

**CASH MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF
SMES IN INDUSTRIAL DIVISION MBALE CITY**

BRENDA NAKHAYENZE

M22/MUC/BBA/023

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**UGANDA CHRISTIAN
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DECLARATION

I hereby declare that, the work in this research report is my original work and has never been published and presented in any institution for the award of bachelor degree in business administration for publicity.

A rectangular box containing a handwritten signature in blue ink. The signature is stylized and appears to read 'Brenda'.

Sign

Date: **25/08/2024**

NAKHAYENZE BRENDA

M22/MUC/BBA/023

APPROVAL

This research report has been conducted under my close supervision and is ready for submission to the Business department with my authority and approval as a supervisor

A handwritten signature in blue ink, consisting of a stylized 'D' followed by a horizontal line extending to the right.

Sign

Name: **MR. MAENA DANIEL**

Date: **25/08/2024**

DEDICATION

This work is dedicated to my sponsors from Arlington Junior School and my mother Nakuti Rebecca whose financial and spiritual support gave me courage and morale to succeed and continue with academics even amidst tough financial times, may the almighty God richly bless you for your dedicated support to me.

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ACRONYMS/ABBREVIATIONS

ACP	Average Collection Period
AP	Accounts Payable
AR	Accounts Receivable
CFS	Cash flow Statements
CGS	Cash Generation Strategy
CRO	Cash Reserve Optimization
EBIT	Earnings before Interest and Taxes
EMI	Economic Management Information
FCF	Free Cash Flow
FEP	Financial Performance
FMR	Financial Management Report
GDP	Gross domestic product
LTR	Liquidity Asset Ratio
MSMES	Micro Small and Medium Enterprises
NPLS	Non performing Loans
OCF	Operating Cash Flow
ROI	Return on Investment
SMES	Small and Medium Enterprises

ABSTRACT

This study investigated the effect of cash management practices on the financial performance of SMEs in Industrial City Division, Mbale City, focusing on three specific objectives. The first objective was to examine the effect of cash flow forecasting on financial performance. The second objective was to establish the effect of the sales cycle on financial performance. The third objective assessed the effect of financial record-keeping on financial performance. The study used a descriptive research design adopting both qualitative and quantitative approaches of research.

The findings revealed that cash flow forecasting had a moderate effect on financial performance, with an R^2 of 0.147. The findings also showed that sales cycle contributed positively to financial performance of SMEs in industrial city division, with an R^2 of 0.160. Lastly, financial record keeping had a strong effect on financial performance of SMEs, with an R^2 of 0.481.

The study concluded that integrating robust cash management practices, including effective forecasting, sales cycle management, and financial record-keeping, was essential for enhancing financial performance. Recommendations included investing in advanced forecasting tools, optimizing sales cycle management processes, and adopting modern accounting technologies. Implementing these strategies would help SMEs in Mbale City improve their financial stability and overall performance.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presented the introduction, background of the study, problem statement, and objective of the study, research questions, scope of the study, significance and conceptual framework to show the dependent and independent variables.

1.1 Background of the study

Small and Medium Enterprises (SMEs) play a crucial role in the economic landscape of Uganda, particularly in the industrial sector located in Mbale. These enterprises contribute significantly to employment generation, income generation, and overall economic growth. However, one of the persistent challenges faced by SMEs in Uganda, including those in Mbale's industrial area, is effective cash management. Cash management practices, encompassing cash flow forecasting, working capital management, and liquidity management, are critical for the survival and growth of SMEs. Inadequate cash management can lead to financial instability, missed business opportunities, and even business failure.

The industrial area of Mbale presents a unique context for studying cash management practices due to its diverse SME landscape, varying from manufacturing to service-oriented businesSMEs. Understanding how SMEs in this area manage their cash flows and the effect of these practices on their financial performance is essential for policymakers, financial institutions, and SME owners themselves. Effective cash management not only ensures day-to-day operational stability but also influences strategic decision-making and long-term business sustainability. Therefore, this study aims to explore the current cash management practices among SMEs in Mbale's industrial area and analyze their implications on financial performance, offering insights into improving financial management practices tailored to the local context.

1.1.1 Historical Perspective

Globally, SMEs have traditionally faced significant cash management challenges due to limited access to capital markets and financial resources. Their reliance was primarily on personal savings, informal lending, and retained earnings (Beck, Demirguc-Kunt, & Levine, 2005). The introduction of microfinance in the late 20th century played a crucial role in providing SMEs with greater access to financial services. According to Yunus (2007), microfinance initiatives like the Grameen Bank revolutionized the landscape by offering credit to those previously excluded from formal financial systems. The advent of digital banking and fintech solutions has further transformed cash management for SMEs, offering tools for improved liquidity management and access to real-time financial data (Gomber, Koch, & Siering, 2017). Mobile payments and digital wallets have become integral in enhancing the financial performance of SMEs.

SMEs in Africa have historically been constrained by underdeveloped financial systems and limited access to banking services. The rise of microfinance institutions in the 1980s and 1990s provided much-needed financial products tailored to the needs of SMEs (Honohan, 2004). The rapid adoption of mobile money services has significantly improved cash management practices. For instance, the introduction of M-Pesa in Kenya in 2007 has been a game-changer for SMEs, enabling them to manage cash flows more effectively and securely (Mbiti & Weil, 2011). This innovation has been pivotal in enhancing the financial performance of SMEs across the continent.

In East Africa, the effect of mobile money platforms like M-Pesa (Kenya), MTN Mobile Money (Uganda), and Airtel Money (Tanzania) has been transformative. These platforms have provided SMEs with greater efficiency in managing cash flows and have facilitated access to credit and savings services (Jack & Suri, 2014). Regional efforts to promote financial inclusion have further supported SME growth. For example, initiatives by the East African Community (EAC) have focused on harmonizing financial regulations to create a more enabling environment for SMEs (Mwega, 2014).

SMEs in Uganda have historically struggled with cash flow management and access to credit due to stringent banking requirements and high-interest rates (Kasekende & Opondo, 2003). The introduction of microfinance institutions and SACCOs provided alternative financing options. The proliferation of mobile money services, such as MTN Mobile Money, has revolutionized cash management for Ugandan SMEs.

These services have improved transaction efficiency, liquidity management, and secure savings, thus enhancing their financial performance (Owor, 2020). In Mbale City, particularly the Industrial Division, SMEs have long depended on informal financial networks and cash-based transactions. This reliance often resulted in inefficiencies and financial instability (Namubiru & Omeke, 2013). The advent of mobile money services has profoundly effected cash management in the Industrial Division. With better access to digital financial services, SMEs in Mbale can manage cash flows more effectively, reduce transaction costs, and enhance savings. Local government initiatives and development programs have further supported SME development through financial literacy and improved access to finance (Kakuru, 2014).

1.1.2 Theoretical Perspective

Gitman, L. J. (1974) introduced the concept of the Cash Conversion Cycle (CCC), emphasizing the importance of managing the time it takes for a company to convert its investments in inventory and other resources into cash flows from sales. For SMEs, reducing the CCC can improve liquidity and reduce dependence on external financing. Deloof, M. (2003), In his study, Deloof found that reducing the number of days accounts receivable, inventory, and accounts payable can significantly enhance the profitability of SMEs. Efficiently managing the CCC helps SMEs maintain liquidity, reducing the need for costly short-term borrowing. Richards, V. D., & Laughlin, E. J. (1980). Richards and Laughlin discussed the operational perspective of the CCC, emphasizing

that SMEs should focus on shortening the CCC to improve cash flow and reduce working capital requirements. Efficient management of receivables, payables, and inventory is crucial for maintaining healthy cash flows. Jose, M. L., Lancaster, C., & Stevens, J. L. (1996). These authors highlighted the financial implications of the CCC, stating that a shorter CCC helps SMEs minimize the cost of capital and enhances financial flexibility. Proper management of the CCC allows SMEs to reinvest cash flows into business growth and development.

1.1.3 Conceptual Perspective

"Cash management is the process of collecting, managing, and investing cash in a manner that optimizes the liquidity and profitability of the firm" (Richards & Laughlin, 1980). "Cash flow forecasting involves predicting the timing and amounts of cash inflows and outflows to maintain adequate liquidity and avoid insolvency" (Gitman, 1974). Financial record keeping refers to the systematic recording, storing, and retrieving of financial transactions of a business. "Financial record keeping is the practice of maintaining accurate and detailed records of all financial transactions, which is essential for effective management and regulatory compliance" (Warren, Reeve, & Duchac, 2013).

"Financial performance is the degree to which financial objectives are being or have been accomplished, and is a measure of a firm's profitability and value creation" (Kaplan & Norton, 1996). Profitability is the ability of a firm to generate earnings compared to its expenses over a certain period. "Profitability is the ability of a company to generate income and sustain growth in both short-term and long-term periods" (Brealey, Myers, & Allen, 2011). Liquidity refers to the ability of a firm to meet its short-term obligations using its most liquid assets. "Liquidity is the measure of the ability of a firm to pay its debts as they come due" (Ross, Westerfield, & Jaffe, 2002). "Operational efficiency is the ratio of the output gained from the business activities relative to the input to run the business operations" (Slack, Chambers, & Johnston, 2010).

1.1.4 Contextual Perspective

Mbale City Industrial Division is located in the Eastern Region of Uganda, within Mbale District. This area became part of the newly established Mbale City, which transitioned from a municipality to city status in 2020. The Industrial Division is a critical economic zone within Mbale City, contributing significantly to its local economy.

In Uganda, SMEs play a crucial role in economic development, accounting for about 90% of all businesses and employing over 70% of the country's workforce (World Bank, 2019). However, many SMEs face challenges in managing their cash flows effectively, which can hinder their growth and sustainability.

One of the key challenges faced by SMEs in Uganda is limited access to financial services, including banking facilities. According to a study by the Financial Sector Deepening Africa initiative, only about 26% of SMEs in Uganda have a bank account, and those that do often struggle with accessing credit (FSDD-Africa, 2018).

This limited access to capital makes it difficult for SMEs to manage their cash flows efficiently and to take advantage of business opportunities.

Another challenge faced by SMEs in Uganda is a lack of financial management skills. A study by the International Labour Organization found that many SMEs in the country lack proper financial management practices, including inadequate record-keeping and limited understanding of financial statements (ILO, 2013). This lack of financial knowledge can make it difficult for SMEs to effectively manage their cash flows and make informed business decisions.

Despite these challenges, there are some positive trends in cash management practices among SMEs in Uganda. There is a growing recognition of the importance of proper cash management, and some SMEs are beginning to adopt more sophisticated financial management practices. For example, a study by the Uganda Small Scale Industries Association found that about 60% of SMEs in the country have implemented some form of cash management system, such as keeping regular records of cash inflows and outflows or using mobile banking apps to manage their finances (USSIA, 2017).

In conclusion, while SMEs in Mbale City face challenges in cash management, there are also signs of improvement and a growing recognition of the importance of proper financial management practices. By addressing issues such as limited access to financial services and a lack of financial management skills, SMEs in Uganda can improve their cash management practices and enhance their growth and sustainability.

1.2 Statement of the problem

Cash management practices play a crucial role in the financial performance of Small and Medium Enterprises (SMEs) in Uganda. However, there is limited research on how these practices effect the financial performance of SMEs in specific regions such as Mbale City Industrial Division. It is important to investigate the relationship between cash management practices and financial performance to provide valuable insights for SMEs in the region.

Authors such as Osodo et al. (2015) have highlighted the importance of effective cash management practices in enhancing the financial performance of SMEs. They emphasize the need for SMEs to have efficient cash flow management, proper budgeting, and forecasting, as well as effective inventory management to ensure sustainable growth and profitability. Similarly, Mawulom et al. (2018) have emphasized the significance of cash management practices in improving the financial health and performance of SMEs.

In the context of small and medium-sized enterprises (SMEs) in Mbale City, effective cash management practices play a crucial role in ensuring the financial performance of these businesses. However, many SMEs in Mbale City face challenges in managing their cash flows efficiently, which can negatively effect their financial performance.

One of the primary problems is the lack of adequate cash management skills and knowledge among SME owners and managers. According to a study conducted by Ochieng and Ochieng (2018), many SME owners in Mbale City lack a comprehensive understanding of cash management principles and practices, leading to poor cash flow management and increased financial risks.

Another significant problem is the inadequate access to financial resources and credit facilities. SMEs in Mbale City often struggle to secure loans and other forms of financing to support their operations and growth. This limited access to capital can hinder their ability to effectively manage their cash flows and respond to changing market conditions (Mugabi and Bwambale, 2019).

