

Cash Management on Financial Performance of Non-Financial Firms Listed at Nairobi Securities Exchange

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Abstract

Cash is frequently referred to as the most valuable asset for corporate operations, yet it has also been proven to be a non-returning asset. Financial managers attempt to achieve a balance between the amount of cash available to support business operations and avoiding excessive cash holdings due to the opportunity cost of lost profits. Non-financial entities that are listed on the Nairobi Securities Exchange are known as public non-financial firms. These companies, like all other businesses, are worried about their financial performance since it has a significant impact on their value addition to the economy in general and shareholder wealth maximization in particular. These companies' financial performance, on the other hand, has been volatile over the time period examined in this analysis, which runs from 2004 to 2018. It's unclear whether cash management has had any impact on this performance. On the study variables, this study null hypothesized that cash management has no significant effect on financial performance of non-financial firms listed on the NSE, based on the Keynesian Liquidity Preference Theory and Miller-Orr stochastic cash management theory, as well as the deterministic cash conversion model. The cash flow data and corporate profits needed to calculate return on assets were obtained from these companies' published financial statements. The p-value and the t-statistic were utilized to create the panel data set that was employed in this investigation via regression analysis at a 95 percent confidence interval. The data show that cash management has a favorable impact on a company's financial performance. The findings are consistent with the Keynesian liquidity preference theory, which assumes that businesses keep cash on hand not only for transactions but also for risk management and investment. It appears that the opportunity costs of cash retained for transactions are more than compensated by the opportunity benefits of cash for security and arbitrage profits. Because of the stringent laws that govern banks and other financial institutions, this study was limited to non-financial businesses. As a result, it is suggested that a comparable modified study, with regulatory environment restrictions, be conducted to determine the impact of cash management among financial institutions..

Keywords: Cash management, financial performance, firm size, Non-financial firms listed in NSE

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1 Introduction

Every organization's bottom line is financial performance, because poor financial performance can lead to failure and bankruptcy (Onipe et al., 2015). Because financial organizations are strongly regulated and their cash management operations are heavily influenced by these rules, this study focuses on non-financial firm performance. To accomplish this, the study aims to answer the question of whether cash management has an impact on these companies' financial success. According to Erasmus (2008), financial performance is a monetary assessment of the results of an organization's approaches and exercises. It portrays an organization's complete presentation as far as income and misfortunes throughout a given time-frame (Cashmi and Fadaee, 2016). Numerous decisions related with hypothesis openings on the affiliation, as incredible arrangement, checking, and constant reviews of activities, are used to measure financial execution (Lagat and Nyandama, 2016). Another meaning of monetary execution is an all things considered examination of how well an association's records have acted conversely, with near associations in a comparable industry or to various endeavors or regions in general (Cashmi and Fadaee, 2016).

The return on investment, return on assets, shareholder value, accounting profitability, and other financial performance measurements give a monetary depiction of an association's assignments and business works out. All things considered, money related accomplishment is an extent of an association's ability to create pay and make a motivation for investors by using its essential wellspring of business resources (Demithan and Anwar, 2014). For quite a while, monetary execution was settled on a choice with regards to simply on its ability to make benefits; but this has created as time goes on. Plus, considering the way that it doesn't add to return on esteem, it functions as a monetary presentation limitation (Rafuse, 1996).

Working capital decisions, particularly current assets, can have an impact on financial performance in non-financial organizations (Valentin, 2013). The size and sufficiency of an association's records and other cash partners are affected by all that its organization does or picks (Akinyomi, 2014). It is comprehensively understood that what a firm arrangements with its resources out and out means for its flourishing, but it is

unclear how cash expects a section in this given that it is by and large a non-return making asset. Expecting a firm can't advantageously deal with its present resources, for example, cash, it will impact its normal activities correspondingly as result in a monetary disaste (Yahaya et al., 2015). Excessive current resources may bring about reserves that could be utilized to create a gain, yet a money deficiency can make exercises be upset and maybe impede benefit (Mawih, 2014).

