm. In a research study carried out by Garcia and Lopez (2020), showed that integrating the cash flow objective in the strategic planning system helps the business in utilizing resources, and in so doing leading to growth opportunities and minimizing risks in regards to finance.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

Chapter three portrays the different methods used in carrying out the study. It further describes the way the study will be conducted. It includes research design, the study population or area of study, sample size, data collection tools and data instruments, variables measurement, data processing and analysis with other related problems to this study.

3.1 THE RESEARCH DESIGN

The study used a cross-sectional survey research design which refers to an observational study that analyzes data from a population or representative subset at a single, specific point in time. It measures the prevalence of outcomes, behavior, or attitude across various groups simultaneously without manipulating any variables. The design was chosen because it is more convenient to use in terms of time (patrik &Ugo, 2019).

In addition to that, another approach, the quantitative research approach was used because it is more reliable and objective, it helped the researcher when computing statistics to combine the results and also help in testing hypotheses. Lastly, it helped in determining the relationship between the two variables (Haradhan, 2021). Therefore, quantitative approach was used to gather statistical data from the selected SSBs in Kasana, Luweero District with the help of research questionnaires.

3.2 STUDY POPULATION

The research was conducted among selected small-scale businesses located in Kasana, Luweero District. SSBs in Kasana, Luweero were chosen because they have in the recent years struggled to continue operating their businesses which could partly be attributed to the failure to adopt to proper financial management practices in their business operations. There are more than 100 registered SSBs in Kasana, Luweero District which included retail shops, groceries stores, saloons, restaurants, boutiques, mobile money agents and bars and all these were included in the study. Therefore, the study population or the unit of analysis in this study were the selected SSBs in Kasana, Luweero District where the owners or managers of the businesses represented each of the business selected.

3.3 SAMPLE SIZE

A sample can be defined as a section of the wider population that is engaged in the survey (Stuart, 2016). According to Creswell (2012), a sample refer to a subgroup which is representative of the target population from whom findings can be generalized about the population. The sample size was determined through the sample calculation by Taro Yamane's (1970) formula as;

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

Where “n” is the sample size, “N” is the population, ‘e’ is the error (0.05) or the level of confidence 95%.

‘N’ (population) = 100 registered SSBs in Kasana Luweero.

$$n = \frac{100}{1 + 100(0.05)^2}$$

$$n = \frac{100}{1 + 0.25}$$

$$n = \frac{100}{1.25}$$

n = 80 registered SSBs

3.4 SAMPLING METHODS/TECHNIQUES.

Sampling techniques provide relevant data about the samples, gives a detailed foundation of where samples can be drawn from. The study was conducted using the stratified sampling technique, where samples selected from the small-scale businesses under segments and those that deal in transaction of assorted merchandise are used. This is because the technique was convenient for the topic and area studied.

Another sampling technique used was the convenience sampling technique which is a non-probability sampling technique, this is where the participants were selected based on their easy accessibility and nearness to the researcher, rather than through random selection.

3.5 SOURCES OF DATA

Both primary and secondary data sources were used while carrying out this research.

3.5.1 PRIMARY DATA SOURCE

Primary data is firsthand information collected by a researcher for a specific purpose. Primary data is data collected from the point of origin for a specific research need and is in a raw, unprocessed form. Sources of primary data include, direct collection methods such as surveys, interviews, observations and so many others. Primary data offers current, relevant, and specific insights directly related to the research questions. Primary data is crucial in research because it is accurate information about the results of an experiment or observation. Primary data in this case will be obtained through questionnaires.

3.5.2 SECONDARY DATA SOURCE.

Secondary data is information that has been collected and recorded by someone else for a different purpose and is then used by a new researcher for their own study. Common sources of secondary data include; government records, academic articles, books, organizational databases, and reports. These sources were used to gather information from already written literature for examples; published articles, journals, reports.

