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Abstract

The study evaluated how well small businesses in Kisumu, Kenya applied their cash management strategies. The study achieved its objectives through three specific goals. First, the research studied how cash flow forecasting affected financial results. Second, it examined how cash budget practices influenced business outcomes. Third, the investigation explored how the cash conversion cycle affected small business operations. The research utilized information from the Miller-Orr Model, Beranek's Model, and the Baumol Model of Cash Management. In the study, descriptive research methodology was utilized to analyse Kisumu County, where 21,448 small businesses were located. Stratified simple random sampling techniques were applied to get 399 respondents in the study. Primary data was collected via semi-structured interviews, while the secondary data was retrieved from books, journals, and other unpublished literature. The research involved the use of qualitative and quantitative data analysis methods. Quantitative data analysis, with results shown through tables. Qualitative data were analysed using content analysis techniques, whereby emerging themes, patterns, and perspectives were systematically identified, categorized, and interpreted. The findings were subsequently presented in both narrative and descriptive prose formats to facilitate a comprehensive understanding of the participants' views and experiences. Furthermore, all research activities were conducted in strict adherence to established ethical principles and research protocols. The study concludes that cash forecast has a post give significantly high affected on performance of SSEs in Kisumu County ($p < 0.01$; $r = 0.618$; $\beta = 0.446$), cash budget has a significantly positive effects of affected performance of SSEs in Kisumu County ($p < 0.01$; $r = 0.756$; $\beta = 0.168$), cash conversion cycle has a positive significant strong effect of performance of SSEs in Kisumu County in, Kenya ($p < 0.01$; $r = 0.770$; $\beta = 0.599$) and there is a significant effect of Cash investment on the performance of SSEs in Kisumu County, Kenya ($p < 0.01$; $r = 0.525$; $\beta = 0.316$). All the variables demonstrate that SSEs have adopted cash management techniques is and find them useful for performance improvement. The custody recommends that these enterprise should incorporate and update their cash flow forecasts to improve their planning processes and maintain sufficient liquidity, ensure that cash budgeting systems is adopted for more effective resource allocation and better control of their finances, ensure that cash flow management is improved through optimization, concentrate on making smart investments.

Keywords: Cash Budget; Cash Conversion Cycle; Cash Flow Forecasting; Cash Investment; Cash Management Practices; Financial Performance; Small Scale Enterprises

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1.0 Introduction

Small Scale Enterprises (SSEs) play an important role in economic development, particularly in emerging economies, through employment creation, income generation, and contribution to gross domestic product (Onyango & Muchira, 2023). In Kenya, SSEs constitute an important component of economic activity and provide livelihoods to a substantial proportion of the population (Mbogo et al., 2021). Despite their contribution, many SSEs experience financial and operational challenges that contribute to business failure during the early years of operation (Otieno, 2021). Consequently, their performance remains a major concern to governments, business owners, and other stakeholders (Onyango, 2018). Effective cash management is particularly important because cash constitutes a critical component of working capital and supports the continuity of business operations (Waiganjo, 2019; Nsanganze, 2021). Efficient cash management enables enterprises to meet financial obligations, maintain liquidity, finance operations, and enhance profitability (Daisy et al., 2023).

Globally and regionally, effective cash management has increasingly been recognised as an important determinant of enterprise performance. Cash management enables firms to ensure that sufficient funds are available when required, plan expenditures, forecast future cash flows, and collect revenues promptly (Faheem, 2020). Evidence from different countries indicates that effective liquidity and cash management practices can strengthen profitability and financial sustainability (Patro & Arpita, 2009). Within Africa, studies have similarly demonstrated the importance of sound financial management among small enterprises. Evidence from South Africa indicates that many SMEs experience weaknesses in financial management practices, while studies from Uganda show that appropriate budgeting practices contribute to sustainable enterprise growth (Enow & Kamala, 2016; Uwonda & Okello, 2015). Kenyan studies have also established positive relationships between cash management practices and organizational performance, although differences in study contexts, variables, and performance measures have created a need for further investigation (Oluoch, 2016; Muthama, 2016).

