Effect of Operational Financial Decisions on Financial Sustainability of Micro-Enterprises in Uasin Gishu County, Kenya

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Abstract:

Purpose: *The aim of this study was to examine the effect of operational financial decisions on the financial sustainability of micro-enterprises in Uasin Gishu County, Kenya. The study further sought to determine whether operational financial decisions significantly influence financial sustainability outcomes among micro-enterprises operating under resource-constrained and dynamic business environments.*

Material/methods: *A quantitative research approach grounded in positivism and guided by a deductive research design was adopted. Primary data were collected using structured questionnaires administered to owners and managers of micro-enterprises in Ainabkoi and Soy Constituencies. From a population of 24,416 registered micro-enterprises, a sample of 393 respondents was determined using Yamane's sampling formula. Data were analyzed using SPSS version 23. Reliability was assessed using Cronbach's alpha, while construct validity was confirmed through exploratory factor analysis and the Kaiser-Meyer-Olkin (KMO) measure. Multiple regression analysis was used to test the hypothesis, with diagnostic tests including Durbin-Watson statistics and multicollinearity checks.*

Findings: *The results revealed that operational financial decisions have a positive and statistically significant effect on financial sustainability. The model showed a weak but meaningful explanatory power ($R^2 = 0.085$), indicating that operational financial decisions account for 8.5% of the variation in financial sustainability. Regression results indicated a significant positive effect ($\beta = .292$, $B = .293$, $p < .001$). Diagnostic tests confirmed the robustness of the model, with no autocorrelation (Durbin-Watson = 2.127) and no multicollinearity concerns (VIF = 1.000). The null hypothesis was therefore rejected, confirming that operational financial decisions significantly influence financial sustainability among micro-enterprises.*

Conclusion: *The study concludes that operational financial decisions play a statistically significant but relatively modest role in enhancing the financial sustainability of micro-enterprises. While practices such as budgeting, cash flow management, cost control, and investment decisions contribute positively to sustainability, they are not sufficient on their own to ensure long-term financial stability. Financial sustainability is therefore a multifaceted outcome influenced by a combination of operational, managerial, and contextual factors.*

Value: *The study contributes to the literature by empirically demonstrating the role of internal financial decision-making in shaping financial sustainability within micro-enterprises in a developing economy context. It provides practical insights for micro-entrepreneurs and policymakers on strengthening financial management practices as part of broader sustainability strategies.*

Keywords: *Operational financial decisions, Financial sustainability, Micro-enterprises, Cash flow management, Resource-based view*

Paper Type: *Research Article*

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1. Introduction

Financial sustainability is essential for the growth and competitiveness of micro-enterprises. It demonstrates businesses' capability of maintaining stable cashflows, meeting financial liabilities, and returning capital to sustain operations (Chung & Patel,

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2022). Financial sustainability cushions enterprises against economic shocks, preserves liquidity, and finances future investments to sustain and grow the business (Hernandez & Liu, 2023). For these reasons, financial sustainability is a major performance metric for micro-enterprises in developing economies; businesses in these economies operate with resource scarcity and have to maneuver within unpredictable market conditions (Martins & Silva, 2023). Among the many determinants of financial sustainability, increasing empirical evidence is documenting the impact of financial operations on the daily management of business resources and financial performance (Wachira & Makori, 2024). These include financial management routines such as personal and business financial separation, budgeting, cash forecasting, pricing, and control of business expenditures and inventories (Omondi & Mwangi, 2023). Operational financial decisions shape the effectiveness with which micro-businesses harness available resources to generate cashflows required for business sustenance (Muthee & Wanjiku, 2022). These decisions also impact cost efficiencies and business profitability, which are crucial for financial sustainability (Perez & Alonso, 2023).