3.6 DATA COLLECTION METHODS

Data collection is the process of gathering and analyzing information from different sources to find answers to research problems, answer questions, evaluate outcomes, and forecast trends and probabilities. It is an essential phase in all types of research, analysis, and decision-making (Pulkit 2025).

Accurate data collection is important in preserving the integrity of research, regardless of the subject of study or preferred method for defining data (quantitative or qualitative). The researcher of this study used two types of data collection methods these included questionnaire survey and interviewing method.

3.6.1 QUESTIONNAIRE SURVEY.

Researcher design structured questions which were used to collect data from individuals or groups of selected SSBs. these can be done through face-to-face talk, telephone calls, mails or online platforms.

3.6.2 INTERVIEWING METHOD.

Interviewing involves direct conversation between the researcher and the respondent. It can be done in person, over the phone, or through video conferencing. Interviews can be structured with predefined questions.

3.7 VALIDITY AND RELIABILITY

Research must be free from bias and distortion for it to be perfect. Reliability and validity are concepts important in measuring the level of accuracy of the research.

3.7.1 VALIDITY.

Validity refers to the accuracy of a study's results and the degree to which a test or method measures what it is intended to measure. Validity assesses if findings accurately reflect the real-world properties or characteristics being studied and are not due to methodological errors. A valid study is one where the findings are a true reflection of the phenomena being studied, free from systematic errors or bias.

3.7.2 RELIABILITY.

Reliability is the consistency and stability of a measurement, meaning it will produce the same or very similar results if repeated under the same conditions. A reliable method is one that is dependable and minimizes errors, yielding consistent data that can be trusted and replicated by other researchers.

3.8 PROCEDURE OF DATA COLLECTION.

First, the research proposal needs to be approved, the researcher would be given a letter of introduction so as to be presented to the chosen SSBs in Kasana, Luweero District. This will give permission in order to carry out the study among these SSBs. The researcher then presented a letter of consent to the respondents, after which, questionnaires would be distributed. The respondents were given each a specific time duration which they were to return the fully filled questionnaires. After the questionnaires have been filled and returned, the researcher collected them, sorted them and coded them.

3.9 DATA ANALYSIS.

Analysis of data involves inspecting, cleaning, transforming, and modeling data to extract insights that support decision-making.

3.9.1 QUANTITATIVE DATA ANALYSIS.

Data analysis was carried out using Stata software package, because it is fast, accurate and reliable, optimized for speed with results validated through millions of lines. It is easy to learn and use.

3.10 ETHICAL CONSIDERATION.

Ethics refers to values or standards of conduct that distinguishes between what is right and wrong. Ethics is the philosophical study of morality and the principles that define right and wrong. It provides well-founded standards for how people ought to act, guiding conduct in areas like personal life, research, and professional settings. Ethics examines what is good for individuals and society, distinguishing what is permissible by law from what is morally right. Ethical standards avoid the fabrication or falsification of data and therefore promote the pursuit of knowledge and truth which is the primary goal of research (May, 2011).

CHAPTER FOUR
PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

Chapter four displays, discusses and analyses the results obtained from the study basing on the specific objectives of the study and in relation to reviewed literature. It specifically presents the respond rate, background characteristics of the respondents, description of variables. The results/information are being presented with the help of tables for purposes of easier understanding, clarity, and interpretation.

4.1 Response rate

According to my study, a total of 80 questionnaires were issued to owners or managers of selected small-scale businesses in Kasana, Luweero District and 63 were returned back to me fully answered and they are the ones that I used to analyze and present the data.

Table 1: Showing Response rate

Category	Questionnaires issued	Questionnaires returned	Response rate (%)
Selected small-scale businesses in Kasana, Luweero District	80	63	78.75
Total response rate			78.75

Source: Primary data. 2026

Table 1 above shows an overall response rate of 78.75% which was high and suggesting that the survey results were representative. Fincham (2008) contends that a response rate of 50% is representative enough and acceptable for a survey.

