WORKING CAPITAL ELEMENTS ON THE LIQUIDITY MANAGEMENT STRATEGY OF RETAIL TRADING COMPANIES

Hikmat Chamma [*], Bassam Hijazi [**]

[*] *Corresponding author,* Faculty of Business Administration, Jinan University, Tripoli, Lebanon
Contact details: Faculty of Business Administration, Jinan University, P.O. Box 818, Tripoli, Lebanon
[**] Faculty of Business Administration, Jinan University, Tripoli, Lebanon

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Abstract

This paper investigates receivables management on liquidity management strategy mediated by cash management for the hardware, tools, and equipment of retail trading companies in Tripoli, Lebanon. Accounts receivable are vital for the improvement of the financial situation of the company (Putri, 2024). Liquidity management strategy plays a dynamic role in enhancing cash through transforming assets to cash (Mandipa & Sibindi, 2022). A descriptive method and quantitative techniques were applied in interpreting the data. A sample size of 100 respondents for 20 companies. An SPSS version 26, SPSS version 4.2, beta regression, Hayes Process Model 4 (for the mediator study), and AMOS software were used for identifying data. The results of this paper are defined by providing an acceptable determinant result, a good correlation matrix, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, and Bartlett's test. The reliability result of Cronbach's alpha defines acceptable results, presenting a satisfactory level of internal consistency for the model size considered. There is a positive correlation between receivables management and cash management, and there is a positive correlation between cash management and liquidity management strategy. The hypothesis that receivables management has a positive impact on companies' liquidity management strategy, fully mediated by cash management, is accepted.

Keywords: Receivables Management, Cash Management, Liquidity Management Strategy

Authors' individual contribution: Conceptualization — H.C. and B.H.; Methodology — H.C. and B.H.; Formal Analysis — H.C.; Investigation — H.C. and B.H.; Data Curation — H.C.; Writing — Original Draft — H.C.; Writing — Review & Editing — H.C. and B.H.; Visualization — H.C. and B.H.; Supervision — B.H.; Project Administration — B.H.

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1. INTRODUCTION

Most goods that are imported arrive in Lebanon through the Port of Beirut or Beirut Rafic Hariri International Airport. Foreign exporters depend on regional businesses to process and promote their merchandise locally. The majority of consumer goods are offered using contemporary retail outlets, shopping centers, retail shops, and grocery store chains (International Trade Administration [ITA], 2024). Companies concentrate their purchasing decisions on customer demand, supplier incentives, and existing inventory (Pano et al., 2024). The retail sector was an essential component of stability for the Lebanese people. On the other hand, companies are still facing challenges, certainly the fluctuation of the retail business during Lebanon's various crises (Fadel, 2024).

The research problem stems from the financial and political suffering that started in Lebanon from 2019 till now, when business firms are experiencing financial difficulties (World Bank, 2022). Bank financial issues that began in 2019 have driven Lebanese commercial firms to rely heavily on cash payment methods between clients and vendors (Hatoum & Barraj, 2023).

The Lebanese retail business has seen significant financial losses as a result of COVID-19, the Beirut port exploding, inflationary conditions, and the recent financial crisis (Wehbi, 2020). Lebanese enterprises having economic reserves as liquid funds stored apart to be used later that were capable of remaining competitive and profitable (International Labour Organization [ILO] & Fafo Institute for Labour and Social Research [Fafo], 2021). Industries that produce goods struggled alongside wholesale, retail, and additional businesses, with 70% of enterprises seeing decreased demand and sales. Even so, the retail sector sustained significant losses (World Bank, 2021). Accounts receivables, cash management, and liquidity management strategy indicate the success of the business branding program, define the amount of cash diverted from commercial sales, as and can be a measure of the business's financial health. Effective receivables management is crucial for retail trading companies' consistency, specifically in times of crisis. Applying management functions to enhance receivables value encompasses analyzing the accounts receivables and creating a suitable receivable schedule.

This study defines the gap between receivables management, liquidity management strategy, and cash management. Researchers should do more analyzing a broader variety of balance sheet components, particularly those connected to working capital, which might help us comprehend the cross-sectional diversity in financing options (Flannery & Öztekin, 2024). More study is needed on the relationship between working capital control, liquidity, and receivables in different countries (Alvarez et al., 2020). There has been not much investigation on the impact of working capital on liquidity management. Future studies on the demand for working capital should include more variables to account for various financial factors (Nyeadi et al., 2018). Studying cash management with liquidity and applying quantitative financial measurements is recommended (Briones, 2019).

