

## Working Capital Mediated, KPI and Dollarization: An Investigation of Mediating Effects

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### Abstract

This research investigates effect of financial strength, cash turnover, KPI and dollarization of electronic and electrical companies in Tripoli, Lebanon. A devaluation of the American dollar against the Lebanese lira pushed the companies to focus on the cash process rather than bank account interaction. The originality of this study is defined through exploring scenario cash, KPI, dollarization and financial practices in Tripoli, Lebanon. Additional studies should be investigated on business processes for electronic and electrical companies. This article aims to find best practices due of the economic crisis that face Lebanon during the financial distress in 2019. Applying descriptive method and quantitative approach. Sample size of 80 respondents is divided into 8 companies, with 10 respondents per company. SPSS version 26 and SPSS Andrew F. Hayes model 6 and AMOS are applied for analyzing collected data. The results indicate that determinant was 0.001 and KMO is equal to 0.864. The communality items have acceptable results. All the results of the Cronbach's alpha output provide an acceptable result and describe an acceptable of the level of internal consistency for the model size measured. All the Pearson values suggest strong relationship between the variables reflect a large effect and a covary linear output. KPI has an impact on financial strength, financial strength has an impact on Dollarization, Dollarization has an impact on cash turnover and KPI has an impact on Cash turnover fully and sequentially mediated by financial strength and dollarization.

**Keywords:** Cash Turnover, Dollarization, Financial Strength, Key Performance Indicator (KPI), Working Capital.

### Introduction

In 2019 Lebanese Banks drove the Lebanese commercial companies to strongly apply cash transactions between customers and suppliers (1). From 2019, the Lebanese financial challenges are defined by the devaluation of the American dollar against the Lebanese lira and the refusal of banks to provide depositors with payments from their American dollar accounts (2). Severe economic disturbances, such as recessions or financial distress, may have left long-term effects on consumers and government spending, with serious implications for businesses companies (3). Because of that, from 2019, companies are only stressing on cash transactions, which will let them deny bank transactions and face financial challenges to keep going in the market (4). This might be linked to the reality that enterprises have improved their financial results due to the addition of cash, even though of the crisis that face Lebanon (5). The electronic and electrical market refers to personal instruments that are daily used (6). Lebanon was ranked the sixty-ninth-biggest e-commerce site in the world, with a revenue

surpassing 1.5 billion dollars at the beginning of 2024. Therefore, the electronic and media parts of Lebanon define more than 30% of the e-commerce return (7). The Lebanese electronic sector is boosting due to a professional labor and well-educated culture of customers that they are staying up to date with the latest technological innovations (8). Cash flow is used for purchasing raw materials and finished goods. The company should create equilibrium of cash inflows and outflows. Liquidity level is directly affected by the balance of cash inflows and outflows in the company (9). Managing the expansion of sales and promptly transferring inventories to sales will boost the company's cash flow position (10). KPI is important for studying production product, management process, efficiency and effectiveness of the companies and for the continuity of the business (11). Establishing and defining indicators (KPIs) is necessary to record changes in the system's characteristics. The goals and specifications of the platforms, as well as the varying inclinations of producer's and participant

