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# Navigating Liquidity Risk: An Analysis Of Small And Medium Enterprises Across Lebanon

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***Abstract:***
*This study investigates the liquidity risk management practices of small and medium-sized enterprises (SMEs) in Lebanon, focusing on the challenges these businesses face in maintaining financial stability amid a volatile economic landscape. Recognizing the crucial role of SMEs in Lebanon's economic development and job creation, this research highlights various factors contributing to liquidity risk, including political instability, limited access to financing, inefficient cash flow management, and the broader economic conditions affecting business operations.*

*Using a quantitative research design, data were collected from 150 SME managers across diverse sectors in Lebanon through a structured questionnaire. The survey aimed to assess managers' perceptions of liquidity risk, their experiences with cash flow challenges, and the strategies they employ to mitigate these risks. Statistical analyses were conducted to identify significant relationships between perceived liquidity risks and management practices.*

*The findings reveal that liquidity risk poses a significant threat to the operational viability of SMEs, with a considerable number of managers reporting difficulties in managing cash flows and meeting short-term financial obligations. Key challenges identified include delayed payments from customers, high operational costs, and a lack of financial buffers to absorb economic shocks. The study also found that many SMEs rely heavily on internal financing, which further exacerbates their liquidity issues.*

*Importantly, the research emphasizes the necessity of adopting effective liquidity management strategies, such as robust cash flow forecasting, efficient inventory management, and improved accounts receivable practices. These strategies are critical for enhancing financial resilience and ensuring that SMEs can navigate periods of economic uncertainty without jeopardizing their operations.*

*The study also offers actionable recommendations for policymakers and SME leaders to create a more supportive environment for liquidity management. This includes advocating for better access to financing options, promoting financial literacy programs, and encouraging the adoption of modern financial management tools. By addressing liquidity risk, SMEs can improve their sustainability and contribute more effectively to Lebanon's economic growth.*

*Overall, this research provides valuable insights into the liquidity challenges faced by SMEs in Lebanon, contributing to the broader discourse on financial management in developing economies. The findings serve as a foundation for future research on liquidity risk and its implications for the SME sector in Lebanon and beyond.*

***Key Word:*** *Liquidity risk, SMEs, cash flow management, financial stability, risk mitigation, access to financing, Lebanon, economic uncertainty, financial management strategies.*

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## I. Introduction

Small and medium-sized enterprises (SMEs) are a vital component of the Lebanese economy, representing a significant portion of employment and contributing to economic growth and innovation. According to the Lebanese Ministry of Economy and Trade, SMEs account for over 95% of all registered businesses and employ nearly 50% of the workforce. Given their substantial role in driving economic activity, the financial health of SMEs is crucial for the overall stability and growth of Lebanon's economy. However, these enterprises face numerous challenges, one of the most critical being liquidity risk.

**Liquidity risk** refers to the potential inability of a business to meet its short-term financial obligations due to insufficient cash flow. For SMEs, this risk can stem from various factors, including delayed payments from customers, increased operating expenses, and a lack of access to credit. Unlike larger firms, SMEs often have limited financial resources and less access to external financing, making them particularly vulnerable to liquidity crises. In the context of Lebanon, where the economic landscape is characterized by instability, fluctuating currency values, and political uncertainty, the liquidity challenges faced by SMEs are exacerbated, threatening their operational viability and growth potential.

The economic environment in Lebanon has become increasingly challenging in recent years. The country has experienced significant economic downturns, political instability, and a banking crisis that has further restricted access to financing for SMEs. As a result, many small businesses struggle to maintain healthy cash flow, which is essential for daily operations and long-term growth. The ability to manage liquidity effectively becomes paramount, as SMEs with inadequate liquidity may face severe consequences, including insolvency or bankruptcy[1].

Despite the importance of liquidity management, research on this topic, particularly in the context of Lebanon, remains limited. Previous studies have highlighted the general financial challenges faced by SMEs, but few have specifically focused on liquidity risk management and the strategies employed by Lebanese SMEs to navigate this critical issue[2]. Understanding how SMEs perceive and manage liquidity risk is vital for developing targeted support mechanisms and policies that enhance their financial resilience.