The research objective is to define the role of receivables management in liquidity management strategy mediated by cash management in Tripoli, Lebanon. Therefore, the important element is to investigate the suitable financial practices for the working capital management of retail trading companies. The purpose of this article is to investigate the appropriate style of receivable, cash, and liquidity management strategy for the performance of retail trading companies. This article's output provides the most recent solutions for working capital management as well as the greatest instruments for improving company performance. Studying the greatest liquidity, receivable, and cash management applications will yield appropriate results for company performance in Tripoli, Lebanon. Several articles analyze the influence of receivable and cash management on company performance in a certain area or location however, this article focuses solely on firms in Tripoli, Lebanon. This article specifies the originality of retail trading companies. This article is unique in that it focuses on one topic of study and a specific area within a country.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyzes the methodology that has been used to conduct empirical research on the impact of receivables management on liquidity management strategy mediated by cash management. Section 4 examines the research results. Section 5 discusses the findings. Finally, Section 6 provides the statement of the conclusion, recommendations, study limitations, and future studies.

2. LITERATURE REVIEW

Accounts receivable have an influence on the company's overall business situation. The control of receivables is a set of techniques that focus on maximizing the size and quality of the organization. The continuous study of accounts receivables utilizing standard techniques may appraise the capacity of business administration to limit the risk of non-payment of money, and elements of debt accumulation, and establish a general level of obligation control (Putri, 2024). Accounts receivables are among the primary forms of cash flow generation and are shown in the asset structure of the business reports since they are a portion of the company's assets that relate (Kozachenko, 2020). Offering a variety of payment alternatives can lower expenses compared to revenue while also improving receivables recovery (Murrar et al., 2024). The receivables account is the second highest liquidity characteristic in current assets after cash, and it may be used to cover a company's immediate financing requirements. Receivables are formed when a corporation engages in activities like selling products on credit. Every firm that delivers on credit will inevitably develop accounts receivable, leading to an account receivable turnover (Amalia et al., 2023). The receivables management program assists organizations in enhancing their revenue turnover, cutting funding costs, and raising their liquidity (Sogomi et al., 2022). Executives must take care of their company's policy on credit, such as staying unfair with credit restrictions. They ought to take every step to collect receivables on the timetable (Demiraj et al., 2022). Current assets, particularly accounts receivable, contribute to a business's profitability (Yanthi & Sudiartha, 2017). Controlling receivables will improve the financial status of the company. Profitability directly influences receivable accounts (Ahmed & Mwangi, 2021). The financial department in the firm is responsible for good accounts receivable management. When a company's sales increase while its cash flow remains constant, it indicates a significant increase in accounts receivable (Pei, 2021).

Holding cash can be particularly beneficial for financially challenged organizations that may have minimal possibilities for external funding (Anderson et al., 2024). Cash flow estimation is a critical challenge in controlling working capital because the cash flow inputs are not just financial but also significantly impacted by marketing and production decisions. Random events produce working capital concerns by negatively impacting management's forecasted cash flows (Bhattacheryay, 2023). One of the main goals of having a successful business is to

be profitable. The company should continue to have enough cash flow to support all of its operational activities. Therefore, excessive cash accumulation has a negative effect on future profitability, and insufficient management frequently leads to losing money on acquisitions, reducing the total worth of the corporation. Profitability is defined through the revenue of the investment, cumulative cash, and gaining amounts of funds. Creditors receive faster payment by reducing the risk of late payments and eliminating the operational cycle of selling and purchasing (Taulia, 2023). Companies target liquidity and productivity by lowering their working capital expenditures. The cash turnover is often utilized to assess the effectiveness of the control of working capital. Companies in Finland and Sweden might increase profits by reducing their cash turnover. The corporation should increase the real worth of its income by managing all aspects of working capital and improving shareholder value (Bharati et al., 2020). As long as the cash conversion cycle and working capital, the more days the firm needs to recover its investment and the demand for cash (Tarkom, 2022). The cash conversion cycle is equivalent to the average days of inventories plus the average days of receivables less the average days of payables (Mmaduka et al., 2022). The cash conversion cycle is based on the duration that a company's cash has been kept up. It measures the number of days it takes for businesses to convert asset input into deposits of cash (Barros et al., 2022). Cash turnover is a measuring technique that looks at how long it takes a corporation to convert its assets into cash from sales. It studies the time it takes for cash generated from sales and manufacturing to be transferred from clients' accounts. It calculates the time it takes to sell goods, the duration of the collection process, and the term of payment reimbursement with no interest or penalty (Abiahu et al., 2019). The cash flow indicates the relationship between operational cash flows and sales that result from the company. It evaluates a company's capacity for converting sales into cash. The higher the cash flow proportion, the greater the cash the company produces from sales for paying creditors (Bordeianu & Radu, 2020).