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influence these KPIs (12). The danger of a foreign exchange currency during the crisis in Lebanon has significantly increased in April 2023. Lebanon had to raise financing and repay debts due to rising borrowing prices, rising inflation rates, and a high rate of dollar that led to bankruptcy of lot of companies during 2023 (13). In 2023, Lebanon faced a high financial crisis that led to increase rate of dollarization (14). Lebanese companies set their own common exchange rates in order to be safe from the unpredictable currency instability. Companies shift more on assets dollarization by keeping dollars currency as saved cash reserve. Moreover, loans and payables payments are shifted also to Dollar currency (15). The companies highly stress on assets and liabilities dollarization due to the restrictions that have been applied from the central bank of Lebanon (16). From 2019, the devaluation of the Lebanese currency was strongly highlighted due to the increase of liabilities dollarization of the imported products like petroleum and food items (17). Companies with high financial strength will be able to invest more on performance indicator like sales and assets. Companies with high key performance indicators will rely more on Dollar in order to hedge the risk of devaluation of the Lebanese currency. The increase of dollarization will lead to enhance cash turnover on dollars transactions (18-20). Due to high liquidity and decentralized market, the foreign currency will be decreased certainly when buyers enter with a big portfolio of transactions (18). High liquidity turnover can be applied to hedge the enhance of the foreign currency by applying hedging financial instruments and negotiating better exchange rates for payment process (19). Applying full dollarization has a direct impact on companies' investors to hedge financial currency risk (20). In the case of high dollarization, the managers may face some boundaries in increasing their capitals (21). Managers will try to collect foreign currency in order to hedge future risk of the currency devaluation (22). The research problem begins from the economic, monetary distress and dollarization that will face Lebanon from 2019 till now, commercial companies are handling financial troubles (23). Commercial transactions are only practiced in cash because the electronic and electrical companies are highly decreasing bank transactions and shifting to cash transactions (24).

Five years ago, Lebanon met different crises: COVID-19, the bang of the Beirut seaport, the increase of the political conflict, the devaluation of the national currency against the American dollar and the increase of the dollarization (25). The electronic market encountered different financial boundaries due to the increase in labor fees and the enhancement of operating costs (24). Lebanon faces liquidity distress in 2019, and the central bank has implemented financial engineering procedures to control the economic situation. The technology sector is harmed due to the declining economic situation in Lebanon (26). This research answers the following question: What are the effects between financial strength, cash turnover, KPI and dollarization? Most articles examine the cash turnover, financial strength, cash turnover, KPI and dollarization of different types of companies, but this article investigated only one sector, the electronic and electrical market. There are studies that explore the electronic and electrical companies in Lebanon, but this article only studies the companies in Tripoli city (6-8, 24, 27-29). The originality of this article is dependent on the study of one sector (electronic and electrical companies) within one city or area (Tripoli) in a country, Lebanon. It is the first paper that investigates the four variables together: the financial strength, cash turnover, KPI, and dollarization. Research gaps of this paper are identified from the following points that it is desirable to consider more studies, including more variables, should be conducted to provide further insight into the role of cash turnover on profitability (30). It is suggested to study more companies and add more variables to evaluate the cash turnover in terms of profitability and liquidity (31). Additional studies should be examined on cash turnover control in order to maximize cash flow and affect profitability (32). The research objective of this paper is to define the effects between financial strength, cash turnover, KPI and dollarization of electronic and electrical companies in Tripoli, Lebanon. Therefore, the vital element is to explore the suitable application and the relationships related between the variables interpreted. The purpose of this paper is to investigate the suitable style of financial strength, cash turnover, KPI and dollarization. The organization of this paper is as follows: first section reviews the material and Methods; second

section examines the empirical results. Finally, the statement of discussion and conclusion.

The proposed following research hypothesis of this paper.

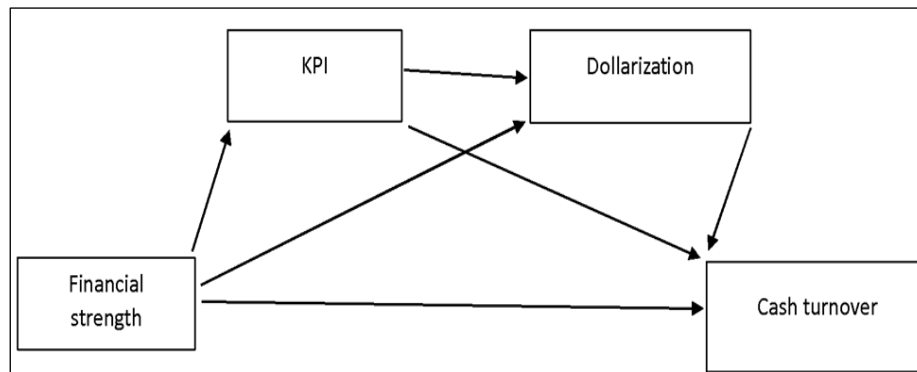
H1: Financial strength has an impact on cash turnover.