Globally, good financial decision-making leads to the financial sustainability of micro-enterprises and small businesses (Anderson & Kumar, 2021). Evidence from developed economies shows that small businesses that manage their finances well by monitoring their cash outflows, managing their inventories, and using an appropriate pricing policy have better liquidity and are more likely to survive than those businesses that have poor financial management (Martins & Silva, 2023). Operational financial discipline among small businesses in Germany, Australia, the USA, and the UK creates stable cashflows and decreases financial distress (Perez & Alonso, 2023). This shows that operational financial decisions impact how businesses create and maintain their financial sustainability (Hernandez & Liu, 2023). In developing economies, operational financial decisions are still a major problem due to weak financial management systems and a lack of management skills among micro-entrepreneurs (Mutua & Gichuru, 2023). In Sub-Saharan Africa, many micro-enterprises have poor control of their inventories and cash outflows and have an inappropriate pricing policy, which impacts the profitability and sustainability of their businesses (Adomako & Danso, 2022). Mixing business and personal finances complicates financial management and impairs the entrepreneur's ability to assess business performance (Mwangi & Oduor, 2023). Many micro-enterprises have cashflow problems and are financially vulnerable to economic shocks (Okonkwo & Mensah, 2021).

In the case of East Africa, operational financial practices have been cited as critical to the sustainability of the micro and small enterprises that labor within the confines of competition and limited resources (Wachira & Makori, 2024). Research conducted in Tanzania, Uganda, and Rwanda identified poor budgeting, weak pricing, and suboptimal inventory control as key factors that impair profitability and financial viability of the enterprises (Mushi & Nyamwange, 2022). Additionally, it was found that entrepreneurs that do not practice prudent control of operational expenditures experience cash flow problems that limit the growth and viability of their enterprises (Namubiru & Ssekandi, 2023). This study supports the findings of Hakizimana & Karekezi (2024) that operational financial practices are essential to the financial sustainability of micro-enterprises in East Africa.

Micro-enterprises in Kenya are critical to the formal economy as they contribute to almost all sectors of the economy and play a vital role in the creation of employment and alleviation of poverty, thus the financial sustainability of Kenya's micro-enterprises is of national economic significance (KNBS, 2024). Operational financial practices are a major cause of the financial sustainability problems experienced by a significant

number of micro-enterprises in Kenya (Chebet & Kipsang, 2022). Evidence from studies that have been carried out in Nairobi, Kisumu, Nakuru, and Mombasa has shown that practices such as poor inventory control, excessive operational expenses, lack of a coherent pricing policy, and commingling of personal and business finances, adversely impact the performance of the enterprise and increase the risk of insolvency (Omondi & Mwangi, 2023). These operational inefficiencies perpetuate inconsistent cash flows, declining profitability, and limited growth and sustainability. (Muthee & Wanjiku, 2022).

The Uasin Gishu County Report (2024) mentions the importance of micro-enterprises during economic difficulties, as they create decent jobs and grow household incomes. It has been reported that micro-enterprises struggle with cash flow issues caused by poor record keeping, lack of budget control, poor management of stock levels, and price setting that is irregular (Cherono & Rono, 2024). The financial sustainability of micro-enterprises in the county is still stressed by the commingling of business and household finances (Owino & Kosgei, 2024). Operational financial weaknesses impact micro-enterprises' inability to maintain stable cash flows and safe long-term sustainability (Kiptoo & Biwott, 2023). Though prior research has focused on financial sustainability and management practices of micro-enterprises, operational financial decisions and their effect on financial sustainability in the context of Uasin Gishu County are largely unexplored (Ekesiobi & Okoye, 2025). Most research has focused on the broader scope of financial management practices and have been unable to identify operational financial decisions and their relation to financial sustainability (Chung & Patel, 2022). As a result of this, context-oriented research is needed to explain the impact of operational financial decisions on financial sustainability of micro-enterprises in the county (Chebii & Kiptalam, 2023). Understanding this impact is the focus of this research, to better support the knowledge and frameworks at the sustainability of enterprises (Wachira & Makori, 2024).