4.2 Background characteristics of the respondents.

The background information of respondents was very important because it helped in giving accurate information about the respondents. The background information of respondents solicited data on the samples and this has been presented below categorized into gender, age group, highest level of education, type of business and years in operation as shown in the tables below.

4.2.1 Gender.

The table below summarizes the gender of the respondents who are SSB owners or managers in Kasana, Luweero District.

Table 2: Showing Gender

Item	Details	Frequency	Percentage (%)
Gender	male	31	49.2
	female	32	50.8
	total	63	100

Source: primary data, 2026

According to table 2 female respondents contributed slightly more to the sample with 50.8% compared to males who contributed 49.2%. This suggests a near gender balance among owners or managers of small-scale businesses in Kasana, Luweero District.

4.2.2 Age of the respondents

The table below summarizes the age of the respondents who are SSB owners or managers and participated in the survey in Kasana, Luweero District.

Table 3: Showing Age group

Item	Details	Frequency	Percentage (%)
Age group	18-25 years	23	36.5
	26-35 years	26	41.3
	36-45 years	9	14.3
	46 years and above	5	7.9
	total	63	100

Source: Primary Data 2026

According to table 3 above, age category 26-35 years dominated the sample by contributing 41.3% of respondents. This was followed by the category 18-25years which contributed 36.5%. this suggests that the majority of small-scale business owners or managers in the area are young, with most being below the age of 46 years of age.

4.2.3 Highest Level of Education

This subsection shows the level of education each respondent attained.

Table 4: Showing Highest level of education

	Frequency	Percentage (%)
Not educated	3	4.8
Primary	8	12.7
Secondary	23	36.5
Certificate/Diploma	20	31.7
Degree	9	14.3
Total	63	100.0

Source: Primary Data, 2026

The study sought to establish the highest level of education of the respondents. According to the table above, most of the respondents have at least attained secondary level of education, represented by 36.5%, followed by those who have certificate/diploma which is 31.7%. only 4.8% reported not being educated. This indicates that most respondents had at least basic formal education.

4.2.4 Type of business respondents operate in Kasana, Luweero District.

The table below shows the kind of businesses the respondents operate in Kasana, Luweero District.

Table 5: Showing type of business operated

Details	Frequency	Percentage (%)
Retail shop	14	22.2
Hardware	11	17.5
Salon/Barber	11	17.5
Restaurant	7	11.1
Mobile money/Financial service	9	14.3
Other	11	17.5
Total percentage	63	100

Source: primary data, 2026

From the table 5 above, retail shops formed the largest group in the sample with 22.2%, followed by hardware shops, salons/barbers and other businesses each contributing to 17-18%. Of the total sample

4.2.5 years in operation

The table below displays the period respondents who are SSB owners have spent operating their businesses in Kasana, Luweero District.

Table 6: Showing years in operation

Details	Frequency	Percentage (%)
Less than one year	14	22.2
1-3 years	29	46.0
4-6 years	7	11.1
Above 6 years	13	20.6
Total	63	100.0

Source; primary data, 2026

Form table 6 above, most businesses were relatively new, with 46.0% having operated for 1-3 years and 22.2% for less than 1 year. This shows that majority of small-scale businesses in Kasana, Luweero District are in their early stages of operation.

4.3 Budgeting practices and financial performance of small-scale businesses.

The first specific objective of the study was to determine the effect of budgeting on the financial performance of small-scale businesses in Kasana, Luweero District. Budgeting practices were measured using 6 items scored on a five-point Likert scale where SA (strongly agree), A (agree), N (neutral), D (disagree) and SD (Strongly disagree). The results are presented in the table below.