H2: Financial strength has an impact on cash turnover mediated by KPI

H3: Financial strength has an impact on cash turnover mediated by dollarization.

H4: Financial strength has an impact on cash turnover mediated sequentially by KPI and dollarization.

As shown in Figure 1, a relationship describing independent variable the financial strength having a direct positive impact on dependent variable the cash turnover mediated by KPI and dollarization.



**Figure 1:** Impact of Financial Strength on Cash Turnover Mediated by KPI and Dollarization

## Methodology

### Population and Techniques Applied

The researcher will investigate effect of financial strength, cash turnover, KPI and dollarization electronic and electrical companies in Tripoli, Lebanon. The researcher will select from each company 10 respondents, including owners, directors, accountants and managers. The population was established from 80 respondents from eight electronic and electrical companies in Tripoli, Lebanon. The collection of data was done in January and February 2024. A descriptive research technique with a quantitative method is applied by the researcher.

### KPI Variable Specialization

The researcher selected the KPI variable because of its relation of the financial performance, customer satisfaction and cost reduction that are related to the production and management of the product mentioned in past studies. Therefore, KPI techniques are highly stucked to the electrical and electronic industries due to the nature of their business process like the cost of the product and customer satisfaction after purchasing and utilizing the product.

### Material Applied

The researcher will apply SPSS version 26, Andrew F. Hayes model 6 and, AMOS are applied for analyzing collected data of the 80 respondents in

order to define suitable results and recommendations.

### SPSS Version 26 Software

The analysis should be interpreted as follows:

Factor analysis including determinant below 0.0001, KMO and Bartlett's test below 0.5, sig below 0.5 for good correlation and checking the number of questionnaire elements to be suitable. Communalities to investigate the percentage of the elements defined by the model factors. Reliabilities test to examine the internal consistency for the model measured of the elements and variables. Correlation between variables to investigate the sig to be below 0.05 to be acceptable and the measurement of the relationship, the effect and the covary linear output. Means and St Deviations of the elements investigate the level of power of the variables and which variable needs improvements.

### SPSS Andrew F. Hayes Model 6

In model 6 the researcher should interpret the sig to be below 0.05 and the confidence interval do not include zero to investigate the direct and indirect effect and if the mediators are sequential. The direct effect should be lower than the total effect to result a partial mediator otherwise it will be a full mediator.

### Confirmatory Factor Analysis by AMOS Software

Regression weights examine how strong and the relationship of the variables that sig should be

below 0.05 to be acceptable, the predictable relationship between two variables. The model summary includes chi-square, degree of freedom higher than 1, Value higher than 0.05, root mean square residual below 0.08, goodness of fit index higher than 0.9, adjusted fit index higher than 0.8, normed fit index higher 0.085 comparative fit index higher than 0.9 and parsimony adjusted measurement the balance the model complexity and fit ability.

### **Questionnaire**

The questionnaire was divided into five parts, including 25 questions. The first part is the "demographic" section including 5 questions, the second part is related to "Cash Turnover" variable includes 5 questions, the third part is the "Financial Strength" includes 5 questions, the fourth part "KPI" variable includes 5 questions and the fifth part "Dollarization" includes 5 questions. A Likert scale of 5 dimensions, from strongly agree = 5 to strongly disagree = 1, is applied in collecting the data from the respondents.

## **Results**

In this research paper an investigation was examined about effect of financial strength, cash turnover, KPI and dollarization of electronic and electrical companies in Tripoli, Lebanon.

### **Factor Analysis Interpretations**

An investigation was interpreted by conducting the correlation matrix for all the elements providing a determinant equal to 0.001 that is greater than 0.0001 defining an acceptable result and a suitable correlation between the elements. Results indicates that KMO and Bartlett's Test is equal to 0.864 and greater than 0.5 providing an acceptable result demonstrating that number of elements interpreted in the entire questionnaire is appropriate. The Sig is equal to 0.000 and lower than 0.05 providing an acceptable result.