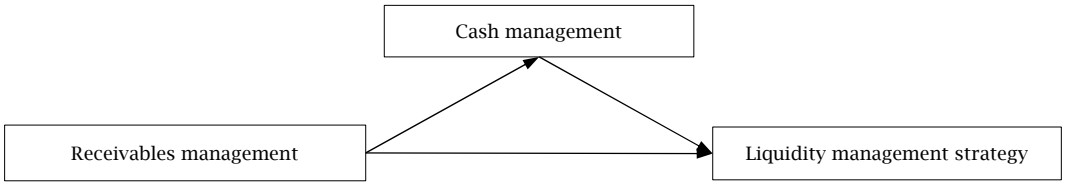
Liquidity management is the strategy organizations employ to get cash in a given moment; hence, it may convert assets to cash (Mandipa & Sibindi, 2022). In today's market, liquidity management is now critical via the use of appropriate regulations and strategies to increase profitability and reduce the danger of company collapse (Almakura et al., 2024). Previous studies specify many critical factors of the influence of liquidity on capital attributes (Tahir et al., 2020). The corporation must achieve an appropriate balance between liquidity and profitability to sustain its financial status (Dadepo & Afolabi, 2020). Liquidity management maintains the optimum quantity of cash and its supporting levels to meet a company's business obligations (Ajose & Solape, 2021). A company's liquidity strategy is effective when it aims to speed up client cash collection and lower the amount paid for current obligations. When a firm lacks adequate funds, it seeks outside finance to pay off its current commitments (Eze & Agu, 2020). The goal of liquidity management is to protect businesses from cash shortages while also maintaining a sufficient amount of finances for future capital purchases or developments. This is accomplished by maintaining the firm has an adequate quantity of cash and can access funds to meet its financial obligations. Liquid assets are easily turned into cash (Adegbie & Adesanmi, 2020). Liquidity refers to a company's capacity to generate cash in order to reduce its short-term liabilities. The development of the company's liquidity level can lower the opportunity costs associated with idle current assets, hence reducing economic efficiency. Good liquidity management can keep creditors from being paid late, allowing for adjustments to the quantity of money and ensuring the flexibility of short-term cash (Otrusinova & Kulleova, 2019). Liquidity is a vital element of the company since it is dependent on a number of variables; however, proper receivables and payables management, along with time management, can keep it at the degree required for the company's proper operation and ensure the company's financial stability (Kotulič et al., 2018). To increase profitability, the organization must focus on liquidity by effectively managing accounts receivable and payables (Aqil et al., 2019). Accounts payable is a sort of financing for a corporation that may use short-term or long-term credit sources. In the event of a disaster, the firm is unable to get external financing necessary to expand its liquidity and investment (Al-Eitan et al., 2023). Working capital management, which involves liquidity and profitability, is one of the approaches commonly used by businesses to attain excellent management outcomes. Companies with good working capital management can conduct their operations successfully. Productive working capital minimizes short-term commitments and short-term assets by enhancing surplus liquidity and benefits (Ali & Hussin, 2016). A lack of liquidity level will lead to financial distress in the company. Comprehensive liquidity is a highly commonly used measure for assessing the solvency of a business in the short term. Liquidity could be analyzed through the assets and liability specification to evaluate the solvency of the company. On the other hand, some business experts define financial measures such as cash flow, revenue, and earnings, but they are inadequate for distinguishing between an organization's success. They provide fake signals regarding business development and creativity.

The hypothesis of this article examines the role of receivables management on liquidity management mediated by cash management in Tripoli, Lebanon.

H1: Receivables management has a positive impact on liquidity management strategy mediated by cash management.

The variables of this article are as follows in Figure 1. The independent variable is the receivables management. The mediator variable is cash management. The dependent variable is the liquidity management strategy.

Figure 1. The role of receivables management in liquidity management strategy mediated by cash management



Source: Authors' elaboration.

3. METHODOLOGY

This article examines the role of receivables management in liquidity management strategy mediated by cash management in Tripoli, Lebanon. The population is designed from 100 respondents from 20 companies in Tripoli, Lebanon. The researchers will define from each company seven respondents, including owners, directors, accountants, and managers. Data are collected during February 2024 and March 2024. The technique applied is the descriptive method with the quantitative approach. The researchers will select SPSS software for the analysis of the 100 respondents to describe the appropriate outcomes and recommendations. A Likert scale of five dimensions examines the data collected from the respondents. Furthermore, researchers may use quantitative surveys, including numerical data or financial ratios, to assess and interpret results via statistical and mathematical approaches.