2. Theoretical Background

The was introduced by Barney 1991. Resource-Based View (RBV) Theory focuses on internal financial resources and capabilities and their effects on the financial sustainability of micro-enterprises in Uasin Gishu County. RBV posits that superior and sustainable firm performance stems from the firm’s ability to leverage resources that are valuable, scarce, inimitable, and adequately organized, and not from the firm’s focus on external market offerings (Barney, 2021; Peteraf & Barney, 2022). Within the purview of this study, micro enterprises’ internal resources and capabilities are seen in actions comprising management of budgetary allocations, management of cash flows, management of working capital, management of controls of expenditures, and the decisions of reinvestment of funds. According to the RBV, micro enterprises that have disciplined operational practices of financial management are more likely to become financially sustainable by improving profitability, liquidity, and solvency. The theory states that the differences in the financial sustainability of the micro enterprises are attributed to the differences in the micro enterprises’ capabilities to manage and deploy effectively their internal financial resources. Firms making good operational financial decisions are likely to have sustained cash flows and the ability to meet their financial obligations, and grow their business in the face of economic turbulence. Therefore, RBV permeates how financial operational decisions impact the financial sustainability of micro enterprises in Uasin Gishu County.

3. Financial Sustainability

Financial sustainability is a long-term state where organizations gain enough stable income to cover operating costs and remain functional without depending on one-off funding sources (Yadegaridehkordi, Aslani & Jafari Nejad, 2023; Anwar & Serly, 2022). Financial sustainability can also mean the organization has the capacity to self-finance annual operating costs and has the means to finance the self-financing cycle (Yadegaridehkordi et al, 2023). Other dimensions of financial sustainability include the capacity to self-finance growth, reinvest, and still finance growth even with the financial shocks (Aslam, Rehman & Nasir, 2023). For micro and small enterprises, financial sustainability means the business can finance daily activities, pay suppliers and creditors, and self-finance growth (Damane & Ho, 2025).

Profitability is defined by the ability to show returns from operations that are greater than the outlays, and to have a positive balance to reinvest or save (Khumairo Annisa Annisa, Sari & Damanik, 2024). Profitability is defined in greater depth by Return on Assets (ROA) and Return on Equity (ROE), which are also said to reflect the degree of a business's survival and growth (Sumarlin & Tanjung, 2025; Wuryanti, Rosalia & Firayani, 2024). Evidence shows that profitability increases a business's resilience, as there is a cushion to absorb external shocks, and to reinvest or prepay debts (Wahyuningsih et al., 2024; Aslam et al., 2023). Profitability means that a business will not sustain losses and that short- and long-term financial sustainability will be maintained. It is often the case that a lack of profitability will make a business rely on external or personal credit. This adds to a business's vulnerability, as a lack of income, poor market conditions, or unexpected expenses may result in a liquidity crisis (Damane & Ho, 2025). Micro-enterprises are the most affected by a lack of profitability, as it prevents them from creating capital and accumulating and reinvesting financial resources (Msomi & Aliamutu, 2024).

Solvency refers to a company's ability to fulfill its financial commitments and to remain in business for the foreseeable future without going bankrupt (Aslam et al., 2023; Yadegaridehkordi et al., 2023). Solvency focuses on the relationship of the total assets and total liabilities of a company over the long term; a company's total equity will be sufficient to keep the company solvent (Listanti et al., 2024; general definition of solvency). Solvency has been found to be important in going-concern assessments in many small and medium-size enterprises (SMEs) and there seems to be a positive correlation between the solvency ratio of the firm and the likelihood of an adverse audit opinion, and the firm's ability to weather an economic downturn (Roidah & Subekti, 2024). In the context of start-ups, a number of researchers have noted that early-stage cash flow problems and a lack of solvency increase the likelihood of a start-up failing in what is commonly called the "Valley of Death" (Teichmann, Boticiu & Sergi, 2024; Palacio Valdivieso, Salas-Tenesaca & Paucar, 2024). Thus, solvency provides a cushion to support the company's ability to restructure its financial obligations to invest in long-term assets while buffering the effects of financial volatility (Aslam et al., 2023; Sumarlin & Tanjung, 2025).