This study aims to fill this gap by exploring the liquidity risk management practices of SMEs in Lebanon. It seeks to identify the key factors contributing to liquidity risk, assess the current strategies employed by SME managers to mitigate these risks, and provide actionable recommendations for improving liquidity management within the sector. By focusing on the Lebanese context, this research will contribute to the broader discourse on financial management in SMEs and inform policymakers and business leaders about the unique challenges and opportunities present in the Lebanese economy[3].

The study employs a quantitative approach, gathering data from 150 SME managers across various industries through a structured questionnaire. The findings will not only shed light on the current state of liquidity risk management among Lebanese SMEs but also provide insights into best practices that can enhance their financial stability and competitiveness.

In summary, as SMEs continue to play a pivotal role in the Lebanese economy, addressing liquidity risk is essential for ensuring their sustainability and fostering economic growth[4]. This study aims to provide a comprehensive understanding of liquidity risk in SMEs, contributing to the development of effective management strategies that can help these enterprises thrive in a challenging economic environment.

## II. Literature Review

The concept of liquidity risk has been extensively studied within the realm of financial management, particularly as it pertains to small and medium-sized enterprises (SMEs). Liquidity risk arises when an entity is unable to meet its short-term financial obligations due to insufficient liquid assets. This section reviews the existing literature on liquidity risk, its implications for SMEs, and the specific challenges faced by Lebanese SMEs in managing this risk[5].

**Understanding Liquidity Risk**

Liquidity risk can be categorized into two main types: market liquidity risk and funding liquidity risk. Market liquidity risk refers to the inability to quickly buy or sell assets without significantly affecting their price, while funding liquidity risk relates to a firm's ability to obtain cash to meet its short-term liabilities. For SMEs, the latter is often more pressing, as they typically have less access to financial markets and rely heavily on internal cash flows and short-term credit arrangements to finance operations.

The importance of liquidity is underscored in the literature by various studies that emphasize its role in financial stability and business sustainability. According to studies conducted by Shin and Stulz (1998) and Holmström and Tirole (1998), firms with robust liquidity management practices are better positioned to withstand financial shocks and maintain operational continuity during economic downturns. Moreover, liquidity management is crucial for ensuring that firms can seize growth opportunities, invest in innovation, and meet unexpected financial obligations.

**The Challenges of Liquidity Management for SMEs**

SMEs often encounter unique challenges in managing liquidity, which can exacerbate their vulnerability to liquidity risk. One of the primary factors contributing to liquidity risk in SMEs is the inefficient management of cash flow[6]. According to a study by McMahon (2001), many SMEs struggle with forecasting cash flows accurately, which can lead to unexpected shortfalls when payments from customers are delayed or when operating expenses exceed projections.

Another significant challenge is access to external financing. SMEs typically have limited borrowing capacity due to a lack of credit history, insufficient collateral, and the perception of higher risk by financial institutions. This restricted access to financing makes it difficult for SMEs to maintain adequate liquidity, particularly during periods of economic uncertainty. Research by Binks and Ennew (1997) highlights that many

SMEs are reliant on informal funding sources, which may not always be reliable or sufficient to cover liquidity needs.

Political and economic instability also poses substantial risks to liquidity management. In Lebanon, SMEs face a particularly challenging environment characterized by fluctuating economic conditions, currency devaluation, and political turmoil. According to a report by the World Bank (2020), the Lebanese economy has been in crisis, which has further constrained SMEs' access to financial resources and increased their exposure to liquidity risk. The lack of a stable economic environment can hinder business operations and complicate cash flow management, leading to an increased likelihood of financial distress[7].

**Liquidity Risk Management Strategies**

In light of these challenges, several studies have proposed effective liquidity management strategies tailored to SMEs. Cash flow forecasting is a critical practice that allows managers to anticipate cash inflows and outflows, enabling them to make informed decisions regarding expenditures and investments[8]. By implementing systematic forecasting techniques, SMEs can identify potential liquidity shortfalls in advance and take corrective actions to mitigate risks.

Moreover, improving accounts receivable management is essential for enhancing liquidity. Research by Deloof (2003) suggests that SMEs should establish clear credit policies, monitor customer payment behavior, and employ effective collection strategies to minimize overdue accounts. By reducing the time taken to collect receivables, SMEs can improve their cash flow and enhance their liquidity position.

Adopting financial technologies (fintech) can also significantly enhance liquidity management for SMEs. Fintech solutions provide tools for real-time cash flow monitoring, automated invoicing, and efficient payment processing, enabling SMEs to manage their liquidity more effectively[9]. The integration of technology in financial practices can help SMEs optimize their cash flow and respond swiftly to liquidity challenges.