Cash management practices encompass cash flow forecasting, cash budgeting, cash conversion cycle management, and cash investment. Cash flow forecasting assists enterprises in estimating future receipts, sales, expenses, and payments and enables managers to anticipate cash shortages or surpluses before they occur (Turgut et al., 2022). Effective forecasting consequently supports financial planning, investment decisions, debt repayment, and maintenance of adequate liquidity (Onyango & Muchira, 2023). Cash budgeting complements forecasting by providing a framework for planning expected cash inflows and outflows and allocating available resources according to organizational priorities (Hatten, 2015). Cash conversion cycle management focuses on the period between expenditure on inventory and receipt of cash from sales and therefore requires effective management of inventory, receivables, and payables (Ross et al., 2003). Cash investment further involves allocating available resources to productive assets and investment opportunities capable of supporting enterprise expansion, sustainability, and long-term financial performance (Omag, 2016).

Financial performance reflects the capacity of an enterprise to generate adequate returns and sustain its operations over time (Özcan, 2016). It can be assessed through indicators such as profitability, liquidity, efficiency, return on assets, return on equity, return on investment, gross profit margin, and net profit margin (Agyemang Mintah, 2017). Financial ratios are widely applied because they facilitate assessment of the financial health, resource utilization, and profitability of

enterprises. However, SSEs frequently experience constraints such as inadequate working capital, insufficient stocks, limited managerial capacity, and weaknesses in financial management practices (Maengwe & Otuya, 2016). These challenges increase the vulnerability of small enterprises to financial distress and closure. Effective cash management may therefore contribute to improved performance by ensuring availability of funds, reducing unnecessary financing costs, supporting investment decisions, and strengthening the capacity of SSEs to respond to changing operational and market conditions (Attom, 2014).

The performance of SSEs is particularly important in Kisumu County because the sector contributes substantially to employment, trade, and local economic activity. Small enterprises in the county operate across wholesale and retail trade, repairs, services, technology, and other commercial activities and constitute an important component of the regional economy. However, their growth is constrained by inadequate financing, weak planning, poor inventory management, limited managerial skills, high operating costs, inadequate infrastructure, and restricted market access (Oketch, 2010; Kiiru, 2011). Other challenges include shortages of skilled personnel, weak internal management systems, inefficient logistics, and limited capacity to respond to fluctuations in market demand (Vaaland & Heide, 2007; Quayle, 2008). These conditions underscore the importance of effective financial management among SSEs in Kisumu County and provide a strong basis for examining how cash flow forecasting, cash budgeting, cash conversion cycle management, and cash investment influence their performance.

1.1 Statement of the Problem

Small Scale Enterprises (SSEs) are recognized as essential to the achievement of Kenya's Vision 2030 and the country's broader socioeconomic development agenda (Kenya Private Sector Alliance, 2017). The Government of Kenya has acknowledged the sector as an important contributor to economic growth and has introduced various policy and institutional measures to support its development. Despite these interventions, business failure among SSEs remains high. According to the MSME Establishment Survey (2016), approximately 46.3% of small enterprises closed during their first year of operation, while wholesale and retail businesses, including motor vehicle and motorcycle repair enterprises, accounted for 73% of all business closures. Poor liquidity and inadequate cash flow management have been identified among the factors that may undermine enterprise performance. Effective cash management requires systematic planning, monitoring, recording, and control of cash inflows and outflows to ensure adequate liquidity and continuity of business operations.

Empirical studies have examined the relationship between cash management practices and organizational performance, although their findings and contexts have varied considerably. Eton et al. (2019) examined cash management and financial performance and reported a weak relationship between the variables. However, the study was conducted in Lira District, Uganda, whose operating environment differs from that of SSEs in Kisumu County, thereby creating a contextual gap. Similarly, Goła (2020) examined the effect of working capital management on profitability within the Polish dairy industry. Although the study provided useful evidence on financial management, it focused primarily on profitability and did not adequately capture the broader dimensions of enterprise performance. Consequently, its findings may not sufficiently explain the relationship between cash management practices and the performance of small-scale enterprises operating within the Kenyan context.

