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CASH FLOW MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF RETAIL SUPERMARKETS IN GARISSA COUNTY, KENYA

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ABSTRACT

Retail supermarkets play a vital role in the economic development of Garissa County by providing essential goods, creating employment opportunities, and supporting local livelihoods. However, many of these supermarkets face significant financial management challenges that undermine their profitability and threaten their long-term sustainability. The purpose of this study was to investigate the influence of cash flow management practices on the financial performance of retail supermarkets in Garissa County. Free Cash Flow Theory was utilized to anchor the study. The study utilized a correlational research design. Five major supermarkets that operate in Garissa County made up the target population. Each supermarket's managers and cashiers served as the units of observation. A total of 76 respondents were targeted. A census technique was used. The study employed structured questionnaires to collect data through a drop and pick approach. Data collected was analyzed through descriptive statistics as well as inferential statistics. Data were analyzed using Statistical Package for Social Scientist software. A regression model was utilized to relate the independent variables with the dependent variable. The results of the study were presented through tables and figures. The study found out that cash flow management practices have a positive significant influence financial performance of the retail supermarkets in Garissa County. This was depicted by beta value of 0.528 and significant value of 0.000. The study concluded that cash flow management practices significantly influence the financial performance of retail supermarkets in Garissa County. To improve liquidity management, the findings recommends retail supermarkets to improve cash flow forecasts, create explicit cash reserve regulations, and implement automated monitoring systems. The study recommended that the management of retail supermarkets in Garissa County to consider financial management practices as a part of general managerial decision making. Management should introduce cash flow forecasts and automated cash flow monitoring systems to make early decision on issues of cash balances, payments, investments and other operational needs. Regular review of cash utilisation should be done to identify areas of inefficient cash use and correct accordingly.

KEYWORDS: *Cash Flow Management Practices, Financial Performance and Retail Supermarkets*

BACKGROUND OF THE STUDY

The retail supermarket sector functions as a vital component of economic development as it delivers products and services to customers while generating job opportunities (Hameli, 2018). The retail industry in Kenya has experienced substantial growth since urbanization brings more people to cities and consumer preferences shift and people acquire more money to spend. Supermarkets in the present day face multiple financial difficulties which include variable revenue streams, excessive operational expenses and problems with maintaining cash flow (Kiarie & Olando, 2020). The financial practices that businesses use for their management determine both their financial performance and their ability to maintain operations over time.

Supermarkets and all other business operations depend on cash flow management for their financial control. Nasimiyu (2024) describes cash flow as the art of tracking, analyzing and managing the movement ofcash through an organization.The company requires sufficient cash reserves to fulfill its debt obligations and sustain its daily operations and invest in growth opportunities while maintaining financial stability and avoiding excessive dependence on outside funding. The high transaction volume and inventory control requirements and supply chain activities of retail supermarkets make cash flow management essential for business operations.

According to Wanyoike et al. (2021), cash flow management practices help supermarkets maximize resource allocation, reduce financial risk, and boost profitability. Supermarkets may retain sufficient cash, keep costs under control, and make wise investment decisions to promote long-term growth with the help of effective financial management. On the other hand, poor cash flow management practices

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can result in losses, cash flow issues, and even the liquidation of a corporation. Supermarket's profitability and sustainability depends on sound cash flow management practices. The systems provide benefits through their ability to improve operational efficiency and enhance decision-making capabilities and help maintain financial control (Ismail & Wafula, 2025). Retail supermarkets can achieve financial stability through the implementation of specific cash flow management practices which enable them to decrease business risks and improve their credit rating.