**The Context of Lebanese SMEs**

While the existing literature provides valuable insights into liquidity risk and management strategies, there is a paucity of research specifically focusing on the Lebanese context. Lebanese SMEs face unique socio-economic and political challenges that impact their liquidity management practices. The prevailing economic instability, characterized by hyperinflation, currency depreciation, and high unemployment rates, exacerbates the difficulties SMEs encounter in maintaining liquidity[10].

Furthermore, the impact of government policies on SME financing and liquidity cannot be overlooked. Research indicates that supportive government initiatives, such as financial literacy programs and access to credit facilities, can significantly enhance the liquidity management capabilities of SMEs[11]. However, in Lebanon, the lack of effective government support and a stable financial infrastructure further complicates the landscape for SMEs, making research in this area particularly pertinent.

**Conclusion of the Literature Review**

In summary, the literature reveals that liquidity risk is a critical concern for SMEs, with various factors contributing to this risk. Inefficient cash flow management, limited access to financing, and the broader economic environment significantly impact the liquidity of SMEs. While several strategies for managing liquidity risk have been proposed, the specific challenges faced by Lebanese SMEs necessitate further investigation. This study aims to address this gap by exploring liquidity risk management practices among SMEs in Lebanon, providing insights that could inform both practitioners and policymakers to foster a more supportive environment for SME growth and stability.

## III. Research Methodology

This section outlines the research design, sampling approach, data collection methods, and analytical techniques employed in this study to examine liquidity risk management practices among small and medium-sized enterprises (SMEs) in Lebanon.

**Research Design**

This study adopts a **quantitative research design** to assess the liquidity risk management practices of SMEs in Lebanon. A quantitative approach is appropriate for this research as it allows for the collection of numerical data that can be statistically analyzed to identify patterns, relationships, and correlations between variables. The aim is to gather objective evidence regarding the perceptions of SME managers towards liquidity risk and the strategies they employ to manage it. By utilizing structured questionnaires, the study seeks to quantify the extent of liquidity risk and assess the effectiveness of various management practices[12].

**Sample Selection**

The target population for this study comprises small and medium-sized enterprises (SMEs) operating in various sectors across Lebanon. Given the diverse economic landscape of the country, the research aims to capture a representative sample of SMEs to provide insights into their liquidity risk management practices. A **non-probabilistic purposive sampling** technique was utilized to select participants based on specific criteria: managers or owners of SMEs with direct involvement in financial decision-making and a minimum of one year of operational experience.

The sample size for this study was set at **150 SMEs**, which is deemed sufficient for conducting statistical analysis while providing a diverse representation of different sectors, including manufacturing, retail, services, and agriculture. The selection of SMEs across various industries helps to ensure that the findings are generalizable and applicable to a broad spectrum of Lebanese SMEs.

**Data Collection Instruments**

Data were collected using a **structured questionnaire** developed specifically for this study. The questionnaire was designed to assess the following key areas:

**Demographic Information**: This section gathered basic information about the respondents, including age, gender, educational background, years of experience in managing the SME, and the number of employees within the enterprise.

**Liquidity Risk Perception**: Respondents were asked to rate their perceptions of liquidity risk based on various factors, such as cash flow challenges, access to financing, and the impact of economic conditions on their liquidity management.

**Liquidity Management Practices**: This section focused on the specific strategies employed by managers to manage liquidity risk. Questions included topics such as cash flow forecasting, accounts receivable management, inventory management, and the use of external financing options.

**Financial Performance Indicators**: Respondents were asked to provide information on key financial performance indicators, such as current ratios, quick ratios, and working capital management practices. This information was used to correlate liquidity management practices with financial performance outcomes.

The questionnaire was distributed both electronically and in-person to ensure a higher response rate. Prior to distribution, the questionnaire was pre-tested with a small group of SME managers to identify any ambiguities or issues in understanding the questions. Feedback from the pre-test was incorporated to refine the questionnaire further.

**Data Collection Process**

The data collection process was conducted over a period of **four weeks**. Efforts were made to engage a wide range of SMEs across Lebanon to ensure diversity in responses. Participants were assured of confidentiality and the anonymity of their responses, encouraging candid feedback.

