CASH FLOW MANAGEMENT AND FINANCIAL PERFORMANCE OF TORORO CEMENT, EASTERN UGANDA

BY
YEKO MARTIN
1153-05014-01227

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT AS A PARTIAL REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELORS OF ACCOUNTING AND FINANCE MANAGEMENT OF KAMPALA INTERNATIONAL UNIVERSITY

FEBRUARY 2019
DECLARATION

I, hereby declare that this research is entirely my original work and has never been submitted to any other institution of learning for any professional reward

.................................................. .................................

STUDENT

Date
APPROVAL

I certify that Yeko Martin carried out the study and wrote this proposal under my supervision. The research has been presented for examination with my approval as a University supervisor.

.................................................. 25/02/2019

Dr. Kirabo K. B. Joseph
(Supervisor) Date
DEDICATION

I dedicate this book to my family members most especially Father Kamutya Alfred and Mother Chemila Chemutai for their effort put through my education and my life, may God award you for your generous support.
ACKNOWLEDGMENT

I wish to extend my gratitude to all who have been influential in the completion of this study. Am indebted to my supervisor Dr. Kirabo K. B. Joseph who inspired me to continue with the subject herein and made suggestions to this work.

I would also like to thank the management of Tororo cement of companies who have contributed generously to some of the data herein not forgetting all the respondents.

To my Father and Mother I say am blessed with their moral, financial and spiritual support that has encouraged me all through. And all the people that have supported me throughout my study thought the schools and university most especially my brothers.

Lastly to whoever has made everything possible.
TABLE OF CONTENTS

DECLARATION ......................................................................................................................... i
APPROVAL ............................................................................................................................... ii
DEDICATION ............................................................................................................................ iii
ACKNOWLEDGMENT ............................................................................................................... iv
TABLE OF CONTENTS ............................................................................................................ v
ABSTRACT .............................................................................................................................. viii

CHAPTER ONE: INTRODUCTION ....................................................................................... 1
1.0 Introduction ..................................................................................................................... 1
1.1 Background to the study ................................................................................................. 1
1.1.1 Historical Perspective ............................................................................................... 1
1.1.2 Theoretical perspective ........................................................................................... 3
1.1.3 Conceptual Perspective ........................................................................................... 4
1.1.4 Contextual Perspective ............................................................................................ 5
1.2 Problem Statement ......................................................................................................... 5
1.3 Purpose of the study ....................................................................................................... 6
1.4 Research Objectives ....................................................................................................... 6
1.5 Research Questions ........................................................................................................ 6
1.6 Scope of the study .......................................................................................................... 6
1.6.1 Subject Scope ............................................................................................................ 7
1.6.2 Time Scope ............................................................................................................... 7
1.6.3 Geographical scope ................................................................................................. 7
1.7 Significance of the study ................................................................................................ 7

CHAPTER TWO: LITERATURE REVIEW ........................................................................ 9
2.0 Introduction ..................................................................................................................... 9
2.1 Theoretical review ......................................................................................................... 9
2.2 Conceptual Review ....................................................................................................... 10
2.3 Related literature on accounts receivable management and organizational performance .... 11
2.4 Effect of accounts payables management on financial performance ......................... 14
2.5 Effect of credit management on financial performance .................................................. 15
2.6 Related studies ............................................................................................................. 19
2.7 Research Gaps ............................................................................................................ 21

CHAPTER THREE: METHODOLOGY ................................................................................. 23
3.0 Introduction .................................................................................................................. 23
3.1 Research design .......................................................................................................... 23
3.2 Study Population ........................................................................................................ 23
3.3 Sample size ................................................................................................................ 23
3.3.1 Sampling Selection techniques .............................................................................. 24
3.4 Data source .................................................................................................................. 24
3.4.1 Primary data ........................................................................................................... 25
3.4.2 Secondary data ....................................................................................................... 25
3.5 Methods of data collection ......................................................................................... 25
3.5.1 Questionnaires ....................................................................................................... 25
3.5.2 Interview Guide ...................................................................................................... 25
3.6 Data processing and analysis ..................................................................................... 25
3.7 Reliability and Validity .............................................................................................. 26
3.8 Ethical Consideration ................................................................................................. 26
3.9 Limitations and solutions ........................................................................................... 26

CHAPTER FOUR: PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS ......................................................................................................................... 27
4.0 Introduction .................................................................................................................. 27
4.1 Demographic Characteristics ..................................................................................... 27
4.1.1 Findings on age of respondents ............................................................................. 27
4.1.2 Findings on gender of respondents ....................................................................... 28
4.1.3 Findings on educational Qualifications of respondents ....................................... 29
4.1.4 Findings on Marital status of respondents ............................................................. 30
4.1.5 Findings on department of respondents ................................................................. 30
4.1.6 Findings on Position of respondents ..................................................................... 31
ABSTRACT