Statement of the Problem

Financial performance is a major factor for sustainability, growth, and competitiveness of retail supermarkets in Garissa County, Kenya. Retail supermarkets are vital to the economic growth of the county as they provide basic commodities, generate employment opportunities and boost peoples' livelihoods. Despite this, retail supermarkets in Garissa County are still facing financial performance problems in terms of high operating costs, unstable cash flow, poor investment returns and business failure among others. Retail supermarkets incur operating costs of up to 40% of total revenue and this deprives them of the much needed fund for business expansion and reinvestment. Existing business performance estimates suggest that: average profitability in retail supermarkets may have fallen from around 14.2 per cent in 2020 to 8.6 per cent in 2025 (a 5.6 percentage point decline) average ROE may have fallen from 18.5 per cent in 2020 to 10.3 per cent in 2025 (a significant decrease in the returns generated from owners' invested capital) sales growth may have fallen from around 12.7 per cent in 2020 to 4.8 per cent in 2025 indicating slowing revenue growth and performance in the marketplace.

Furthermore, some supermarkets have operating expenses which can be as much as 40% of total sales thus cutting down the amount available for reinvestment and expansion of the business. Moreover, around 30% of the businesses have been reported to have closed within five years(Garissa County Trade Reports, 2025). From the above it can be observed that the financial performance of retail supermarkets in Garissa County has continued to be an issue of concern that calls for empirical investigation. Market exit implies unstable supply of retailing services, employment loss and undermines economic growth and development leading to underperformance of retail supermarkets in Garissa County (Garissa County Trade Reports, 2025).

Poor financial performance of retail supermarket may also be attributed to weaknesses in cash flow management practice which retail supermarkets have adopted. This may be the case in particular, where poor cash flow management has limited the ability of supermarkets to pay their current and immediate debts. The companies that have committed the mistake of poor cash flow management practice have led to the loss of retail supermarket financial performance in the market. It is important to measure the magnitude of the effect of poor cash flow management practice on financial performance because effective cash flow management practice can help organization to take informed financial decision, control uncontrolled cost, optimize resource utilization, improve cash flow, and facilitate healthy, profit-making and sustainable business.

However, empirical literature has been silent on the relationship between cash flow management practice and financial performance of supermarkets in Garissa County. Though performance of a retail supermarket has a significant impact on its sustainability,the relationship between the financial performance of supermarkets and cash flow management practice has not received much empirical attention in Garissa County.Existing studies have focused on different sectors and geographical contexts. For instance, Dubat (2020) examined financial management in county governments, while Maureen (2022) investigated financial systems used by the retail industry in Nairobi. Although these studies provide useful insights into cash flow management practice, their findings may not adequately explain the financial performance challenges and cash flow management practice of retail supermarkets operating in Garissa County, where the business environment and market conditions may differ from those of county governments and supermarkets in Nairobi. As a result, scanty empirical data exist concerning the impact of cash flow management practice on the financial performance of retail supermarkets in Garissa County. Accordingly, this study aimed to investigate the effect of cash flow management practice on financial performance of retail supermarkets in Garissa County, Kenya.

Objectives of the Study

To establish the influence of cash flow management practice on financial performance of retail supermarkets in Garissa County, Kenya.

THEORETICAL REVIEW

Free Cash Flow Theory

Free Cash Flow Theory was developed by Michael Jensen in 1986 to explain the relationship between excess cash resources, managerial decisions, and firm performance (Jensen, 1986). The theory proposes that when a firm generates free cash flow beyond the amount required to finance all positive net present value projects, managers may be tempted to invest the excess funds in projects that do not create value or that may not be optimal for the organization. Such managerial behaviour may arise because managers with substantial

cash resources at their disposal may pursue personal interests or make investment decisions that do not necessarily maximize shareholder wealth, thereby creating agency problems and potentially reducing financial performance (Harbula, 2001).

The theory brings out the significance of efficient management of cash flows through judicious use of money by keeping enough cash for current requirement and avoiding excess accumulation or otherwise the misapplication of unproductive cash balances. With efficient management of cash flows, firms are able to direct whatever cash flows they have to value adding investment, debt reduction and other value added activities that can contribute to enhanced financial performance.