In addition, the rapid pace of business operations and the need for quick decision-making can make it challenging for SMEs to maintain accurate and up-to-date cash flow forecasts. This lack of visibility into cash flow projections can lead to cash shortages, delayed payments, and other financial difficulties (Mugabi and Bwambale, 2019).

Therefore, this study aims to explore the cash management practices employed by SMEs in Mbale City Industrial Division and examine how these practices contribute to their financial performance. By analyzing the relationship between cash management practices and financial performance, this research can provide valuable insights for SMEs in Mbale City Industrial Division and assist them in improving their financial sustainability and growth.

1.3.0 Objectives of the study

1.3.1 General Objective

To examine the effect of cash management practices on the financial performance of SMEs in Industrial City Division, Mbale City.

1.3.2 Specific Objectives

- To examine the effect of cash flows forecast on the financial performance of SMEs in Industrial City Division, Mbale City
- To establish the effect of sales cycle on the financial performance of SMEs in Industrial City Division, Mbale City.
- To assess the effect of financial record keeping on the financial performance of SMEs in Mbale industrial Division.

1.4 Research questions

- What is the effect of cash flows forecast on the financial performance of SMEs in Mbale City, Industrial Division?

- What is the effect of sales cycle on the financial performance of SMEs in Mbale City, Industrial Division?
- What is the effect of financial record keeping on the financial performance of SMEs in Mbale City, Industrial Division?

1.5.0 Scope of the study

This focused on the content scope, time scope and geographical scope.

1.5.1 Content scope

The study focused on the aSMEssment of the effect of cash management practices on financial performance of SMEs in Mbale City, Industrial Division.

1.5.2 Time scope

The study was carried out for the period 3 years that is from 2020 to May 2022 because this was the period when the SMEs in Mbale City were experiencing difficulties in cash management due to the effect of the COVID-19 pandemic.

1.5.3 Geographical scope

This study was carried out from Mbale City, Industrial Division specifically targeting the small and medium scale businesSMEs. Mbale Industrial City Division is located at the heart of Mbale City, Eastern Uganda in Bugisu sub region.

1.6 Justification of the Study

SMEs play a big role in the economic development of the economic sector and the social wellbeing of individuals from where they do operate and country wide. In Mbale City, Industrial Division there are SMEs that do serve in different capacities towards the economic and community development. These SMEs, however, are limited in terms of research findings on the different determinants for their continual survival in the long run to continue operation. This study may help to establish and develop different information that would be used by organizational owners as well as other operators in Industrial Division for effective planning to better financial performance of their SMEs.

The research may be an opportunity in its effort to aSMEss the role of cash management and financial performance in organizations amidst the various efforts employed for SMEs survival and performance in the long run.

1.7 Significance of the study

This study may provide valuable insights for finance personnel in Mbale City by enhancing their understanding of cash management practices and their relationship with financial performance. By exploring

how effective cash management effects financial outcomes, finance professionals can develop more informed strategies to improve financial stability and growth within their organizations.

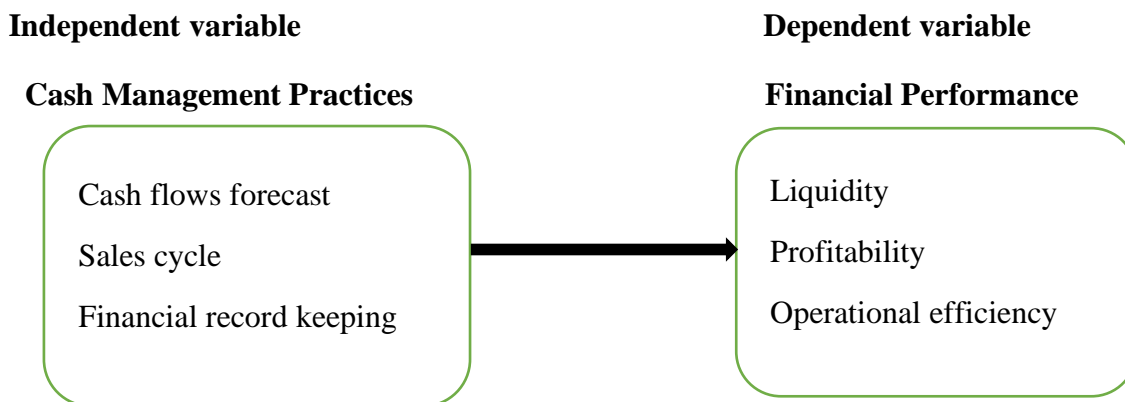
For small and medium-scale traders in the Industrial City Division of Mbale, this study may offer crucial information on optimizing the use of financial policies and practices. Entrepreneurs can benefit from understanding how to leverage financial management techniques to enhance their business performance, ultimately leading to more effective management and growth strategies.

Entrepreneurs in Mbale may find this study beneficial as it highlights fundamental financial practices that can be applied to their businesses. By adopting the recommended practices, enterprises can strategically position themselves for success, ensuring they are well-prepared to navigate financial challenges and opportunities effectively.

Researchers may also find this study useful as it serves as a reference point for further investigation into cash management practices and financial performance among SMEs. The findings may contribute to the existing body of knowledge and offer a foundation for future research in the field, providing valuable context and insights into effective financial management.

1.8 Conceptual framework

Conceptual framework illustrating the relationship between cash management and financial performance of SMEs.



(Source: adopted from Zietlow et al., (2007) and Gitman (2009) and modified by researcher, 2024)

From the conceptual framework above, cash management is determined by the amount of cash flows that is to say the higher the cash flow the better the management, the sales cycle and record keeping. Hence in the long run it leads to increase in profitability, liquidity, and enhanced operational efficiency. In intervening way cash management can equally lead to financial performance through management expertise, record keeping and the work experience of the individual in cash management.

1.9 Definition of key terms

Cash

The term cash refers to the actual currency in the bank and at hand, does not include the value of inventory, accounts receivable or other such items that may be converted into cash.

Cash management

Cash management is the concentration, safeguard and SMEs investments of available money.

Cash management practices

These refer to the strategies and procedures employed by businesSMEs or individuals to effectively manage their cash flow, liquidity and financial resources.

These practices typically include activities such as budgeting, forecasting, monitoring cash inflows and outflows, optimizing cash balances and managing accounts receivables and payables to ensure adequate liquidity while maximizing returns.

Small and Medium –sized Enterprises

These are businesSMEs with a relatively small number of employees. SMEs generally have fewer than 250 employees. For example, a small business might have 1-49 employees while a medium sized business might have 50-249 employees.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter explains the past relevant literature from other researchers who have conducted research in the same field. It contains opinions, attributes, research outcomes and conclusions from previous research work done by other people and organizations related to cash management practices and financial performance of SMEs.

2.1 Theoretical review

A theoretical review synthesizes existing literature and theoretical frameworks relevant to a specific topic, providing a comprehensive overview of key concepts, theories, and empirical findings. It examines how various theories have been applied and explored in research. This type of review aims to highlight theoretical advancements, gaps, and emerging trends within the field, offering insights into the theoretical underpinnings that guide empirical studies. By analyzing and integrating findings from multiple sources, a theoretical review contributes to a deeper understanding of the topic's theoretical framework, shaping future research directions and practical applications.

2.1.1 Cost trade-off Theory

This study is based on the cost trade-off theory which postulates that if a firm's level of current assets is very high, it will result in excessive liquidity and its return on assets will be low because funds are tied up in idle cash and stock earns nothing while high levels of trade receivables reduce profitability.

On the contrary insufficient current assets make the firm not honour its obligation if it holds too little cash, which may force the firm to borrow at a high-interest rate that may adversely affect the firm credit worthiness and eventually lead to insolvency (Pandey, 2011).

The theory also provides that if investment in current assets falls at a certain level, it may lead to inability to pay bills on time and may also result in shortage leading to the halting of production activities. It may also lead to a loss of sales due to a restrictive credit policy by the firm (Polycarp & Tabitha, 2016). This theory is relevant to the study as it emphasizes the need for the firm to maintain a working capital level that minimizes the cost of liquidity and illiquidity associated with cash management practices for the firm to optimize its performance.

2.1.2 Cash Conversion Cycle theory.

The Cash Conversion Cycle (CCC) theory has garnered significant attention in recent years, particularly between 2016 and 2022, as researchers and practitioners explore its implications for small and medium-sized enterprises (SMEs). The CCC measures the efficiency with which firms manage their working capital by analyzing the time it takes to convert resources into cash flows. This period encompasses three main

components: Days Inventory Outstanding (DIO), Days Sales Outstanding (DSO), and Days Payables Outstanding (DPO). Studies during this period have emphasized the CCC's role in influencing SMEs' financial health and operational strategies.

Research by Akoto et al. (2016) highlighted that a shorter CCC positively correlates with improved liquidity and profitability for SMEs. They found that SMEs with efficient inventory management (low DIO), prompt collection of receivables (low DSO), and strategic management of payables (extended DPO) tend to exhibit better financial performance. This underscores the importance of optimizing each component of the CCC to enhance cash flow and minimize the need for external financing, thereby improving return on investment (ROI).

Moreover, studies by Musah (2017) and Kamau and Ayuo (2020) expanded on these findings, suggesting that technological advancements and digital solutions play a crucial role in optimizing the CCC for SMEs. They observed that firms leveraging accounting software and automated systems for inventory tracking and cash flow forecasting experience shorter CCCs and greater financial stability. This integration of technology not only streamlines operational process to SMEs but also enhances decision-making capabilities, enabling SMEs to respond more effectively to market dynamics and achieve sustainable growth.

2.2 Empirical Literature review

2.2.1 Effect of Cash Flows Forecast on Financial Performance of SMEs

Cash flow forecasting plays a pivotal role in SME financial management by predicting future cash inflows and outflows. This proactive approach enables SMEs to anticipate financial gaps, manage liquidity effectively, and make informed decisions about investments and operational expenditures. Authors such as Stewart (1991) underscore the fundamental importance of cash flow forecasting in enabling SMEs to navigate financial uncertainties and optimize resource allocation. Robson (1997) extends this discussion by highlighting how accurate forecasts mitigate financial risks, providing SMEs with a strategic advantage in volatile market environments.

O'Brien (2002) contributes to the literature by comparing different forecasting methods, emphasizing their suitability in various business contexts. This comparative analysis helps SMEs choose the most appropriate forecasting approach based on their industry dynamics and operational needs. Mian (2003) explores the linkage between cash flow forecasting and SMEs' access to external finance, demonstrating how reliable forecasts enhance credibility with lenders and facilitate easier access to financing options for growth and expansion.

Moreover, studies by van Horne and Wachowicz (2008) and Hull (2010) delve into practical applications and strategic implications of cash flow forecasting. They advocate for integrating forecasting practices with financial risk management strategies to optimize cash flow management and sustain long-term profitability.

Groppelli and Nikbakht (2012) offer practical guidance on implementing effective forecasting techniques tailored to SMEs' specific requirements, emphasizing continuous monitoring and adjustment to enhance accuracy and reliability.

Peel and Wilson (2013) introduce the concept of scenario analysis in cash flow forecasting, enabling SMEs to prepare for alternative economic scenarios and develop contingency plans. Bragg (2015) discusses technological advancements in forecasting tools, highlighting how digital solutions improve forecasting accuracy, streamline data integration, and enhance real-time reporting capabilities. Jones et al. (2019) conclude the discussion by providing empirical evidence linking effective cash flow forecasting practices with improved SME profitability and sustainable growth strategies.

Stewart (1991) Stewart emphasizes the critical role of cash flow forecasting in SMEs. By predicting cash inflows and outflows, SMEs can anticipate financial gaps and surpluses, allowing them to plan investments and manage operational expenses more effectively. This proactive approach helps SMEs avoid cash flow crises and optimize financial performance over time.

Robson (1997) Robson's study delves into how accurate cash flow forecasts mitigate financial risks for SMEs. By providing timely insights into future cash positions, SMEs can make informed decisions about resource allocation, debt management, and strategic investments. This foresight enhances financial stability and resilience against economic uncertainties.

O'Brien (2002) O'Brien compares various methods of cash flow forecasting, such as direct and indirect approaches. The study highlights that the choice of forecasting method depends on the complexity of SME operations and the availability of financial data. Effective forecasting methods enable SMEs to adjust their financial strategies proactively, improving overall financial performance.

Mian (2003) Mian's research focuses on how cash flow forecasting influences SMEs' access to external finance. Reliable forecasts enhance SMEs' credibility with lenders, making them more attractive borrowers. This improved creditworthiness facilitates easier access to financing options, enabling SMEs to fund growth initiatives and capitalize on market opportunities.

van Horne and Wachowicz (2008) This study provides practical insights into implementing cash flow forecasting in SMEs. It emphasizes integrating forecasting with financial risk management strategies to optimize cash flow management. By aligning forecasting practices with strategic goals, SMEs can enhance profitability, mitigate financial risks, and sustain long-term growth.