To enhance participation, follow-up reminders were sent to non-respondents, and in-person interviews were conducted where necessary to clarify questions and obtain comprehensive responses. A total of **150 completed questionnaires** were collected, resulting in a response rate of approximately 75%, which is considered robust for survey research in the SME sector.

**Data Analysis Techniques**

The data collected were analyzed using the **Statistical Package for the Social Sciences (SPSS)** software. The following analytical techniques were employed:

- **Descriptive Statistics**: Descriptive statistics were used to summarize the demographic characteristics of the respondents and provide an overview of the key variables related to liquidity risk and management practices. Measures such as means, frequencies, and percentages were calculated to illustrate the findings.
- **Reliability Analysis**: The reliability of the questionnaire items was assessed using **Cronbach's alpha** to ensure internal consistency. A Cronbach's alpha value of 0.70 or higher was considered acceptable, indicating that the items effectively measured the underlying constructs.
- **Correlation Analysis**: Pearson's correlation coefficient was employed to examine the relationships between liquidity risk perception and various liquidity management practices. This analysis aimed to identify significant associations that could provide insights into how specific practices impact perceived liquidity risk.
- **Regression Analysis**: Multiple regression analysis was conducted to assess the impact of liquidity management practices on financial performance indicators. This statistical technique allowed for the

examination of the predictive relationships between liquidity risk management and financial outcomes while controlling for demographic factors.

- **Statistical Significance**: A significance level of $p < 0.05$ was adopted for all statistical tests to determine the validity of the findings. This level is commonly used in social science research to assess whether observed relationships are statistically significant.

**Ethical Considerations**

Throughout the research process, ethical considerations were prioritized to ensure the integrity and credibility of the study. Participants were informed about the purpose of the research and their rights to confidentiality and anonymity. Consent was obtained before participation, and respondents were assured that their information would be used solely for research purposes.

The study adhered to ethical guidelines established by relevant academic and professional bodies, ensuring that the research process was transparent and respectful of participants' rights and privacy.

## IV. Results And Discussion

This section presents and interprets the findings from the analysis of the data collected from 150 SME managers across various sectors in Lebanon. The results provide insights into the perceptions of liquidity risk, the management practices employed by SMEs, and the implications for financial stability and growth. The discussion interprets these findings in the context of existing literature and highlights their relevance to the broader understanding of liquidity management in the SME sector.

**Demographic Characteristics of Respondents**

The demographic analysis of the 150 respondents revealed a diverse profile of SME managers, which is critical for understanding the context of liquidity risk management in Lebanon. The majority of respondents were male (60%), with females accounting for 40%. Most managers (45%) were aged between 31 and 40 years, followed by those aged 41 to 50 (30%), 21 to 30 (15%), and above 50 (10%). The educational background of respondents varied, with 50% holding a bachelor's degree, 35% having a master's degree, and 15% possessing a high school diploma or equivalent.

In terms of experience, 40% of the respondents reported having between 6 and 10 years of managerial experience, while 30% had over 10 years, and 30% had between 1 and 5 years. The distribution of employees in SMEs was also noted, with 50% employing between 10 and 50 workers, while 30% had fewer than 10 employees, and 20% had more than 50 employees. This diversity in demographic characteristics enhances the robustness of the findings and ensures a comprehensive representation of the SME sector in Lebanon.

**Perception of Liquidity Risk**

The study revealed that a significant proportion of SME managers perceive liquidity risk as a critical challenge to their business operations. Approximately 70% of respondents indicated that they experienced frequent cash flow issues, particularly in the context of delayed payments from clients and customers. This highlights a pressing concern within the SME sector, where cash flow management is essential for maintaining operational continuity.

Moreover, 65% of managers reported that the economic instability in Lebanon has exacerbated their liquidity challenges, making it difficult to secure timely financing for operational needs. Responses to specific questions about liquidity risk perception highlighted several contributing factors. Over 80% of respondents identified **political instability** and **economic fluctuations** as major impediments to effective liquidity management.

Furthermore, nearly 75% acknowledged the **difficulty in accessing credit** as a significant barrier, with many expressing concerns about stringent lending criteria from financial institutions. This finding aligns with previous studies indicating that external economic factors significantly influence the liquidity risk faced by SMEs in developing economies.

In essence, the perception of liquidity risk among Lebanese SMEs is not merely a reflection of individual managerial experience; it also encapsulates the broader economic and political context in which these businesses operate. The findings suggest that liquidity risk is not only a financial issue but also a strategic concern that necessitates attention from both managers and policymakers.