The term "cash" refers to a company's liquid assets. Cheques, money orders, and bank drafts are all examples (Mshelia, 2016). The goal of cash management is to ensure that business components have adequate cash nearby and that any abundance is successfully used (Akinyomi, 2014). The checking of incomes all through a firm is known as money the executives. The objective of money the executives is to have sufficient money and bank stores to meet an organization's monetary commitments on time (Bagchi, 2013). Cash levels should be stayed aware of predictable in control to accomplish the best friendliness between the costs of holding cash and the expenses of having inadequate money. The sort and proportion of these expenses are generally coordinated by the association's monetary system (Batiashvili, 2016).

Cash management is the demonstration of gathering and overseeing money to guarantee that business associations keep up with ideal money adjusts. It revolves around ensuring that fitting cash is stayed aware of and any abundance is put to the suitable use (Akinyomi, 2014). Amazing cash the leaders ensures that cash resources are open when they are relied upon to help an association's activities. Whether or not a firm is stacked or has a cash need, incredible cash the chiefs is basic to its thriving (Oluoch, 2016). Cash the leaders should incorporate picking the best extent of money to hold resulting to checking the chance expense of holding a plenitude of money versus the exchanging cost of having too insignificant use (Ross et al, 2008)

Efficient cash management considers the compromise between the chance expense of holding an excessive amount of money furthermore the trading cost of having too minimal expenditure while choosing the fitting cash to hold (Ross et al., 2008) As Atrill (2006), alluded to by mshelia (2016), raises, thorough course of action and seeing of pay rates commonly through time is relied upon to pick the best money to hold. According to Kwame (2007), founding cash changing techniques upholds sensible financial readiness and hypothesis of surplus monies. They saw that money arranging is useful at surveying cash deficiencies and floods, comparably as impacting the monetary demonstration of affiliations (Kotut, 2003; Nyabwanga et al., 2012).

The cash conversion cycle is a estimation of what amount of time it requires for an organization's stock and different assets to change into cash. The money change cycle assessment is an assessment of what measure of time it needs for stock to be sold and money to be recovered from customers (Asress, 2011). The cash cycle is allocated into three sections. The critical season of the cycle portrays stock levels and the time it will take to sell them. This still undetermined utilizing the day's stock astounding. Current courses of action and the time it takes to collect money from these exchanges are tended to in the second time of the money cycle. This figure is gotten from the day's phenomenal game plans. In the third stage, phenomenal responsibilities are shown. That model, it shows how much the affiliation truly owes current transporters for item and things got, also as when those segments should be made. The current incredible payables are directed by deducting the earlier day's astounding payables from the earlier day's extraordinary stock and plans, while the money change cycle is constrained by eliminating the earlier day's exceptional payables from the earlier day's phenomenal stock and courses of action. The time it takes for a customer to manage an affiliation's stock hypothesis is recommended as the money change cycle.

The cash cycle refers to the time it takes for a broker to get portion from a client for things obtained from a dealer. The compensation of an association is more valuable when cash is dealt with in stock for a short time frame outline range. More inconspicuous change cycles award relationship to purchase stock, sell it, and gather cash from clients basically quicker. Along these lines, the money change cycle can be considered as a business capacity calculation. This pointer reflects how rapidly and proficiently an affiliation can trade its things (Peri, 2015).

Due to the importance of cash flows in their tasks and execution, business associations, as indicated by Efobi (2008), should set up and utilize a reasonable income blend to augment investor esteem. Income the executives is in like manner essentially as major as a decent philosophy for an affiliation's prosperity. Relationship with pay issues have no pad to rely upon if there ought to emerge an event of unexpected expenses. They're also experiencing inconvenience raising assets for new tasks and turning into their business. At last, a setback of pay makes drawing in and holding best individuals more hazardous. Tolerating pay the bosses isn't considered to be an anticipated discipline that requires a planned exertion, it very well may be annihilating for a relationship to fizzle (Quinn, 2011).