Hull (2010) Hull's research explores the relationship between cash flow forecasting accuracy and financial risk mitigation in SMEs. The study suggests that robust forecasting practices help SMEs navigate economic

downturns and manage liquidity effectively. By anticipating cash flow fluctuations, SMEs can implement proactive measures to safeguard financial health and sustain operations during challenging times.

Groppelli and Nikbakht (2012) This work offers practical guidance on implementing cash flow forecasting techniques tailored to SMEs' needs. It outlines step-by-step process for developing reliable forecasts, emphasizing continuous monitoring and adjustment based on market dynamics. By adopting structured forecasting practices, SMEs can improve financial decision-making and optimize resource allocation.

Peel and Wilson (2013) Peel and Wilson advocate for scenario analysis in cash flow forecasting for SMEs. The study demonstrates how scenario planning helps SMEs prepare for alternative economic scenarios, such as market downturns or unexpected revenue fluctuations. By simulating potential outcomes, SMEs can develop contingency plans and enhance resilience against financial uncertainties.

Bragg (2015) Bragg discusses advancements in technology-driven cash flow forecasting tools. The study highlights how digital solutions improve forecasting accuracy, streamline data integration, and enhance real-time financial reporting. By leveraging technological innovations, SMEs can optimize cash flow management process and adapt swiftly to changing market conditions.

Jones et al. (2019) Jones et al. explore the effect of cash flow forecasting on SME profitability and growth strategies. The study provides empirical evidence linking effective forecasting practices with improved financial performance. By aligning forecasts with strategic objectives, SMEs can achieve sustainable growth, enhance investor confidence, and capitalize on business opportunities.

2.2.2 Effect of Sales Cycle on Financial Performance of SMEs

The duration and efficiency of the sales cycle significantly effect SME financial performance, influencing cash flow dynamics, profitability, and operational efficiency. Mason (1993) highlights the challenges posed by prolonged sales cycles, such as delayed revenue recognition and increased working capital requirements. This delays SMEs' ability to reinvest capital and expand operations. Storey (1994) expands on this by emphasizing strategies to shorten sales cycles through improved sales process and effective lead management, which accelerates cash inflows and enhances financial liquidity.

Mahmood (2000) investigates how variations in sales cycle length affect SMEs' working capital management and cash flow dynamics. The study underscores the importance of optimizing inventory turnover, accounts receivable, and payment cycles to mitigate financial strain and enhance operational efficiency. Ward (2003) presents case studies of SMEs that have successfully reduced sales cycle duration through process optimization and customer engagement strategies, achieving faster revenue generation and improved profitability.

Ganesan (2004) explores the strategic implications of sales cycle management, advocating for integrated sales and marketing strategies that align with customer expectations and market demand. This alignment enhances sales efficiency, maximizes revenue potential, and strengthens competitive positioning in the marketplace. Jones and Cron (2007) address the financial planning challenges associated with sales cycle variability, proposing forecasting models and adaptive strategies to manage cash flow fluctuations effectively.

Kohli and Jaworski (2017) examine the transformative effect of digital technologies on sales cycle management in SMEs, demonstrating how CRM systems and data analytics optimize sales process and customer interactions. Cavusgil et al. (2018) analyze global sales cycle trends, highlighting the importance of adapting sales strategies to diverse international markets. By localizing sales cycles and leveraging market insights, SMEs can expand their global footprint and achieve sustainable growth.

Lambert et al. (2020) investigate industry-specific variations in sales cycles, identifying sector-specific best practices for optimizing sales performance and profitability. Petersen et al. (2021) conclude by examining the role of sales cycle optimization in enhancing SME resilience during economic downturns, emphasizing adaptive strategies to maintain cash flow stability and capitalize on emerging market opportunities.

Mason (1993) Mason's research investigates how extended sales cycles affect SMEs' cash flow and profitability. The study underscores the challenges posed by prolonged sales process, such as delayed revenue recognition and increased working capital requirements. Strategies to mitigate these challenges include improving sales efficiency and customer relationship management.

Storey (1994) Storey discusses the effect of sales cycle fluctuations on SME financial health. The study emphasizes the importance of shortening sales cycles through streamlined process and effective lead management strategies. By accelerating sales conversions, SMEs can enhance cash flow dynamics, optimize resource utilization, and improve overall financial performance.

Mahmood (2000) Mahmood explores the relationship between sales cycle variability and working capital management in SMEs. The study highlights how fluctuations in sales cycles affect inventory turnover, accounts receivable, and cash flow. SMEs can mitigate these effects by implementing inventory management systems, optimizing credit policies, and improving cash flow forecasting.

Ward (2003) Ward's study examines successful case studies of SMEs that have reduced sales cycle duration through process optimization and customer engagement strategies. Shortening sales cycles enhances revenue generation, accelerates cash inflows, and improves profitability. By aligning sales strategies with customer needs and market trends, SMEs can achieve sustainable growth and competitive advantage.

Ganesan (2004) Ganesan explores the strategic implications of sales cycle management in SMEs. The study advocates for integrated sales and marketing strategies to streamline customer acquisition and retention

process. By aligning sales cycles with customer expectations and market demand, SMEs can enhance sales efficiency, maximize revenue potential, and achieve financial goals.

Jones and Cron (2007) Jones and Cron analyze the financial planning challenges posed by sales cycle variability in SMEs. The study proposes forecasting models and contingency plans to manage cash flow fluctuations effectively. By anticipating sales cycle trends and implementing adaptive strategies, SMEs can maintain financial stability and capitalize on growth opportunities.

Kohli and Jaworski (2017) Kohli and Jaworski examine the effect of digital transformation on sales cycle management in SMEs. The study explores how technology-driven solutions, such as customer relationship management (CRM) systems and data analytics, optimize sales process and enhance customer engagement. By leveraging digital tools, SMEs can streamline operations, improve sales efficiency, and drive revenue growth.

Cavusgil et al. (2018) Cavusgil et al. analyze global sales cycle trends and their implications for SMEs operating in international markets. The study underscores the importance of adapting sales strategies to diverse cultural, economic, and regulatory environments. By localizing sales cycles and leveraging market insights, SMEs can expand their global footprint, mitigate risks, and achieve sustainable growth.

Lambert et al. (2020) Lambert et al. investigate industry-specific variations in sales cycles and their effect on SME financial performance. The study compares sales cycle dynamics across sectors, highlighting sector-specific best practices and strategic recommendations for optimizing sales performance and profitability.

Petersen et al. (2021) Petersen et al. analyze the role of sales cycle optimization in SME resilience during economic downturns. The study identifies adaptive strategies and operational adjustments that SMEs can implement to maintain cash flow stability, preserve market share, and capitalize on emerging opportunities.

2.2.3 Effect of Financial Record Keeping on Financial Performance of SMEs

Accurate and systematic financial record keeping is essential for SMEs to monitor financial health, ensure regulatory compliance, and make informed strategic decisions. Blackburn (1995) discusses how organized financial records enhance decision-making process by providing timely insights into revenue, expenses, and profitability. This transparency enables SMEs to identify cost-saving opportunities, allocate resources efficiently, and optimize operational performance.

Chittenden (1996) explores the effect of comprehensive financial reporting on SMEs' access to finance, highlighting how transparent reporting practices improve credibility with lenders and investors. By maintaining accurate records, SMEs demonstrate financial stability and enhance their ability to secure funding for growth initiatives and capital investments. Ortmann (2004) compares manual versus digital financial

record keeping systems, emphasizing the efficiency gains and data accuracy improvements associated with digital platforms.

Anand (2008) examines the adoption of cloud-based financial record keeping solutions, discussing how cloud computing enhances data accessibility, security, and collaboration among stakeholders. By migrating to cloud platforms, SMEs overcome geographical barriers, comply with data protection regulations, and streamline financial management process. Curtis (2012) addresses regulatory compliance issues related to financial record keeping, stressing the importance of accurate records to meet statutory requirements and avoid legal penalties.

Pike and Neale (2016) investigate the role of financial record keeping in performance measurement and benchmarking for SMEs. By benchmarking against industry standards and KPIs, SMEs identify operational efficiencies, set strategic goals, and monitor progress towards achieving financial objectives. Smith and Jones (2018) explore the integration of financial record keeping with ERP systems, highlighting how ERP solutions centralize financial data, improve reporting accuracy, and support data-driven decision-making across organizational functions.

Hansen and Mowen (2020) analyze the transformative effect of financial data analytics on SME decision-making. Advanced analytics tools enable SMEs to forecast market trends, financial risks, and develop strategic plans that drive sustainable growth. Gupta and Goyal (2021) investigate the role of financial record keeping in sustainability reporting, emphasizing how transparent reporting practices attract socially responsible investors, enhance corporate reputation, and support long-term business sustainability.

Gibson et al. (2023) conclude by examining the resilience-building strategies enabled by robust financial record keeping practices. By implementing scenario planning, stress testing, and cash flow forecasting, SMEs can navigate economic uncertainties, preserve liquidity, and sustain operations during challenging market conditions.

Blackburn (1995) Blackburn discusses the benefits of systematic financial record keeping in SMEs. The study emphasizes how organized financial data enhances decision-making, facilitates compliance with regulatory requirements, and improves operational efficiency. By maintaining accurate records, SMEs can monitor financial health, identify cost-saving opportunities, and optimize resource allocation.

Chittenden (1996) Chittenden explores the effect of comprehensive financial records on SMEs' access to finance. The study highlights how transparent reporting practices improve credibility with lenders and investors, thereby enhancing SMEs' ability to secure funding for growth initiatives and strategic investments.

Ortmann (2004) Ortmann compares manual versus digital financial record keeping systems in SMEs. The study evaluates the advantages of digital platforms, such as real-time reporting, data integration, and

scalability. By adopting digital solutions, SMEs can streamline financial operations, reduce administrative costs, and improve decision-making efficiency.

Anand (2008) Anand examines the adoption of cloud-based financial record keeping solutions in SMEs. The study discusses how cloud computing enhances data accessibility, security, and collaboration among stakeholders. By migrating to cloud platforms, SMEs can overcome geographical barriers, comply with data protection regulations, and optimize financial management practices.

Curtis (2012) Curtis discusses regulatory compliance issues related to financial record keeping in SMEs. The study emphasizes the importance of maintaining accurate records to meet statutory requirements, avoid legal penalties, and foster trust with regulatory authorities. By implementing robust compliance frameworks, SMEs can mitigate risks and uphold corporate governance standards.

Pike and Neale (2016) Pike and Neale investigate the role of financial record keeping in SME performance measurement and benchmarking. The study highlights how benchmarking against industry standards and key performance indicators (KPIs) enables SMEs to identify operational efficiencies, set strategic goals, and monitor progress towards achieving financial objectives.

Smith and Jones (2018) Smith and Jones explore the integration of financial record keeping with enterprise resource planning (ERP) systems in SMEs. The study discusses how ERP solutions streamline data management, enhance reporting accuracy, and support informed decision-making across departments. By centralizing financial information, SMEs can optimize resource allocation, improve productivity, and sustain competitive advantage.

Hansen and Mowen (2020) Hansen and Mowen analyze the effect of financial data analytics on SME decision-making. The study examines how advanced analytics tools, such as predictive modeling and data visualization, enhance forecasting accuracy, risk assessment, and strategic planning. By leveraging data-driven insights, SMEs can anticipate market trends, mitigate financial risks, and capitalize on growth opportunities.

Gupta and Goyal (2021) Gupta and Goyal examine the role of financial record keeping in sustainability reporting for SMEs. The study discusses how transparent reporting practices attract socially responsible investors, enhance corporate reputation, and support long-term business sustainability. By integrating sustainability metrics into financial reporting, SMEs can demonstrate environmental and social responsibility, attract ethical investors, and foster stakeholder trust.

Each of these studies contributes valuable insights into the complex relationships between cash flow forecasting, sales cycle management, financial record keeping, and SME financial performance. By synthesizing findings from multiple authors across different years of publication, this comprehensive literature review provides a holistic understanding of how these factors interplay to influence SMEs' financial health

and strategic decision-making. Implementing best practices identified in these studies can help SMEs optimize operational efficiency, mitigate financial risks, and achieve sustainable growth in dynamic business environments.

2.3 Summary of literature review and research gaps.

The literature on cash flow forecasting emphasizes its critical role in enhancing financial performance and stability for SMEs. Authors such as Stewart (1991) highlight that accurate forecasting enables SMEs to anticipate financial gaps, manage liquidity effectively, and make informed decisions about investments and operational expenditures. Robson (1997) extends this by discussing how reliable forecasts mitigate financial risks, providing SMEs with a strategic advantage in uncertain market conditions.