This theory is significant to the present study as the retail supermarkets need to constantly manage cash inflows and cash outflows to fund inventory procurement, pay suppliers, pay operating costs, liquidate debts and stay liquid for day-to-day operations. Efficient cash flow management practices can make sure that cash is available to the supermarkets whenever needed while minimizing excess cash holdings or otherwise cash that is unnecessarily committed.

Specifically, the theory supports the first research objective of determining the effect of cash flow management practices on the financial performance of retail supermarkets in Garissa County, Kenya. As the theory argues, such supermarkets that forecast, monitor and control their cash flows have a greater capacity to allocate cash to productive uses, hold cash balances and avoid frittering away cash and, therefore, are expected to experience financial success.

While Free Cash Flow Theory is widely applicable, some researchers have argued that it is based on a hypothesis that excess cash will be misused or wasted by managers in case the free cash flow is abundant. This assumption may not always be applicable since some companies hold some cash to cash in on new market opportunities, finance their growth, fund research, or as a cushion in periods of economic crisis (Harbula, 2019). Furthermore, the theory focuses mostly on the agency relationship between shareholders and managers but neglects the impact of external factors like market environment, regulatory constraints, and economic crises in the company's cash management.

Bhandari and Adams (2020) also note that firms might have large cash holdings "not for poor managerial decision making, but for valid strategic reasons". This is relevant for retail supermarkets as cash on hand might be required for working capital requirements, suppliers and day to day operations. There is also not as much focus on other measures of financial management such as working capital management, credit risk management and macroeconomic variables.

The free cash flow theory is therefore the key and important theoretical basis for analysing the impact of cash flow management to financial performance. Despite its fundamental shortcoming of focusing on managerial misappropriation of surplus cash, this theory's fundamental hypothesis that effective use and management of surplus cash influences organisational performance is relevant in the context of retail supermarkets. The theory essentially suggests that supermarkets can generate high levels of financial performance by effectively managing liquidity for regular operations and at the same time ensure that the safekeeping of the available cash is not compromised or dissipated to unproductive activities. For this reason, this theory is an appropriate theoretical basis of the effect of cash flow management on financial performance in retail supermarkets in Garissa County.

Empirical Review

Cash Flow Management Practices and Financial Performance of Retail Supermarkets

Weng and Moradi (2023) researched on the effects of working capital management on the profitability of listed retail companies in Europe. The purpose of the study is to investigate the effects of various components of working capital management on the profitability of retail companies in Europe. The researchers particular studied the inventory turnover, days sales in receivables, days payable outstanding, cash conversion cycle and current ratio. The research adopted a quantitative panel research methodology and selected a sample of 19 retail firms listed on Euronext, and the study period spanned over six years from 2016-2021. The financial information of the chosen companies was sourced from the firms, and the collected financial data were analyzed using panel-data techniques.

The result indicated that inventory turnover in days was found to have a significant positive relationship with profitability while average collection period was negatively related to profitability in a significant way. According to the researchers, retail organizations can find a way to boost profitability by effectively managing its cash conversion cycle, receivables, and inventories. Specifically, they recommended that businesses try and cut down the time it takes to collect receivables, while also keeping just enough stock to prevent shortages and associated costs. Nevertheless, the study mainly concentrated on working capital measures obtained from financial statements, leaving out the cash-flow management practices employed by managers such as cash forecasting and cash control. Further, while the researchers concentrated on European retail organizations, they didn't study retail supermarkets in Kenya. This leaves a contextual and conceptual gap that is being explored in this study.

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Max (2023) carried out an empirical study on the impact of liquidity management on profitability of retail companies in Romania. The study was carried out to determine if the liquidity management has an effect on the profitability of the retail companies operating in Romania. Max analyzed the liquidity ratio, liquidity conversion cycle, company size and turnover against the retail company's profitability. The study used secondary financial data and quantitative research design on panel data from 2013 to 2021. Regression analysis was used to establish the relationship between the independent variables of liquidity management on the dependent variable of profitability, which was measured through return on capital employed (ROCE). The study found that the current liquidity ratio and the liquidity conversion cycle had statistically significant negative effect on profitability while the immediate liquidity and turnover had statistically significant positive effect. The study recommended that retail companies should manage their liquidity position and cash conversion cycle well since a good cash conversion cycle impacts on profitability.