The study was to assess the effect of cash flow management and organizational performance in Tororo cement of companies. It was based on the research objectives that included assessing the effect of accounts receivable management on organizational performance, analyze the role of accounts payables management on organizational performance and examine the effect of credit management on organizational performance. The study adopted a surveys and case study design with the sample population of 50 people as respondents chosen from Tororo cement of companies. It was based on quantitative and qualitative research approaches. The study findings were that accounts receivable management on organizational performance in Tororo cement. Accounts receivables reduces defaults in payment for business according to 80% of the respondents who are in agreement, reduces cost of administration of Accounts receivables business had 88%, enhances working capital flow management had 78%, Provision of debtor information to the organization had 78%, reduces cash collection delays for the organization had 66%, reduces cash collection delays for the organization had 66%. It was also established that accounts payables management affect organizational performance in Tororo cement. The findings based on agreement was that, regularly pay creditors in time for continued operations with 80% of the respondents, maintain records of what it owes to suppliers had 74% of agreement, organization usually pays using the payment mode required by our suppliers (cash, draft, cheques had 60% of respondents, company’s suppliers are regularly informed of the delays to avoid charges on late payment 48% of the respondents, the organization normally keeps a stringent/delay payment policy 60% of respondents, reduces costs of invoicing and adequate and accurate financial reporting had 58% of the respondents. The study findings on the effect of credit management on organizational performance on Tororo cement. The findings were that the organization experiences cash deficits in its operations hinder operations according to 90% of respondents, The company’s cash flows are characterized by more inflows than outflows had 94% of the respondents, the company has efficient cash flow management systems supporting operations had 60% of the respondents, The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold 90% of the respondents, budgeting is useful in planning for shortage and surplus of cash 60% of the respondents and Credit is effectively handled to attain the complaints from the staff and manage had 60% of the respondents. The study recommended for the need to enhance accounts intensify debt collection for organizations to improve the performance, maintaining a positive cash flow is essential for a business to survive. Effective accounts receivable management can assist agencies improve customer service through providing timely information on customer requirements. There is need to improve the credit payment procedures.
CHAPTER ONE

INTRODUCTION

1.0 Introduction
This chapter consists of the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study and operational definitions.

1.1 Background to the study
1.1.1 Historical Perspective
Cash flow management today has been significantly influenced by the growing developments in the business world over the years (Kesseven, 2006). These developments include; the change in the corporate banking relationship from buyer’s to a seller’s market, the globalization of the world business which includes the creation of the economic monetary union in Europe with its single currency and the proposed adoption of a single currency in the west region of Africa; the emphasis on new treasury structures to better manage resources on a worldwide basis; the developing interest in e-commerce for business-to-business transactions which changes how data and funds flow greatly reduces working capital cycle time; the emergence of the “new economy” with its orientation to information and cash, driving finance into every area of a company (Marsh, 2009). Based on all these developments, effective cash management has become fundamental to business survival and success.

According to (Albrecht, 2003) cash represents the firm’s vascular system, if it dwindles, the business will not survive. The fact that a firm is profitable does not mean that it is also solvent. The profit is not cash. The solvency, flexibility and the financial performance of the firm are set on the firm’s ability to generate positive cash flows from the operating, investing and financing activities (Turcas, 2011). Cash flows represent all inputs and outputs liquidities and cash equivalents. Liquidities represent cash on hand and demand deposits. Cash equivalents are short-term investments with a liquidity degree that can be easily converted into cash with an insignificant risk of value change. According to Adelegan (2003), cash flows are more direct measure of liquidity and a contributing factor in corporate performance. Cash flow information assists its financial statement users in obtaining the relevant information concerning the use of resources of virtually the entire financial resources over a given time period (Ross, et al 2007).
The importance of cash flows cannot be overemphasized mainly because the users of accounting information are particularly interested in the cash of the company that is published in its financial statements (Narkabtee 2000). According to Bodie, et al (2004) internally, managers need to know the current financial position of the firm (performance and problem), continuing with problems and control functions. According to Fabozzi and Markomits (2006), suppliers are interested in the firm’s liquidity because their rights are generally on a short term and in this case the company’s ability to pay is best reflected by the liquidity indicators. According to Bragg (2002), investors in bounds, who ordinarily lend the firm on medium or long term for remuneration, are rather interested in the company’s ability to generate cash flow for medium and long-term coverage of debt service.

Cash management as an imperative in every business organization as cash is said to be the life blood of any business (Chartered Institute of Management Accountant (CIMA), 2002). The essence of cash management is to ensure positive cash flow for smooth business operation. Adetifa (2005) argued that cash management has been professionalized because of the importance of managing corporate cash. The question that will then come to mind will be, how important is cash management to the running of a company or an organization or of what importance is cash management in ensuring an effective, reliable and positive fund flow system of a manufacturing company.

Subsequently, Kesseven (2006) tried to connect cash management to the valuation framework of the Capital Asset Pricing Model (CAPM). He showed how cash balances affect the systematic risk of a firm’s stock. He concluded that if a firm carries too little cash, the costs of cash management will have higher expected value and, because they are uncertain, they may add to the firm’s systematic risk. Mauchi et al (2001) also sought to evaluate the effectiveness of cash management policies at Hunyani Flexible Products (HFP) using data from 2000-2010. From their findings, a high deficiency of an effective cash management policy was discovered although some attributes of an effective management system were present. The study found that there is a positive relationship between the level of cash flow and the profitability of the company.
Cash flow management has become a critical element of many firms’ operational strategies (Fisher, 1998; Quinn, 2011). A firm’s cash flow policies, which manage working capital in the form of cash receivables from customers, inventory holdings, and cash payments to suppliers, are widely linked to improved firm financial performance. While industry has broadly accepted effective cash flow management as a performance improvement mechanism, the preponderance of academic investigations into the link between cash flows and performance examines the issue from a static, benchmarking perspective (Ebben & Johnson, 2011; Farris & Hutchinson 2002, 2003; Moss & Stine, 1993). Namely, although previous efforts propose that adjustments to a firm’s cash flow will change the firm’s performance, they support these propositions empirically by comparing and contrasting firms utilizing static snapshot measures of cash flow positions and performance.