### **Communalities Interpretations**

The communalities outputs that are examined as the percentages of the elements described by the model factor as follows:

54.7% of "Cash inflow always surpass cash outflow" is described by the factor model.

57.9% of "Cash has managed by experienced employees" is described by the factor model.

38.2% of "The Company profited from discounts and offers on early payment" is described by the factor model.

60.8% of "Liquidity always meets company's payments" is described by the factor model.

43.8% of "Inventory is always maintained at suitable level" is described by the factor model.

41.5% of "Annual increase in Profitability is always achieved" is described by the factor model.

46.7% of "Financial performance is reached" is described by the factor model.

42.6% of "Customers are satisfied by the services" is described by the factor model.

43.1% of "Reduction of cost is practical" is described by the factor model.

48.1% of "Dollarization reduces the risk of devaluation" is described by the factor model.

64.7% of "Dollarization lowers the cost of transactions" is described by the factor model.

66.3% of "Easier pricing approaches is applied due to dollarization" is described by the factor model.

71.7% of "Easy to pay for creditors due to dollarization" is described by the factor model.

The result of elements is greater than 38% and there is no need to delete any element.

### **Reliability test**

The interpretation of the reliability result of the Cronbach's alpha of the elements and variables of this research paper as follows: Cronbach's alpha output for the 13 elements of the questionnaire is equal to 0.899 providing an acceptable result and describing an acceptable of the level of internal consistency for the model size measured. Cronbach's alpha output for the 3 elements of the cash turnover variable is equal to 0.763 providing an acceptable result and describing an acceptable of the level of internal consistency for the model size measured. Cronbach's alpha output for the 3 elements of the financial strength is equal to 0.764 providing an acceptable result and describing an acceptable of the level of internal consistency for the model size measured. Cronbach's alpha output for the 3 elements of the KPI is equal to 0.655 providing an acceptable result and describing an acceptable of the level of internal consistency for the model size measured. Cronbach's alpha output for the 4 elements of the dollarization is equal to 0.841 providing an acceptable result and describing an acceptable of the level of internal consistency for the model size measured. Cronbach's alpha output for the 4 variables is equal to 0.834 providing an acceptable result and describing an acceptable of the level of internal consistency for the model size

measured.

### **Correlation between Variables**

The following analysis interpreting that Sig of all variables including cash turnover, financial strength, KPI and dollarization are equal to 0.000 providing an acceptable result.

The Pearson value is equal to 0.822 suggesting a strong relationship between "Total of the variables" with "Cash turnover".

The Pearson value is equal to 0.833 suggesting a strong relationship between "Total of the variables" with "Financial strength".

The Pearson value is equal to 0.824 suggesting a strong relationship between "Total of the variables" with "KPI".

The Pearson value is equal to 0.803 suggesting a strong relationship between "Total of the variables" with "Dollarization".

The Pearson value of the "Cash turnover" with "Financial strength" is equal to 0.568, reflecting a large effect and a covary linear output.

The Pearson value of the "Cash turnover" with "KPI" is equal to 0.567, reflecting a large effect and a covary linear output.

The Pearson value of the "Cash turnover" with "Dollarization" is equal to 0.573, reflecting a large effect and a covary linear output.

The Pearson value of the "Financial strength" with "KPI" is equal to 0.554, reflecting a large effect and a covary linear output.

The Pearson value of the "Financial strength" with "Dollarization" is equal to 0.560, reflecting a large effect and a covary linear output.

The Pearson value of the "KPI" with "Dollarization" is equal to 0.568, reflecting a large effect and a covary linear output.

### **Mediator Interpretation SPSS Andrew**

#### **F. Hayes Model 6**

The total effect of X on Y defined the total of direct and indirect effects  $P=0.000$  defining a confidence interval between 0.334 to 0.659 that doesn't include zero. Financial strength has an impact on cash turnover, either direct or indirect effect mediated by KPI and/or Dollarization.