Jama et al. (2017) examined financial management practices and performance among bottled water purification firms in Garowe and Bosaso, Puntland, Somalia, and established that cash budgeting significantly influenced firm profitability. However, the study involved a relatively small sample of 40 respondents and was conducted within a different geographical and institutional setting, thereby limiting the generalizability of its findings to SSEs in Kisumu County. Overall, previous studies on cash management and performance (Eton et al., 2019; Goła, 2020; Jama et al., 2017) revealed methodological, conceptual, and contextual gaps. Limited empirical evidence therefore existed regarding how cash flow forecasting, cash budgeting, cash conversion cycle management, and cash investment collectively influenced the performance of small-scale enterprises in Kisumu County. This study sought to address these gaps by examining the effect of cash management practices on the performance of small scale enterprises in Kisumu County, Kenya.

1.2 Objectives of the Study

There are both general objective and specific objectives of the study. The general objective of this study was to analyse the effect of cash management practices on performance of small scale enterprises in Kisumu County, Kenya. While the specific objectives were:

- i. To establish the effect of cash flow forecasting on the performance of Small Scale Enterprises in Kisumu County, Kenya.
- ii. To determine the effect of cash budget on the performance of Small Scale Enterprises in Kisumu County, Kenya.
- iii. To determine the effect of cash conversion cycle on the performance of Small Scale Enterprises in Kisumu County, Kenya.
- iv. To assess the effect of cash investment on the performance of Small Scale Enterprises in Kisumu County, Kenya.

1.3 Research Hypotheses

The study was guided by the following research hypothesis

H₀₁: Cash flow forecasting does not have a statistical significance on the performance of Small Scale Enterprises in Kisumu County, Kenya.

H₀₂: Cash Budget does not have a statistical significance on the performance of Small Scale Enterprises in Kisumu County, Kenya

H₀₃: Cash conversion cycle does not have a statistical significance on the performance of Small Scale Enterprises in Kisumu County, Kenya.

H₀₄: Cash investment does not have a statistical significance on the performance of Small Scale Enterprises in Kisumu County, Kenya.

2.0 Literature Review

This section reviews the theoretical and empirical literature relating to cash management practices and the performance of Small Scale Enterprises. The review focuses on the theories underpinning cash management and previous empirical studies on cash flow forecasting, cash budgeting, cash conversion cycle, and cash investment. The section provides a basis for understanding the relationships examined in the study and identifying the gaps addressed by the research.

2.1 Theoretical Review

The study was anchored on the Baumol Model of Cash Management and supported by Beranek's Model and the Miller Orr Model. These models provide complementary explanations of how businesses can manage cash balances, anticipate cash requirements, control liquidity, and allocate excess funds efficiently. They therefore provide an appropriate theoretical foundation for examining the relationship between cash management practices and the performance of Small Scale Enterprises.

2.1.1 Baumol Model of Cash Management

The Baumol Model of Cash Management was developed by Baumol in 1952 to explain how firms can determine an optimal level of cash holdings while minimizing the costs associated with maintaining and converting cash. The model assumes that a firm's cash requirements are predictable and that cash is used at a relatively constant rate over a given period. Firms may hold resources either as cash or short term marketable securities and convert securities into cash whenever additional funds are required. The model therefore recognizes a tradeoff between maintaining adequate liquidity and the opportunity cost associated with holding excessive amounts of idle cash (Baumol, 1952). The model is relevant to the present study because it explains how effective planning and control of cash balances can support enterprise performance. Firms seek to minimize both the cost of holding cash and the transaction costs associated with converting marketable securities into cash. Mungal (2014) established that regular preparation of cash budgets facilitates effective management of business operations, while Marfo Yiadom et al. (2016) demonstrated that cash budgeting assists firms in anticipating future cash inflows and payments. The Baumol Model therefore provides a useful basis for explaining how cash planning, budgeting, and efficient management of cash balances can contribute to improved financial performance among Small Scale Enterprises.

2.1.2 Beranek's Model

Beranek's Model was developed by Beranek in 1967 and primarily focuses on transaction requirements and the management of predictable cash flows. The model assumes that firms can forecast their cash requirements over a specified period and determine the minimum cash balance necessary to meet expected financial obligations. It further assumes that cash inflows can be estimated and that firms should maintain a critical minimum balance below which payments may have to be restricted. The model therefore emphasizes the importance of planning cash inflows and outflows to prevent liquidity shortages and maintain uninterrupted operations (Beranek, 1967). The model is particularly relevant to cash flow forecasting because it provides a framework for anticipating future cash requirements and maintaining sufficient liquidity. Maaka (2013), while examining liquidity risk and financial performance among commercial banks in Kenya, established that liquidity gaps could adversely influence organizational performance. This finding reinforces the importance of maintaining appropriate liquidity levels. In the context of Small Scale Enterprises, Beranek's Model explains how accurate forecasting of cash inflows and outflows can support financial planning, prevent cash shortages, improve financial decision making, and ultimately enhance enterprise performance.