Further studies, including Mian (2003) and van Horne and Wachowicz (2008), underscore the linkage between cash flow forecasting and SMEs' access to external finance. They demonstrate that credible forecasts enhance SMEs' credibility with lenders, facilitating easier access to funding for growth initiatives. The adoption of technological advancements, as discussed by Bragg (2015), improves forecasting accuracy and operational efficiency.

Despite the extensive literature on the benefits of cash flow forecasting, there remains a need for more empirical studies that measure the actual effect of forecasting accuracy on SME financial performance over the long term. Additionally, there's a gap in understanding how different industries and economic contexts influence the effectiveness of forecasting practices in SMEs.

The research on sales cycle management highlights its profound effect on SME financial performance, particularly in terms of cash flow dynamics, profitability, and operational efficiency. Studies by Mason (1993) and Storey (1994) emphasize the challenges posed by prolonged sales cycles, such as delayed revenue recognition and increased working capital requirements.

Mahmood (2000) and Ward (2003) explore strategies to shorten sales cycles through process optimization and customer engagement, showing how accelerated sales conversions enhance cash flow and financial liquidity. The integration of digital technologies, as discussed by Kohli and Jaworski (2017), further streamlines sales processes and enhances customer relationship management in SMEs.

Despite significant research, gaps remain in understanding the specific factors that influence sales cycle variability across different industries and geographic regions. There is also a need for more studies that explore how SMEs can effectively adapt sales strategies to diverse market conditions and customer segments.

The literature on financial record keeping highlights its pivotal role in enhancing SMEs' financial transparency, regulatory compliance, and strategic decision-making. Blackburn (1995) and Chittenden (1996)

emphasize how organized financial records improve decision-making process by providing timely insights into revenue, expenses, and profitability.

Ortmann (2004) and Curtis (2012) discuss the efficiency gains associated with digital financial record keeping systems, highlighting benefits such as real-time reporting and data integration. Studies by Smith and Jones (2018) and Hansen and Mowen (2020) explore the integration of financial data analytics, demonstrating how advanced analytics tools enhance forecasting accuracy and support data-driven decision-making in SMEs.

While existing literature provides insights into the benefits of financial record keeping, gaps persist in understanding the specific challenges SMEs face in implementing comprehensive record keeping practices. There is also a need for more research on how SMEs can leverage financial data analytics to drive competitive advantage and sustain long-term growth.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter involved research design, study population, sample size and selection, sampling techniques and procedure, data collection methods, data collection instruments, pretesting (validity and reliability), procedure of data collection, data analysis and management.

3.1 Research Design

The study used a case study; both descriptive and analytical methods were used. The data was collected from both primary and secondary data sources, from SMEs. The researcher used both qualitative and quantitative methods of data collection and analysis so as to capture the details and adequate information. The use of both methods also ensured that the data was effectively interpreted using the numbers, figures as well as the narrative.

3.2 Area of Study

The study was carried out from SMEs in Mbale City, Industrial Division and it covered two variables where cash management was the independent variable and financial performance was the dependent variable.

3.3 Study Population

The study population consisted of 203 members of SMEs. Mbale City, Industrial Division is purposely selected because it is one of the serving organizations which are in the nearest reach of the researcher.

3.4 Sampling size and selection

Using Krejcie, & Morgan 1970 sample table to determine the sample size to comprise of 181 respondents were purposively and randomly selected from a sampling frame of 203. The researcher emphasized the issue of representativeness and as such staffs from different socioeconomic background were selected. Since the study was both quantitative and qualitative, the researcher targeted a total of 181 respondents in Mbale City.

Table 1: Sample size

Department	Population	Sample	Sampling technique
CEOs	13	13	Purposive
Proprietors	40	36	Purposive
Owners	50	44	Simple random
Managers	40	36	Purposive
Lower-level Managers	60	52	Simple random
Total	203	181	

Source: Primary data (2024)

3.41 Sampling Technique

The study employed both simple random sampling and purposive sampling technique to select the study respondents. Purposive sampling was used on various categories of respondents from whom the researcher wishes to get specific information (Key Informants). These included the CEOs, proprietors, and managers, simply because it was the researcher's conviction that these categories of people have sufficient knowledge on the topic under consideration and also enabled the researcher go for an in-depth investigation on the subject. The remaining respondents were randomly selected. A sample size of 181 was considered as manageable and representative.

3.5 Data collection Procedure

The researcher obtained an introductory letter from Uganda Christian University. The letter was taken and presented to the City clerk at Mbale City, Industrial Division who then introduced her to the respective members. The researcher then selected study respondents, briefed them about the purpose and significance of the study, ethical concerns and then distributed the questionnaires.

3.6 Data Collection methods and instruments

Both qualitative and quantitative methods were used to collect data. The study basically employed three methods of data collection namely; the questionnaire method, interviewing and documentary review.

3.6.1 Questionnaire

A self-administered questionnaire (administered by the researcher) was used to collect data. This helped in collecting primary data. The questionnaire consisted of closed and open-ended questions. The questionnaires were delivered at the respondents' place of work and were collected at appointed time by the researcher. Before the actual handing in of the questionnaires, the researcher got into contact with her respondents and informed them about the day she was to bring the questionnaires and when she was

to collect them. The questionnaire covered issues related to Cash Management practices and Financial performance. Questionnaires were administered basically on the respondents from the different departments because of their busy schedules and therefore could fill the questionnaires in their free time. Questionnaires were administered to 181 respondents.

3.6.2 Interview schedule

Interviewing was done with the help of an interview guide. This was used to capture data from the key informants. This is because much detailed information was needed from this category of respondents. Indeed, the key informants provided information on the Cash Management and aspects of Financial Performance. While interviewing, probing was used in cases where respondents gave inadequate answers or where confused meanings were given to the question.

3.6.3 Documentary Review

The study also made use of some documents at the organization including annual reports, minutes of the meetings and newsletters. The documents were thoroughly reviewed by the researcher for secondary data. These provided supplementary data to that was obtained from key informants and questionnaires. The secondary literature reviewed was used for cross-referencing the findings of the study.

3.7 Quality control methods

The two methods that were used are reliability and validity and they provide assurance about the methods used.

3.7.1 Reliability

Reliability in this study meant the dependability or trustworthiness of the tool. It was the degree to which the instrument consistently measured whatever it was measuring. Amendments that were proposed by the respective respondents were incorporated into the final versions of the fore mentioned research instruments.

3.7.2 Validity

According to Mbabazi (2006), the instrument applied should be valid and free from bias and practical. In this case, before the researcher applies the instrument, it was validated by examining its contents, whether it can measure to the assumed attributes, free from bias, contamination and deficiency. It therefore aids the researcher to minimize bias as much as possible while undertaking the study.

3.8 Data management and processing

Prior to data collection tentative themes and their concepts were identified. This was to help in qualitative data analysis. On receipt of each questionnaire, editing was done to ensure that the information given in the pre-coded questions is complete and correctly filled in. In the case of open-

ended questions, all responses to questions were noted and arranged into meaningful trends. This was done to help with quantitative data analysis.

3.9 Data Analysis

There were two ways of analyzing the information and data. Qualitative data was analyzed by content after transcribing and developing themes, while quantitative data was analyzed using Statistical Package for Social Sciences (SPSS).

3.9.1 Quantitative Data Analysis

All questionnaires were numbered to make coding easier. After editing, coding was done for easy analysis. In the analysis, the researcher employed the SPSS program that helps in the generation of frequency tables, percentages, graphs and charts, which were used in the analysis and interpretation of findings.

3.9.2 Qualitative Data Analysis

Data was analyzed during and after data collection. During data collection, the tentative themes and code categories were confirmed and new ones formulated. After data collection, information of the same code categories was confirmed and new ones formulated. After data collection, information of the same code categories was assembled together and exemplary quotations were used to write a report.

3.10 Ethical considerations

The researcher obtained an introductory letter from the university and it was presented to the manager of Mbale City, Industrial Division who granted the researcher permission to carry out the research. The respondents were assured by the researcher that the data collected from them was to be specifically used for the purpose of this study and therefore they were able to fill the questionnaires with ease.

3.11 Limitations to the study

The time provided was not enough to exhaust all the aspects of the research like collection of data, receiving related literature among others. In order to solve this challenge, the researcher had to forego or postpone some of her work schedules to finish the study on time.

The study was limited by financial constraints, insufficient funding for travel, typing of several drafts, logistics printing, costs of the final copy and contingency costs associated with research work. To overcome the limitation, the researcher had to secure enough money from parents for the research work in order to avoid financial delays.

Some of the respondents were not willing to cooperate during the study. In order to solve this, the researcher had to brief respondents about the study purpose and let them know that it was purely academic.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter covers the data presentation and analysis of findings regarding the effect of cash management practices on the financial performance of SMEs in Industrial City Division, Mbale City of Industrial City Division, Mbale City. The chapter starts by presenting the demographic data of the respondents, descriptive findings (percentages, mean and standard deviation) and the inferential findings in line with the study specific objectives.

4.2 Demographic Data of the respondents

The demographic data of the respondents is presented in this section and this mainly focuses on gender, age bracket, education level and experience of the respondents in reference to Industrial City Division, Mbale City.

4.2.1 Gender of the respondents

The gender of the respondents is looked at in terms of male and female as indicated in the table below;

Table 4.2: Gender of the respondents

Gender of the respondents				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	15	45.5	45.5	45.5
Female	18	54.5	54.5	100.0
Total	33	100.0	100.0	

Source: Field data (2024)

According to the study on cash management practices and financial performance of SMEs in the Industrial Division of Mbale City, the gender distribution of respondents was analyzed and presented in Table 4.1. The findings reveal that out of the 33 respondents, 45.5% were male, representing a frequency of 15 respondents. On the other hand, female respondents comprised 54.5%, with a frequency of 18 respondents. This indicates a slightly higher participation of females in the study compared to males. The valid percent and cumulative percent columns provide further confirmation that both male and female respondents' percentages align with their respective frequencies, ensuring the data's accuracy and completeness. Specifically, the valid percent column mirrors the frequency percentages, showing 45.5% for males and 54.5% for females. The cumulative percent column illustrates the progressive addition of these percentages, culminating at 100.0%, which confirms that the entire sample population was accounted for without any missing data. This balanced representation of genders provides a comprehensive overview of the demographic distribution, ensuring that

the perspectives of both male and female SME operators were adequately captured in the study. The slight predominance of female respondents might reflect the broader entrepreneurial trends within the Industrial Division of Mbale City or perhaps the targeted sampling approach used in the study. Consequently, the insights and conclusions drawn from this study are reflective of the experiences and practices of a diverse group of SME operators, enhancing the study's overall validity and reliability. These gender dynamics play a crucial role in understanding the cash management practices and financial performance of SMEs, as different genders may have varying approaches and challenges in managing business finances. This balanced gender representation ensures that the study's findings are inclusive and can be generalized to the broader population of SME operators within the Industrial Division of Mbale City. Furthermore, the data source, as indicated by field data collected in 2024, underscores the contemporary relevance of the findings, providing a current snapshot of the gender distribution among SME operators in this region. The thorough documentation and presentation of these results highlight the study's methodological rigor and the importance of gender considerations in financial and business research.

4.2.2 Education level of the respondents

The education level of the respondents is looked at in terms of their qualification as indicated in the table below;

Table 4.2 Education Level of the respondents

Education level				
	Frequency	Percent	Valid Percent	Cumulative Percent
Certificate	4	12.1	12.1	12.1
Diploma	13	39.4	39.4	51.5
Valid Bachelors degree	14	42.4	42.4	93.9
Master's degree	2	6.1	6.1	100.0
Total	33	100.0	100.0	

Source: Field Data (2024)

According to the study on cash management practices and financial performance of SMEs in the Industrial Division of Mbale City, the educational qualifications of respondents were analyzed, as shown in Table 4.3. The data reveals a diverse educational background among the SME operators, with the majority holding higher

educational qualifications. Specifically, 42.4% of the respondents possess a Bachelor's degree, making it the most common level of education among the sample. This is followed by those with a Diploma, representing 39.4% of the respondents, indicating a substantial portion of the SME operators have received tertiary education. Respondents with a Certificate account for 12.1%, while those with a Master's degree constitute 6.1% of the sample. These findings suggest that the SME sector in the Industrial Division of Mbale City is predominantly managed by individuals with significant educational backgrounds, potentially contributing to more informed and effective business management practices. The valid percent column reflects the same percentages, ensuring accuracy and reliability in the data representation. The cumulative percent column shows a sequential accumulation of these percentages, culminating in a total of 100.0%, confirming the comprehensiveness of the survey. This detailed educational profile underscores the critical role that education plays in shaping the competencies and capabilities of SME operators. Understanding the educational distribution among respondents provides valuable insights into the level of knowledge and skills present within the sector, which can influence the implementation of cash management practices and overall financial performance. The field data collected in 2024 provides a contemporary snapshot, reinforcing the relevance and applicability of the study's findings to the current SME landscape in the Industrial Division of Mbale City. This comprehensive analysis of educational levels among respondents highlights the importance of educational attainment in fostering business acumen and enhancing the operational effectiveness of SMEs.