The questionnaire is a total of 20 questions. The questionnaire is divided into four parts: the demographic part is the first one, including five questions about the company's features and respondent experience, the independence part is "receivables management" of five questions; the mediator part is "cash management"; and the dependent part is "liquidity management strategy" of five questions (Organisation for Economic Co-operation and Development [OECD], 2020; Bhattarai, 2019).

4. RESEARCH RESULTS

In this paper, an examination was conducted about the role of receivables management on liquidity management strategy mediated by cash management for the hardware, tools, and equipment of retail trading companies in Tripoli, Lebanon. The quantitative technique was practiced on companies through a questionnaire delivered to owners, directors, accountants, and managers.

4.1. Factor analysis interpretations

The first investigation is defined by applying the correlation matrix for the entire questionnaire, including receivables management, cash management, and liquidity management strategy, resulting in a low correlation for the communalities below 0.3, leading to the deletion of two factors: "Our organization reviews its liquidity levels on a regular basis", equal to 0.169, and "Liquidity estimates are almost correct", equal to 0.230.

After applying the correlation matrix for the second time, after deleting the two factors, the new process of the determinant a is equal to 0.002, and the result from the correlation matrix of the questions of receivables management, liquidity management strategy, and cash management is greater than 0.0001, defining an acceptable correlation between the questions. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test is equal to 0.528, which is greater than 0.5; this result is acceptable, indicating that the number of questions in the questionnaire is suitable. Moreover, the Sig. is equal to 0.000, which is below 0.05, which is an acceptable result.

The communality results are defined as the percentage of the questions explained by the model factor as follows:

- 51% of "Our organization uses the lowest and highest number of receivables";
- 63% of "Our organization periodically reviews its receivables level";
- 45.5% of "Our organization makes discounts to debtors for early payment";
- 41.5% of "Our organization uses appropriate receivables conversion strategies";
- 59.8% of "Our organization adjusts the days in the receivable conversion period";
- 52% of "Our organization reviews its cash position on a regular basis";
- 49.8% of "Our organization takes advantage of reductions for cash payments rather than credit";
- 54% of "Our organization consistently fulfills its monetary needs";
- 48.7% of "Our organization uses appropriate cash conversion strategies";
- 51% of "Our organization has revised days in the cash conversion period";
- 59.6% of "Liquidity is held at higher standards than current liabilities";
- 55.5% of "Our organization consistently satisfies its liquidity demands";
- 68.9" of "Our organization constantly preserves an appropriate amount of liquidity";

It is concluded that all the questions are above 0.415, and there is no need to delete any questions.

4.2. Reliability test

The reliability result of Cronbach's alpha is equal to 0.890 for the 13 factors, including all the variables (receivables management, cash management, and liquidity management strategy) interpreted for the paper. The result is acceptable presenting an acceptable level of internal consistency for the model size considered.

The reliability result of Cronbach's alpha is equal to 0.765 for the five factors, including the variables that the receivables management interpreted for the paper. The result is acceptable, presenting an acceptable level of internal consistency for the model size considered.

The reliability result of Cronbach's alpha is equal to 0.784 for the five factors, including the variables that the cash management interpreted for the paper. The result is acceptable, presenting an acceptable level of internal consistency for the model size considered.

The reliability result of Cronbach's alpha is equal to 0.840 for the three factors, including the variables that the liquidity management strategy interpreted for the paper. The result is acceptable, presenting an acceptable level of internal consistency for the model size considered.

4.3. Multiple regressions between variables

The relationship between receivables management, cash management, and liquidity management strategy was analyzed by multiple regression in the following interpretation.

The output defined that the value of R is 0.701, which indicated that receivables management, cash management, and liquidity management strategy are positively correlated. The R-square of 0.49 stated that 49% of the total variance in receivables management, and cash management is explained by liquidity management strategy.

$$Liquidity\ management\ strategy = -0.670 + 0.517\ Receivables\ management + 0.561\ Cash\ management \quad (1)$$

It can be concluded that each unit increase in receivables management and cash management will enhance the liquidity management strategy.

4.4. Simple regression between variables

The output defined that the value of R is 0.621, which indicated that receivables management and liquidity management strategy are positively correlated. The R-square of 0.386 stated that 38.6% of the total variance in the receivables management is explained by the liquidity management strategy.