2.1.3 Miller Orr Model

The Miller Orr Model was developed by Miller and Orr (1966) to address situations where daily cash inflows and outflows are uncertain and fluctuate unpredictably. Unlike models that assume predictable cash flows, the Miller Orr Model recognizes the stochastic nature of business cash movements. It establishes lower and upper cash balance limits within which a firm can operate without taking corrective action. When the cash balance reaches the upper limit, excess funds may be invested in marketable securities, while securities may be converted into cash when the balance falls to the lower limit. The model is relevant to this study because Small Scale Enterprises often operate in environments characterized by unpredictable sales, expenses, and cash flows. Olang et al. (2015) applied the model in examining liquidity and financial performance among firms listed on the Nairobi Securities Exchange and observed that firms maintained cash within predetermined limits while investing surpluses or covering shortages through marketable securities. Similarly, Simiyu (2014) highlighted the importance of adherence to cash budgets in financial management. The Miller Orr Model therefore provides an appropriate explanation of how maintaining cash within acceptable limits and responding effectively to cash surpluses and shortages can support liquidity and enterprise performance.

2.2 Empirical Review

This analysis critiques previous evidence-based research on cash management practices and financial performance. It mainly aimed at determining the recurring results, research methods, environmental variations and research voids in the literature that support and contribute to this study focusing on Small Scale Enterprises in Kisumu County, Kenya.

2.2.1 Cash Flow Forecasting and Performance

Turgut et al. (2022) examined the effect of cash flow forecasting on the financial sustainability of small and medium enterprises in Kericho Central Business District. The study adopted a descriptive research design and randomly selected 81 SMEs from a population of 102 enterprises. Primary data were collected using questionnaires and analyzed through descriptive statistics and correlation analysis. The findings established that cash flow forecasting was an important tool for improving financial sustainability because it enabled enterprises to anticipate future sales, expenses, payments, and receivables. However, the relatively small sample limited the generalizability of the findings, creating a methodological gap that warranted further investigation using a larger population.

Pan and Zhaohui (2020) examined firms that disclosed cash flow forecasts alongside earnings forecasts and found that such firms recorded better profitability outcomes than those that provided earnings forecasts alone. The relationship was particularly evident among firms with relatively low earnings quality. Although the findings demonstrated the usefulness of cash flow forecasting, the study focused on listed companies and stock recommendations rather than Small Scale Enterprises, thereby creating a conceptual gap. Similarly, Onyango (2018) examined cash management practices among SMEs in Nairobi and established a positive relationship between cash forecasting and financial performance. However, the study was confined to Nairobi City County. The present study therefore extended the analysis to SSEs in Kisumu County to address the contextual gap.

2.2.2 Cash Budgeting and Performance

Eton et al. (2019) investigated the role of cash budgeting in improving organizational performance among private enterprises in Uganda. The study adopted a mixed approach incorporating descriptive, correlational, and analytical designs and collected data from 115 respondents. The findings revealed that cash budgeting enhanced organizational performance by ensuring that expenditures were aligned with expected cash flows and by enabling enterprises to anticipate cash surpluses and shortages. Although the study demonstrated the importance of cash budgeting, it focused on Ugandan private enterprises operating within a different institutional and economic environment from Small Scale Enterprises in Kisumu County, thereby creating a contextual gap.

Kibor and Maina (2019) examined the relationship between cash budgeting and the financial performance of MSEs in Eldoret Town, Uasin Gishu County. Using a descriptive survey design, the researchers sampled 381 MSEs from a population of 20,399 enterprises and collected primary data through questionnaires. The findings established that cash budgeting had a significant positive effect on financial performance. Similarly, Hamza et al. (2015) observed that some enterprises failed to prepare cash budgets because managers considered them unnecessary, inappropriate for their firms, or lacked adequate knowledge of budgeting. These findings underscore the importance of cash budgeting while also demonstrating the need for further evidence on its effect on the performance of SSEs in Kisumu County.