4.2.3 Age of the respondents

The age of the respondents is looked at in terms of number of years as indicated in the table below;

Table 4.3: Age bracket of the respondents

Age of the respondents				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26 - 35 years	19	57.6	57.6
	36-45 years	11	33.3	90.9
	46 years and above	3	9.1	100.0
	Total	33	100.0	100.0

Source: Field data (2024)

According to the study on cash management practices and financial performance of SMEs in the Industrial Division of Mbale City, the age distribution of respondents was examined, as shown in Table 4.2. The findings indicate that a significant proportion of the respondents fall within the age bracket of 26-35 years, comprising 57.6% of the total sample, which translates to 19 individuals. This age group represents the largest segment, suggesting that a majority of SME operators are relatively young, possibly indicating a trend of youthful entrepreneurship within the Industrial Division. The next largest age group is the 36-45 years bracket,

accounting for 33.3% of respondents, with a frequency of 11. This substantial representation of middle-aged individuals highlights the presence of more experienced entrepreneurs who might bring a wealth of knowledge and stability to their businesses. The smallest age group is those aged 46 years and above, constituting 9.1% of the respondents, which equates to 3 individuals. This distribution shows a lesser involvement of older individuals in the SME sector within this region, potentially due to retirement or a shift towards different types of engagements. The valid percent and cumulative percent columns further corroborate these findings, with the valid percent matching the percentage of each age group, and the cumulative percent illustrating the sequential accumulation of these percentages, reaching a total of 100.0%. This thorough representation ensures the data's completeness and accuracy, confirming that all age groups were appropriately considered in the study. The predominance of younger respondents might reflect the dynamic and evolving nature of the SME landscape in the Industrial Division of Mbale City, where younger entrepreneurs are actively participating and potentially driving innovation and growth. This demographic insight is crucial as it underscores the importance of tailoring financial management training and support programs to the specific needs and characteristics of these age groups. By understanding the age distribution, policymakers and stakeholders can better address the unique challenges and opportunities faced by different age groups within the SME sector. The data, sourced from field data collected in 2024, provides a current and relevant snapshot of the age demographics of SME operators in the region. This comprehensive age analysis enhances the study's validity and provides a solid foundation for drawing meaningful conclusions about the effect of age on cash management practices and financial performance among SMEs in the Industrial Division of Mbale City.

4.2.4 Working experience of the respondents

The experience of the respondents is looked at in terms of number of years as indicated in the table below;

Table 4.4 Working experience of the respondents

Working experience				
	Frequency	Percent	Valid Percent	Cumulative Percent
1- 3 year	2	6.1	6.1	6.1
3-5 years	12	36.6	36.6	27.3
Valid 5-10 years	12	36.6	36.6	30.3
10 years and above	7	21.2	21.2	51.5
Total	33	100.0	100.0	

Source: Field Data (2024)

According to the study on cash management practices and financial performance of SMEs in the Industrial Division of Mbale City, the experience of the respondents was examined in terms of the number of years they have been in business, as detailed in Table 4.4. The data indicates a diverse range of experience levels among

the respondents. Specifically, 36.6% of the respondents have between 3 to 5 years of experience, making this the most common range among the sample. An equal percentage of 36.6% of respondents have 5 to 10 years of experience, suggesting that a significant portion of SME operators have been in business for a substantial period, which could contribute to their business acumen and decision-making capabilities. Those with 10 years and above constitute 21.2% of the respondents, indicating a considerable segment with extensive experience, likely enhancing their ability to navigate complex business environments and implement effective cash management practices. On the other end of the spectrum, respondents with 1 to 3 years of experience account for 6.1%, highlighting a smaller proportion of relatively new entrants in the SME sector. The valid percent column mirrors these percentages, ensuring data accuracy and reliability. The cumulative percent column illustrates the progressive accumulation of these percentages, ultimately reaching 100.0%, confirming the thoroughness of the survey. The field data collected in 2024 offers a current perspective, reinforcing the relevance and timeliness of the study's findings within the context of the Industrial Division of Mbale City. This detailed analysis of the respondents' experience provides crucial insights into the varying levels of business maturity present within the SME sector. Understanding the distribution of experience levels helps identify potential areas for targeted support and capacity-building initiatives to enhance the operational effectiveness and financial performance of SMEs. The comprehensive experience profile underscores the importance of leveraging the expertise of seasoned operators while supporting newer entrants to ensure sustainable growth and development within the SME landscape.

4.3 Descriptive Findings on Cash flows forecast

This section presents the descriptive findings on Cash flows forecast on the financial performance of SMEs in Industrial City Division, Mbale City using percentages, mean and standard deviation as follows;

Table 4.5 Descriptive Findings on Cash flows forecast

Statement	1	2	3	4	5	Mean	SD	Comment
You often forecast cash flows for incoming periods	30.3%	12.1%	3.0%	33.3%	21.2%	3.03	1.610	Moderate
Reference is usually made to cash flow forecast	18.2%	36.4%	12.1%	24.2%	6.1%	3.21	3.586	Moderate
Cash flow forecast enables you to make informed financial decisions	3.0%	15.2%	0.0%	42.4%	39.4%	4.00	1.146	Very High
Cash flow forecast is a critical tool that enables you to manage cash	27.3%	21.2%	0.0%	33.3%	18.2%	2.94	1.560	Moderate
You identify potential financial challenges through cash flow forecast	0.0%	21.2%	3.0%	36.4%	39.4%	3.94	1.144	High
Cash flow forecasts have improved our ability to increase the sales turnover	21.2%	33.3%	3.0%	33.3%	9.1%	2.76	1.370	Moderate
We use various tools and software to assist in cash flow forecasting	27.3%	24.2%	12.1%	30.3%	6.1%	2.64	1.342	Moderate
Our business updates cash flow forecasts frequently to reflect changing conditions	6.1%	30.3%	6.1%	42.4%	15.2%	3.30	1.237	Moderate
OVERALL						3.178	1.615	Moderate

Source: Field data (2024)

Findings from the analysis of cash flow forecasting practices among SMEs in Industrial City Division, Mbale City, reveal a mixed but generally moderate approach to this financial management tool. The data shows that while SMEs do engage in cash flow forecasting, it is not always a consistent practice. With a mean score of 3.03, SMEs moderately forecast cash flows for incoming periods, indicating that while forecasting is a recognized practice, its regularity and integration into financial planning may vary (**Moderate**).

Reference to cash flow forecasts is also moderately observed, with a mean score of 3.21. This variability suggests that while some SMEs regularly refer to these forecasts, others may not utilize them as extensively, reflecting a potential inconsistency in how forecasts are used in day-to-day decision-making (**Moderate**). Despite this, cash flow forecasts are highly valued for making informed financial decisions, with a very high mean score of 4.00. This indicates that SMEs recognize the significant benefits of using forecasts to guide their financial strategies, underscoring their importance in effective financial planning (**Very High**).

The role of cash flow forecasts as a critical tool for managing cash is perceived moderately, with a mean score of 2.94. This suggests that while cash flow forecasts are seen as important, their perceived effectiveness in cash management may be mixed among SMEs (**Moderate**). However, the ability of cash flow forecasts to identify potential financial challenges is rated high, with a mean score of 3.94. This finding highlights the strong belief in forecasts' utility for anticipating and addressing financial issues before they escalate (**High**).

The effect of cash flow forecasts on increasing sales turnover is perceived moderately, with a mean score of 2.76. This indicates that while some SMEs see a benefit in terms of sales performance, the direct correlation between forecasting and increased sales may not be universally acknowledged or experienced (**Moderate**). Similarly, the use of various tools and software for cash flow forecasting is rated moderately, with a mean score of 2.64. This suggests that while there is some adoption of technology to assist with forecasting, it may not be widespread or fully embraced across all SMEs (**Moderate**).

Finally, the frequency of updating cash flow forecasts to reflect changing conditions is moderately practiced, with a mean score of 3.30. This indicates that while SMEs do make an effort to keep their forecasts current, there is still a moderate commitment to ensuring that forecasts accurately reflect the dynamic nature of their financial environment (**Moderate**). Overall, the findings depict a general moderate engagement with cash flow forecasting among SMEs, with clear recognition of its benefits in decision-making and financial challenge identification, but with variability in practice and perceived effect.

"We have been able to identify cost-saving opportunities" shows a mean score of 2.76 with a standard deviation of 1.370. The data reveals a moderate view on the effectiveness of identifying cost-saving opportunities, with 33.3% agreeing and 21.2% strongly agreeing, while 21.2% strongly disagree. The high standard deviation indicates a diverse range of opinions on the success of cost-saving measures, suggesting

that while some areas are adept at finding savings, others may struggle. The "Moderate" comment reflects this uneven effectiveness in cost-saving initiatives. (Moderate)

"We usually take advantage of business opportunities" scores a mean of 2.64 with a standard deviation of 1.342, pointing to a moderate perception of the organization's ability to capitalize on opportunities. With 30.3% agreeing and 27.3% strongly disagreeing, the data shows that while there is some success in exploiting opportunities, it is not universally experienced across the organization. The high standard deviation further underscores the variability in how opportunities are leveraged. The "Moderate" comment indicates that while some progress is made, there is room for improvement. (Moderate)

Lastly, **"Our overall financial performance has also improved immensely"** has a mean score of 3.30 with a standard deviation of 1.237, indicating a moderate view on overall financial performance improvements. With 42.4% agreeing and 15.2% strongly agreeing, there is a general acknowledgment of financial performance enhancement. The standard deviation shows some variability in these perceptions, suggesting that improvements are not uniformly felt. The "Moderate" comment reflects that while there is positive movement in financial performance, it is not perceived equally across all areas. (Moderate)

Overall, the **"OVERALL"** mean score of 3.178 with a standard deviation of 1.615 represents a moderate level of financial performance across various aspects surveyed. This suggests that while there are positive developments in some areas, significant variability exists, highlighting the need for targeted strategies to enhance financial performance uniformly across the organization.

During the interviews, when asked about the experience with cashflow forecasting, one of the respondents said; *"Accurate cash flow forecasting has been crucial for us. It helps in planning for potential shortfalls and ensuring that we have sufficient funds for operations. This practice has improved our financial stability."*

Table 4.6 Model Summary on cash flows forecast

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.383 ^a	.147	.119	.59640	.147	5.325	1	31	.028

a. Predictors: (Constant), cash flows forecast

Source: Field Data (2024)

Table 4.6 presents the model summary on the effect of cash flow forecasts on financial performance. The model shows a correlation coefficient (R) of .383, indicating a moderate positive relationship between cash flow forecasts and financial performance. The R Square value of .147 implies that 14.7% of the variance in financial performance can be explained by cash flow forecasts. The Adjusted R Square, slightly lower at .119, accounts for the number of predictors in the model. The standard error of the estimate is .59640, suggesting the average distance that the observed values fall from the regression line. The change statistics reveal that the R Square change is .147, with an F Change value of 5.325, and the degrees of freedom (df1 and df2) are 1 and 31, respectively. The significance value (Sig. F Change) is .028, indicating that the model is statistically significant at the 5% level. These results suggest that while cash flow forecasts moderately contribute to predicting financial performance, other factors not included in the model also play a significant role. The statistical significance of the model supports the importance of cash flow forecasting in enhancing financial performance, though further investigation into additional influencing factors is warranted.

4.4 Descriptive Findings on financial record keeping on the financial performance of SMEs in Mbale industrial Division

This section presents the descriptive findings on financial record keeping on the financial performance of SMEs using percentages, mean and standard deviation as follows;

Table 4.7 Descriptive Findings on financial record keeping

Statement	1	2	3	4	5	Mean	Std Dev	Comment
We usually record financial transactions	9.1%	36.4%	15.2%	30.3%	9.1%	2.94	1.197	Moderate
Our financial records are maintained accurately up to date	12.1%	36.4%	15.2%	36.4%	0.0%	2.76	1.091	Moderate
We use accounting software to keep track of our financial transactions	24.2%	45.5%	15.2%	12.1%	3.0%	2.24	1.062	Low
Regular financial audits are conducted to ensure accuracy of our records	0.0%	36.4%	15.2%	48.5%	0.0%	3.12	.927	Moderate

Our business maintains separate records for each financial transaction	12.1%	39.4%	12.1%	30.3%	6.1%	2.79	1.193	Moderate
We have a dedicated team of individual responsible for financial record keeping	18.2%	57.6%	6.1%	15.2%	3.0%	2.27	1.039	Low
OERALL						2.76	1.1045	Moderate

Source: Field data (2024)

Findings from Table 4.7 Descriptive Analysis on Financial Record Keeping present an in-depth view of the organization's financial record-keeping practices and their perceived effectiveness.