Although the study provides useful evidence from the European retail sector, it concentrated mainly on liquidity ratios and the cash conversion cycle rather than the day-to-day cash-flow management practices used by businesses.It also focused on Romanian retail companies, which operate in a different economic and business environment from Kenyan retail supermarkets. Therefore, the study leaves a geographical and conceptual gap. The current study seeks to address this gap by examining specific cash-flow management practices, including cash budgeting, cash forecasting, cash control and cash planning, and determining how these practices influence the financial performance of retail supermarkets in Kenya.

Laghari et al. (2023) studied the effect of changes in the cash flow measures and metrics on firms' performance. The purpose of the research was to identify the cash flow measures changes and change in firm performance with various levels of leverage.This study employed longitudinal secondary data collected from 20,288 non-financial Chinese firms, thus resulted in a large firm-level dataset to explore the interplay between cash flow and performance. The primary independent variables were variations in cash flow indicators, leverage, and financial performance. To analyze the interaction of cash flow variation and financial performance while controlling for leverage, a specific statistical technique was used. The findings indicated that changes in cash flow measures were associated with improvements in financial performance and that the effect was more pronounced among firms with lower levels of debt.

The study therefore demonstrated that cash flow characteristics and the level of leverage can influence firm performance. However, the study was conducted among Chinese companies and focused on firms across different sectors rather than retail supermarkets. In contrast, the present study used data obtained from retail supermarkets in Garissa County, Kenya, and specifically examined cash flow management practices as measured through the management of cash inflows, cash outflows, cash forecasting, and cash flow control and their influence on financial performance.

Oke and Adebola (2022) wanted to know the effect of working capital management on firms' profitability. The study used a case study of consumer goods sector in Nigeria. The study aimed to examine how working capital management affects the profitability of consumer goods firms in Nigeria. The researchers specifically looked at the cash conversion cycle, accounts payable period and inventory period and how these factors affected profitability. They used an ex-post facto research design and relied on secondary data from the financial statements of 13 quoted consumer goods firms in Nigeria covering the period from 2011 to 2020. The firms were selected based on the availability of the required financial information. The data were analyzed using descriptive statistics, correlation analysis, panel regression and the Hausman test. Results indicated that the cash conversion cycle and accounts payable period had a significant positive impact on profitability and the inventory period had a significant negative impact. The authors suggested that companies must manage their working capital efficiently since decisions on cash, inventories and payments to suppliers may influence profitability. However, the study focused on quoted consumer goods firms rather than retail supermarkets. It also concentrated on working capital indicators obtained from financial statements instead of examining the actual cash-flow management practices used by managers. This leaves a gap that the current study seeks to address by examining practices such as cash budgeting, cash forecasting, cash control and cash planning among retail supermarkets.