**Liquidity Management Practices**

In examining liquidity management practices, the study found a variety of strategies employed by SME managers to mitigate liquidity risk. Cash flow forecasting emerged as a prominent practice, with 60% of respondents indicating that they regularly engage in cash flow projections to anticipate their financial needs.

However, the effectiveness of these forecasts varied, with only 45% feeling confident that their cash flow management practices were sufficient to meet unexpected expenses.

The results also highlighted the importance of managing accounts receivable. Approximately 65% of managers reported implementing measures to reduce overdue accounts, such as offering discounts for early payments and conducting regular follow-ups with clients. However, many SMEs still struggled with high levels of outstanding receivables, suggesting that further improvements in accounts receivable management are necessary.

Additionally, a notable finding was that many SMEs depend heavily on **internal financing**, with 70% of respondents indicating that they primarily use retained earnings for business operations. This reliance on internal funds, while limiting the need for external financing, also poses risks, particularly during economic downturns when cash reserves may be insufficient to cover operational expenses. The findings suggest a need for SMEs to explore diversified financing options, including short-term loans and lines of credit, to enhance their liquidity position.

Moreover, the study revealed a gap in the adoption of advanced liquidity management tools. Only 25% of respondents reported using financial technologies, such as accounting software or online banking, to manage their liquidity effectively. This limited use of technology may hinder the ability of SMEs to monitor their financial health in real-time and respond promptly to liquidity challenges. The integration of digital tools into financial management practices is increasingly important for enhancing operational efficiency and responsiveness.

**Correlation between Liquidity Management and Financial Performance**

The analysis included a correlation assessment to determine the relationship between liquidity management practices and financial performance indicators. The results showed a positive correlation between effective liquidity management and financial performance, with a correlation coefficient of 0.62 ($p < 0.01$). This indicates that SMEs employing better liquidity management practices, such as cash flow forecasting and accounts receivable management, tend to experience improved financial outcomes, including higher profitability and reduced financial distress.

Furthermore, the regression analysis demonstrated that improvements in liquidity management could significantly enhance SMEs' financial stability. Specifically, for every one-unit increase in the effectiveness of liquidity management practices, the financial performance score increased by 0.45 units ($\beta = 0.45$, $p < 0.01$). This finding reinforces the notion that proactive liquidity management strategies are essential for sustaining the financial health of SMEs.

The importance of liquidity management in determining financial performance is consistent with the literature, which suggests that firms with effective liquidity management practices are better equipped to navigate economic uncertainties and capitalize on growth opportunities[13]. The results suggest that SMEs should prioritize liquidity management as part of their overall financial strategy to enhance both short-term resilience and long-term sustainability.

**Discussion of Findings**

The findings of this study underscore the critical role of liquidity risk management in the sustainability of SMEs in Lebanon. The perceived liquidity challenges faced by managers are consistent with the broader economic environment characterized by uncertainty and instability. The reliance on internal financing and the difficulties in accessing external credit highlight the vulnerabilities that SMEs encounter in managing their liquidity.

The study illustrates the need for SMEs to adopt comprehensive liquidity management strategies. While many managers engage in cash flow forecasting, the confidence in these forecasts varies significantly, indicating the need for improved methodologies and tools to enhance accuracy and effectiveness. Furthermore, the findings suggest that establishing more robust accounts receivable management practices is vital for minimizing cash flow disruptions and maintaining liquidity.

Moreover, the positive correlation between liquidity management and financial performance emphasizes the importance of integrating effective liquidity practices into the overall financial strategy of SMEs. This integration can provide a competitive advantage, enabling SMEs to navigate economic challenges more effectively and seize growth opportunities when they arise.

Additionally, the limited adoption of financial technologies by SMEs points to an area of significant opportunity. As digital tools become increasingly accessible, SMEs that integrate technology into their financial management practices can enhance their liquidity monitoring capabilities, streamline operations, and make more informed financial decisions.

Finally, the results highlight the necessity for policymakers to create an enabling environment that supports SMEs in managing liquidity risk. This could include promoting access to finance, offering financial literacy programs, and facilitating supportive regulatory frameworks that enhance the overall business climate in Lebanon. The alignment of government policy with the needs of SMEs is crucial for fostering an environment conducive to business growth and sustainability.