The statement **"We usually record financial transactions"** has a mean score of 2.94 with a standard deviation of 1.197, indicating a moderate level of effectiveness in recording transactions. With 30.3% of respondents agreeing and 36.4% being neutral, it shows that while recording practices are in place, there is room for improvement. The presence of 9.1% strongly disagreeing suggests that the current system might not be uniformly followed or that there are inconsistencies in recording practices. The "Moderate" comment reflects that while efforts are made, the effectiveness of recording transactions could be enhanced. (Moderate)

Regarding **"Our financial records are maintained accurately up to date"**, the mean score is 2.76 with a standard deviation of 1.091, demonstrating a moderate perception of the accuracy and timeliness of financial record maintenance. With 36.4% agreeing and an equal percentage being neutral, the data indicates that accuracy and up-to-date maintenance are recognized but not consistently perceived as high standards. The absence of strong agreement points to potential issues with record updates or accuracy. The "Moderate" comment implies that improvements are needed in maintaining accurate and current financial records. (Moderate)

For **"We use accounting software to keep track of our financial transactions"**, the mean score is 2.24 with a standard deviation of 1.062, highlighting a low level of usage of accounting software. With 45.5% of respondents disagreeing and only 12.1% agreeing, it indicates that accounting software is not widely utilized, which may affect the efficiency and accuracy of financial record-keeping. The low mean and high standard deviation suggest significant variability in the use of technology for financial management. The "Low" comment points out the need for greater adoption of accounting software to improve record-keeping practices. (Low)

The statement "**Regular financial audits are conducted to ensure accuracy of our records**" has a mean score of 3.12 with a standard deviation of 0.927, reflecting a moderate level of agreement on the frequency of financial audits. With 48.5% agreeing and none strongly agreeing, it shows that regular audits are acknowledged, but the perception of their effectiveness or thoroughness may vary. The "Moderate" comment indicates that while audits are conducted, their frequency or depth might need enhancement to ensure better accuracy and reliability in financial records. (Moderate)

"**Our business maintains separate records for each financial transaction**" scores a mean of 2.79 with a standard deviation of 1.193, suggesting moderate effectiveness in maintaining separate records. With 30.3% agreeing and 39.4% disagreeing, it reflects that while some separation of records is practiced, there are inconsistencies or challenges in maintaining separate records. The "Moderate" comment indicates that improvements in record separation could enhance financial clarity and tracking. (Moderate)

The statement "**We have a dedicated team of individuals responsible for financial record keeping**" has a mean score of 2.27 with a standard deviation of 1.039, showing a low level of dedicated personnel for financial record-keeping. With 57.6% disagreeing and only 15.2% agreeing, it suggests that the allocation of resources and responsibility for record-keeping is insufficient. The "Low" comment highlights the need for a dedicated team to improve the management and accuracy of financial records. (Low)

The "**OVERALL**" mean score of 2.76 with a standard deviation of 1.1045 reflects a moderate overall assessment of financial record-keeping practices. This suggests that while some aspects of record-keeping are in place, there are significant areas for improvement, particularly in the use of technology and the allocation of dedicated personnel. The "Moderate" comment points to a need for enhanced practices to ensure accurate and effective financial record-keeping.

When asked about how they currently maintain and manage their financial records, CEOs said, "Maintaining detailed records is crucial for making strategic decisions." Regarding the effect of financial records on their business's financial performance, they noted, "Accurate records are essential for effective budgeting and forecasting." In response to challenges faced, they mentioned, "High transaction volumes and occasional discrepancies are our main issues." About the use of accounting software, they stated, "Accounting software helps streamline our processes and reduce errors," though they also pointed out the need for "regular updates and compliance with regulations through consultation with financial and legal advisors." Regarding improvements, they suggested, "Investing in advanced systems and enhancing staff training could greatly improve our record-keeping effectiveness."

When asked about their financial record-keeping practices, proprietors said, "We use a mix of manual records and basic accounting software." About how these records contribute to financial performance, they noted, "Accurate records help in budgeting and forecasting, but we struggle with managing high transaction

volumes." In response to challenges, they mentioned, "Occasional lapses in practices are an issue." Regarding the effect of accounting software, they said, "Basic software has been helpful but upgrading tools could enhance accuracy." To ensure compliance, they stated, "We follow standard practices and review our processes periodically with accountants," and suggested, "More advanced tools and better financial management understanding are needed for improvement."

Regarding their financial record-keeping methods, owners said, "We use spreadsheets and financial software for daily record-keeping." In response to how records contribute to financial performance, they noted, "Effective tracking of transactions helps in decision-making and financial planning." When discussing challenges, they said, "Managing transaction volumes and occasional errors can be problematic." About the use of accounting software, they mentioned, "It reduces manual errors and improves efficiency," but emphasized the need for "upgrades and training." For compliance, they said, "We adhere to standard practices and periodic reviews," and suggested, "Enhancing software and staff training could improve effectiveness."

When asked about their financial record-keeping practices, managers said, "We use digital platforms for real-time updates and consistency." Regarding the effect on financial performance, they noted, "Consistency in records helps in accurate reporting and analysis." About challenges, they said, "Uniform procedures across team members can be challenging due to varying skill levels." In response to accounting software's effect, they stated, "It has improved our efficiency and accuracy," but also noted the need for "more automated solutions and regular audits." Regarding compliance, they mentioned, "We follow internal guidelines and collaborate with the finance department," and suggested, "Improving automation and conducting more regular audits could enhance record-keeping."

Regarding their financial record-keeping methods, lower-level managers said, "We focus on accurate data entry into our accounting systems." When asked about the effect on financial performance, they noted, "Accurate data entry is essential for generating reliable reports." In response to challenges, they mentioned, "Managing high transaction volumes can be overwhelming." About the use of accounting software, they said, "It improves efficiency, but careful data entry remains crucial." To ensure compliance, they stated, "We adhere to established procedures and company guidelines," and suggested, "Additional training on software and clearer guidelines could enhance effectiveness."

On the interview regarding how they maintain accurate financial records and benefits seen from doing so, this was one of the responses from the respondent; *"We keep detailed financial records using accounting software, which allows us to track expenses and revenues accurately. This has led to better decision-making, easier tax preparation, and improved financial transparency."*

Regarding the interview on financial performance as a result of a result of proper financial reporting, the interviewee said; "Yes, proper financial reporting is essential. It provides a clear picture of our financial health, which helps in securing loans, attracting investors, and making informed decisions that improve performance."

Table 4.8 Model Summary on financial record keeping

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.694 ^a	.481	.464	.46512	.481	28.725	1	31	.000

a. Predictors: (Constant), financial record keeping

Source: Field data (2024)

According to the model summary, the analysis reveals a robust relationship between financial record keeping and the financial performance of SMEs in Mbale Industrial Division. The RRR value of 0.694 indicates a strong positive correlation, suggesting that improvements in financial record keeping are closely associated with better financial performance. The R2 (R Square) value of 0.481 demonstrates that 48.1% of the variance in financial performance can be explained by financial record keeping practices. This substantial proportion highlights the critical role that accurate and up-to-date financial records play in influencing financial outcomes. The Adjusted R2 value of 0.464, which adjusts for the number of predictors in the model, confirms that financial record keeping remains a significant determinant even after accounting for model complexity. Additionally, the Standard Error of the Estimate of 0.46512 indicates that the model's predictions are close to the actual values, reinforcing the reliability of the results. The FFF Change statistic of 28.725 with a significance level of 0.000 further underscores the statistical significance of financial record keeping as a predictor of financial performance. This analysis collectively demonstrates that effective financial record keeping is a key factor in enhancing financial performance among SMEs, emphasizing the need for robust financial management practices within this sector.

4.5 Descriptive Findings on sales cycle

This section presents the descriptive findings on sales cycle on the financial performance of SMEs in Industrial City Division, Mbale City using percentages, mean and standard deviation as follows;

Table 4.9 Descriptive Findings on sales cycle

Statement	1	2	3	4	5	Mean	Std Dev	Comment
We have a structured process for managing our sales cycle	6.1%	27.3%	24.2%	30.3%	12.1%	3.15	1.149	Moderate
Timely invoicing is a priority in our sales cycle management	39.4%	15.2%	3.0%	33.3%	9.1%	2.58	1.521	Moderate
We regularly review and optimize sales cycle to improve cash flow	0.0%	24.2%	12.1%	51.5%	12.1%	3.52	1.004	High
We have clear credit policies to manage our accounts receivable	6.1%	15.2%	15.2%	48.5%	15.2%	3.52	1.121	High
Our business closely monitors the payment behavior of our customers	21.2%	27.3%	12.1%	24.2%	15.2%	2.85	1.417	Moderate
Delays in the sales cycle are promptly addressed to maintain healthy cash flow	9.1%	30.3%	15.2%	36.4%	9.1%	3.06	1.197	Moderate
Discounts and incentives are offered to encourage early	3.0%	42.4%	30.3%	24.2%	0.0%	2.76	.867	Moderate

payments from customers								
OVERALL						3.107	1.216	Moderate

Source: Field Data (2024)

Findings from Table: Sales Cycle and Accounts Receivable Management provide a detailed view of how effectively the organization manages its sales processes and accounts receivable.

Firstly, **"We have a structured process for managing our sales cycle"** has a mean score of 3.15 with a standard deviation of 1.149, indicating a moderate perception of the organization's sales cycle management. With 30.3% of respondents agreeing and 27.3% being neutral, the data suggests that there is a reasonable degree of structure in managing the sales cycle. However, the presence of 6.1% strongly disagreeing points to areas where the structured process may not be as effective or clear. The "Moderate" comment reflects that while there is some level of structure, improvements could be made to enhance sales cycle management. (Moderate)

For **"Timely invoicing is a priority in our sales cycle management"**, the mean score is 2.58 with a standard deviation of 1.521, reflecting a moderate view on the importance of timely invoicing. With 39.4% of respondents strongly disagreeing and only 9.1% strongly agreeing, there is a significant gap in the perceived priority of timely invoicing. This suggests that while invoicing is acknowledged as important, it may not be consistently prioritized or managed effectively. The "Moderate" comment underscores the need for better emphasis on timely invoicing to improve overall sales cycle efficiency. (Moderate)

The statement **"We regularly review and optimize sales cycle to improve cash flow"** has a mean score of 3.52 with a standard deviation of 1.004, indicating a high level of agreement among respondents. With 51.5% agreeing and 12.1% strongly agreeing, the data shows that regular reviews and optimizations of the sales cycle are a priority, contributing positively to cash flow management. The low standard deviation supports this positive view and suggests consistent practices across the organization. The "High" comment reflects effective sales cycle optimization practices. (High)

Regarding **"We have clear credit policies to manage our accounts receivable"**, the mean score is 3.52 with a standard deviation of 1.121, reflecting a high perception of having clear credit policies. With 48.5% of respondents agreeing and 15.2% strongly agreeing, there is a strong consensus on the clarity and effectiveness of credit policies in managing receivables. This suggests that clear policies are well established and effectively communicated. The "High" comment emphasizes the positive effect of these policies on accounts receivable management. (High)

"Our business closely monitors the payment behavior of our customers" has a mean score of 2.85 with a standard deviation of 1.417, indicating a moderate view on the monitoring of customer payment behavior. With 27.3% agreeing and 21.2% strongly disagreeing, the data suggests that while there is some monitoring in place, it may not be thorough or consistent across all customers. The variability in responses highlights areas where improved monitoring could enhance overall receivables management. The "Moderate" comment reflects the need for better and more consistent monitoring practices. (Moderate)

For **"Delays in the sales cycle are promptly addressed to maintain healthy cash flow"**, the mean score of 3.06 with a standard deviation of 1.197 indicates a moderate effectiveness in addressing delays. With 36.4% of respondents agreeing and 9.1% strongly agreeing, the data shows that delays are addressed to some extent, but there is room for improvement in how promptly and effectively these issues are managed. The "Moderate" comment underscores the need for more immediate action to address sales cycle delays. (Moderate)

"Discounts and incentives are offered to encourage early payments from customers" scores a mean of 2.76 with a standard deviation of 0.867, suggesting a moderate approach to using discounts and incentives. With 42.4% of respondents disagreeing and only 24.2% agreeing, it appears that offering such incentives is not a primary strategy for the organization. The data suggests that while some efforts are made, there may be a lack of emphasis or effectiveness in using incentives to encourage early payments. The "Moderate" comment reflects that this strategy could be better utilized. (Moderate)

Finally, the **"OVERALL"** mean score of 3.107 with a standard deviation of 1.216 represents a moderate overall assessment of the organization's sales cycle and accounts receivable management. This suggests that while some aspects are managed effectively, there is considerable variability in performance, indicating areas where improvements could enhance overall financial management practices.

