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**THE RELATIONSHIP BETWEEN WORKING CAPITAL MANAGEMENT
AND FINANCIAL PERFORMANCE OF UCHUMI SUPERMARKET UGANDA**

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Abstract

The study was about the relationship between working capital management and financial performance of Uchumi supermarket Uganda. The objectives of this study were to examine the relationship between cash control and financial performance of Uchumi supermarket Uganda, to examine the relationship between inventory control and financial performance of Uchumi supermarket Uganda and to examine the relationship between credit policy controls and financial performance of Uchumi supermarket Uganda. The target population of the study was 45 respondents comprising of 4 top managers, 17 finance officers, 12 supervisors, 5 store keepers and 7 marketing officers. The sampling method that was used was census sampling due to the number of the target population which left the sample size at 45 respondents. The research adopted a correlational research design that was to examine whether there was relationship between working capital management and financial performance of Uchumi supermarket Uganda. Data collection instruments that were used for the study included questionnaires and documents review. The study used SPSS to analyze data collected and Pearson correlation was used to measure the degree of relationship between the variables while multiple regression analysis was used to predict which variable determines the financial performance of the exchange. The results of the study indicated that working capital management has two indicators i.e. inventory control whose relationship with working capital management is 0.69 with a significance of 0.000 and cash control which has a relationship of 0.779 but can only predict financial performance when combined with inventory control and not alone with a significance value of p as 0.001. The research recommends that Uchumi should invest more of the resources in inventory management to enhance financial performance because based on the findings of this study it was not only the strongest but also the only stand-alone predictor of financial performance. Also cash management should be done alongside inventory so as to get the desired financial performance levels of the company. But caution should be taken because if credit policies are not properly or well managed, they can bring problems to the leverage position of the company bringing out different problems.