Conceptual Framework

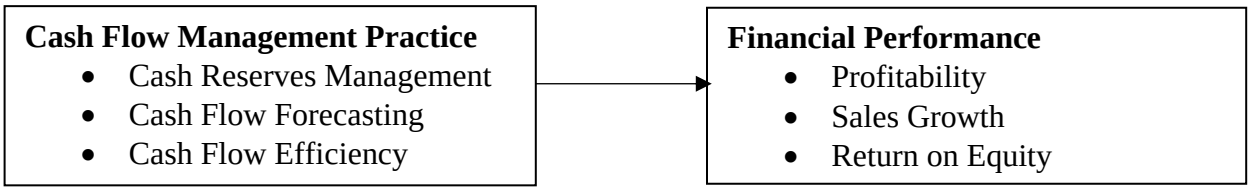

Figure 1 Conceptual Framework

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Research Methodology

The study utilized a correlational research design. The study targeted 76 managers and cashiers from five major retail supermarkets operating in Garissa County, as identified in the Garissa County Government Trade Licensing Report (2024). The research utilized a census methodology. Both primary and secondary data were used in the research. Primary data was collected through the use of questionnaire. As for secondary data, the researcher used secondary data collection sheet to get information on the performance of the supermarkets. In order to analyze the data, the study used both descriptive statistics (mean and standard deviation) and inferential statistics (correlation and regression). The statistics were produced using the SPSS (Statistical Package for Social Science) V24 program. The model for the study was as presented below:

$$\mathbf{Y} = \boldsymbol{\alpha} + \boldsymbol{\beta_1 X_1} + \boldsymbol{\varepsilon}$$

Where; Y = Financial Performance of Retail Supermarkets, α= Regression Constant or Intercept, X_1 = Cash Flow Management Practices and Ɛ = Error term

RESULTS

The study issued a total of 76 questionnaires to the target respondents comprising of both the managers and cashiers of the selected retail supermarkets. 64 questionnaires were fully filled and returned for analysis accounting for a response rate of 84.2% as presented in. The response rate was deemed suitable and appropriate for analysis. Cooper and Schindler (2011) asserted that a response rate of 60% or above is deemed adequate for analysis and drawing conclusions, which was consistent with this finding.

Descriptive Results

Cash Flow Management Practice and Financial Performance

According to the results, respondents were in agreement with the statements that the supermarket maintained sufficient cash reserves to handle unexpected financial needs (mean=3.531, std.dev=1.221), that the supermarket minimized idle cash by investing excess funds in short-term investments (mean=3.594, std.dev=0.971) and that there was effective internal controls to prevent cash mismanagement (mean=3.641, std.dev=1.160). Respondents showed neutral sentiments that the supermarket's management had a clear policy on the optimal amount of cash reserves to maintain (mean=2.938, std.dev=1.521), that the supermarket prepares regular cash flow forecasts to plan for future cash inflows and outflows (mean=3.063, std.dev=1.379) and that cash flow forecasting helped the supermarket anticipate and address potential cash shortages (mean=2.922, std.dev=1.473).

Additionally, there was neutral responses on the statements that the supermarket uses cash flow forecasting as a tool to optimize cash management (mean=2.641, std.dev=1.547) and that the supermarket maintained a cash flow forecast to plan for future financial needs (mean=2.922, std.dev=1.225). Generally, the respondents held a neutral position to the statements on cash flow management practices given the overall response mean of 3.156 and standard deviation of 1.312. These findings are consistent with Nasimiyu (2024) who concluded that cash flow management enables companies to maintain adequate cash to meet debt obligations, sustain operations and finance investment opportunities while reducing financial distress and dependence on external financing. The relevance of the similarity is that it shows that cash flow management is much more than accounting. It is a strategic financial management practice. For retail supermarkets this means the capacity to buy stock when needed, pay timely to suppliers and maintain continuous operations. This original finding goes further than this argument by showing that while some cash control practices are quite well developed, more formal forecasting practices are still less developed; one cannot assume the supermarkets plan their cash flow management process when cash is involved. This could imply a need to develop the planning dimension of cash flow management.

The findings can be accounted for with Reference to Free Cash Flow Theory, which highlighted the need to control excess cash, and make use of available financial resources in a way that would add value to the firm. The importance of this view is that while it is necessary to keep some cash to meet operational costs and unforeseen financial demands, excess cash may be wastefully used or inefficiently placed. Therefore, the finding that supermarket chains place excess funds into short-term investments is consistent with this theory, as it shows that firms do not leave excess funds lying idle. Internal controls should also help reduce the risk of cash being misappropriated or inefficiently used, although the finding that only a limited amount of formal cash flow forecasting takes place indicates that this potential is not fully exploited. Without systematic forecasting, management may find it difficult to determine the appropriate level of liquidity to retain while simultaneously maximizing the productive use of excess funds.