2.2.3 Cash Conversion Cycle and Performance

Ege et al. (2016) examined the cash conversion cycles of firms included in the BIST 50 Index using ratio analysis on data from 27 firms covering the period between 2005 and 2013. The findings showed that most firms recorded negative cash conversion cycles, while only a small number maintained positive cycles throughout the study period. The results suggested that most of the firms maintained adequate cash levels and managed their cash resources efficiently. However, the study focused on large listed firms, making its findings less directly applicable to Small Scale Enterprises operating within a different business environment. Hatten (2015) emphasized that effective cash management requires businesses to maintain appropriate inventory levels while minimizing unnecessary holding costs. Efficient management of accounts receivable and timely collection from customers are equally important in maintaining adequate liquidity. Attom (2014), in a study of small and micro enterprises in Kasoa, Ghana, found that many retail businesses did not maintain adequate records of their cash flows, making it difficult to distinguish business funds from personal resources. The study demonstrated the importance of proper cash flow monitoring and record keeping. However, its context differed from that of Kisumu County, creating the need to examine how cash conversion cycle management affects the performance of SSEs within the Kenyan setting.

2.2.4 Cash Investment and Performance of Small Scale Enterprises

Hau (2017) investigated the effect of free cash flows on the performance of listed real estate and manufacturing companies in Vietnam. The findings revealed a positive relationship between free cash flow and firm profitability, although the strength of the relationship differed between firms with and without investment opportunities. The study indicated that adequate cash resources could enable firms to exploit profitable investment opportunities and strengthen financial performance. However, its focus on listed real estate and manufacturing companies created both contextual and conceptual differences from Small Scale Enterprises operating in Kisumu County.

Javed and Shah (2015) examined the effect of retained earnings on share performance among food and personal care companies listed on the Karachi Stock Exchange between 2009 and 2014. The study used Spearman correlation and simple regression analysis and found a positive relationship between retained earnings and closing share prices, although retained earnings were not significantly associated with dividend payments. Hamza et al. (2015) further observed that businesses with adequate cash resources are better positioned to expand operations, replace ageing assets, exploit investment opportunities, and meet financial obligations. These studies demonstrate the potential contribution of cash investment to enterprise performance but provide limited evidence relating specifically to Small Scale Enterprises in Kisumu County, which the present study sought to address.

2.3 Conceptual Framework

The conceptual framework shows a schematic view of the variables involved in the study as well as the relationships hypothesized among the said variables, hence acting as an effective guide throughout the research process.