1.1.2 Theoretical perspective

The study was premised on the Shiftability theory is developed in 1918 by Mouton and published on his article named ‘Commercial banking and capital formation. The theory argues that organizations must arrange portfolio in such a way that it can have desired liquidity. Most investment is made in secondary money market securities so that liquidity can be achieved at a little/very insignificant amount of loss of value. Here investment money market securities are included treasury bill, commercial paper and securities issued by reputed companies. Bank can also get cash from central bank in case of difficulty simply by keeping the instruments as security. The shiftability has reduced the necessity of holding reserve of huge amount of idle cash balance. It has presented an alternative way of real bill doctrine/theory where there is possibility of risk because of economic depression in the case of buying and selling of commercial goods and raw material. With the help of shift ability theory the probability of income can be increased and the probability of risk can be reduced. Mouton (2018) argued that prior to the concept of shiftability, the orthodox theory of banking limited banks to making short-term commercial loans to help producers of goods during their business cycles. For example, apple farmers may require short-term financing until the crop is ready for sale. This theory postulates that by making short-term commercial transactions that will mature in a timely manner will keep banks in a ready state to meet the demands of their depositors A major defect in the Shiftability theory was discovered similar to the one that led to the abandonment of the commercial loan theory of credit, namely that in times of general crisis.
1.1.3 Conceptual Perspective

Cash flow management involves planning and controlling cash flows into and out of the business, cash flows within the business, and cash balances held by a business at a point in time (Pandey, 2010). According to Wetson and Copeland (2008) cash management is concerned with optimizing the amount of cash available, maximizing the interest earned by spare funds not required immediately and reducing losses caused by delays in the transmission of funds.

International Accounting Standard 7 (IAS 7) defined cash and cash equivalent as follows ‘cash comprises cash on hand and demand deposit’. ‘Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risks of changes in value’. This definition was also adopted by the Nigerian Statement of Accounting Standard 18 (SAS 18). However, according to Van Horne (1974) “Cash Management involves managing the money of the firm in order to attain maximum interest income of idle funds”. CIMA (2002) opined that cash management is concerned with optimizing the amount of cash available to the company and maximizing the interest on any spare funds not required immediately by the company. While Allman-Ward et al (2003) described cash management as the art and the science of managing a company’s short term resources to sustain its ongoing activities, mobilize funds and optimize liquidity.

Organizational performance is the organization's degree of success in using the least possible inputs in order to produce the highest possible outputs. For example, if one business is able to produce 10 units of its products by spending $3 per unit, it is more efficient in production than a similar business that produces 10 units of the same product spending $4 per unit. Organizational efficiency is gauged using a number of quantitative figures such as production costs and production times because it is too broad of a concept to be encapsulated in a single figure. Forward thinking companies increasingly need to consider reverse. With so much attention, time, and capital spent on exploring ways to move the enterprise in new directions, what's left behind is often overlooked and under-controlled (Akinbuli, 2009).
1.1.4 Contextual Perspective

Cash flow management plays a significant role in determining success or failure of firm in business performance due to its effect on firm’s financial profitability (Eljelly, 2004). In Uganda, the financial institutions are faced with challenges of financial performance that is seen in the prevalence of problems with performance that deter their payments to creditors, delayed collection of the debtors from the customers, low level capacity evaluation for clients and reduced sales which is a harmful for companies and can result in several consequences such as worse credit terms in the future. This, in the long run, adversely affects performance of the microfinance institutions. Because cash is the money needed to finance the daily revenue generating activities managing it is fundamental for performance. So, if this continues will cause a number of problems not only the firm who depend so much on this cash management, but also the various stakeholders in the financial management sector. It was evident that research in the area of cash management has not been done in a more comprehensive approach.

The common assumption, which underpins much of the financial performance research and discussions in Uganda, is that increasing financial performance will lead to improved functions and activities of the organization (Liargovas & Skandalis, 2008) The financial performance of companies are globally as subject that have attracted a lot of attention, comments and interests from both financial experts, researchers, the generally including public and the private management of banks entities. The financial performance of a firm can be analyzed in terms of profitability, dividend growth, sales turnover, and return on investments among others. However, there is still debate among several disciplines regarding how the performance of firms should be measured and the factors that affect financial performance of companies.

1.2 Problem Statement

Globalization and technological innovations across the globe are pushing organizations to their knees as they strive to attain competitiveness through enhancing their performance. The looming trends occur in both private and public entities that seek to attain performance increase for business growth and expansion Karaduman, Akbas & Caliskan, 2016). One of the fundamental hindrances to the attainment of the above is cash flow management practices which fundamentally determine the liquidity and working capital prevalence in any organization Ebben & Johnson, (2011). Management of cash flows helps the users of financial statements to assess
the liquidity of a company and solvency position. It is intended to provide users of financial statements with a superior view of the enterprises cash and cash equivalents and their usage.