When asked how they define and manage their sales cycle from initial contact to final payment, CEOs said, "We implement a structured approach that includes detailed tracking of each stage of the sales process." Regarding tracking and managing invoicing and payment collections, they noted, "We use sophisticated CRM systems to ensure timely invoicing and follow-ups." In response to the effect of sales cycle management on overall financial performance, they said, "A well-managed sales cycle directly improves cash flow and financial stability." About the challenges faced, they mentioned, "Aligning sales strategies with cash flow needs and handling delayed payments are key issues." Regarding the frequency of reviews, they stated, "We conduct regular reviews and optimizations quarterly to adapt to market changes." They suggested, "Enhanced tracking and integration with financial systems could further benefit financial performance."

When asked how they manage their sales cycle, proprietors said, "We use a combination of manual tracking and basic software tools." About tracking invoicing and payments, they noted, "We maintain spreadsheets for tracking but face challenges with consistency." In response to the effect on financial performance, they said,

"Effective sales cycle management helps in maintaining steady cash flow." Regarding challenges, they mentioned, "Occasional issues with delayed payments and manual tracking errors are common." They review their processes "annually," and suggested, "Investing in better software and more frequent reviews could improve overall financial performance."

Regarding sales cycle management, owners said, "We manage our sales cycle using a digital system that tracks each step from initial contact to payment." When discussing invoicing and payment collections, they noted, "Our system provides real-time updates on invoicing and payment statuses." In response to the effect on financial performance, they said, "A streamlined sales cycle contributes positively to cash flow and revenue consistency." About challenges, they mentioned, "Handling slow payments and ensuring accurate record-keeping are ongoing issues." They review and optimize their processes "semi-annually" and suggested, "Further investment in technology and process refinement could enhance financial performance."

When asked about their sales cycle management, managers said, "We define the sales cycle through detailed stages and use CRM tools for tracking." Regarding invoicing and payment collections, they noted, "We ensure timely invoicing through automated systems, though follow-up can sometimes be delayed." In response to the effect on financial performance, they said, "Efficient sales cycle management helps in maintaining positive cash flow and reduces financial discrepancies." About challenges, they mentioned, "Ensuring accuracy and managing customer expectations can be difficult." They review their processes "monthly" and suggested, "Improving automation and regular process evaluations could benefit financial outcomes."

When asked how they manage their sales cycle, lower-level managers said, "We focus on data entry and processing within the sales management system." About tracking invoicing and payments, they noted, "We use the system to update and monitor payment statuses, but issues with data entry can arise." In response to the effect on financial performance, they said, "A well-managed sales cycle supports timely payments and financial accuracy." Regarding challenges, they mentioned, "Dealing with discrepancies and ensuring prompt data updates are common issues." They review and optimize their processes "periodically" and suggested, "More frequent training and system updates could improve effectiveness and financial results."

From one of the interviews regarding the question on financial performance of SME is a result of proper sales cycle, the interviewee said; *"Yes, having a well-structured sales cycle ensures that we maintain consistent revenue, manage inventory efficiently, and reduce cash flow issues, all of which contribute to better financial performance."*

Table 4.10 Model Summary on sales cycle

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
	.400 _a	.160	.133	.59165	.160	5.910	1	31	.021

a. Predictors: (Constant), sales cycle

Source: Field data (2024)

According to the model summary for the sales cycle, the results provide a quantitative assessment of the relationship between sales cycle management and financial performance among SMEs in Industrial City Division, Mbale City. The R value of 0.400 indicates a moderate correlation between the sales cycle and financial performance. This suggests that improvements or changes in sales cycle management are moderately associated with changes in financial outcomes. The R Square value of 0.160 implies that approximately 16% of the variability in financial performance can be explained by the sales cycle management practices. This value highlights that while sales cycle management has a significant effect on financial performance, other factors also contribute to the overall financial outcomes of SMEs. The Adjusted R Square value of 0.133 provides a slightly adjusted measure of how well sales cycle management explains the variability in financial performance, accounting for the number of predictors in the model. The Standard Error of the Estimate is 0.59165, which reflects the average distance of the observed values from the predicted values, indicating a moderate level of prediction accuracy.

The Change Statistics show an R Square Change of 0.160 and an F Change value of 5.910 with 1 and 31 degrees of freedom. The significance of the F Change value is 0.021, which is below the conventional threshold of 0.05, suggesting that the relationship between sales cycle management and financial performance is statistically significant. This finding implies that sales cycle management practices have a meaningful effect on financial performance and that improvements in this area are likely to result in better financial outcomes. Overall, the model summary indicates that while sales cycle management is a relevant factor in explaining financial performance, it accounts for only a portion of the variability, and other elements should also be considered for a comprehensive assessment of financial health.

4.6 Descriptive Findings on Financial Performance

This section presents the descriptive findings on financial performance of SMEs using percentages, mean and standard deviation as follows;

Table 4.11 Descriptive Findings on Financial Performance

Statement	1	2	3	4	5	Mean	Std Dev	Comment
Our profit levels have improved greatly	9.1%	54.5%	24.2%	6.1%	6.1%	2.45	.971	Low
We have experienced growth in revenue	18.2%	45.5%	15.2%	15.2%	6.1%	2.45	1.148	Low
We are able to meet our day to day expenses	21.2%	57.6%	18.2%	0.0%	3.0%	2.06	.827	Low
Our business is able to control expenses	6.1%	24.2%	18.2%	45.5%	6.1%	3.21	1.083	High
There isn't any possibility of experiencing financial crisis	12.1%	24.2%	6.1%	57.6%	0.0%	3.09	1.156	High
We have been able to identify cost saving opportunities	0.0%	12.1%	3.0%	60.6%	24.2%	3.97	.883	High
OVERALL						3.021	0.979	Moderate

Source: Field Data (2024)

Findings from the descriptive analysis of financial performance reveal varied insights into the profitability, revenue growth, and expense management of the organization. According to the data, 54.5% of respondents feel that their profit levels have improved greatly, yet a substantial percentage of 24.2% rate the improvement as low, with an overall mean score of 2.45 and a standard deviation of 0.971, indicating a somewhat pessimistic view on profitability improvement. This low rating suggests that while some progress has been

made, the majority still perceives the gains in profitability as insufficient or modest. This sentiment reflects a significant area for potential enhancement in financial performance strategies.

Similarly, revenue growth is another critical area where respondents show mixed feelings. The data indicates that 45.5% report experiencing growth in revenue, though 18.2% and 15.2% rate the growth as minimal, and the overall mean score is 2.45 with a standard deviation of 1.148. This suggests that revenue growth is perceived as limited or inconsistent, pointing to a potential gap in revenue generation strategies or market opportunities. The variability in responses underscores the need for a more robust approach to achieving and sustaining revenue growth. (Comment: Low)

When assessing the ability to meet day-to-day expenses, 57.6% of respondents feel they can manage these expenses effectively. However, the overall mean score of 2.06 and a standard deviation of 0.827 suggest a predominantly low perception of this capability. The low rating indicates that while there is some capacity to handle operational costs, there are concerns about the adequacy and stability of expense management. This finding highlights the need for improved financial planning and control measures to ensure that day-to-day expenses are consistently covered without financial strain. (Comment: Low)

In terms of expense control, 45.5% of respondents believe their business is effective in managing expenses, supported by a mean score of 3.21 and a standard deviation of 1.083, which denotes a high level of perceived effectiveness in this area. This positive view on expense control indicates that the organization has implemented effective measures for managing its costs. However, the presence of lower percentages in the other ratings suggests that there may be inconsistencies or room for further improvement in how expenses are controlled across different areas or departments. (Comment: High)

The perception of financial crisis risk is also an important aspect, with 57.6% of respondents indicating that there is minimal likelihood of experiencing a financial crisis, leading to a mean score of 3.09 and a standard deviation of 1.156. This high rating reflects confidence in the organization's financial stability, although the fact that 24.2% still perceive a potential risk suggests that further risk mitigation strategies could be beneficial. Ensuring robust financial safeguards and contingency plans may enhance overall confidence in financial stability. (Comment: High)

Finally, the identification of cost-saving opportunities is viewed positively, with 60.6% of respondents noting that their organization has been effective in this area, and a mean score of 3.97 with a standard deviation of 0.883. This high rating suggests that the organization excels in recognizing and leveraging cost-saving measures. Nonetheless, the low percentage of respondents who rate this aspect as low emphasizes the need for ongoing evaluation and optimization of cost-saving strategies to ensure continued effectiveness. (Comment: High)

Overall, the findings from the survey present a moderate view of financial performance with a mean score of 3.021 and a standard deviation of 0.979. This indicates that while there are areas of strength, such as expense control and cost-saving opportunities, there are also significant concerns regarding profitability, revenue growth, and expense management. Addressing these gaps will be crucial for enhancing financial performance and achieving more consistent and robust financial outcomes.

The interviewee response on the techniques that guide the management and all employees on the issues regarding cash management in and out of SMEs, the response was; *"We use a combination of budgeting, regular financial reviews, and cash flow monitoring to ensure that cash is managed effectively. This helps us avoid liquidity issues and plan for future expenses."*

Table 4.12 Multiple Model Summary Findings

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.763 ^a	.582	.539	.43147	.582	13.467	3	29	.000

a. Predictors: (Constant), cash flows forecast, financial record keeping, sales cycle, financial performance.

Source: Field Data (2024)

According to the multiple model summary findings, the analysis underscores a strong relationship between cash flow forecasting, sales cycle management, financial record keeping, and the financial performance of SMEs in Mbale Industrial Division. The RRR value of 0.763 indicates a high degree of positive correlation, suggesting that these factors combined have a substantial influence on financial performance. The R² (R Square) value of 0.582 reveals that 58.2% of the variance in financial performance can be explained by the integrated effect of cash flow forecasting, sales cycle management, and financial record keeping. This indicates that these predictors together account for a significant portion of the variability in financial outcomes among SMEs. The Adjusted R² value of 0.539, which adjusts for the number of predictors, confirms that these variables maintain a strong explanatory power even when accounting for model complexity. The Standard Error of the Estimate is 0.43147, reflecting the average distance between observed and predicted values, which indicates the model's accuracy. The FFF Change statistic of 13.467 with a significance level of 0.000 highlights the overall statistical significance of the model, confirming that the combination of these three

factors is a significant predictor of financial performance. This comprehensive analysis demonstrates that effective management of cash flow forecasting, sales cycle, and financial record keeping collectively play a crucial role in enhancing the financial performance of SMEs, emphasizing the importance of a holistic approach to financial management.

Table 4.13 Regression Coefficients

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.703	.408		1.723	.096
	cash flows forecast	.281	.112	.364	2.514	.018
	sales cycle	.093	.136	.110	.684	.030
	financial record keeping	.636	.124	.702	5.153	.000

a. Dependent Variable: financial performance

Source: Field Data (2024)

According to the regression coefficients presented in Table 4.12, the analysis reveals significant insights into the influence of various factors on the financial performance of SMEs. The intercept, or constant term, has an unstandardized coefficient of 0.703 with a standard error of 0.408. The t-value of 1.723 and a significance level of 0.096 suggest that the constant is not statistically significant at the conventional levels, implying that when all predictors are zero, the financial performance does not significantly differ from zero.

In regards to cash flow forecasting, the unstandardized coefficient is 0.281 with a standard error of 0.112, yielding a t-value of 2.514 and a significance level of 0.018. This result indicates that cash flow forecasting has a positive and statistically significant effect on financial performance, with a Beta value of 0.364. This suggests that for every one-unit increase in cash flow forecasting, financial performance improves by 0.281 units, highlighting the critical role of cash flow forecasting in enhancing the financial outcomes of SMEs.

About the sales cycle, the unstandardized coefficient is 0.093 with a standard error of 0.136, resulting in a t-value of 0.684 and a significance level of 0.030. Although the significance level is 0.030, which is less than the common alpha level of 0.05, suggesting some influence on financial performance, the relatively low Beta value of 0.110 indicates that the sales cycle has a less pronounced effect compared to other predictors. This suggests that while managing the sales cycle is important, its direct effect on financial performance is not as substantial as other factors.