Table 7: Showing Contribution of budgeting practices on the financial performance of SSBs in Kasana

Statements	Extend of agreement and disagreement						
	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	Standard deviation

I usually prepare a budget for my business operations	25 (39.7)	26 (41.3)	8 (12.7)	3 (4.8)	1 (1.6)	4.127	0.921
My business follows the budget that is prepared	24 (38.1)	25 (39.7)	9 (14.3)	4 (6.3)	1 (1.6)	4.063	0.962
Budgeting helps me control business expenses	26 (41.3)	27 (42.9)	7 (11.1)	2 (3.2)	1 (1.6)	4.190	0.874
Budgeting helps me allocate resources more accurately	22 (34.9)	30 (47.6)	8 (12.7)	2 (3.2)	1 (1.6)	4.111	0.895
I revise my budget when business conditions change	23 (36.5)	28 (44.4)	9 (14.3)	2 (3.2)	1 (1.6)	4.111	0.921
Budgeting has improved the financial discipline of my business	25 (39.7)	26 (41.3)	8 (12.7)	3 (4.8)	1 (1.6)	4.127	0.947
Overall mean budgeting practice score						3.884	0.662

Source: Primary data, 2026

Table 7 above reveals that respondents reported relatively high levels of budgeting practices, with an overall mean score of 3.884 (Standard deviation = 0.662). the strongest items were those related to budgeting helping in accurate resource allocation with a 47.6%, budgeting helping control business expenses with a 42.9% and mean of 4.190, Standard deviation = 0.874, and preparing a budget for business operations with 41.3% and (Mean =4.127, Standard deviation = 0.921). these emerged as the key indicators of budgeting practices among SSBs in Kasana, Luweero District. These scored the highest means and relatively low standard deviations. The results suggest that most respondents actively prepare budgets,

follow them and find budgeting useful for expense control and resource allocation, which contributes to improved financial discipline in their businesses.

4.4 Risk management practices and financial performance of small-scale businesses.

The second specific objective of this study was to examine the effect of risk management practices on the financial performance of SSBs in Kasana, Luweero district, risk management practices were measured using 5 items scored on a Likert scale where SA (strongly agree) A (agree), N (neutral), D (disagree), and SD (strongly disagree).

Table 8: Showing contribution of risk management practices on the financial performance of SSBs in Kasana, Luweero district.

Statement	Extend of agreement and disagreement						
	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	Sstandard deviation
My business identifies possible financial risk (e.g. theft, price fluctuation)	14 (22.2)	28 (44.4)	8 (12.7)	7 (11.1)	5 (7.9)	3.635	1.189
I take measures to minimize risks affecting my business	15 (23.8)	27 (42.9)	9 (14.3)	6 (9.5)	5 (7.9)	3.667	1.168
I keep financial records that help me detect risks early	16 (25.4)	25 (39.7)	10 (15.9)	7 (11.1)	4 (6.3)	3.683	1.147
I have insurance or security measures to protect my business	13 (20.6)	24 (38.1)	12 (19.0)	8 (12.7)	5 (7.9)	3.524	1.209
Risk management has helped me reduce losses in my business	17 (27.0)	26 (41.3)	9 (14.3)	6 (9.5)	4 (6.3)	3.746	1.132
Overall mean risk						3.750	0.756

management practices score							
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Source: Primary Data, 2026

From the table above, the descriptive statistics concerning the contribution of risk management practices on the financial performance of SSBs in Kasana, Luweero district shows that respondents reported moderately high levels of risk management practices, with an overall mean score of 3.750 and standard deviation 0.756. the strongest items being those related to risk management helping to reduce losses in the business with a 41.3%, mean of 3.746 and standard deviation 1.132. keeping financial records to detect risks early with 39.7%, mean of 3.683 and standard deviation 1.147. these came first as key indicators of risk management practices among SSBs in Kasana, Luweero district.

These scored the highest means and relatively low standard deviations. The results imply that most respondents take steps to identify and minimize risks, maintain records for early detection and experience reduced losses through these practices, although the adoption of insurance or security measures was slightly lower with mean of 3.524.

4.5 Cash flow management practices and financial performance of SSBs

The third specific objective of the study was to establish the effect of cash flow management on the financial performance of SSBs in Kasana, Luweero District. Cash flow management practices were measured using 5 items scored on a five-point Likert scale where SA (strongly agree), A (agree), N (neutral), D (disagree), and SD (strongly disagree). And the results were presented in the table below.