#### **Direct effect of X on Y without Mediators**

Direct effect is significant because  $P=0.014 < 0.05$  and the confidence interval doesn't include zero [0.048 – 0.427]. It defines that financial strength has an impact on cash turnover. H1 = Financial strength has an impact on cash turnover. Because the direct effect is lower than the total effect it

defines a partial mediator role. The indirect mediator role defines the impact of X on Y resulted by KPI and/or Dollarization. The total indirect impact is significant because the confidence interval is between 0.118 to 0.409 and doesn't contain zero. The three mediators have a significant result because the confidence intervals don't include zero, they are as follows: Ind1 is between [0.0136 - 0.2364], Ind2 is between [0.0067 - 0.1998] and Ind3 is between [0.0068 - 0.1149]. Financial strength has an indirect impact on cash Turnover mediated by both KPI and Dollarization in multiple ways. Checking regression for all the mediators, relationship of financial strength predicting KPI  $P=0.0000 < 0.05$  defining that financial strength impacts KPI and financial strength enhances KPI.

#### **The Relationship of the Financial Strength and KPI Predicting Dollarization**

Financial strength has significant role in predicting Dollarization because  $P = 0.0014 < 0.05$ . KPI has a significant role in predicting Dollarization because  $P = 0.0005, 0.05$ . It could be concluded from these results that KPI and Dollarization have a significant prediction on Cash turnover defining mediator roles. KPI and dollarization have significant roles in predicting cash turnover defining the mediator roles. Financial strength has an impact on cash turnover in different indirect conducts.

Ind1 = KPI has a mediator role between financial strength and cash turnover, defining that a part of the effect of financial strength on cash comes from KPI.

H2 = Financial strength has an impact on cash turnover mediated by KPI

Ind2 = Dollarization has a mediator role between financial strength and cash turnover, defining that a part of the effect of financial strength on cash comes from dollarization.

H3 = Financial strength has an impact on cash turnover mediated by dollarization.

Ind3 = the sequential or serial mediator role defines that financial strength enhances KPI that enhances dollarization that enhances cash turnover.

H4 = Financial strength has an impact on cash turnover partially and sequentially mediated by KPI and dollarization.

## Means and St. Deviations of the Elements

The researcher examines a range of financial and operational measures based on the data supplied, as indicated by their sample sizes (N), mean values, and standard deviations. The interpretations of variables are as follows: In the cash turnover elements are typically viewed favorably, as evidenced by the statements about cash inflow exceeding cash outflow (mean = 4.15), management by experienced employees (mean = 4.00), and receiving discounts for early payments (mean = 4.10). In the Financial Strength elements there may be some issues with liquidity management, as shown by the comparatively low mean score of 3.78 for fulfilling corporate payments. With a score of 3.56, inventory level came in even lower, suggesting possible problems with inventory levels that may affect operational effectiveness. The comparatively slight score indicates that there is potential for development, even if there is evidence of an annual growth in profitability (mean = 3.84). The mean for Key performance indicator elements is likewise lower at 3.71, indicating that financial performance could not be as strong as other areas. With a mean score of 3.64 and a greater standard deviation of 1.046, customer satisfaction suggests that there is

variation in how customers perceive their experiences, which may call for more research or steps to improve service quality. Impact of Dollarization elements reveal highly positive opinions defining a strong consensus about its advantages is shown by high means, which range from (4.15 to 4.38), depreciation risk is decreased (Mean = 4.29), reducing the cost of transactions (Mean = 4.24), dollarization has made pricing strategies simpler (Mean = 4.19). This implies that dollarization is often seen favorably in this setting and might offer the business's accounting activities competitive advantages. With the highest mean score of (4.38), the result of a good cost reduction provides the best power of decreasing cost as a good process for the organization practices.

The outcomes provide suitable results about vital importance dollarization, the good feedback of staff satisfaction, and cash management practices however with low level of profitability and inventory management, liquidity elements should be upgraded.

## AMOS Results Interpretations

The researcher studies the confirmatory factor analysis test after examining the factor analysis in order to assure the results through investigating AMOS software.