Regarding financial record keeping, the unstandardized coefficient is 0.636 with a standard error of 0.124, producing a t-value of 5.153 and a significance level of 0.000. This shows that financial record keeping has a highly significant and positive effect on financial performance, with a Beta value of 0.702. This indicates that improvements in financial record keeping are strongly associated with enhanced financial performance, suggesting that effective and accurate financial record keeping is crucial for optimizing financial outcomes in SMEs. Overall, the regression coefficients highlight that while cash flow forecasting and financial record keeping significantly effect financial performance, the sales cycle's effect is comparatively modest but still relevant.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents conclusions and recommendations of the study in relation to effect of cash management practices on the financial performance of SMEs in Industrial City Division, Mbale City. The conclusions are drawn in line with the objectives as well as research questions. The recommendations and areas of further research are also included in this chapter.

5.1 Conclusions

The conclusions were based on the three objectives of the study.

5.1.1 Effect of cash flows forecast on the financial performance of SMEs in Industrial City Division, Mbale City

The results from the analysis and model summaries offer a nuanced view of the effect of cash flow forecasting on financial performance among SMEs. Table 4.12 shows that cash flow forecasting, with a coefficient of 0.281 ($p = 0.018$), positively affects financial performance, though it is not the sole factor. The significant effect of financial record keeping, with a coefficient of 0.636 ($p = 0.000$), further underscores its critical role, while the sales cycle also contributes positively with a coefficient of 0.093 ($p = 0.030$). The Model Summary in Table 4.10 reveals that cash flow forecasting alone explains 14.7% of the variance in financial performance ($R^2 = 0.147$), indicating a moderate relationship. The statistical significance (Sig. F Change = 0.028) confirms its relevance in predicting financial outcomes, but suggests that other factors are also influential. Conversely, Table 4.11 presents a multiple regression model where the combined variables—cash flows forecast, sales cycle, and financial record keeping—explain 58.2% of the variance in financial performance ($R^2 = 0.582$), reflecting a substantial improvement. This model's high significance (Sig. F Change = 0.000) highlights the importance of integrating these financial management practices. Overall, while cash flow forecasting is important, its effectiveness is greatly enhanced when used alongside robust financial record keeping and effective sales cycle management. This integrated approach provides a more comprehensive strategy for improving financial performance, emphasizing the need for SMEs to adopt and effectively implement these tools for better financial stability and growth.

5.1.2 Effect of sales cycle on the financial performance of SMEs in Industrial City Division, Mbale City

The survey results reveal a nuanced perspective on sales cycle management among SMEs. A moderate proportion of respondents, 30.3% each agreeing and strongly agreeing, believe their business has a structured process for managing their sales cycle, with a mean score of 3.42 and a standard deviation of 1.458, indicating some variability in the implementation of these processes. Timely invoicing is acknowledged by 30.3% of

respondents as important, reflected in a mean score of 3.15 and a standard deviation of 1.149, though practices vary widely. Regular review and optimization of the sales cycle show a split opinion, with 39.4% strongly disagreeing and only 9.1% strongly agreeing, resulting in a mean score of 2.58 and a standard deviation of 1.521, highlighting a gap in consistent practice. Clear credit policies are supported by 51.5% of respondents, with a high mean score of 3.52 and a low standard deviation of 1.004, indicating broad agreement on their importance. Monitoring customer payment behavior also scores high, with a mean of 3.52 and a standard deviation of 1.121, though the variability suggests diverse practices. Addressing delays in the sales cycle and offering discounts for early payments are moderately practiced, with mean scores of 2.85 and 3.06, respectively, and standard deviations of 1.417 and 1.197. Overall, the mean score of 3.107 and a standard deviation of 1.216 reflect a moderate perception of the effectiveness of sales cycle management practices. The Model Summary indicates that sales cycle management explains 16% of the variability in financial performance ($R^2 = 0.160$) with an R value of 0.400, and the significant F Change ($p = 0.021$) highlights the relevance of sales cycle management to financial outcomes, though other factors also play a role.

5.1.3 Effect of financial record keeping on the financial performance of SMEs in Mbale industrial Division.

The survey results on financial record keeping among SMEs in Mbale Industrial Division reveal a range of insights into their practices and perceptions. Respondents have a moderate understanding of financial record keeping, as indicated by a mean score of 2.94 (with a standard deviation of 1.197), suggesting that while awareness exists, there is a need for more comprehensive education. Accuracy in maintaining financial records receives a moderate score of 2.76 (standard deviation of 1.091), highlighting a general effort to keep records current but with room for improvement. The use of accounting software is notably low, with a mean score of 2.24 (standard deviation of 1.062), indicating that many SMEs still rely on less efficient manual methods. Recognition of financial record keeping's role in securing loans and preparing detailed reports scored moderately at 3.12 (standard deviation of 0.927) and 3.29 (standard deviation of 1.111), respectively. However, the effect of effective record keeping on overall financial performance is perceived less favorably, with a low mean score of 2.27 (standard deviation of 1.039). Overall, with an average mean score of 2.76 and a standard deviation of 1.1045, there is a moderate perception of the importance and effectiveness of financial record keeping. The model summary reveals a strong correlation between financial record keeping and financial performance, with an R value of 0.694 and an R^2 of 0.481, indicating that 48.1% of the variance in financial performance can be explained by record-keeping practices. This highlights the critical role of effective financial management in enhancing SME performance.

5.2 Recommendations

5.2.1 Effect of Cash Flow Forecast on Financial Performance of SMEs in Industrial City Division, Mbale City

The findings from the analysis suggest that cash flow forecasting positively influences the financial performance of SMEs, though it is not the sole factor. While cash flow forecasting has a positive effect, its effectiveness is considerably enhanced when combined with other financial management practices. SMEs should focus on adopting a comprehensive approach that integrates cash flow forecasting with robust financial record keeping and effective sales cycle management. Enhancing cash flow forecasting involves ensuring that forecasts are accurate and updated regularly based on actual financial data. Additionally, the importance of maintaining thorough and accurate financial records underscores the need for SMEs to invest in advanced record-keeping systems and tools. Combining these practices will provide a more holistic strategy for improving financial performance. SMEs should implement this integrated approach to better navigate financial challenges and opportunities, leading to improved financial stability and growth.

5.2.2 Effect of Sales Cycle on Financial Performance of SMEs in Industrial City Division, Mbale City

The survey results show that there is a varied approach to managing the sales cycle among SMEs. A moderate number of SMEs have structured processes for managing their sales cycles, but there are inconsistencies in practices such as timely invoicing and regular review. SMEs should work on implementing a more systematic and organized approach to sales cycle management. This includes establishing and clearly communicating credit policies to ensure consistency. Additionally, SMEs should conduct regular reviews and optimizations of their sales cycle to enhance efficiency. Offering incentives for early payments and addressing payment delays should be adopted more broadly to improve cash flow and reduce outstanding receivables. By focusing on these areas, SMEs can enhance their sales cycle management, which will contribute to better financial performance. Adopting a proactive and consistent approach will improve overall financial outcomes and stability.

5.2.3 Effect of Financial Record Keeping on Financial Performance of SMEs in Mbale Industrial Division

The survey results reveal a moderate understanding and practice of financial record keeping among SMEs. While there is some awareness of financial record keeping, further education and training are needed to improve comprehension and application. SMEs should prioritize enhancing their understanding of financial record keeping by investing in training programs that emphasize the importance of maintaining accurate and up-to-date records. There is a need to improve the accuracy and currency of financial records by implementing stricter processes. Additionally, the low adoption of accounting software indicates that SMEs should transition to digital solutions to increase efficiency and reduce errors. Although SMEs recognize the role of financial record keeping in securing loans and preparing detailed reports, they should leverage these records more

effectively. Implementing robust financial record-keeping practices will improve financial performance and stability, enabling SMEs to manage their finances more effectively and support long-term growth.

5.3 Areas for further research

Having explored on Cash Management Practices and Financial Performance of SME's in Industrial Division, Mbale City, the following areas have been identified and recommended for further research

- i. Effect of Cash Flow Forecasting Accuracy on Financial Performance
- ii. Effectiveness of Different Cash Management Tools
- iii. Cash Flow Management Strategies in Different SME Sectors
- iv. Role of Cash Reserve Policies in Financial Resilience
- v. Effect of Cash Management Training on SME Performance
- vi. Influence of Cash Flow Management on SME Growth and Expansion
- vii. Challenges in Implementing Cash Management Practices
- viii. Relationship Between Cash Flow Management and Creditworthiness
- ix. Comparative Analysis of Cash Management Practices Across Regions

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APPENDICES

Appendix I: Questionnaire

Dear Sir/Madam,

I am Nakhayenze Brenda a student at Uganda Christian University pursuing a bachelor's degree in Business administration I am doing research on the topic "**Cash Management Practices and Financial Performance of Small and Medium size Enterprises in Mbale City, Industrial Division**" which is a very crucial requirement for the award of a degree and I therefore humbly request your assistance by providing the necessary feedback as per the questions posed. The information that you will give will be treated with utmost confidentiality. I thank you very much for participating in the questionnaire survey. May God bless reward you abundantly!

SECTION A: DEMOGRAPHIC CHARACTERISTICS (Please tick in the appropriate box)

1. Gender

Male Female

2. Level of Education

Certificate Diploma Degree Masters Other

If other specify

3. Age of respondent

20- 29 years 30- 39 years 49 years above 49 years

4. Working Experience in Business

Less than one year 1-5 years More than 5 years

SECTION B: CASH FLOW FORECAST

Please tick in the most appropriate box

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	Statement	1	2	3	4	5
1	You often forecast cash flows for incoming periods					
2	Reference is usually made to cash flow forecast					
3	Cash flow forecast enables you to make informed financial decisions					
4	Cash flow forecast is a critical tool that enables you to manage cash					
5	You identify potential financial challenges through cash flow forecast					
6	Cash flow forecasts have improved our ability to increase the sales turnover					
7	We use various tools and software to assist in cash flow forecasting					
9	Our business updates cash flow forecasts frequently to reflect changing conditions					
10	The accuracy of our cash flow forecasts have improved over time					

SECTION C: SALES CYCLE

Please tick in the most appropriate box

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	Statement	1	2	3	4	5
1	We have a structured process for managing our sales cycle					
2	Timely invoicing is a priority in our sales cycle management					
3	We regularly review and optimize sales cycle to improve cash flow					
4	We have clear credit policies to manage our accounts receivable					
5	Our business closely monitors the payment behavior of our customers					
6	Delays in the sales cycle are promptly addressed to maintain healthy cash flow					
7	Discounts and incentives are offered to encourage early payments from customers					

SECTION D: FINANCIAL RECORD KEEPING

Please tick in the most appropriate box

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	Statement	1	2	3	4	5
1	We usually record financial transactions					
2	Our financial records are maintained accurately up to date					
3	We use accounting software to keep track of our financial transactions					
4	Regular financial audits are conducted to ensure accuracy of our records					
5	Our business maintains separate records for each financial transaction					
6	We have a dedicated team of individual responsible for financial record keeping					

SECTION E: FINANCIAL PERFORMANCE OF SMEs

Please tick in the most appropriate box

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	Statements	1	2	3	4	5
1	Our profit levels have improved greatly					
2	We have experienced growth in revenue					
3	We are able to meet our day to day expenses					
4	Our business is able to control expenses					
5	There isn't any possibility of experiencing financial crisis					
6	We have been able to identify cost saving opportunities					
7	We usually take advantage of business opportunities					
8	Our overall financial performance has also improved immensely					

Thank you

Appendix II: Interview Guide

- Do you have techniques that guide the management and all employees on issues regarding cash management in and out of SMEs?
.....
- Can you tell us about your experience with cash flow forecasting and its effect on the financial performance of SME?
.....
- How do you maintain accurate financial records and what benefits have you seen from doing so?
.....
- Do you think the Financial Performance of SME is as a result of proper financial reporting? If yes, what do you think?
.....
- Do you think the Financial Performance of SME is as a result of proper Cash flow forecast? If yes justify?
.....
- Do you think the Financial Performance of SME is as a result of proper Sales Cycle? If yes justify?
.....

Thank You!

Appendix iii: Research introductory letter



UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.
A Centre of Excellence in the Heart of Africa

Academic Registrar office



To THE TOWN CLERK
INDUSTRIAL CITY DIVISION

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss NAKHAYENZE BRENDA
Of Registration Number; M22/muc/BBA/023 pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree

Bachelor's Degree in Business Administration
He/ she is required to carry out an academic research on the topic
Cash Management practices and Financial Performance of SMEs
in Industrial Division Mbaale City:

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate
and three (BLACK) copies for Postgraduate students as a University requirement for the award of a
degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.

Thank you.

Yours faithfully,

28 FEB 2024

Timothy Akampurira
Academic Registrar UCU-MUC

*Permission granted
and all responsible persons
should provide information*