It can be concluded that each unit increase in receivable management will enhance the liquidity management strategy.

$$Liquidity\ management\ strategy = 0.400 + 0.847\ Receivables\ management \quad (2)$$

The output defined that the value of R is 0.632, which indicated that cash management and liquidity management strategy are positively correlated. The R-square of 0.399 stated that 39.9% of the total variance in cash management is explained by the liquidity management strategy.

$$Liquidity\ management\ strategy = 0.223 + 0.875\ Cash\ management \quad (3)$$

It can be concluded that each unit increase in cash management will enhance the liquidity management strategy.

The output defined that the value of R is 0.598, which indicated that receivables management and cash management are positively correlated. The R-square of 0.358 stated that 35.8% of the total variance in the receivables management is explained by the cash management strategy.

From Eq. (4), It can be concluded that each unit increase in receivables management will enhance the cash management.

$$Liquidity\ management\ strategy = 1.908 + 0.589\ Cash\ management \quad (4)$$

Table 1. Correlation between total dimensions, receivables management, cash management, and liquidity management strategy

Construct		*Receivables*	*Cash*	*Liquidity*	*Total*
Receivables	Pearson correlation	1	0.598**	0.621**	0.841**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	100	100	100	100
Cash	Pearson correlation	0.598**	1	0.632**	0.843**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	100	100	100	100
Liquidity	Pearson correlation	0.621**	0.632**	1	0.900**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	100	100	100	100

*Note: ** Correlation is significant at the 0.01 level (2-tailed).*
Source: Authors' elaboration using SPSS software.

Table 1 defines the corresponding analysis defining that Sig. of all the receivables management, cash management, and liquidity management strategy elements are equal to 0.000, they are below 0.05, which is an acceptable result.

- The Pearson value is equal to 0.841 suggesting a strong relationship between "Total dimensions" with "Receivables management".
- The Pearson value is equal to 0.843 suggesting a strong relationship between "Total dimensions" with "Cash management".
- The Pearson value is equal to 0.900 suggesting a strong relationship between "Total dimensions" with "Liquidity management strategy".
- The Pearson value of the "Liquidity management strategy" with the "Receivables management" is equal to 0.621, reflecting a larger effect and a covary linear.
- The Pearson value of the "Liquidity management strategy" with the "Cash management" is equal to 0.632, reflecting a larger effect and a covary linear.

4.5. Mediator interpretation (Hayes test)

In this test, the researchers are applying Model 4, where Y — Liquidity management strategy, X — Receivables management, and M — Cash management. P = 0.0000 defining acceptable result.

Total effect of X on Y:

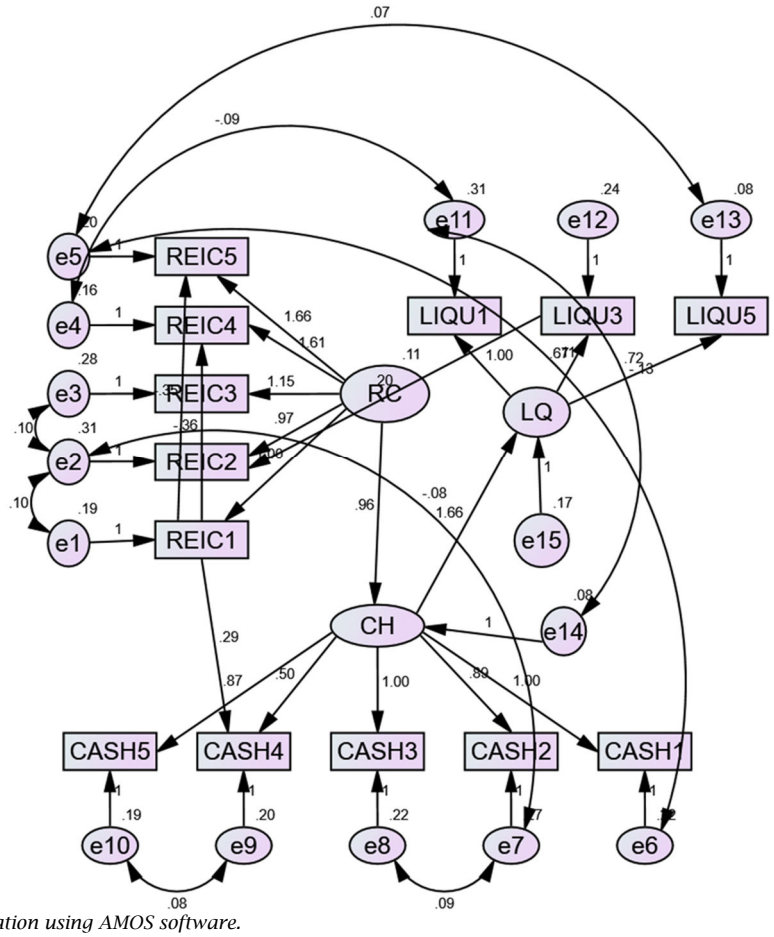
$$0.8474 = Direct\ effect\ of\ X\ on\ Y\ 0.5173 + Indirect\ effect(s)\ of\ X\ on\ Y\ 0.3301 \quad (5)$$

It is concluded from the investigation above that receivables management has a positive role in liquidity management strategy partially mediated by cash management.