Liquidity concerns a firm's ability to meet short-term obligations or convert assets to cash quickly to settle debts and cover expenses or other immediate financial needs (Listanti et al., 2024; Wuryanti et al., 2024). Several ratios indicate liquidity such as the current and quick ratios that show available current assets that can be used to cover obligations that are current (Wuryanti et al., 2024; Sumarlin and Tanjung, 2025). Given the economic host factor and other external risks, the firm micro-entrepreneurship is most likely to come across and will be able to keep liquidity most readily, making it the most essential for economic survival (Tahu and Susilo, 2022). Contemporary studies

demonstrate the absence of liquidity equates to the inability to make payments, restock supplies or take advantage of market opportunities which in turn affects business and financial sustainability (Tahu and Susilo, 2022; Msomi and Aliamutu, 2024). Sustainable economic venturing continues despite shrinking incomes and the support of operations which liquidity provides since neither profitability nor solvency can guarantee it (Yadegaridehkordi et al., 2023).

4. Operational Financial Decisions

The initial component-influence of operational financial decisions seemingly encompasses overriding temporal determinations, such as price of goods sold, cost control, inventory control, credit provision, and timing of payments (Chauhan and Singh, 2023). The assumption meets the puzzle of the time order of financial receipts and disbursements; the decisions are relatively lax since cash flows are not negative (cash payment). For the small concerns as planned, operational decisions fall slightly out of the order; and the imbalance of temporal decisions and operational decisions, cash payment outflows are premised with the expectation of fund outflows, a certain degree of negative cash flow is bound automation (Mburu and Otieno, 2022). The empirical findings on the dependence of SMEs and the formation of operational decisions show an imbalance of what is left out (Chauhan and Singh, 2023; Rahman, 2020). Furthermore, a substantial dependence on operational decisions increases the degree of indebtedness toward suppliers and financial institutions (Njoroge and Tanui, 2025). Given the market is characterized by a high degree of informal uncertainties, the existence of operational decisions is the basis for the sustainability of micro enterprises (Dlamini and Kgosimore, 2024; Okafor and Mensah, 2022).

5. Empirical Review and Hypothesis Development

Nabukeera and Kaggwa (2020) studied operational finance practices in public universities in Uganda, considering budgeting, cash flow control, and control of internal expenditures. This study with financial managers and bursars used a descriptive survey and found that universities where cash flow was monitored more closely and budgets were more efficiently executed were more financially stable and had less financial distress. The study found that effective operational planning improves liquidity to maintain service flow and confirms financial viability.

Santos and Ribeiro (2021) explored how operational cost management practices affect financial sustainability in firms in Brazil. The study employed a quantitative correlation-based design to analyze cost management, control of inventories in brief, and short-term financing in a sample of 120 firms. The research found that firms that continuously monitored their operational costs, controlled expenditures for production prior to depletion, and operated with a lean inventory were more profitable and financially sustainable with respect to cash flow. The research established that operational financial discipline is critical in market volatility.

Moyo and Khumalo (2023) have investigated the relationship between working capital finance and the financial sustainability of agro-processing SMEs in South Africa. They employed a mixed-method approach incorporating survey and interview data of financial controllers of 85 firms. They found that long-term financial sustainability of firms is positively correlated with the effective management of the receivables and the timely payment of payables as well as the cash conversion cycles. The study asserted that ineffective working capital management leads to a lack of liquidity that constrains the sustainability of resource poor SMEs.

Osei and Darko (2024) examined the influence of operational cash flow management strategies on financial sustainability of non-profit organizations in Ghana. They

employed panel regression of 5 years financial data of 42 NGOs and found that organizations that adopted cash management strategies like cash forecasting, prioritization of expenditures, and financial accountability were able to sustain their operations and fulfill the requirements of their donors. Their results posited that operational financial management in the NGOs positively impacts their liquidity and also builds the social credibility and trust required for the sustainability of the organization.