Independent Variable

Dependent variable

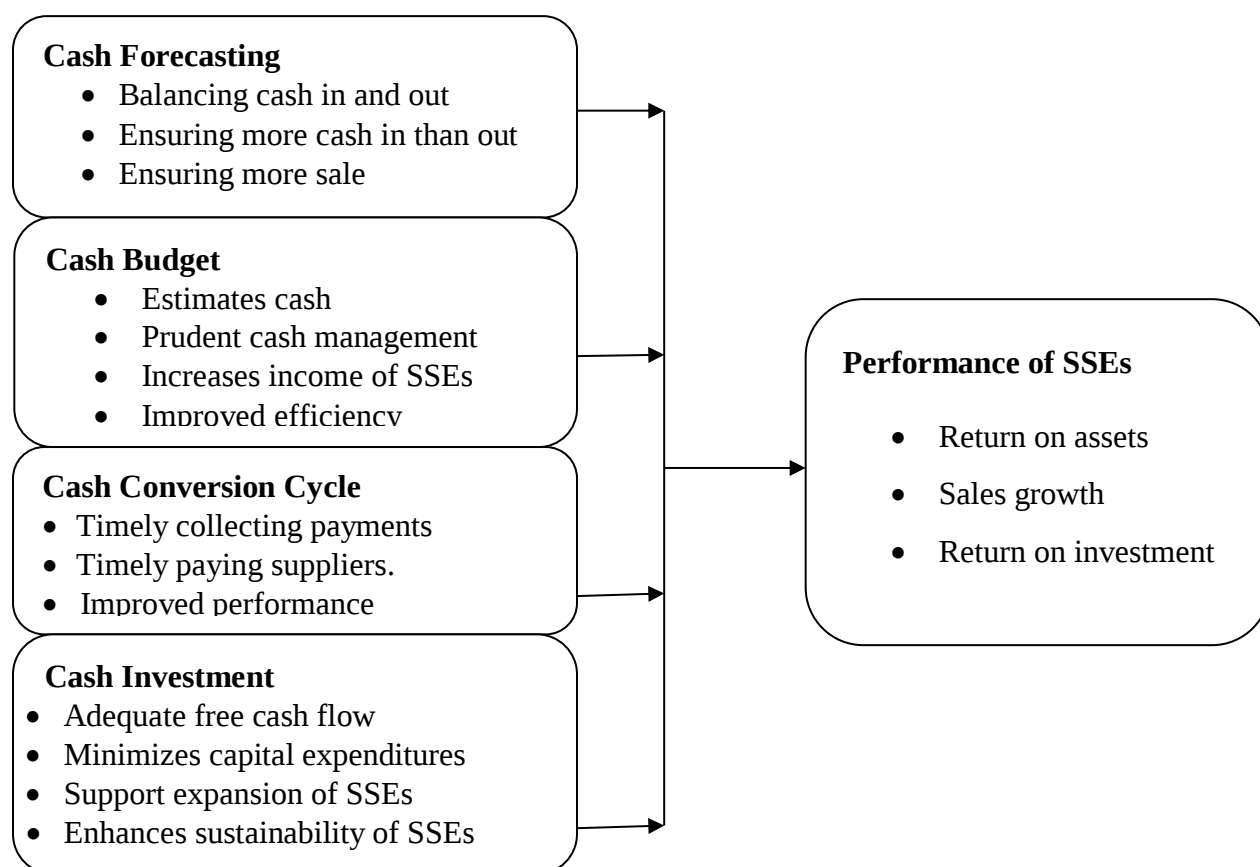


Figure 1: Conceptual Framework

3.0 Research Methodology

The study adopted a correlational research design to examine the relationship between cash management practices and the performance of Small-Scale Enterprises (SSEs) in Kisumu County, Kenya. The design was considered appropriate because it enabled the study to establish the direction and strength of relationships among variables without manipulating the study environment. The target population comprised 21,448 owners and managers of SSEs operating in Kisumu County, with the SSE serving as the unit of analysis. A sample of 399 SSEs was selected using Slovin's formula at a 95% confidence level and a 5% margin of error, while stratified random sampling was applied to ensure adequate representation of enterprises distributed across different areas of Kisumu County. The independent variable, cash management practices, was operationalized through cash flow forecasting, cash budgeting, cash conversion cycle, and cash investment, while the dependent variable was the performance of SSEs. The study variables were measured using ordinal scale items capturing practices such as balancing cash inflows and outflows, budgeting for expenditure, timely collection of customer payments, timely settlement of suppliers, availability of free cash flow, and investment in business expansion and sustainability. Regression analysis was used to determine the individual and combined effects of the cash management practices on SSE performance, consistent with Wagner and Raghunathan (2007), who observed that regression analysis facilitates assessment of the predictive relationship between independent and dependent variables. The empirical model was specified as $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$, where Y represented the performance of SSEs, β_0 represented the constant, X_1 represented cash flow forecasting, X_2 represented cash budgeting, X_3 represented the cash conversion cycle, X_4 represented cash investment, β_1 – β_4 represented the regression coefficients, and ε represented the error term.

4.0 Results and Discussions

4.1 Correlation Analysis

The results of the correlation coefficient are given in Table 1.

Table 1: Correlation Analysis Results

		Performance	Cash forecast	Cash budgets	Cash conversion cycle	Cash investment
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Cash forecast	Pearson Correlation	.553**	1			
	Sig. (2-tailed)	.000				
Cash budgets	Pearson Correlation	.756**	.132*	1		
	Sig. (2-tailed)	.000	.037			
Cash conversion cycle	Pearson Correlation	.770**	.119	.852**	1	
	Sig. (2-tailed)	.000	.062	.000		
Cash investment	Pearson Correlation	.772**	.123	.868**	.865**	1
	Sig. (2-tailed)	.000	.052	.000	.000	

Correlation analysis further revealed that all the independent variables were positively and significantly associated with the SSE performance in Kisumu County, Kenya at 0.05 level of