Table 1 Descriptive Statistics on Cash Flow Management Practices

Statement	Mean	Std.Dev
We have effective internal controls to prevent cash mismanagement	3.641	1.16
The supermarket minimizes idle cash by investing excess funds in short-term investments	3.594	0.971
The supermarket maintains sufficient cash reserves to handle unexpected financial needs	3.531	1.221
The supermarket prepares regular cash flow forecasts to plan for future cash inflows and outflows	3.063	1.379

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The supermarket's management has a clear policy on the optimal amount of cash reserves to maintain	2.938	1.521
Cash flow forecasting helps the supermarket anticipate and address potential cash shortages	2.922	1.473
Our supermarket maintains a cash flow forecast to plan for future financial needs.	2.922	1.225
The supermarket uses cash flow forecasting as a tool to optimize cash management	2.641	1.547
Overall Mean and SD	**3.156**	**1.312**

Financial Performance

The results show that respondents agreed with the statements that the supermarket had successfully expanded into new markets in Garissa County (mean=4.000, std.dev=1.098), that the supermarket had increased the number of branches in Garissa County (mean=4.063, std.dev=0.990) and that the supermarket had experienced consistent sales growth (mean=4.031, std.dev= 0.959). Respondents additionally agreed with the sentiments that new product offerings had contributed to an increase in sales (mean=3.938, std.dev=0.924), that sales growth had resulted in higher profitability for the supermarket (mean=3.781, std.dev=1.105), and that the supermarket's return on equity had increased over years (mean=3.891, std.dev=1.056). Consequently, respondents were in agreement with the statements that return on equity had been a key performance indicator for the supermarket's financial success (mean=4.234, std.dev=1.035) and that the supermarket's return on equity is competitive when compared to industry benchmarks (mean=3.813, std.dev=1.097). On overall, all respondents agreed with the statements on financial performance of retails supermarkets as shown by the overall response mean of 3.969 and standard deviation of 1.033. According to Ismail and Wafula (2025), financial management practices are essential for the sustainability and profitability of supermarkets as they help in ensuring financial discipline, improving decision-making, and enhancing operational efficiency.

Table 2: Descriptive Statistics on Financial Performance

Statement	Mean	Std.Dev
Return on equity has been a key performance indicator for the supermarket's financial success.	4.234	1.035
The supermarket has increased the number of branches in Garissa County	4.063	0.99
The supermarket has experienced consistent sales growth in recent years	4.031	0.959
The supermarket has successfully expanded into new markets in Garissa County.	4	1.098
New product offerings have contributed to an increase in sales.	3.938	0.924
The supermarket's return on equity has increased over years	3.891	1.056
The supermarket's return on equity is competitive when compared to industry benchmarks	3.813	1.097
Sales growth has resulted in higher profitability for the supermarket	3.781	1.105
Overall Mean and SD	**3.969**	**1.033**

Inferential Statistics

Correlation Analysis

The results indicate that cash flow management practices was positively and significantly related to financial performance of retail supermarkets in Garissa County, Kenya. The correlation coefficient was 0.708 and the significant value was 0.000. This means that the more one of the areas of cash flow management practices that were considered is improved the better the financial performance of the supermarkets.The finding is consistent with Ohazuluike and Theophilus (2021), who established that cash flows from investment and financing activities have a substantial effect on firm profitability. The consistency suggests that the manner in which firms manage their cash resources can have important consequences for profitability. Nevertheless, this current study offers a more focused view, regarding cash flow management as an internal financial management practice in retail supermarkets. This positive association can be attributed to the cash intensive business of retailing, as it can be inferred that any supermarket would need to have adequate liquidity at all time to buy stock and to meet regular expenses, as bad cash flow management can lead to late payments, stock-outs, increased borrowing and hence increased cost of finance, and lower profitability.