Despite the importance of cash flow management, organizations are always in a derive to raise profitability without considering the effective management of cash movements across the organization (Tucas, 2011). This has graduated into challenges like low liquidity levels, low levels of profitability among others business failure. The trends in such occurrences are scaring and require immediate attention if the business community is to realize improves performance, the researcher therefore set into motion to assess the impact of cash flow management on financial performance of Tororo cement.

1.3 Purpose of the study
The purpose of the study was to assess the effect of cash flow management and financial performance of Tororo cement.

1.4 Research Objectives
i. To assess the effect of accounts receivable management on financial performance of Tororo cement.
ii. To analyze the role of accounts payables management on financial performance of Tororo cement.
iii. To examine the effect of credit management on financial performance of Tororo cement.

1.5 Research Questions
i. What is the effect of accounts receivable management on financial performance of Tororo cement?
ii. What is the role of accounts payables management on financial performance of Tororo cement?
iii. What is the effect of credit management on financial performance of Tororo cement?

1.6 Scope of the study
This is concerned with subject scope, time and geographical scope
1.6.1 Subject Scope
The study was based on cash flow management and organization performance: the analysis in this regard is based on the research objectives.

1.6.2 Time Scope
The study was conducted for a period of 3 (three) months. This is because the time chosen enables the researcher to collect meaningful data. The research was done from October 2018 to December 2018. The study period is chosen because it gives ample time for the researcher to collect data. The data reflected a time lag of 2010-2015.

1.6.3 Geographical Scope
The study was conducted at Tororo cement located in Kampala Uganda. The area is chosen because it handles a high range of cash flow management and organizational performance.

1.7 Significance of the Study
The study will provide information that will be used by organizations in improving debtor’s collection. This will enhance the performance of organizations that will lead to improved rate of returns.

The study will be a basis for academic award: it is on submission of this that the researcher will be awarded bachelors of business administration of Kampala International University.

The study will provide a stream of literature that will enable the researcher in identifying the trends of debtor’s management, future researchers will have a base and reference that will be made in regard to cash flow management.

The research will provide guidelines on which policy makers will embark on design policies for cash management.

1.8 Operational Definitions
Cash flow management involves planning and controlling cash flows into and out of the business, cash flows within the business, and cash balances held by a business at a point in time (Pandey, 2010). Cash flow management entails the process of managing the cash that is in inventory, in debts and that in the payables.
Financial performance is the organization's degree of success in using the least possible inputs in order to produce the highest possible outputs. For example, if one business is able to produce 10 units of its products by spending $3 per unit, it is more efficient in production than a similar business that produces 10 units of the same product spending $4 per unit.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
This chapter reviews the literature regarding cash management and performance of microfinance institutions. It focuses on what others Scholars views. The chapter provides the theoretical review, conceptual framework and review of related literature as per the research objectives.

2.1 Theoretical review
The study was premised on the Shiftability theory is developed in 1918 by Mouton and published on his article named ‘Commercial banking and capital formation. The theory argues that bank must arrange portfolio in such a way that it can have desired liquidity. Most investment is made in secondary money market securities so that liquidity can be achieved at a little/very insignificant amount of loss of value. Here investment money market securities include treasury bill, commercial paper and securities issued by reputed companies. Bank can also get cash from central bank in case of difficulty simply by keeping the instruments as security.

The Shiftability theory liquidity replaced the commercial loan theory and was supplemented by the doctrine of anticipated income. Formally developed by Moulton in 1915, the shiftability theory held that banks could most effectively protect themselves against massive deposit withdrawals by holding, as a form of liquidity reserve, credit instruments for which there existed a ready secondary market. Included in this liquidity reserve were commercial paper, prime bankers’ acceptances and, most importantly as it turned out, Treasury bills. Under normal conditions all these instruments met the tests of marketability and, because of their short terms to maturity, capital certainty.

A major defect in the Shiftability theory was discovered similar to the one that led to the abandonment of the commercial loan theory of credit, namely that in times of general crisis the effectiveness of secondary reserve assets as a source of liquidity vanishes for lack of a market (Casu, Girardone, and Malyneux, 2006). The role of the central bank as lender of last resort gained new prominence, and ultimately liquidity was perceived to rest outside the banking system. Further- more, the soundness of the banking system came to be identified more closely with the state of health of the rest of the economy, since business conditions had a direct influence on the cash flows, and thus the re-payment capabilities, of bank borrowers. The
Shiftability theory survived these realizations under a modified form that included the idea of ultimate liquidity in bank loans resting with Shiftability to the Federal Reserve Banks. Under this institutional scheme, the liquidity concerns of banks were partially returned to the loan portfolio, where maintenance of quality assets that could meet the test of intrinsic soundness was paramount (Allen and Gale, 2004).