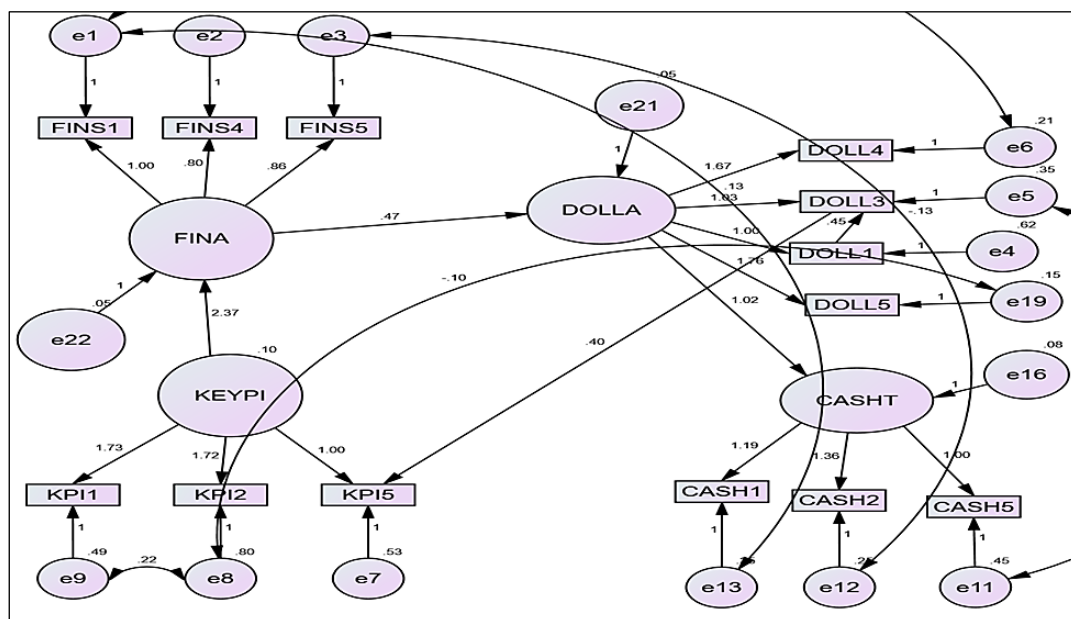


Figure 2: After Modification Indices

**Table 1:** Regression Weights

			Estimate	S.E.	C.R.	P
FINANCIAL	<---	KEYPI	2.371	1.118	2.121	0.034
DOLLARIZATION	<---	FINANCIAL	0.473	0.125	3.773	***
DOLLARIZATION1	<---	DOLLARIZATION	1.000			
DOLLARRIZATIO3	<---	DOLLARIZATION	1.026	0.290	3.540	***
CASH TURNOVER	<---	DOLLARIZATION	1.019	0.292	3.487	***
DOLLARIZATION3	<---	DOLLARIZATION 1	0.448	0.086	5.179	***
FINANCIAL S1	<---	FINANCIAL	1.000			
FINANCIAL S4	<---	FINANCIAL	0.798	0.136	5.853	***
FINANCIAL S5	<---	FINANCIAL	0.863	0.152	5.661	***
DOLLARIZATION4	<---	DOLLARIZATION	1.671	0.390	4.281	***
KPI5	<---	KEYPI	1.000			
KPI2	<---	KEYPI	1.718	0.755	2.275	0.023
KPI1	<---	KEYPI	1.731	0.731	2.367	0.018
CASH TURNOVER 5	<---	CASHT	1.000			
CASHTURNOVER 2	<---	CASHT	1.361	0.266	5.124	***
CASHTURNOVER 1	<---	CASHT	1.185	0.234	5.068	***
KPI5	<---	DOLLARIZATION 3	0.396	0.117	3.386	***
DOLLARIZATION 5	<---	DOLLARIZATION	1.760	0.400	4.401	***

The Figure 2 defines the variables of KPI, Financial strength, dollarization and cash turnover. Figure 2 shows that KPI is an independent variable, financial strength and dollarization are sequential mediators and cash turnover is a dependent variable. In Table 1 Regression weights from a Structural Equation Model (SEM) study using AMOS are shown in the results. The table 1 analyzed the power of regression and the techniques derived from the observable variables, they are as follows:

The "Estimate" designates the predictable effect of the regression weight of one variable on one more. "DOLLARIZATION <--- FINANCIAL" has an estimate of 0.473, signifying that for each unit enhance in "FINANCIAL ", "DOLLARIZATION" is predictable to enhance by 0.473 units. S.E. (Standard Error) quantifies the amount of variability could be predictable in the estimate due to sampling error. C.R. (Critical Ratio) is determined by dividing the estimate by the standard error (Estimate/S.E.). It shows the number of standard errors that projection is from zero, at  $p < 0.05$ , statistical significance is often shown by a Critical Ratio greater than  $\pm 1.96$ . Strong correlations between those variables are

shown by values in the result that are 3.773 or more. "P" is defined that every regression weight's probability value indicates whether or not a null hypothesis that there is no effect can be rejected. An association is statistically significant if the p-value is less than 0.05. Many of the estimations in this result have p-values that are highlighted as very significant ( $p < 0.001$ ). The path from "KPI" to "KPI2", having an estimation of 1.718 with a critical ratio of 2.275 and a p-value of 0.023 proposes that relationship is statistically significant.

Most of the regression weights are as follows:

There is a positive correlation between KPI and financial strength.

There is a positive correlation between financial strength and dollarization.

There is a positive correlation between dollarization and cash turnover.

The new hypotheses are as follows:

H1: KPI has an impact on financial strength.

H2: Financial strength has an impact on Dollarization.

H3: Dollarization has an impact on cash turnover.

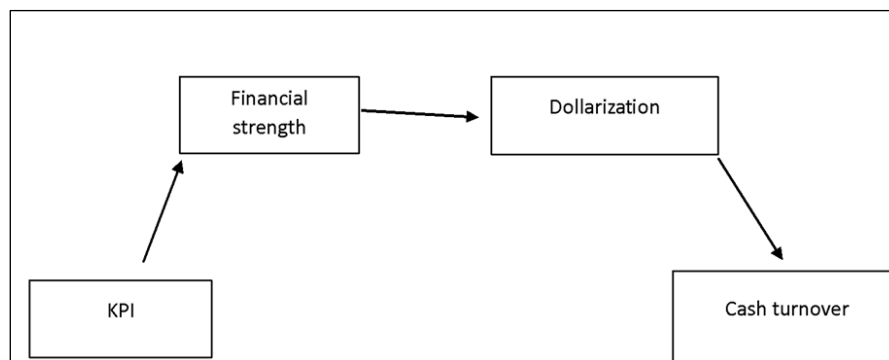
H4: KPI has an impact on Cash turnover fully and sequentially mediated by financial strength and dollarization.

**Table 2:** Model Fit Summary

CMIN	DF	P	CMIN/DF	RMR	GFI	AGFI	NCP	RMSEA
39.191	54	0.935	0.726	0.042	0.933	0.886	0.000	0.000
NFI	RFI	IFI	TLI	CFI	PRATIO	PNFI	PCFI	
0.925	0.892	1.032	1.048	1.000	0.692	0.640	0.692	

In Table 2 the Model Fit Summary includes various Key Fit Indices Interpretation they are as follows: CMIN (Chi-Square) = 39.191, DF (Degrees of Freedom) = 54, P-value = 0.935 and CMIN/DF= 0.726. Chi-square test is applied to investigate the covariance matrices output. A satisfactory fit is shown by a p-value larger than 0.05, which demonstrates that there's no significant difference between observations and forecasts. A good fit is indicated by a CMIN/DF ratio less than 2. RMR (Root Mean Square Residual) = 0.042 < 0.08 acceptable result. GFI (Goodness of Fit Index) = 0.933 > 0.90 indicating good fit. AGFI= 0.886 providing a desirable result because it should be > 0.90. These indices designate an acceptable model fit, with RMR is pretty low and GFI signifying a good proportion of variance described by the model. Baseline Comparisons defining Default