Table 9: Showing contribution of cash flow management practices on financial management of SSBs in Kasana, Luweero district.

Statement	Extend of agreement and Disagreement						
	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	Sstandard deviation
I keep records of daily sales and expenses	20 (31.7)	26 (41.3)	10 (15.9)	5 (7.9)	2 (3.2)	3.905	1.032
I separate business money from personal money	22 (34.9)	28 (44.4)	8 (12.7)	3 (4.8)	2 (3.2)	4.032	0.986
My business maintains enough cash to meet daily operations	19 (30.2)	27 (42.9)	9 (14.3)	5 (7.9)	3 (4.8)	3.857	1.078
I regularly monitor cash inflows and outflows	23 (36.5)	25 (39.7)	9 (14.3)	4 (6.3)	2 (3.2)	3.984	1.012
Effective cash flow management has improved my business performance	24 (38.1)	26 (41.3)	8 (12.7)	3 (4.8)	2 (3.2)	4.063	0.974
Overall mean risk management practices score						3.947	0.719

Source; primary data, 2026

Table 9 displayed the descriptive statistics concerning the contribution of cash flow management on the financial performance of SSBs in Kasana, Luweero District. According to the study, respondents reported high levels of cash flow management practices with an overall mean of 3.947 and standard deviation 0.719. the strongest items were those related to separating business money from personal money with 44.4%, mean of 4.032 and standard deviation 0.986. effective cash flow management improving business performance with 41.3%, mean of 4.063 and standard deviation 0.974. these emerged as key indicators of cash

flow management practices among SSBs in Kasana, Luweero District. These scored the highest means and standard deviations.

The results imply that most respondents maintain good cash flow practices by separating funds, keeping records of sales and expenses, and regularly monitoring inflows and outflows, which contributes significantly to improved business performance.

4.6 Description of the Dependent Variable: Financial Performance of SSBs

The dependent variable, financial performance of SSBs, was measured using 5 quantitative items. These were assessed using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) and the results are presented in the table below.

Table 10: Showing Statistics for respondents' self-rating on financial performance.

Statement	Extend of Agreement and Disagreement						
	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	Standard deviation
My business has been profitable over the past 1-3 years	13 (20.6)	27 (42.9)	15 (23.8)	6 (9.5)	2 (3.2)	3.683	1.013
My business's sales have increased over time	12 (19.0)	30 (47.6)	15 (23.8)	3 (4.8)	2 (3.2)	3.758	0.935
My business has maintained good liquidity	16 (25.4)	20 (31.7)	17 (27.0)	7 (11.1)	1 (1.6)	3.705	1.038
My business is growing in size or market share	20 (31.7)	26 (41.3)	12 (19.0)	3 (4.8)	1 (1.6)	3.984	0.932
Financial management practices have improved the overall performance of my business	24 (38.1)	21 (33.3)	11 (17.5)	6 (9.5)	1 (1.6)	3.968	1.047
Overall mean financial performance score						3.815	0.653

Source: Primary Data, 2026

According to table 10 above, respondents reported moderately high levels of financial performance, with a total mean score of 3.815 and standard deviation 0.653. the strongest items were those related to business growth in size or market share (mean = 3.984, standard deviation 0.932) and improvement in overall performance due to financial management practices (mean = 3.968, standard deviation 1.047). this scored the highest means and relatively low standard deviations.

The results suggest that most respondents perceive their businesses as growing and benefiting from financial management practices, though profitability and liquidity were slightly lower.

4.7 Regression Analysis Results and Hypotheses Testing

Multiple regression analysis was carried out to establish the overall effect of budgeting practices, risk management practices, and cash flow management practices on the financial performance of SSBs in Kasana, Luweero district. The linear regression analysis was conducted to establish which one among the dimensions of the independent variables was the most significant in determining financial performance. The linear regression results were also used to decide on the study hypotheses and are presented in the tables below.