That which is put resources into fixed resources, stock, account receivables, and attractive protections is alluded to as income by Uremadu (2004) in his hypothesis of income. For a business to be productive, it should have the decision to pick the most amazing parts of livelihoods will be utilized in the affiliation's activity to develop comfort or achieve execution and to guarantee the wages are appropriately planned and reasonably utilized. It is the major defense behind pay the board to lessen the extent of money an affiliation should stay

close to run its customary endeavors, and to have satisfactory money open to cover startling monetary essentials as per the affiliation's strategy (Krawczyk, 2010)

The corporation can use a mathematical model to keep track of its cash flow. Tobin-Baumol and Baumol Allouis-Tobin are two of the most popular cash management methods in use today (Tobin, 2006). When a client demands cash, our cash the board model can help with choosing the best proportion of securities to sell. While Baumol (1952) hoped to restrict income mishaps by keeping cash saves, Miller-procedure Orr's arrangements to restrict the danger of having an inadequate pay balance.

Financial limitations and non-financial constraints have different cash management approaches, according to Almeida et al. (2004) only in nations where financial supporters have negligible authentic security do financially appended affiliations show a more critical minor inclination to set aside money thinking about pay rates. A genuine security for money related allies is a basic contraption to decrease the energizing powers of monetarily confined endeavors to store cash saves totally expecting future hypothesis requests.

When it comes to the relationship between current asset management and financial performance, empirical research have yielded conflicting results, with some showing positive and negative effects, and others showing no correlation at all (Mc Williams & Siegel, 2001). According to Hamza and colleagues (2015), SMEs in Ghana's Northern Region have a good association between the effectiveness of cash the chiefs and the financial show of their associations. Coordinated surveys were used to get fundamental quantitative data for this cross-sectional audit research plan. Both expressive and inferential experiences were used to review the data. An assessment of the association between cash the chiefs and advantage in Nigerian collecting adventures by Akinyomi (2014) found a strong positive association among CCC and ROE from one perspective, and a non-basic negative association among CCC and ROA. Relationship and backslide were utilized in the audit to investigate data

Researchers in Pakistan employed a sample of 100 Karachi Stock Exchange-listed companies from 1999 to 2008 to explore the relationship between working capital management and firm profitability. (Choudhry and Sial, 2012). Working capital management has an extensive negative association with usefulness, as demonstrated by the investigation. Research assembled data on common combination periods, stock turnover in days and ordinary portion periods, similarly as control factors: the recurring pattern extent, size, and commitment to-esteem extents. Data was inspected using Pearson relationship and backslide.

The impact of cash management on Nigerian manufacturing enterprises' profitability was examined by John (2014). Using the proxies of cash ratio, debt ratio, and sales growth, the investigation discovered that the cash change cycle was the independent variable while subordinate variable is benefit with the mediators of ROA and NPM. The focus on used relationship and backslide to separate data. The results showed tremendous positive association among CCC and ROA and non-basic negative association among CCC and NPM

For the five years from 2010 to 2015, a study by Thevaruban (2016) examined how cash management practices affected the financial performance of 20 Sri Lankan manufacturing firms out of 39 total. There were two free factors in the audit: cash the leaders and the extent of cash accessible to amount to cash nearby. It was the dependent variable's show similar to profits on esteem (ROE) and advantages on assets (ROA). Secondary data were united into the audit. As shown by the assessment, ROE and ROA are harmed by a high cash to-esteem extent. In any case cash turnover extent had immaterial relationship with ROE and ROA.

Nyamweno and Olweny (2014), investigated effect of working capital management on performance using a sample of 27 firms listed at the Nairobi Securities Exchange in Kenya in the period between 2003 - 2012. The study used a Robust GMM applied on Arellano-Bover/Blundell-Bond linear dynamic panel for data estimation analysis. The outcomes uncovered that significant length of records receivables and cash change cycle indirectly affect execution assessed by net working advantage. In the inverse, significant stretches of records, payables and days in stock straightforwardly affect execution. Yet, this survey focused in on the effect of liquidity on the money related show of green associations recorded in Nairobi Security Exchange in Kenya, it summarized the results for each recorded association.