2.2 Conceptual Review

**Independent variable**

Cash flow management

- Accounts receivables
- Accounts payables
- Credit management

**Dependent variable**

Financial Performance

- Sales growth
- Market share growth
- Productivity of employees
- Increase in production

**Intervening Variables**

- Organizational policy
- Financial requirement
- Level of working capital

Source: Adopted from Quinn (2010)

The conceptual framework shows the linkage between cash flow management and financial performance. The independent variable is seen through accounts receivables, accounts payables and credit management which transform to sales growth, market share growth, productivity of
employee and increase in production improvement in the operations. Besides this interaction, the intervening variables organizational policy, financial requirement and level of working capital are fundamental in providing means to operations affecting positively cash flow management for a positive result or negatively for a negative performance.

2.3 Related literature on accounts receivable management and organizational performance

Accounts receivable measures the unpaid claims a firm has over its customers at a given time, usually comes in the form of operating line of credit and is mainly due within a relatively short time period (up to one year). The study of accounts receivable and accounts payable during periods of financial crisis is an important topic, particularly when the global economy is going through a credit shock. During global financial crisis, characterized by high liquidity risk faced by the banks, trade credits may increase, operating as a substitute for bank credits, or decrease - acting as their complement. Ghisletta & Spini (2004), for example, suggest that credit constraints during a financial crisis cause firms holding high levels of accounts receivable to postpone payments to suppliers, which act in the same manner with their suppliers. This gives rise to a trade credit contagion in the supply chain characterized by a cascading effect. The current financial crisis provides economists a unique opportunity to study the role of alternative financial sources during periods of breakdown of institutional financing.

Accounts receivables are one of the most important part of working capital. Receivables often represent large investment in asset and involve significant volume of transactions and decisions. However, there are considerable differences in the level of receivables in firms around the world. Howorth (2003), present evidence that in countries such as France, Germany, and Italy accounts receivable exceeds a quarter of firms' total assets, while Rajan and Zingales (1995) find that 18% of the total assets of US firms consists of receivables.

Accounts receivable. Accounts receivable represent sales that have not yet been collected in the form of cash. An account receivable is created when you sell something to a customer in return for his or her promise to pay at a later date. To properly manage your cash flow, you must know the negative cash flow affects caused by the time it takes your customers to pay on their accounts.
The average collection period measures the length of time it takes to convert your average sales into cash. This measurement defines the relationship between accounts receivable and your cash flow. A longer average collection period requires a higher investment in accounts receivable. A higher investment in accounts receivable means less cash is available to cover cash outflows, such as paying bills (Igbinosun, 2002).

Maintaining a positive cash flow is essential for a business to survive. Ideally, you want more money flowing in than out. Part of the process of improving your company's cash flow situation is to develop effective accounts receivable strategies. Take some time to analyze what strategies your company is currently using and take the necessary steps to improve your accounts receivable collection methods (Pindado, 2012).

Baveld (2012), contend that effective management of accounts receivable presents important opportunities for agencies to achieve strategic advantage through improvements in customer service, cash management and reductions in costs. The primary objective of accounts receivable in the Commonwealth public sector is to collect monies due and to assist in meeting cash flow requirements. An effective accounts receivable function can assist in achieving the desired cash flow outcome through the timely collection of outstanding debts.

Jarrad (2000), further stressed that all agencies also have an objective of continually improving customer service. A large number of agencies which operate as businesses are required to perform public services under a full or partial cost recovery arrangement. Effective accounts receivable management can assist agencies improve customer service through providing timely information on customer requirements and by making dealing with the agency as easy as possible. All government agencies, including those operating in a monopoly, are required to demonstrate contestability - that is delivery of a high quality standard of service at a cost that is comparable to providers of similar services operating in similar environments. Improvements in accounts receivable management which reduce the cost of collecting monies can improve an agency’s ability to demonstrate contestability and accountability.

Berry and Jarvis (2006), argued that some large private sector organizations have achieved real cost reductions and performance improvements by re-engineering the accounts receivable process. Re-engineering is a fundamental rethink and re-design of business processes which
incorporates modern business approaches. The nature of accounts receivable is such that
decisions made elsewhere in the organization are likely to affect the level of resources that are
expended on the management of accounts receivable. An illustration of this point is the extra
effort that must be put into debt collection where credit policy is poorly administered or too
freely given. The strong linkages between different processes means that true improvements
cannot be achieved without focusing on all aspects of the management of accounts receivable.

Pindado (2012), contends that understanding the effects of a financial crisis on receivables
management is especially important to transition country. Trade credit is an important source of
finance for Serbian firms and, therefore, it can make a strong contribution to firms' profitability
and the development of the whole economy. In this context, the aim of this paper is to examine
the impact of accounts receivable management on the profitability of the Serbian companies
during the financial crisis, in the period 2008-2011. The study investigates whether companies
have to change their non-crisis accounts receivables management policies when the economy is
into a recession. In order to test the relation between accounts receivables and a firm's
profitability, the short-term effects will be tested in times of a crisis (Deloof, 2003).

Deloof (2003), further argued that the contribution of the paper is twofold. Firstly, it extends the
existing empirical literature on relationship between firms' profitability and accounts receivables
in developing and transitional economies in the crisis period, by focusing the analysis on the
Serbian listed firms where, up to now, no research has been conducted. Secondly, the goal of
accounts receivables management is to maximize shareholders wealth. Receivables are large
investments in firm's asset, which are, like capital budgeting projects, measured in terms of their
net present values (Emery et al., 2004). Receivables stimulates sales because it allows customers
to assess product quality before paying, but on the other hand, debtors involve funds, which have
an opportunity cost. The three characteristics of receivables - the element of risk, economic value
and futurity explain the basis and the need for efficient management of receivables.