Table 11: Showing Regression Results

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751a	.564	.542	.44215

ANOVA

Model	Sum of squares	df	Mean Square	F	Sig.
Regression	14.914	3	4.971	25.43	0.000b
Residual	11.534	59	0.195		
Total	26.448	62			

Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	95% confidence interval
	b	Std. error	beta			Lower upper
constant	1.011	0.358		2.83	0.006	0.295 1.727
Budgeting practices	0.013	0.117	0.013	0.11	0.913	-0.221 0.247
Risk management practices	0.191	0.110	0.191	1.73	0.088	-0.029 0.412
Cash flow management practices	0.516	0.121	0.516	4.26	0.000	0.274 759

Source: primary data, 2026

Dependent variable: financial performance Score b. predictors: (constant), Budgeting practices score, Risk management practices score, Cash flow management practices score
 $P < 0.05$

Table 11 above presents a coefficient of determination (R-square) of 0.564 at a significant level of 0.000 suggesting that financial performance was explained by 56.4% by budgeting practices, risk management practices and cash flow management practices. The adjusted R-square of 0.542 or 54.2% was the variance in financial performance explained by the three independent variables putting into consideration the sample size of the study. The remaining variance of 45.8% is explained by other factors other than budgeting, risk management and cash flow management practices.

The standardized coefficient statistics reveal that cash flow management practices ($\beta = 0.516$, $t = 4.26$, $P = 0.000$) is the only significant factor determining financial performance among

the practices considered in this study. Budgeting practices ($\beta = 0.013$, $t = 0.11$, $P = 0.913$) and risk management ($\beta = 0.191$, $t = 1.73$, $P = 0.088$) were statistically insignificant in determining financial performance as their p-values were greater than 0,05 ($P > 0.05$).

Table 11 also presents the analysis of variance (ANOVA). The results show that on average, the mean score on the determinants of financial performance tended to differ significantly. With the computed F-statistics ($F = 25.43$) large enough as its accompanying P-value = $0.000 < 0.05$. thus, since the significance or P-value 0.000 is less than $\alpha = 0.05$, it is deduced that computed or observed F is large enough to infer that the responses differed significantly. This means that even when small-scale businesses have good budgeting and risk management practices, this alone is not good enough to foster high financial performance.

The results reveal that inadequate cash flow management, including poor separation of business and personal money and irregular monitoring of inflows and outflows, largely retards financial performance in small-scale businesses in Kasana, Luweero district. Priority should therefore be given to improve cash flow management practices among the businesses.

Testing of hypotheses

The first study hypothesis was “budgeting practices significantly affect the financial performance of SSBs in Kasana, Luweero District.” according to table 11, budgeting practices yielded a β value of 0.013, $t = 0.11$ with a significance of 0.913 suggesting that budgeting practices were insignificant in determining financial performance. The study does not uphold the hypothesis that budgeting practices significantly affect the financial performance of SSBs in Kasana, Luweero District.

The second study hypothesis was “risk management practices significantly affect the financial performance of SSBs in Kasana, Luweero district.” According to table 11, risk management practices yielded a β value of 0.191 and t value of 1.73 with a significance of $P = 0.088$ suggesting that risk management practices were marginally significant. The study partially upholds the hypothesis that risk management practice significantly affects the financial performance of SSBs in Kasana, Luweero district.

The third study hypothesis was “cash flow management practices significantly affect the financial performance of SSBs in Kasana, Luweero District.” According to table 11, cash

flow management practices yielded β value of 0.516 and t value of 4.26 with a significance of $P = 0.000$ suggesting that cash flow management practices are a significant determinant of financial performance. The study therefore upholds the hypothesis that cash flow management practices affect the financial performance of SSBs in Kasana, Luweero District.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

Chapter five displays the summary and description of findings attained from the study. The chapter further more provides findings, conclusion, and recommendations for policy makers as well as recommendations for further research.