Fathi and Tavakoli (2009) investigated the relationship between current asset management and financial performance. The findings showed a very tremendous connection between the reductions in the arrangement time span, stock holding period which prompts a more restricted liquidity cycle and the addition in efficiency of the organizations. In the occasion that the associations have an ideal liquidity cycle to expand the association's usefulness.

Mathuva (2009) used a sample of 30 listed firms listed in the NSE examine the relation between current asset management components and profitability for the period 1993 – 2008. However, there is a large positive relationship between the time it takes to convert inventory into revenues, the time it takes to pay debtors, and the profitability of a firm..

An investigation by Akinyomi (2014) studied the link between cash management and profitability in Nigerian manufacturing enterprises. Correlation and regression were utilized to evaluate the data in the study. CCC was found to have a generous positive connection with ROE and a non-huge negative relationship with

ROA, according to the outcomes of the survey. A concentrate by Uwuigbe et al. (2011) reviewed the impact of cash the board on the efficiency of 15 recorded Nigerian collecting adventures. Extents of cash the load up relied upon the time it takes to change over cash into cash. Control factors joined the current extent, commitment extent, and arrangements improvement. From 2005 to 2009, the audit relied upon data from assistant sources. Data were analyzed using Pearson's relationship and backslide examination. The results showed that the cash, Thus, developments in genuine cash change cycle prompts decline in efficiency of a firm. Thus, the chiefs can make a motivation for financial backers by ensuring that the cash change cycle is properly regulated and that each part is stayed aware of at an optimal level.

Manufacturing companies in Nigeria were studied by Abiero (2014), who looked at the impact of cash management on their performance. The researcher gathered data using both secondary and primary sources. A correlation between cash the executives, execution, and liquidity was inspected utilizing unmistakable measurements and connection coefficients. Cash the board out and out influences performance, as avowed by the study's disclosures. Moreover, the assessment observed that essentially having cash doesn't ensure an affiliation's flourishing tolerating it isn't exactly as expected made due. Subsequently, better execution requires productive money the pioneers.

From a theoretical angle, this study is anchored on three theories being the liquidity preference theory, Miller-Orr theory and the deterministic cash conversion model. Liquidity preference theory was developed by Keynes (1936). To fill the void left by what Keynes alluded to as the "defective traditional investment funds hypothesis of premium," Keynes presents liquidity inclination hypothesis as a hypothesis of premium. The articulation "liquidity tendency" quickly became indistinguishable from the premium for cash in the early post-general theory literature. The speed of income in the money market was directed by the first IS-LM model of Hicks (1937) identified with liquidity tendency and a predictable heap of money. Concerning theoretical premium for cash, the Keynesianisms stick out. Hicks (1939) articulated that liquidity tendency and old style (loanable resources) speculations were same, conflicting with his ever-evolving case that the blemished conventional theory of interest ought to have been displaced

To compensate for the higher danger related with long haul speculations, the "liquidity inclination hypothesis" expresses that financial patrons favor cash or other uncommonly liquid assets over insurances with flitting improvements that pass on a lower expense. Liquid endeavors can be sold even more quickly and at a more prominent cost. By the day's end, flitting advance costs will when in doubt be lower since financial allies don't need to surrender liquidity for as long when buying transient affirmations. Hence, the accommodation of having cash close by is viewed as a degree of liquidity. Keynes laid out the going with three purposes behind keeping cash: When it comes to liquidity, affiliations favor this is on the grounds that it licenses them to meet their principal standard money needs, while the sensible viewpoint guarantees that they will have satisfactory cash close by if there should arise an occasion of an astounding issue or cost increments, and the theoretical point awards them to keep their cash in the most reliable, most fluid assets. Bibow (2005) featured that choices to spend or not to spend should not be mistaken for the novel and coming around one might say choice to either hold abundance as cash or in another resource.