H1: Operational financial decisions have significant effect on financial sustainability

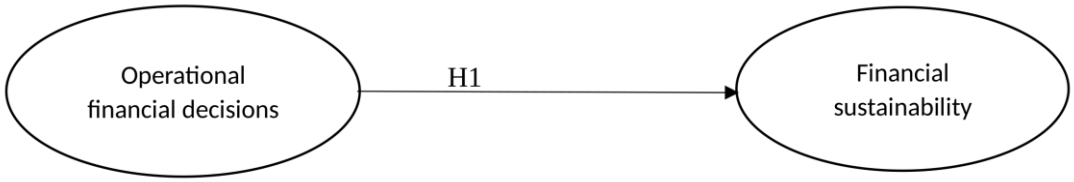


Figure 1: Research Model

6. Research Methodology

The study used explanatory research design to show the cause-and-effect relationship between the study variables. This study was also based on existing theories and specific hypotheses were formulated to be tested. The data were collected using a survey with closed ended questions. These questions were based on survey questions that have been validated in previous studies to measure the constructs of operational financial decisions and financial sustainability. The data collected were analyzed using statistical techniques to assess the relationships of the constructs. The quantitative methodology and the deductive technique used in this study enhanced the objectivity, reliability, and the potential of the study to be replicated. The findings of the study also provided the opportunity to support or reject the hypotheses and therefore, draw conclusions with a measure of certainty on the factors that determine the financial sustainability of the micro enterprises.

Data Collection

The main source of data was a structured questionnaire developed to capture the variables of interest, operational financial decisions and financial sustainability of micro-enterprises. A questionnaire is a standardized data collection tool that comprises a sequence of formulated items which the researcher systematically and uniformly administers to respondents. This research collected quantitative data through the use of a questionnaire, targeting the owners/managers of micro-enterprises in Uasin Gishu County, Kenya. This research proposed the use of questionnaires due to their timely, cost-effective nature, and their convenience for the researcher to cover a large sample with a limited time frame. Given the owners/managers of micro-enterprises usually have demanding work schedules and may have limited availability for long research exercises, this research proposed the use of questionnaires. Also, as stated by Young (2016), questionnaires are easy to administer to a large population and data collection is done in the shortest time possible.

Also, when a questionnaire is used, bias from the interviewer is almost nonexistent because the subjects fill in the questionnaire themselves without the presence of the researcher (Kothari, 2008). Because of the absence of the researcher, respondents are able to answer the questionnaire based on their own experiences and perceptions concerning the operational financial decisions of their enterprises. Since the researcher is not present, the subjects are able to take their time and think carefully about their answers to the questionnaire, which leads to dependable answers. Matthews and Ross

(2010) state that questionnaires are a good way of collecting primary data and providing subjects with an opportunity to express their views on matters that affect the performance and sustainability of an organization. The questionnaire was administered to the selected owners and managers of micro-enterprises who were included in the study. The questionnaire had both nominal and interval scale items. The various financial operational decisions concerning micro-enterprises were measured in terms of working capital management, investment and cash management, as well as financing decisions. On the other hand, financial sustainability was measured in terms of profitability, liquidity, stability, and the long-term viability of the business. In order to improve on the validity and reliability of the measurement scale, the items in the questionnaires were derived from the reviewed literature of the validated scales and were adapted to the context of micro-enterprises in Uasin Gishu County in Kenya. This ensured that the measurement scale captured the operational and financial context of the enterprises and were in line with the disciplinary standards.

Sampling

The target population is the general group that a researcher wants to speak upon with their findings. It consists of the individuals with the criteria pertaining to what the study is focused on. The target population for this study was the owners and managers of micro enterprises in Uasin Gishu County. These study participants were the most suitable option as they partake in the most integral part of a business namely, the strategic business decisions and the daily operations, which in turn affect the business' performance and long-term viability. The sampling frame involved all micro enterprises in Gishu County as documented by the Ministry of Trade in the County. The list was informative and provided details about the business, their contact details and the nature of their business. The business population for the study was 24,416 micro enterprises and covered a number of business sectors including retail, agriculture, service, hospitality, transport and small-scale manufacturing. The study was required to limit the population due to time and financial constraints. A representative sample was selected based on Yamane's (1967) sampling formula. The target population of 24,416 micro enterprises with a presumed error of 5% was required to collect data allowing a sample of 393 participants with confidence the results would be reliable.