In conclusion, this study not only contributes to the understanding of liquidity risk management within the Lebanese context but also underscores the broader implications for SMEs facing similar challenges in developing economies. The findings serve as a foundation for future research and practical applications aimed at enhancing the financial resilience of SMEs in Lebanon and beyond.

## V. Conclusion

This research has provided an in-depth examination of liquidity risk management practices among small and medium-sized enterprises (SMEs) in Lebanon, highlighting the critical challenges these businesses face in maintaining financial stability amidst a volatile economic landscape[14]. Given the essential role of SMEs in Lebanon's economic framework, understanding the factors that contribute to liquidity risk and the strategies employed to mitigate it is vital for fostering sustainable growth and resilience[15].

The findings indicate that a significant proportion of SME managers perceive liquidity risk as a pressing concern affecting their operational viability. Key factors contributing to these liquidity challenges include political instability, limited access to financing, and ineffective cash flow management practices. A substantial 70% of respondents reported experiencing frequent cash flow issues, primarily due to delayed payments from clients and customers, which reinforces the urgent need for SMEs to adopt proactive liquidity management strategies to navigate the complexities of the current economic environment[16].

Furthermore, the research underscores the importance of implementing effective liquidity management practices, such as cash flow forecasting, diligent accounts receivable management, and the integration of financial technologies. SMEs that adopt these practices not only improve their financial stability but also enhance their overall performance. The positive correlation observed between effective liquidity management and improved financial outcomes emphasizes that sound financial practices are not merely operational necessities but strategic imperatives that can significantly bolster competitiveness and sustainability in the face of adversity[17].

To support SMEs in managing liquidity risk more effectively, several actionable recommendations emerge from the study. Policymakers should focus on developing financial products tailored to the unique needs of SMEs, including government-backed loans and guarantees. Creating a supportive regulatory framework that encourages financial institutions to lend to SMEs can help alleviate liquidity constraints. Additionally, implementing targeted financial literacy programs for SME owners and managers can equip them with essential skills in cash flow management and financial planning[18]. Workshops and seminars that focus on liquidity risk management can empower SMEs to adopt more effective financial strategies[19].

Moreover, the study emphasizes the necessity for SMEs to prioritize the development of robust liquidity management frameworks that incorporate cash flow forecasting, inventory management, and proactive accounts receivable practices. Regular reviews of liquidity positions can help SMEs respond effectively to changing financial conditions. Encouraging the integration of digital tools and platforms into financial management practices can streamline cash flow monitoring, invoicing, and payment processing, allowing SMEs to manage their liquidity more effectively[20].

While this research contributes valuable insights into liquidity risk management within the Lebanese context, several avenues for future research can further enhance this knowledge. Longitudinal studies could examine how liquidity management practices evolve over time and their long-term impact on SME performance, especially during periods of economic fluctuations or crises. Additionally, comparative studies involving SMEs in different regions or countries can provide insights into how cultural, economic, and regulatory differences affect liquidity management practices and challenges. Incorporating qualitative methodologies, such as in-depth interviews or focus groups, could yield richer insights into the personal experiences of SME managers regarding liquidity risk, uncovering underlying motivations, perceptions, and challenges that quantitative methods may not fully capture. Investigating the specific impacts of various financial technologies on liquidity management could also provide insights into best practices and innovations that enhance the financial resilience of SMEs.

Despite the valuable insights provided, this research is not without its limitations. The use of a non-probabilistic purposive sampling method may limit the generalizability of the findings to all SMEs in Lebanon. Although the sample was diverse, it may not fully capture the experiences of all SMEs, particularly those in less urbanized areas or different sectors. Additionally, the reliance on self-reported data may introduce response bias, as participants may overstate their liquidity management practices or underreport challenges faced. This study also focused primarily on quantitative measures of liquidity risk management and may have overlooked qualitative nuances in SME experiences and strategies. Future research that combines both qualitative and quantitative methods could provide a more holistic understanding of liquidity risk management in SMEs.

This research highlights the critical importance of liquidity risk management for the sustainability of SMEs in Lebanon. By addressing the liquidity challenges identified and implementing the recommended strategies, SMEs can enhance their resilience and financial stability. As Lebanon continues to navigate economic uncertainties, effective liquidity management will be essential for ensuring the long-term viability of its SME sector and contributing to broader economic recovery and growth.

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