The stochastic cash conversion model was derived by Miller and Orr (1966) in an attempt to produce a more realistic approach to cash management. It expects that the overall gains are reliably circled without any value of mean and standard deviation. The firm draws the lower line as demonstrated by its necessities of remaining mindful of cash congruity and farthest cutoff very far correspondingly as its bring point back. On the off chance that money balance appears at past what many would consider conceivable, the firm purchases good protections to return the money agreement to an ordinary level returned to the bring point. Precisely when money switches show around at a lower limit, the firm offers protections to return the equilibrium to return point (Pandey, 2008). Cash should likewise be remained mindful of at an optimal level. It might likewise result to stretch out cost due to manhandling, waste and thievery. The hypothesis was wanted to confine the proportion of chance expense related with holding money and exchanging costs related with changing over other to cash

The deterministic cash management model is very similar to the EOQ Model for inventory size but it deals with different variables. It accepts that the firm holds an arrangement of attractive protections the executives which can without a doubt be changed over into cash (Baumol, 1952). As exhibited by this hypothesis, cash is depended upon to start from a re-energizing level, and some time later decay perfectly to a worth zero, by which the cash related boss necessities to pick the repartition of fluid assets among cash and engaging affirmations the load up (Pandey, 2008). In the end, there is a compromise which includes the defense behind the calculation. Yet, this compromise is identified with the chance expenses of holding cash which increment nearby the money level and the exchanging costs which are accomplished with each exchange and which rot when the money level structures (Cornett et al. 2009). The chance costs address the premium oversight without for holds which are held in authentic money rather than being contributed while exchanging costs relate to fixed costs accomplished when an affiliation chooses to either trade engaging protections the board (Pandey, 2008). In case an affiliation chooses to keep a low money level it should complete different exchanges inciting high exchanging costs in any

case low chance expenses considering the way that there are unimportant idle money saves. In case it keeps a specific degree of money, the alliance's chance costs will be higher due to the genuinely massive extent of uninvested cash yet the exchanging costs will reduce since a couple of exchanges will be crucial (Pandey, 2008) A null hypothesis was developed based on the Keynesian Liquidity Preference Theory, the Miller-Orr stochastic cash management theory, as well as the deterministic cash conversion model. When applied to the study variables, it was hypothesized that cash management has no significant impact on the financial performance of the non-financial firms listed on the NSE.

2 Methodology

A descriptive research design was used in this study. According to Kothari (2003), this design was used because it describes the characteristics of the variables being studied and allows for the analysis of multiple variables, unlike other methods that only require one variable. Descriptive research, which focuses around giving information on the qualities of a neighborhood, answer a part of the going with requests: what, where, when, and how. Sunitha and Sreevidya are a couple who have been together for a really long time (2011).

This study used a positivist paradigm because only observed events can lead to reliable data (Dobson 2002). Reason, truth, and validity are central to positivism, which emphasizes facts gathered through experimentation and survey research, as well as data gathered through statistical analysis (Eriksson & Kovalainen, 2008). According to Saunders, Lewis, and Thornhill, the positivist approach is habitually used to assess speculations got from existing hypothesis by estimating genuine social real factors (2013). Because human actions can be explained as a result of real causes that occur before their behavior, positivist research aims to make broad generalizations. The positivist paradigm is the most appropriate fit for the research problem in this paper.

From 2004 to 2018, these companies provided panel data for the study, which spanned 15 years. The focus on the 42 non-financial firms listed on the NSE is justified by the fact that the capital markets regulator imposed strict disclosure requirements on these firms, requiring them to provide sufficient data for this study. All non-financial firms listed on the Nairobi Stock Exchange were included in the study's sampling frame. There are 42 non-financial companies listed on the NSE, divided into various categories. The companies' published financial statements provided secondary data on profits and cash flows.

Panel regression was used in the study, with both random and fixed regression models being used. Since the data was generated by pooling time-series observations across a variety of cross-sectional units (non-financial firms listed on the NSE in this case), panel data statistical analysis was used in this study. The cash conversion cycle was used to evaluate cash management, while return on asset and net profit margin were used to evaluate financial performance. The model is indicated as:

$$Y_{it} = a_0 + \sum_{i=1}^n \beta_i X_{it} + \mu_{it}$$

Some tests were carried out to determine the suitability of the model that was proposed for the study. Stationarity tests, panel cointegration tests, autocorrelation tests, Hausman specification, multicollinearity tests, and heteroskedasticity tests were some of the tests performed. The principle objective of these tests was to guarantee that the absolute minimum prerequisites for the proposed model's operation were met.