Data Analysis Technique

To prepare the data to complete an analysis and improve the data for completeness, error, and relevance, many steps were implemented. Outlier screening, data cleaning, recoding and data transformation (Stieglitz et al., 2018; Sheard, 2018). Responses with unanswered questions, poor quality responses, or responses with incoherent and ambiguous replies were dropped from the analysis. The remaining responses were valid and were then organized for analysis. Excess responses were screened for the outliers that were identified and those were also removed from the analysis. Structural resilience and strength of the findings were the main priorities and concerns. Outlier detection was performed by frequency distribution and scatter plot analysis. Multivariate outliers were also calculated and assessed by Mahalanobis Distance (D^2) to support the elimination of outlier cases that were likely to exert influence on the results of the study (Kwak & Kim, 2017). Data analysis was performed using the version of SPSS 23. Both descriptive statistics and inferential statistics were conducted. The descriptive statistics employed in the analysis included means, percentages, standard deviations and frequencies. The inferential analysis was performed as multiple regression analysis, coupled with the PROCESS macro in SPSS to test the indirect and/or conditional effects of one or more variables on another.

7. Results

Reliability and Validity of Research Instruments

The first part of the study included examining Cronbach's alpha and exploratory factor analysis to determine reliability and construct validity. Jackson (2015) defines reliability as the extent to which a survey instrument, over repeated trials, provides consistent results. Relying on Mohajan (2017) and Joppe (2000), reliability can also be defined as the extent to which surveyed results, over repeated trials, provide consistent results and are a true representation of the subject population. To test the constructs' internal consistency, Cronbach's alpha was utilized in exploratory factor analyses to check if the survey items were put together appropriately. Table 1 shows that all the reliability statistics were greater than 0.7, as per the recommendations by Hair et al. (2010), showing that the research instruments were reliable. More specifically, financial sustainability scored 0.984, and operational financial decisions scored. 791. These findings showed that the constructs were all internally consistent and therefore justified the use of additional statistical analyses for the study.

Table 1: Reliability of Research Instruments

	Cronbach's Alpha	N of Items
financial sustainability	.984	15
Operational financial decisions	.791	15

Source: Research Data, 2026

To verify the reliability of study constructs, factor analysis was applied to the gathered data. The analysis yielded a KMO Measure of Sampling Adequacy score for Financial Sustainability of 0.983 This indicates a high degree of sampling adequacy, and confirms the measurement items were appropriate for assessing construct validity. The KMO for financial operational decisions was 0.904.

Hypothesis Testing

The regression results analyze the direct effect of Operational Financial Decisions (OFD) on Financial Sustainability (FS) regarding the hypothesis H01 that states OFD does not influence FS. According to the Model Summary, OFD and FS have a weak positive correlation. The R Square value is 0.085, meaning OFD accounts for 8.5 % of the variance in FS. Although small, the value is important in the social and behavioral sciences, particularly given the nature of the multivariate approaches commonly required. The value of the adjusted R Square of 0.082 denotes that there is no over inflation of the model due to the size of the sample or the number of predictors. The ANOVA results support the overall significance of the model, where the F-statistic is equal to 32.693 and the results achieved a significance value of 0.000 ($p < 0.05$). The regression model is significant and OFD is a significant predictor of FS, meaning that the model is better in the context of the data, when compared to an empirical null model. According to the coefficients table, OFD has a positive and significant impact on FS ($B = 0.293$, $t = 5.718$, $p = 0$ .000). Operational Financial Decisions increases Financial Sustainability by 0.293 when all other factors are held constant. The positive influence is considered to be of a moderate degree given the standardized beta of OFD ($\beta = 0.292$). The constant (2.122) indicates the expected value of Financial Sustainability when OFD are equal to zero. The Durbin-Watson statistic indicated no major concerns with autocorrelation with a value of 2.127. This value satisfies the regression assumptions. In addition, there are no concerns with multicollinearity, given a VIF and tolerance of 1.000. Given that the p-value is < 0.05, we reject the null hypothesis, (H01). Therefore, it can be concluded that there is a positive relationship, at the 95%

confidence level, with the operational financial decisions that would influence financial sustainability. In addition, the positive relationship is of a small magnitude, hence, it can be inferred that there are many operational financial decisions that influence financial sustainability.