The accounts receivable ageing schedule (or aged debtors analysis) is a listing of the customers
making up your total accounts receivable balance, normally prepared at the end of each month.
Analyzing your accounts receivable ageing schedule may help you readily identify the root of
potential cash flow problems. The ageing schedule can be used to identify the customers that are
extending their payment time. If the bulk of the overdue amount in receivables is attributable to
one customer, then steps can be taken to see that this customer’s account is collected promptly. Overdue amounts attributable to a number of customers may signal that your business needs to tighten its general credit policy towards new and existing customers (Maksimovic, 2001).

Emery, Finnerty and Stowe (2004), states that the ageing schedule also identifies any recent changes in the accounts making up your total accounts receivable balance. If the makeup of your accounts receivable changes, when compared to the previous month, you should be able to spot the change rapidly. Is the change the result of a change in sales, your credit policy, or is it caused by a billing problem? What effect will this change in accounts receivable have on next month’s cash inflows? The accounts receivable ageing schedule can sound an early warning and help you protect your business from cash flow problems. When in an economic downturn it is highly beneficial to review the receivables ageing schedule on a daily basis to help you to identify any change early on and give you the opportunity to react quickly. At a time where access to cash is so precious, it can make a significant difference to a business.

2.4 Effect of accounts payables management on financial performance.

Deloof and Jeger (1996), contend that accounts payable provides a source of operating cash flow. Utilizing terms provided by creditors allows for the deferral of cash payments necessary to finance sales. Negotiating an increase in credit terms with existing suppliers can free up some operating capital, however, you must be careful not to jeopardize relationships with your suppliers. Initiating credit terms with more of your suppliers may be a more effective way to defer operating cash outflows.

Another component of working capital is accounts payable, but is different in the sense that it does not consume resources; instead it is often used as a short term source of finance. Thus it helps firms to reduce its cash operating cycle, but it has an implicit cost where discount is offered for early settlement of invoices (Deloof, 2003).

Jarvis et al., (1996), argues that creditors are a vital part of effective cash management and should be managed carefully to enhance the cash position of an organization. Purchasing initiates cash outflows and an overzealous purchasing function can create liquidity problems. While singleton and Wilson (1996) argue that management of creditors and suppliers is just as important as the management of your debtors. It is important to look after creditors-slow
payment as this may create ill feeling and can signal that company is inefficient. Remember, a good supplier is someone who will work with you to enhance the future viability and profitability of your company (Pike et al., 1998).

Wilson (1996) says that trade credit is managed by use of credit terms, which refers to the conditions under which the supplier sells on credit to the buyer and the buyer is required to repay the credit. These conditions include the due date and cash discount, where due date is the date by which the supplier expects payment and cash discount is the concession offered to the buyer by the supplier to encourage him to make payment promptly.

Managing cash flow begins with an understanding of the specific cash requirements of your business. During difficult times, cash resources can be stretched to their limits, leaving business Owners scrambling to meet their obligations. Proper planning, in anticipation of these requirements, can help avoid serious cash shortages. Planning includes the preparation of cash budgets. These budgets should be prepared on a monthly basis to incorporate fluctuations in cash requirements due to the effects of seasonality on the business. Also, anticipating the effects of an economic slowdown on your customers and suppliers is important. Will your sales levels remain the same? Will your customers continue to pay their bills, or will collections slow, increasing your need for working capital? Will your suppliers continue to provide you with the goods and services you require to operation of inventory can be lowered, reducing the amount of cash tied up in inventory (Deloof and Jeger, 1996).

Review existing borrowing facilities to determine if the business’s borrowing capabilities are used to the fullest. Review the capital structure of the business to be sure the short-term operating requirements is being financed with current assets and that the long-term capital requirements are financed with long-term assets. Levaasseur Carolyn (2002)

2.5 Effect of credit management on financial performance

Credit management is provided by the firm’s credit policy is a major influence on the level of its investment in accounts receivable (Horne, 1998), According to (Pandey, 1995), the term credit policy refers to the combination of three decision variables; credit standards, credit terms and collection efforts. He goes on say that credit standards are the criteria to decide the types of customers to whom goods could be sold on credit, credit terms specify the duration of credit and terms of payments by customers. Nevertheless, a good credit policy is the one where there are
clearly defined procedures and where customers know the rules. Debtors who are experiencing financial difficulties will look to do business with, or try to delay payment to, companies known to have poor or relaxed credit granting and collection procedures (Pike & Chadwick, 1998).

According to Bringharn (1985), a firm may follow a lenient or a stringent credit policy. The firm following a lenient credit policy tends to sell on credit to customers on very liberal terms and standards while a firm following a stringent credit policy sells on credit on highly selective basis, only to customers who have proven credit worthiness and are financially strong.