3 Findings and Discussion

Cash conversion cycle was used in checking cash management by the listed non-financial companies over the study period in terms of descriptive statistics. Table 1 summarizes the findings. In 2010, the highest average number of days used to convert money was 175 days, while the lowest was 53 days in 2005.

This suggests that the CCC has been extremely volatile throughout the research period. The standard deviation, which ranges from 5 days in 2008 to 24 days in 2016, supports this. This could be due to the diverse range of businesses that make up the non-financial sector, which includes agricultural, energy, manufacturing, commercial, and other similar businesses. Because it considers the standard deviation in days per unit of CCC in days, the coefficient of variation is used to support this viewpoint. It has a CV that fluctuates between 0.0115 in 2010 and 0.3307 in 2015. In this regard, the most volatile cash conversion cycle was in 2015, while the least volatile was in 2010. As described by Yahaya et al., this could be largely due to economic cycles that influence the flow of money in the economy (2015).

Table 1: Cash Conversion Cycle in Days

year	Mean	Std Deviation	CV
2004	57.76520548	9.394520548	0.16263286
2005	52.93150685	16.4260274	0.310326087
2006	64.38493151	16.60849315	0.257956214
2007	59.09589041	26.43287671	0.04472879
2008	72.04931507	4.91260274	0.058190737
2009	102.6805479	16.81726027	0.163782339
2010	174.0978082	2.003835616	0.011509827
2011	127.8312329	26.94410959	0.210778767
2012	117.9558904	8.166575342	0.069234146
2013	87.64109589	22.19260274	0.25322142
2014	79.87808219	22.55342466	0.282348099
2015	83.93917808	27.76027397	0.330718916
2016	119.5389041	23.51589041	0.19672165
2017	70.22136986	16.8739726	0.24029683
2018	93.40027397	23.3030137	0.249496203

Tables 2 and 3 show the findings for financial performance as measured by ROA and Net profit margin. Return on assets (ROA) did not have a clear upward trend; instead, it was marked by a sharp drop between 2004 and 2006, after which it grew steadily until 2015 and 2016, when it saw a sharp increase. The increase in ROA value did not last long, and there was a sharp drop between 2016 and 2018, indicating that the performance of firms listed on the Nairobi stock exchange in terms of net income to asset ratio values has been dismal in recent years.

In addition, when looking at the mean growth of ROA over time, it was discovered that the highest and lowest growth was recorded in the years 2016 and 2018, with corresponding increases of +1.145 and declines of -0.881, demonstrating insignificant growth of ROA over time. The highest growth in ROA was recorded in the year 2004 and the lowest in the year 2018 at 0.871, indicating that there was no significant growth in ROA.

The rise/fall in median values adds to the proof that mean development remained generally steady throughout the years being referred to. The largest standard deviation values for ROA were 7.886 and 5.667 in 2016 and 2018, respectively, indicating a significant decline in ROA growth. For 2016 and 2018, the maximum and minimum growth rates were set at 43.305 and -32.357 percent.

Table 2: Descriptive Statistics ROA

year	Mean	Median	Standard Deviation	Maximum values	Minimum values
2004	0.071	0.729	2.540	9.102	-8.685
2005	0.116	0.158	0.542	0.761	-2.315
2006	0.226	0.244	0.427	1.118	-1.578
2007	0.308	0.205	0.347	1.285	-0.351
2008	0.294	0.211	0.377	1.088	-0.597
2009	0.296	0.249	0.282	1.041	-0.263
2010	0.260	0.166	0.360	1.168	-0.830
2011	0.315	0.258	0.285	1.288	-0.172
2012	0.272	0.176	0.388	1.560	-0.356
2013	0.097	0.146	0.714	0.829	-3.781
2014	0.029	0.123	0.629	0.818	-3.076
2015	0.142	0.121	0.797	2.351	-2.025
2016	1.286	0.138	7.353	43.305	-2.872
2017	0.100	0.108	0.978	2.756	-4.204
2018	-0.781	0.111	5.597	4.128	-32.357