4.6. AMOS results interpretations

The researchers examine the confirmatory factor analysis (CFA) test after applying the factor analysis, Cronbach's alpha, multiple regression, simple regression, correlation person value, and mediator interpretation (Hayes test) in order to guarantee the outputs through applying AMOS software.

Figure 2. After modification indices



Source: Authors' elaboration using AMOS software.

Figure 2 describes the variables of receivables management, liquidity management strategy, and cash management studied through the AMOS software. The variables in Figure 2 are set after modification indices, that the researchers apply and link some correlations to achieve suitable results of the hypotheses from the AMOS Software. The figure shows that receivables management has a positive role in liquidity management strategy fully mediated by cash management.

Results from the AMOS software output are as follows:

- Minimum was achieved: Chi-square = 33.322 (good result).
- Degrees of freedom = 51 (good and accepted result because it is greater than 0).
- Probability level = 0.974 (good and accepted result because it is greater than 0.0001).

Table 2. AMOS interpretations

Model	*RMR*	*GFI*	*AGFI*	*NFI Delta 1*	*CFI*	*RMSEA*
Default model	0.015	0.952	0.914	0.948	1.000	0.000
Saturated model	0.000	1.000		1.000	1.000	
Independence model	0.153	0.341	0.231	0.000	0.000	0.270

Note: GFI — goodness-of-fit index, AGFI — adjusted goodness-of-fit index, NFI — normed fit index, CFI — comparative fit index, RMSEA — root mean square error of approximation, RMR — root mean square residual.
Source: Authors' elaboration using AMOS software.

Table 2 defines the AMOS interpretations. The structural equation model (SEM) fit for the specific model is tested:

- RMR = 0.015 < 0.05 (good and accepted result).
- GFI = 0.952 > 0.85 (good and accepted result).

- AGFI = 0.914 > 0.8 (good and accepted result).
- NFI = 0.948 > 0.85 (good and accepted result).
- CFI = 1.000 > 0.9 (good and accepted result).
- RMSEA = 0.000 < 0.05 (good and accepted result).

Table 3. Regression analysis

Regression	*Estimate*	*S.E.*	*C.R.*	*P*	*Label*
Cash ← Receivables	0.963	0.218	4.422	***	par_10
Liquidity ← Cash	1.658	0.292	5.669	***	par_11
Receivable 1 ← Receivables	1.000				
Liquidity 3 ← Liquidity	0.667	0.101	6.600	***	par_8
Receivable 2 ← Receivables	0.970	0.194	5.011	***	par_1
Receivable 3 ← Receivables	1.154	0.253	4.562	***	par_2
Receivable 4 ← Receivables	1.608	0.306	5.257	***	par_3
Receivable 5 ← Receivables	1.657	0.293	5.651	***	par_4
Cash 1 ← Cash	1.000				
Cash 2 ← Cash	0.894	0.134	6.685	***	par_5
Cash 3 ← Cash	1.000				
Cash 4 ← Cash	0.501	0.145	3.458	***	par_6
Cash 5 ← Cash	0.869	0.142	6.127	***	par_7
Liquidity 1 ← Liquidity	1.000				
Liquidity 5 ← Liquidity	0.716	0.094	7.603	***	par_9
Cash 4 ← Receivable 1	0.293	0.090	3.269	0.001	par_16
Receivable 2 ← Liquidity 3	0.202	0.071	2.827	0.005	par_20
Receivable 4 ← Receivable 1	-0.363	0.158	-2.306	0.021	par_21
Receivable 5 ← Receivable 1	-0.345	0.130	-2.651	0.008	par_22

*Note: S.E. — standard error, C.R. — critical ratio, *** p < 0.001 (very highly significant).*
Source: Authors' elaboration using AMOS software.

Table 3 investigates the regression analysis test in order to provide the hypotheses results; they are as follows below.

There is a positive correlation between receivables management and cash management, $p < 0.05$ and there is a positive correlation between cash management and liquidity management strategy, $p < 0.05$, therefore, it is defining that hypothesis *H1* is accepted.