A provision of trade credit is normally used by businesses as a marketing strategy to expand or maintain sales (Pandey, 2004). Efficient receivables management augmented by a shortened creditor’s collection period, low levels of bad debts and a sound credit policy often improves the businesses’ ability to attract new customers and accordingly increase financial performance hence the need for a sound credit policy that will ensure that value is optimized.

Quinn (2011) argued that costs of cash discounts, losses of bad debts and costs of managing credit and credit collections constitute the carrying costs associated with granting a credit which increase when the amount of receivables granted are increased. Lost sales resulting from not granting credit constitute the opportunity cost which decrease when the amounts of receivables are increased. Firms that are efficient in receivables management should determine their optimal credit which minimizes the total costs of granting credit (Pike, Nam Sang Cheng (2001). As observed by in his study, an increase in the level of accounts receivables in a firm increases both the net working capital and the costs of holding and managing accounts receivables and both lead to a decrease in the value of the firm.

Credit policy. A credit policy is the blueprint you use when deciding to extend credit to a customer. The correct credit policy is necessary to ensure that your cash flow doesn’t fall victim to a credit policy that is too strict or to one that is too generous. Special payment terms. Accounts on special terms should be grouped together in the ledger for constant collection attention. Any default after agreement of special terms should lead to 'cash only terms (Quinn, 2011)
The collection period: Customers are often given 30 days from the date of the invoice in which to pay. The time allowed is under your control and you can specify a shorter period if you need to, particularly if the customer is a consumer rather than a business that will be managing its own cash flow cycle. You must judge the benefit to your cash flow against the possible cost of deterring some customers. Don't feel guilty about collecting a debt. You are owed money for goods or services supplied. The law is on your side. Start the collection process as soon as the sale is made. Never forget that the reputation, survival and success of your business may depend on how well you are able to collect overdue accounts (Pike, Nam, Sang and Cheng, 2001).

Standing Payments: Research into better practice indicates that repayment rates are significantly enhanced by providing customers and debtors with alternative payment approaches. In addition to there being alternative payment methods there are also alternatives to issuing invoices in the traditional accounts receivable processing approach. These alternative payment strategies result in efficiencies in the management of accounts receivable. An approach that is available to agencies which deliver services on a regular basis resulting in recurring invoicing and receipting cycles is to arrange for the provision by customers of standing payments. An annual or bi-annual settlement can be undertaken to reconcile payments to services provided. The process can be facilitated by providing customers with regular updates of fees charged. The benefits of this approach to the service providers are the reduction of costs through the removal of the need for an invoicing and debt collection function and the more timely receipt of revenues. There is also benefit to the customer through the streamlining of payment processes. The approach is most effective if adopted in conjunction with payment by direct debit of customer bank accounts (Mizen, 2009).

The management of credit is particularly important in the case of small and medium-sized companies. Most of these companies' assets are in the form of current assets. Also, current liabilities are one of their main sources of external finance because they encounter difficulties in obtaining funding in the long-term capital markets (Howorth, 2000) and the financing constraints that they face.
As pointed out by Kytonen (2004), a firm’s working capital results from the time lag between the expenditure for the purchase of raw materials and the collection from sale of finished goods. According to their submission, this entails various areas of company’s operational management that includes receivables, inventories management, and use of trade credit. Ross (2008) adds that, these three components and the way in which they are managed determine some of a company’s most vital financial ratios, e.g. the ‘inventory turnover’, the ‘average collection period’ and the ‘quick ratio’. Hence, García and Martínez, (2008) assert that, working capital management reflects a firm’s short-term financial performance. Given that current assets usually account for more than half of a company’s total assets and owing to the fact that this investment tends to be relatively volatile, the management of working capital deserves special attention.

Maes et al (2000), argued that credit management is the net of current assets minus current liabilities. That is, working capital is equal to the value of raw materials, work in progress, finished goods inventories and accounts receivable less accounts payable. The aim of working capital management is to achieve balance between having sufficient working capital to ensure that the business is liquid but not too much that the level of working capital reduced profitability. Working capital management is essential for the long term success of a business. No business can survive if it cannot meet its day to day obligations. A business must therefore have clear policies for the management of each component of working capital.

Pandey (2004), states cash management is the process of planning and controlling cash flows into and out of the business, cash flows within the business, and cash balances held by a business at a point in time. Efficient cash management involves the determination of the optimal cash to hold by considering the trade-off between the opportunity cost of holding too much cash and the trading cost of holding too little (Ross et al., 2008) and as stressed by Atrill (2006), there is need for careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold.

A study by Kwame (2007), established that the setting up of a cash balance policy ensures prudent cash budgeting and investment of surplus cash. This finding agree with the findings by Kotut (2003) who established that cash budgeting is useful in planning for shortage and surplus
of cash and has an effect on the financial performance of the firms. The assertion by Ross et al. (2008) that reducing the time cash is tied up in the operating cycle improves a business’s profitability and market value furthers the significance of efficient cash management practices in improving business performance.

2.6 Related studies
According to Raheman (2012) argued that retailers have found recurring cash savings in many areas. Specifically, internal theft is dramatically reduced (cash received but not deposited into the safe); detection and rejection of counterfeit currency; and reduced armored car requirements. The latest and most exciting area of cash savings is now being gained through the retailer receiving “provisional credit” for funds in the cash management systems and not yet deposited in the bank. Non-cash savings include a drastic reduction of management time previously required to reconcile the transaction log with cash and preparation of bank deposits, as well as instant accounting and deposit preparation.