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significance. There is a fairly strong positive correlation between Cash Flow Forecasting and performance ($r = 0.553$, $p < 0.01$) and it implies that good practices of cash flow forecasting will improve the performance of the enterprises. Nonetheless, there was a strong correlation between Cash Budgeting and performance ($r = 0.756$, $p < 0.01$) implying that good cash budgeting practices will lead to improved performance of the enterprises. Moreover, Cash Conversion Cycle was positively correlated with the performance of enterprises ($r = 0.770$, $p < 0.01$). It implies that efficient cash conversion cycle will result in improved performance of the enterprises. Further, Cash Investment showed highest value of correlation with the performance of the SSE ($r = 0.772$, $p < 0.01$).

This implies that better cash investments management will influence the performance of SSEs. The inference made from the results presented above is that cash flow forecasting, cash budgeting, cash conversion cycle, and cash investments are among the cash management tools that influence the performance of SSEs in Kisumu County, Kenya. In addition to this, when there are moderating variables, the statistically significant correlations exist between the enterprise performance and them. From the results above, there are several positive correlations that exist between the cash management tools and SSE performance in Kisumu County, Kenya. One of the variables that exhibited a very high correlation with SSE performance is cash investment ($r = 0.772$, $p < 0.01$). CCC and cash budgeting are the other two variables that show high correlation with SSE performance ($r = 0.770$ and $r = 0.756$ respectively at $p < 0.01$). From the above correlations, it becomes evident that the three variables, namely, cash investment, cash conversion cycle, and cash budgeting, are highly positively correlated with SSE performance because of the fact that their coefficient of correlation is above 0.6. In the case of cash flow forecasting, however, it had a moderate association with the SSE performance ($r = 0.5353$, $p < 0.01$), since there existed a moderate association between the two variables, as indicated by the coefficient of correlation (0.3-0.6). From the above analysis, it is clear that even though all cash management practices have a positive relationship and association with the performance of the firm in terms of SSE, those cash management practices that deal with handling of cash have a higher association with firm performance than cash flow forecasting.

4.2 Regression Analysis

ANOVA test for all the Independent Variables which were cash forecast, cash budget, cash conversion cycle, and cash investment was conducted in order to know if they could predict the performance of SSEs in Kisumu County, Kenya. The results are provided in Table 2.

Table 2: ANOVA

ANOVA ^a					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	.841	4	.210	351.642	.000 ^b
Residual	.146	244	.001		
Total	.987	248			

Source: Field Data (2026)

The model fit analysis done through ANOVA test was used to find out whether the coefficient of the following independent variable was equal to zero ($\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$) or at least one of these

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variables is not equal to zero (at least $\beta_i \neq 0$). This is to say that the model would have been fit when at least $\beta_i \neq 0$. In this case, according to table 4.17 as shown below, p-value is less than 0.05 ($p < 0.01$). From this analysis, it can therefore be said that since p-value < 0.05 then the null hypothesis will be rejected at $\alpha = 0.05$ level. Therefore, at least one of these two (β_1 or β_2 , β_3 or β_4) is not equal to zero (at least $\beta_i \neq 0$). It can therefore be said that either cash forecast, cash budget, cash conversion cycle or cash investment is sufficient in determining the performance of SSEs in Kisumu County. The cash flow forecast, cash budget, CCC and cash investments have been applied as performance measures for SSEs operating in Kisumu County, Kenya. Thus, these variables have been incorporated into the regression equation for estimating the future performance of SSEs, as depicted in Table 3.

Table 3: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.00020	.002		-.130	.897
Cash forecast	.446	.024	.457	18.383	.000
Cash budgets	.168	.054	.168	3.091	.002
Cash conversion cycle	.298	.057	.297	5.248	.000
Cash investment	.316	.054	.317	5.897	.000