- There is a positive correlation between receivables management and *Receivable 1*, $p < 0.05$.
- There is a positive correlation between receivables management and *Receivable 2*, $p < 0.05$.
- There is a positive correlation between receivables management and *Receivable 3*, $p < 0.05$.
- There is a positive correlation between receivables management and *Receivable 4*, $p < 0.05$.
- There is a positive correlation between receivables management and *Receivable 5*, $p < 0.05$.
- There is a positive correlation between cash management and *Cash 1*, $p < 0.05$.
- There is a positive correlation between cash management and *Cash 2*, $p < 0.05$.
- There is a positive correlation between cash management and *Cash 3*, $p < 0.05$.
- There is a positive correlation between cash management and *Cash 4*, $p < 0.05$.
- There is a positive correlation between cash management and *Cash 5*, $p < 0.05$.
- There is a positive correlation between liquidity management strategy and *Liquidity 1*, $p < 0.05$.
- There is a positive correlation between liquidity management strategy and *Liquidity 3*, $p < 0.05$.
- There is a positive correlation between liquidity management strategy and *Liquidity 5*, $p < 0.05$.
- There is a positive correlation between *Receivable 1* and *Cash 4*, $p = 0.001 < 0.05$.
- There is a positive correlation between *Liquidity 3* and *Receivable 2*, $p = 0.005 < 0.05$.
- There is a positive correlation between *Receivable 1* and *Receivable 4*, $p = 0.021 < 0.05$.
- There is a positive correlation between *Receivable 1* and *Receivable 5*, $p = 0.008 < 0.05$.

5. DISCUSSION

The present investigation leads to the results as follows. Accounts receivables have a direct effect on the financial situation of the companies (Putri, 2024). Accounts receivables have a role in cash flow fluctuation (Kozachenko, 2020). Providing a range of payment methods can cut expenditures compared to revenue while enhancing receivables collection (Murrar et al., 2024). Directors should apply suitable policies on credit by setting a timetable for the collection of receivables (Demiraj et al., 2022). The receivables account and cash collection are used to cover the company's payables (Amalia et al., 2023). A receivables management system has a role in boosting liquidity levels (Sogomi et al., 2022). The corporation should have sufficient cash flow to sustain all of its liquidity operations. Liquidity assessment using the assets and liabilities, including cash and receivable accounts, to determine the company's solvency. Cash level is vital for the financial situation of the companies (Anderson et al., 2024). Cash flow prediction is directly related to the control of the working capital (Bhattacheryay, 2023). The cash turnover is applied to increase the role of the financial part of working capital (Bharati et al., 2020). Liquidity management is very important for applying the best strategies to boost profitability (Almakura et al., 2024). A suitable balance between liquidity and profitability is important for the financial stability of the company (Dadepo & Afolabi, 2020). Liquidity management should enable the company to hold a high level of cash (Ajose & Solape, 2021). Fast cash collection has a positive effect on the liquidity level of the company (Eze & Agu, 2020). Liquid assets are directly converted into cash in the company (Adegbie & Adesanmi, 2020).

6. CONCLUSION

This research aims to examine the role of receivables management on liquidity management strategy mediated by cash management for the hardware, tools, and equipment of retail trading companies in Tripoli, Lebanon. The population is composed of

100 respondents from 20 companies in Tripoli, Lebanon. For the period between February 2024 and March 2024, we applied the descriptive method and the quantitative approach. Data are gathered through a Likert scale technique and analyzed to investigate the relationship between cash turnover and financial strength. The results define the correlation matrix for the entire questionnaire including receivables management, cash management, and liquidity management strategy, resulting in low correlation for the communalities below 0.3 leading to delete two factors: "Our organization reviews its liquidity levels on a regular basis", equal to 0.169, and "Liquidity estimates are almost correct", equal to 0.230. The KMO and Bartlett's test is equal to 0.528 is greater than 0.5; this result is acceptable and indicates that the number of questions in the questionnaire is suitable. The Sig. is equal to 0.000 and is below 0.05, which is an acceptable result. The communality results are defined as the percentage of each question is explained by the model factor and all the questions in the communality are above 0.415, and there is no need to delete any question. The reliability result of Cronbach's alpha is equal to 0.890 for the 13 factors including all the variables (receivables, management, cash management, and liquidity management strategy), for independent variable receivables management is equal to 0.765, for the mediator variable the cash management is equal to 0.784 and for the dependent variable the liquidity management strategy is equal to 0.840. The results are acceptable presenting an acceptable level of internal consistency for the model size considered. The multiple regression of the liquidity management strategy is equal to the constant (-0.670) plus receivable management (0.517) plus cash management (0.561). The Sig. of all the receivables management, cash management, and liquidity management strategy elements are equal to 0.000, they are below 0.05, which is an acceptable result. The Pearson value suggests a strong relationship between total dimensions with receivables management, cash management, and liquidity management strategy. The Pearson value of the liquidity management strategy with the receivables management and cash management reflects a larger effect and a covary linear. The mediator interpretation of the Hayes test reflects that receivables management has a positive impact on companies' liquidity management strategy mediated by cash management. Results from the AMOS software output define that there is a positive correlation between receivables management and cash management, and there is a positive correlation between cash management and liquidity management strategy, therefore, it is defined that hypothesis *H1* is accepted.