5.1 Summary of findings.

Findings from the study are discussed below.

5.1.1 Budgeting practices and financial performance.

The results showed that better budgeting practices are associated with higher financial performance in the regression model ($\beta = 0.515$, $P = 0.000$). however, when combined with risk management and cash flow management practices, the effect became statistically insignificant ($\beta = 0.013$, $P = 0.913$). this finding partially corroborates earlier studies that found budgeting to be key tool for resource allocation, expense control, and financial discipline in small businesses (Mugerwa & Nakato, 2023; kabanda & Mubiru, 2019)

On the other hand, the insignificant effect in the multiple model contradicts several studies (for example, Mwanga, 2019; Nalukenge, 2017) that reported budgeting as a consistent and significant predictor of performance even after controlling for other practices. The results suggest that while budgeting is valued by respondents, its independent contribution may be overshadowed by more immediate operational practices such as cash flow management in resource-constrained small-scale businesses. In the context of Kasana, Luweero district, where many businesses are young and face liquidity pressures, budgeting alone may not translate directly into performance without effective cash handling.

5.1.2 Risk management practices and financial performance

Research findings showed that better risk management practices lead to higher financial performance in the regression model ($\beta = 0.547$, $P = 0.000$). However, when combined with the other practices, the effect became only marginally significant ($\beta = 0.191$, $P = 0.088$). This finding supports earlier studies that found risk identification, mitigation and record keeping to reduce losses and improve stability in small businesses (Muriuki & Mukulu, 2020; Wanyama & Nangoli, 2022).

The marginal significance in the multiple model partially contradicts studies (e.g. Saunders & Allen, 2017) that found risk management to remain a strong independent predictor. In the Ugandan small business's context, where theft, price fluctuations, and supply disruptions are common, risk practices appear helpful but may not drive performance as strongly as cash flow management when resources are limited. This implies that risk efforts may act indirectly through better cash preservation rather than as a standalone driver.

5.1.3 Cash flow management practices and financial management.

The study findings reveal that better cash flow management practices lead to significantly higher financial performance in both the simple regression model ($\beta = 0.667$, $P = 0.000$) and the multiple model ($\beta = 0.516$, $P = 0.000$). This result supports discoveries of several studies (e.g. Rahman & Hossain, 2019; Davis & Johnson, 2020; Lee & Park, 2021) that describe effective cash flow forecasting, monitoring, and separation of money as critical for liquidity, profitability and sustainability in small businesses.

The consistent significance across models aligns with literature emphasizing cash as the "lifeblood" of small enterprises (Kitto, 2018; Ssebagala & Luyinda, 2018). In Kasana, Luweero District, where many businesses operate informally and face daily cash pressures, separating business and personal funds and monitoring inflows and outflows appear to be the most practical and impactful practices for achieving financial performance.

5.2 Conclusion

According to the results, the following conclusions are drawn:

Budgeting practice is associated with improved financial performance among SSBs in Kasana, Luweero district but do not exert a significant independent effect when other practices are considered. That is, while budgeting is valued for expense control and resource allocation, its contribution is likely mediated through or overshadowed by cash flow management.

Risk management practices positively affects financial performance but only marginally when combined with other practices. Thus, identifying risks and reducing losses through records and measures is helpful but not sufficient on its own to drive strong performance in this context.

Cash flow management practices positively and significantly determine the financial performance of SSBs in Kasana, Luweero district. That is separating business and personal money, maintaining sufficient cash for operations, and regularly monitoring inflows and outflows are the most critical drivers of profitability, liquidity, sales growth, and overall performance.

5.3 Recommendations for policy and practice

This section, presents recommendations according to the respective conclusions on what to do in the quest to enhance the financial performance of SSBs in Kasana, Luweero district.

Business owners and managers should continue to prepare, follow and revise budgets as tools for expense control and resource allocation. However, greater emphasis should be placed on integrating budgeting with cash flow practices to ensure that planned resources translate into actual liquidity and performance.