Table 3 Correlation Results

		Cash Flow Management Practices	Financial Performance
Cash Flow Management Practices	Pearson Correlation	1	
	Sig. (2-tailed)		
Financial Performance	Pearson Correlation	0.708	1
	Sig. (2-tailed)	0.000	
	N	64	

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Regression Analysis

The findings indicate that R-Value was 0.708 implying there is a strong positive relationship between cash flow management practices and financial performance of retail supermarkets. Similarly, the R-Square value was 0.501 implying that 50.1% of variations in levels of financial performance amongst supermarkets in Garissa can be explained by cash flow management practices.

Table 4: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.708[a]	.501	.493	.538
	a. Predictors: (Constant), Cash Flow Management Practices		

The ANOVA results presented in table 5 shows that the model linking the dependent variable (financial performance) with the independent variable (cash flow management practices) was statistically significant. This was shown by the sig-value 0.000<0.05. The model was therefore considered fit for assessing the relationship between the independent and the dependent variable.

Table 5 ANOVA

Model		Sum of Squares	df	Mean Square	f	Sig.
1	Regression	18.012	1	18.012	62.301	.000[b]
	Residual	17.925	62	0.289		
	Total	35.938	63			
Dependent Variable: Financial Performance Predictors: (Constant), Cash Flow Management Practices						

The results indicate that cash flow management practices has a positive and significant effect on the financial performance of retail supermarket's in Garissa County, Kenya (beta = 0.528, p = 0.000). The findings suggest that a unit increase in cash flow management practices results into 0.528 units increase in the levels of financial performance of the retail supermarket's in Garissa County, Kenya. The finding supports Nasimiyu (2024), who argued that effective cash flow management enables firms to maintain adequate cash for meeting obligations, sustaining operations and investing in growth opportunities. The current finding provides empirical support for this argument by demonstrating that cash flow management has a statistically significant positive influence on financial performance. It also reinforces the propositions of Free Cash Flow Theory, because appropriate management of cash enables firms to prevent both liquidity shortages and inefficient accumulation of idle resources.

Table 6 Model Coefficient

	Unstandardized Coefficients		Standardized Coefficients		
Predictors	**B**	**Std. Error**	**Beta**	**T**	**sig.**
(Constant)	1.045	.306		3.411	.001
Cash Flow Management Practices	.510	.083	.528	6.139	.000
Dependent Variable: Financial Performance					

The model of the study thus becomes:

Financial Performance = 1.045+ 0.528 (Cash Flow Management Practices)

Hypothesis Testing

Table 7 show the hypothesis of the study. The testing was based on the regression analysis where the p-values were put into consideration as a basis for accepting or rejecting a hypothesis.

Table 7 Hypothesis Testing

Hypothesis	Method and Criteria	Remark
H_{01}: There is no statistically significant influence of cash flow management practices on financial performance of retail supermarkets in Garissa County, Kenya	• Multivariate regression analysis (p=0.000< 0.05)	Reject **H_{01}**

CONCLUSION

The study concluded that cash flow management practices significantly influence the financial performance of retail supermarkets in Garissa County. Although respondents were generally neutral about the comprehensiveness of cash flow management systems, the presence of sufficient cash reserves, short-term investment of idle cash, and effective internal controls reflects partial implementation of sound cash management principles. Improvements in cash flow management techniques directly increases the financial performance as demonstrated by the positive and statistically significant association found through correlation and regression analysis. Therefore, maintaining profitability and operational stability among Garissa County's retail supermarkets requires improving cash flow planning, forecasting, and policy design.

Recommendations

The study offers recommendations to the management of retail supermarkets in Garissa County to consider financial management practices as a part of general managerial decision making. Management should introduce cash flow forecasts and automated cash flow monitoring systems to make early decision on issues of cash balances, payments, investments and other operational needs. Regular review of cash utilization should be done to identify areas of inefficient cash use and correct accordingly.

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