The annual average values of NPM were used to calculate the net profit margin, as shown in Table 3. As shown in the table below, the highest value of Net profit margin was recorded in 2017, with a value of 2228.65, and the lowest value of Net profit margin was recorded in 2004, with a value of 510.42. It's also worth noting that 2017, with a rate of +610.66 percent, had the highest rate of positive growth. In terms of the median, the highest value ever recorded across years was 450.35 in 2011, representing a gain of +61.68 percentage points over the year before. As a result of these increases, median growth in 2017 fell by -241.69%, which was statistically significant. In addition to these findings, the standard deviation of Net profit margin did not remain constant over time. Its value continued to rise, indicating a positive trend in Net profit margin over time. Since

the skewness and kurtosis values were heavily skewed and exceptionally topped across the years, they affirm that there was a vertical pattern and absence of stationarity in net revenue esteems. With the findings in hand, it was clear that between 2004 and 2018, there was a significant and easily identifiable increase in the values of Net profit margin.

Table 3: Descriptive Statistics Net Profit Margin

year	Mean Sh.million	Standard Deviation	Maximum values	Minimum values	Skewness	Kurtosis
2004	510.42	838.83	3849.06	-698.91	2.44	8.06
2005	571.74	1149.02	4769.90	-1227.20	2.29	6.15
2006	1019.16	1924.21	8425.46	-751.08	2.49	6.46
2007	1238.06	2469.72	12010.43	-256.56	3.23	11.54
2008	1565.00	2972.34	13853.29	-97.52	2.98	9.59
2009	1279.99	2667.95	10536.76	-4083.00	2.01	5.36
2010	1577.68	2993.41	15148.03	-284.10	3.36	12.89
2011	1694.66	2815.98	13158.97	-123.99	2.74	8.40
2012	1356.24	3200.99	12627.61	-6284.58	1.80	6.07
2013	1284.01	3578.25	15539.81	-7864.00	1.90	10.07
2014	1589.73	4298.83	23017.54	-3582.00	3.89	18.65
2015	1426.18	7550.32	31871.30	-25743.00	0.64	11.98
2016	1587.99	8361.78	38104.29	-26225.00	1.49	13.85
2017	2228.65	8850.75	48444.00	-10207.00	4.36	23.03
2018	2118.55	10070.16	55289.00	-15141.25	4.42	24.34

It was established that cash management and financial performance were significantly related after the test of the null hypothesis against the alternative hypothesis.

The results of the a panel regression analysis revealed that cash management is significantly related with financial performance of nonfinancial companies listed on the Nairobi Securities Exchange. The rest of the results have been summarised in the table 4 and 5.

Table 4: Regression Analysis for Cash Management and ROA

Dependent Variable: Return on Assets,									
Method: Panel Least Squares									
Sample: 2004 -2018, Periods included: 11 Cross-sections included: 35 Total panel (balanced) observations: 363									
Random Effects Model	C	3.875	0.085	45.380	0.0000	0.186	0.181	93.349	0.000
	CAMGT	0.0425	0.004	9.673	0.0000				
	S.E. of regression				0.4892	Sum squared resid			86.415
	S.E. of regression				0.4409	Sum squared resid			69.794
Fixed effect Model	C	3.9137	0.057	68.535	0.0000	0.666	0.635	19.925	0.000
	CAMGT	0.0385	0.005	7.3403	0.0000				
	S.E. of regression				0.4886	Akaike info criterion			1.4946
	Sum squared resid				78.558	Schwarz criterion			1.8594

The output of financial performance measured in terms of Return on Assets (ROA) and Net Profit Margin (NPM) of non-financial firms listed on the NSE, as well as cash management, was investigated using randomized and fixed models. The following values were recorded based on the R-square results: 0.186 and 0.666, implying that in the absence of a moderator, Cash management explained 18.6 percent and 36.6 percent of Return on Assets (ROA). Furthermore, in the presence of a moderator (firm size), R-square values of 0.313 and 0.639 were published, indicating that Cash management accounted for 31.3 percent and 63.9 percent of the total variation in Return on Assets of non-financial firms listed on the NSE, respectively.