Small-scale business owners should strengthen risk management by maintaining accurate financial records for early risk detection and adopting low-cost measures (e.g. basic insurance or security) to minimize losses. Training programs by local government or NGOs could focus on affordable risk tools suitable for young and informal business.

Priority should be given to improving cash flow management practices among small-scale businesses. Owners should strictly separate business money from personal money, keep daily records of sales and expenses, maintain adequate cash reserves for operations, and regularly monitor inflows and outflows. Local authorities, microfinance institutions and business development service providers should offer practical training and tools (e.g. simple cash books or mobile apps) to support these practices, as they emerged as the strongest determinant of performance.

Recommendations for further Research

This study was carried out among 63 owners and managers of selected SSBs in Kasana, Luweero district using self-reported Likert scale data. The study could be replicated using a larger sample across multiple districts in Uganda or with objective financial indicators (e.g. actual profit records or bank statements) to validate self-perceptions. Since the results relate primarily to young and informal businesses, another interesting future research idea would be to undertake a comparative study between rural and urban small-scale businesses or between formal and informal enterprises. The study could also explore additional factors (e.g. access to credit, digital tools, or owner education level) as potential moderators of the relationship between financial management practices and performance.

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QUESTIONNAIRE

SECTION A: INTRODUCTION

Dear respondent,

I am Nennifer Mely Justin Juma, a student of Uganda Christian University (UCU) carrying out a research study titled: “The effect of financial management practices on financial performance of small-scale businesses in Kasana, Luweero District.”

The questionnaire is designed purely for academic purposes. The information you provide will be treated with the utmost confidentiality and will be used only for academic research. Therefore, I request you to answer all questions honestly.

Thank you for your time and cooperation.

SECTION B: DEMOGRAPHIC INFORMATION

(Please tick (√) the appropriate option)

1. Gender
 - Male
 - Female
2. Age group
 - 18-25 years
 - 26-35 years
 - 36-45 years
 - 46 years and above
3. Highest level of education attained
 - Primary
 - Secondary
 - certificate/Diploma
 - Degree
 - other (specify):
4. Type of business

- Retail shop
- Hardware
- Salon/barber
- Restaurant
- Mobile money/financial service
- other (specify):

5. Years in operation

- less than 1 year
- 1-3 years
- 4-6 years
- more than 6 years

SECTION C: FINANCIAL MANAGEMENT PRACTICES

PART 1: Budgeting practices

Using the scale below, tick your level of agreement.

- I. Strongly Disagree (SD)
- II. Disagree (D)
- III. Neutral (N)
- IV. Agree (A)
- V. Strongly Agree (SA)

Statement	SD	D	N	A	SA
1) I usually prepare a budget for my business operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) My business follows the budget that is prepared.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3) Budgeting helps me control business expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) Budgeting helps me allocate resources more accurately.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 5) I revise my budget when business conditions change.
- 6) Budgeting has improved the financial discipline of my business.

PART 2: Risk Management practices.

Statement	SD	D	N	A	SA
1) My business identifies possible financial risk (e.g. theft, price fluctuation).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) I take measures to minimize risks affecting my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) I keep financial records that help me detect risks early.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) I have insurance or security measures to protect my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Risk management has helped me reduce losses in my Business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART 3: Cash flow management.

Statement	SD	D	N	A	SA
1. I keep records of daily sales and expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I separate business money from personal money.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. My business maintains enough cash to meet daily operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I regularly monitor cash inflows and outflows.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Effective cash flow management has improved My business performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D: FINANCIAL PERFORMANCE OF THE BUSINESS

Statement	SD	D	N	A	SA
1. My business has been profitable over the past 1-3 years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. My business's sales have increased over time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 3. My business has maintained good liquidity.
- 4. My business is growing in size or market share.
- 5. Financial management practices have improved the
Overall performance of my business.

SECTION E: ADDITIONAL COMMENTS.

Please share any suggestions on how small-scale businesses can improve their financial management practices.