FS: Financial Sustainability

OFD: Operational Financial Decisions

VIF: Variance Inflation Factor

Table 2: Effect of OFD on FS

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.122	.167		12.726	.000		
	OFD	.293	.051	.292	5.718	.000	1.000	1.000

a. Dependent Variable: FS

8. Discussion

The results from the regression suggest that OFD has a positive but small effect on FS for micro enterprises in Uasin Gishu County. The results show a weak positive correlation, with an R^2 value of 0.085, suggesting that OFD accounts for 8.5% of the variance in FS. This value, while small, is significant in the context of behavioral and management studies, as there are usually many variables that impact the outcome. The value for adjusted R^2 was 0.082, indicating that the OFD variables in the model explains the concept of financial sustainability in the micro enterprises in Uasin Gishu County in a stable way. The results from ANOVA show that the regression model, as a whole, is significant ($F = 32.693$, $p < 0.001$). OFD, as a whole, explains the concept of financial sustainability in micro enterprises of Uasin Gishu County and improves the regression model as compared to a model without predictors. OFD also has a positive effect on FS ($B = 0.293$, $t = 5.718$, $p < 0.001$). OD has a positive effect on FS, meaning that if operational financial decisions improve, the financial sustainability of the micro enterprise will improve, although the effect is moderate ($\beta = 0.292$). Other regression tests indicated that the regression model was valid. The value for the Durbin Watson statistic (2.127) indicated there was no autocorrelation, and an absence of multicollinearity was confirmed as the values of VIF and tolerance were both 1.000. Overall, the results indicate a positive, partial, and statistically significant effect of OFD on financial sustainability of micro enterprises in Uasin Gishu.

9. Practical and Theoretical Implications

Theoretically, these results help reinforce the concept of financial sustainability and push the understanding of the internal financial decision-making processes of an organization and sustainability outcomes. This is consistent with the Resource-Based View and multi-theoretical positions, which argue that while internal financial decision-making processes are essential for the organization's resource and capability development, competitive advantage and sustainability are the result of a holistic view of the organization's resources and the external environment. The small effect size indicates that operational financial decision-making is a supporting, rather than primary, capability in the financial sustainability construct. From a management perspective, this means that the microenterprise managers in Uasin Gishu County are encouraged to improve their operational financial decision-making processes by

focusing on budgeting, cash flow management, and cost and investing decision, given their positive influence on enterprise sustainability. Managers need to be aware, though, that improving OFD processes in isolation will not result in sustained financial sustainability. An integrated approach that combines OFD with strategic, market, financing, and operational sustainability is imperative. The findings may encourage policymakers and programs on enterprise development to formulate projects that improve financial literacy and address the constraints that microenterprises operate within.

10. Conclusions

In summary, we can reject the null hypothesis (H0) which posits no relevant impact of operational financial decisions on financial sustainability. The data shows operational financial decisions positively relate to financial sustainability and the relation is significant to the 95% confidence level. The data shows the relationship is weak. While operational financial decisions impact financial sustainability, it is neither the main factor nor the only one. The data shows the financial sustainability of micro enterprises is the result of several financial, managerial, and environmental elements and perhaps even more operational choices other than financial. Though the data shows that operational financial decisions impact the sustainability of the enterprise, there are several other structural and strategic factors that need to be brought to bear to create more robust and sustainable financial performance to the enterprise. The results of the hypothesis testing indicate that a real but limited effect exists and this complexity is evident in the micro enterprise model of financial sustainability.

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