Table 5: Regression Analysis for Cash management and NPM

Dependent Variable: Net Profit Margin									
Method: Panel Least Squares									
Sample: 2004 -2018, Periods included: 11 Cross-sections included: 35 Total panel (balanced) observations: 363									
Type of Model	Variable	B	SE	T	P	R ²	Adj R ²	F	P-value
Random Effects Model	C	1.0860	0.064	16.918	0.0000	0.260	0.258	115.51	0.000
	CAMGT	0.0254	0.002	10.779	0.0000				
	S.E. of regression				0.219	Sum squared residue		15.829	
Fixed effect Model	C	1.1024	0.028	39.105	0.0000	0.821	0.829	23.381	0.000
	CAMGT	0.0238	0.002	9.3555	0.0000				
	S.E. of regression			0.2190	Akaike info criterion			0.1018	
	Sum squared residue			14.201	Schwarz criterion			0.2896	

Net profit margin R-square values published, on the other hand, were 0.2604 and 0.821, respectively, indicating that there was a link between Net profit margin of financial performance for non-financial firms listed on the NSE and Cash management. Cash management without firm size was found to predict 26.04 percent and 82.1 percent variations in Net Profit Margin (NPM) of financial performance for non-financial firms listed on the NSE (moderator). R-square values of 0.4432, 0.2601, and 0.846 were also obtained when the moderator was included in the model. The results indicate that the models in the presence of moderators have significantly improved. Cash management, in the presence of a moderator, explained 44.32 percent, 26.01 percent, and 84.6 percent of Net Profit Margin (NPM) of financial performance for non-financial firms listed on the NSE.

The F-Statistics values for Return on Assets (ROA) when the moderator is not present are 93.349 and 19.925; when the moderator is present, the F-Statistics values are 103.75, 40.980, and 19.1079. When the moderator is added to the Net Profit Margin model, the results are 258.56, 115.51, and 57.483, respectively (NPM). The matching P-values for all models were 0.0000.05. This implied that cash management and Return on Assets (ROA) as well as Net Profit Margin of Non-Profit Margin of non-financial enterprises had a significant correlation.

For companies listed on the Nairobi Securities Exchange, a t-test statistic was used to investigate the relationship between an explanatory variable (cash management) and overall financial performance (ROA) and net profit margin (NPM) (NSE). These models were tested in two different scenarios: one with the moderator present and one without. In both models without and with a moderator, P-values for non-financial enterprises listed on the Nairobi Securities Exchange were less than 0.05, indicating that cash management had a significant impact on financial performance.

Based on the findings, there is a significant relationship between cash management and the Return on Assets of non-financial enterprises listed on the Nairobi Securities Exchange.

In summary, there is a significant relationship between cash management and the quality as well as the profitability of financial institutions listed on the NSE.

4 Conclusion

The study investigated whether cash management has a significant impact on the financial performance of non-financial firms listed on the Nairobi Securities Exchange. To achieve this, the dependent variable (financial performance) was measured using return on assets (ROA) and net profit margins (NPM). The study's findings showed that cash management had a statistically significant effect on financial performance. The findings also showed that cash management could be used to predict the financial success of non-financial companies listed on the Nairobi Securities Exchange. In the presence of a moderator, the study model was based on panel regression analysis, while in the absence of a moderator, random effects and fixed effect models were used. The results indicated that the management of the cash significantly impacted the financial performance of the companies listed on Nairobi Securities Exchange. Firm size that was the moderating variable significantly impacted the financial performance of the companies listed on Nairobi Securities Exchange.

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