Based on the findings from the regression analysis, cash flow forecasting was found to be a statistically significant determinant of SSE performance in Kisumu County, Kenya ($t = 18.383$, $p < 0.01$). Since the value of p is below the level of significance, which is $\alpha = 0.05$, it means there is enough basis to reject the null hypothesis that cash flow forecasting does not determine SSE performance. Therefore, it may be concluded that cash flow forecasting plays a significant role in determining SSE performance in Kisumu County, Kenya. In addition, it was also observed that cash budgeting is a statistically significant predictor of SSE performance ($t = 3.091$, $p = 0.02$). As the value of p is less than 0.05 at the 5% level of significance, which is $\alpha = 0.05$, there is enough basis to reject the null hypothesis that cash budgeting does not affect SSE performance. Based on the results ($T = 5.248$; $p < 0.01$), since the p-value is less than 0.05, this indicates that at 5% ($\alpha = 0.05$) level of significance, there is enough evidence that cash conversion cycle is not equal to zero. Therefore, it is a strong predictor of SSE performance in Kisumu County, Kenya. Pursuant to the results ($T = 5.897$; $p < 0.01$), since the p-value is less than 0.05, this indicates that at 5% ($\alpha = 0.05$) level of significance, there is enough evidence that cash investment is not equal to zero. Therefore, it is a strong predictor of SSE performance in Kisumu County, Kenya.

Coefficients for cash forecast ($\beta_1 = 0.446$), cash budget ($\beta_2 = 0.168$), cash conversion cycle ($\beta_3 = 0.599$) and cash investment (0.316) were used to estimate model fit

$$Y = 0.001 + 0.446X_1 + 0.168X_2 + 0.599X_3 + 0.316X_4 \dots\dots\dots (i)$$

$$\text{Thus, performance of SSEs in Kisumu County, Kenya} = -0.00020 + 0.446 (\text{cash forecast}) + 0.168 (\text{cash budget}) + 0.298 (\text{cash conversion cycle}) + 0.316 (\text{cash investment}) \dots\dots\dots (ii)$$

It can be inferred thus that the consistency of the level of performance of SSEs in Kisumu County, Kenya before introducing the practice of cash management is -0.00020. However, cash management was an important factor for the improvement of SSEs performance in Kisumu County, Kenya because its coefficient was 0.446 showing that a one-unit change in cash management will affect SSEs performance in Kisumu County, Kenya by 0.446 units. Additionally, cash budgeting was also an important variable that contributed towards the improvement of SSEs performance in Kisumu County, Kenya because its coefficient was 0.168 showing that a one-unit change in the cash budget will affect SSEs performance in Kisumu County, Kenya by 0.168 units. Moreover, cash conversion cycle was an important factor that influenced the performance of SSEs in Kisumu County, Kenya because its coefficient was 0.599 showing that a one-unit change in cash conversion cycle will affect SSEs performance in Kisumu County, Kenya by 0.599 units. Cash investment was an important factor in the improvement of the performance of SSEs in Kisumu County, Kenya because its coefficient was 0.316 showing that a one-unit change in the cash investment will affect SSEs performance in Kisumu County, Kenya by 0.316 units.

5.0 Conclusions

The study concluded that cash management practices significantly influenced the performance of Small Scale Enterprises in Kisumu County, Kenya. Cash flow forecasting enabled SSEs to anticipate liquidity requirements, plan expenditures, and make informed financial decisions, thereby improving operational efficiency and profitability. Cash budgeting also contributed positively to enterprise performance by supporting effective financial planning, expenditure control, monitoring of cash flows, and protection of business resources. The cash conversion cycle was equally important, as efficient management of inventory holding periods, receivables collection, and payment obligations enhanced liquidity and overall business performance. In addition, cash investment positively influenced the performance of SSEs by enabling enterprises to acquire productive assets, support business expansion, and pursue sustainable growth opportunities. Overall, the study concluded that effective application of cash flow forecasting, cash budgeting, cash conversion cycle management, and cash investment was essential for improving the financial performance, growth, stability, and sustainability of Small Scale Enterprises in Kisumu County.

6.0 Recommendations

The study recommends that Small Scale Enterprises in Kisumu County regularly prepare and update cash flow forecasts to improve liquidity planning and financial decision making. SSEs should also strengthen cash budgeting practices to enhance resource allocation, expenditure control, and overall financial management. In addition, enterprises should improve management of their cash conversion cycles through timely collection of receivables, effective inventory control, and strategic management of payables. SSEs should further make prudent cash investments in productive assets, business expansion, and sustainable activities while avoiding unnecessary capital expenditure. Training employees in cash management practices and adopting appropriate financial management technologies would also support improved performance and long term sustainability.

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