CASH MANAGEMENT AND FINANCIAL PERFORMANCE OF SMALL BUSINESSES ENTERPRISES IN KAMPALA DISTRICT

ABSTRACT

SBEs are a key player in the economic growth and a major instrument for prompting equitable development across all countries. In Uganda, SBEs primarily serve the job creation, poverty reduction, and income generation roles. However, most of them in Kampala were recording decline in the financial performance. The purpose of the study was to examine the relationship between cash flow management on financial performance among SBEs within Kampala District. The study applied a cross sectional research design with a quantitative research approach. Sample size of 278 SBEs from a total 1,000 enterprises was selected. Primary data was obtained by structured questionnaire. Validity of the questionnaire was determined expert judgment technique and Content Validity Index while reliability was determined expert judgment technique and Content Validity Index while reliability was determined using Cronch Alpha Coefficient. Data was edited, coded and analyzed using SPSS (v.20). Frequency tables, correlation and regression tables were used in the interpretation and analysis.

The study found out that cash flow planning was insignificant in predicting financial performance among SBEs. In addition, the study found a significant predictability of cash flow monitoring towards financial performance among SBEs. Further, it was found that cash flow control was a significant predictor of financial performance with SBEs. The study further affirmed that cash flow control was a better predictor of financial performance within SBEs. The study concluded that cash flow management is important and should be embraced among SBEs for better financial performance. The study also affirmed that much as flow management is multifaceted variable, only cash flow monitoring and cash control should be emphasized if financial performance for SBEs it to significantly change. The study recommended entrepreneurs to safeguard cash from unauthorized access; daily cash counting; and cash
routine checks; ensure that all expenditure are authorized before spent; and routine cash reconciliations in order to boost financial performance.