Applying appropriate credit policy to receivables accounts by setting short-term collection periods will increase liquidity levels through the development of the cash account. A high turnover of receivables accounts is useful in improving liquidity by covering direct financial responsibilities. The cash holding level improves the company's liquidity status, and an appropriate cash level is critical in hedging the risk of illiquidity, cash shortage, and pledging in a late payment situation. Fast cash turnover is a dynamic approach that involves collecting receivables fast in order to pay creditors while maintaining a safe level of liquidity. Maintaining a minimal level of liquidity is critical for the financial management performance of the organization. Therefore, the corporation can boost liquidity and cash levels by reducing the period of accounts receivable to be shorter than the period of accounts payable.

It is recommended to follow these steps:

1. To retain an appropriate amount of cash, preserve a balance between cash inflow and outflow, implement a rapid cash conversion cycle (by lowering debtors' duration, minimizing inventory duration, and paying suppliers on time), review the days of the process of converting cash, and preserve a cash reserve of 10% to 2% of total assets (the cash conversion process approach should not be overly strict about receivables periods, since this would result in client loss).

2. To keep a decrease in the typical period for collection (collecting between three and 30 days), yearly collecting extension, keep an equilibrium between receivables and payables, utilize minimum and maximum amounts for debtors, review debtors weekly, establish good customer interactions, take precautions on debt regulation to ensure debt collection, utilize client evaluation (debt level, market volatility, raising revenue and reducing cost), and deliver notices to customers.

3. To preserve an appropriate level of liquidity, apply and achieve liquidity projections, review liquidity levels, reach cash with investments, analyze external risk, determine liquidity inflow and outflow daily, reach liquidity needs, use financial tools such as net present value, internal rate of return profitability index, and payback period, be capable of converting assets to cash within one year, and reduce their risk of liquidity.

The limitations of this study are identified through the subject issue defining the role of receivables management on liquidity management strategy mediated by cash management during the year 2024, respondent types that include owners, directors, accountants, and managers of 20 hardware, tools and equipment of retail trading companies (five respondents from each company), and geographic status specifying hardware, tools, and equipment of retail trading companies located in Tripoli, Lebanon.

It is suggested for future studies to add more elements for the receivables management and cash management in comparison with the liquidity management strategy of the companies. Considering more studies on more cities covering Lebanon and with other countries. Further examination of the cash management, receivables management, and liquidity management strategy on the financial performance.

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APPENDIX. QUESTIONNAIRE

Part 1: Demographic					
Respondent education	H-School	Bachelor	Master	Doctorate	
Position	Owner	Director	Manager	Accountant	
Number of years working in the enterprise	1–2	3–5	6–10	11–20	> 20
Age of the enterprise per year	1–2	3–5	6–10	11–20	> 20
Company's name					

Part 2: Survey statements					
Please put "X" in the box that applies	***Strongly agree***	***Agree***	***Neutral***	***Disagree***	***Strongly disagree***
Independent variables: Receivables management					
Our organization uses the lowest and highest number of receivables.					
Our organization periodically reviews its receivables level.					
Our organization makes discounts to debtors for early payment.					
Our organization uses appropriate receivables conversion strategies.					
Our organization adjusts the days in the receivable conversion period.					
Mediator variable: Cash management					
Our organization reviews its cash position on a regular basis.					
Our organization takes advantage of reductions for cash payments rather than credit.					
Our organization consistently fulfills its monetary needs.					
Our organization uses appropriate cash conversion strategies.					
Our organization has revised days in the cash conversion period.					
Dependent variable: Liquidity management strategy					
Liquidity is held at higher standards than current liabilities.					
Our organization reviews its liquidity levels on a regular basis.					
Our organization consistently satisfies its liquidity demands.					
Liquidity estimates are almost correct.					
Our organization constantly preserves an appropriate amount of liquidity.					