Model NFI = 0.925; RFI = 0.892; IFI = 1.032; TLI = 1.048; CFI = 1. The NFI is close to or above 0.90 points defines a satisfactory result, CFI values over 0.95 defines excellent fits. Parsimony-Adjusted Measures defining PRATIO (0.692), PNFI (0.640), PCFI (0.692) provide parsimony-adjusted metrics that balance model complexity and fitting ability; higher values signify superior parsimony in relation to fitting capacity. NCP (Non-Centrality Parameter) defines the non-centrality of the distribution and inferior values result and enhanced for the default model NCP is very low (0.000). RMSEA (Root Mean Square Error of Approximation) = 0 < 0.05 considered well-fitting. As shown in Figure 3, a relationship describing independent variable the financial strength having a direct positive impact on dependent variable the cash turnover mediated by KPI and dollarization.

**Figure 3:** Impact of KPI on Cash Turnover Mediated by Financial Strength and Dollarization**Table 3:** Descriptive Statistics Summary

		Cash Turnover	Financial Strength	Kpi	Dollarization
N	Valid	80	80	80	80
	Missing	0	0	0	0
Mean		4.08	3.72	3.90	4.25
Median		4.00	3.66	4.00	4.40
Mode		5.00	3.67	4.00	5.00
Std. Deviation		0.708	0.809	0.740	0.604

### Descriptive Statistics Summary

It is stated from the table 3 that there is no missing data in the results interpreted. The means of dollarization is the highest presenting good application of the dollar to decrease the risk and minimize cost of the products and be able to pay

for creditors. The mode and median of the dollarization are the highest defining high strategy applied. The standard deviation of the dollarization is the lowest resulting low margin between responses.



## Discussion

KPI is a tool for reviewing financial statement of the companies and for the improvement of the business (11). KPIs are directly connected to the management and financial system of the company (12). Lebanon had to raise financing including cash and funds in order to reimburse debts because of the inflation and currency booming during 2023 (13). In 2023, Lebanon challenged a strong financial distress that led to elevate the dollar rate (14). The present investigation leads to the result as follows: Effective balance sheet management contributes to the financial strength of the company's working capital (33). Cash inflows and outflows are critical to the company's business performance (34). The company's business strength is significantly influenced by its financial status and level (35). Cash turnover has a direct influence on firm's financial sustainability (36). Liquidity management is maintaining an appropriate quantity of cash to cover future payables and profit from discounts (37). Lowering supplier reimbursement intervals will boost the company's earnings (38). Improving sales will increase profits and have an immediate impact on the company's success (39). Best inventory level may increase the company's earnings (40). High liquidity will lead to a decrease in foreign currency rate (18). High liquidity turnover is a positive tool for negotiating to decrease exchange rates for payment process (19). Full dollarization process has a positive role on hedging financial currency risk (20). High dollarization pushes managers to increase their capitals (21). Managers enhance foreign currency to hedge future risk of the currency devaluation (22).

## Conclusion

This research aims to examine the effect of financial strength, cash turnover, KPI and dollarization of the electronic and electrical companies in Tripoli, Lebanon. For the period between January and February 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 determinant was 0.001 and KMO is equal to 0.864. The communality items all have acceptable results, and there is no need to delete

any item. All the results of the Cronbach's alpha output provide an acceptable result and describe an acceptable of the level of internal consistency for the model size measured. All the Pearson values suggest strong relationship between the variables reflect a large effect and a covary linear output. The mediator interpretation provides that the financial strength has an impact on cash turnover partially and sequentially mediated by KPI and dollarization. The confirmatory factor analysis provides that KPI has an impact on Cash turnover fully and sequentially mediated by financial strength and dollarization.

## Abbreviations

KPI: Key Performance Indicator.

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## Author Contributions

Hikmat Chamma: Introduction, literature review, methodology, data, SPSS, AMOS, results Analysis, Bassam Hijazi: review, editing, supervision, writing.

## Conflict of Interest

The authors declare that there is no conflict of interest regarding the study of this article.

## Ethics Approval

Not applicable.

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