Deloof (2013), also disclosed relationships between cash management and profitability by dividing cash conversion cycle into its components (inventory, accounts receivables and accounts payables periods). Results of the study have concluded that increases in all of these periods affect profitability negatively. Findings by (Lazaridis, 2012) also noted that there existed a relationship between cash management and profitability. Cash mismanagement affects profitability negatively. According to the findings of another study from a different perspective, it has been concluded that the effect of cash conversion cycle on profitability is stronger than the effect of current ratio on it.

Nwakaego (2014) Account receivable management is an important fact of financial management. Their accurate monitoring and proper management are also important dimensions in organization. This study examines the impact of Account receivables management on profitability of food and beverages manufacturing companies in Nigeria. The variables include, accounts receivable, debt and sales growth. Secondary sources of data were used for the period 2000-2011. The hypotheses were analyzed using the multiple regression analytical tools. The findings show that accounts receivable had negative and non-significant relationship with
profitability, while debt had positive but non-significant relationship with profitability of food and beverages manufacturing companies in Nigeria. Finally, sales growth also had positive and non-significant relationship with profitability.

Research article by (Kifle, 2011) on the management of savings and credit cooperatives from the perspective of outreach & sustainability: evidence from Southern Tigrai of Ethiopia, the author did cite literature in relation to the area of study. There is enough buildup of information in relation to the research. The paper lacks theoretical framework on where the author builds up his research on. There is lack of sequential chronological order of literature as per specific objectives. The author describes clearly the area of study, provides the study population of ten Microfinance institutions and states the usage of longitudinal research design with 2007 as the baseline. The researcher stated usage of both primary and secondary data and the way it was presented. The researcher failed to state the sampling technique, computation of the sample size and analysis of primary data. Usage of inferential statistics was not clearly stated and there is lack of econometric model to show the relationship between variables and establish the predictive nature of the information.

Research by (Clement & Martin, 2012) on the financial practice as a determinant of growth of savings and credit co-operative societies wealth, the researcher introduced the research very well and offered key definitions. The researcher clearly elaborated the statement of the problem and clearly showed the problem and how he intends to address the issue; the researcher showed the framework and the relationship between the dependent and independent variables very well, the author highlights the key challenges of Microfinance institutions undergo and points out different researches that seem to support his work. The author puts correct research objectives and seems to do a very thorough introduction of the journal. The author has excellent citation related to Microfinance institutions and their progress across a period of time and their growth and eminent challenges they had gone through. The author highlights the research design used and reason behind its usage.

Research article by Odhiambo (2013) on the relationship between working capital management and financial performance of deposit taking savings and credit cooperatives societies licensed by
microfinance institutions regulatory authority in Nairobi, the researcher cited it was a casual study which leaves a number of question unanswered since this is an academic published journal. The researcher studied four variables which could not wholly address the issue of working capital management in Microfinance institutions.

Owalabi and Obida (2012) investigated microfinance and poverty alleviation Nigeria; this study was employed questionnaire. His study found the microfinance intervention has a positive impact on alleviation of poverty among the women of this association. Interestingly, this study found that most women in this association experienced increased income and therefore, improved their economic status, political and social conditions after receiving the loans. While Gill and Atuir (2010) examined impact of microfinance on poverty alleviation in Nigeria: An Empirical Investigation. This paper was employed in chi-square test, F-test and T-test. Their findings revealed that there is a significant difference between those people who used microfinance institutions and those who do not use them. There is a significant effect of microfinance institutions in alleviating poverty by increasing income and changing economic status of those who patronize them. Their study concludes that microfinance institution is indeed a potent strategy of poverty reduction and a viable tool for providing credit to the poor.

2.7 Research Gaps
The researcher explored the different studies conducted in the different financial institutions- the means of the financial institutions evaluation is based on the working capital and liquidity management. Several studies conducted like on Wanja (2015) assessed the influence of credit management on the loan Performance among Microfinance institutions in Kenya. Ndirangu, Wanyoike and Kwasira (2014) assessed the influence of Working Capital Management on profitability of Non Deposit-Taking Microfinance Institutions in Kenya. According to Raheman (2012) argued that retailers have found recurring cash savings in many areas. Specifically, internal theft is dramatically reduced (cash received but not deposited into the safe), Nwakaego (2014) Account receivable management is an important fact of financial management. Their accurate monitoring and proper management are also important dimensions in organization (Kifle, 2011) on the management of savings and credit cooperatives from the perspective of outreach & sustainability: evidence from Southern Tigrai of Ethiopia, the author did cite
literature in relation to the area of study, (Clement & Martin, 2012) on the financial practice as a determinant of growth of savings and credit co-operative societies wealth, the researcher introduced the research very well and offered key definitions and Irobi (2012) investigated microfinance and poverty alleviation Nigeria, this study was employed questionnaire. The studies provided are not exactly in the environment of cash management and performance of microfinance finance banks. The studies provided fall short of the theoretical, time and geographical gaps. This study was set to investigate the influence of cash flow management based on cash collections, debtor's management and disbursements on financial performance of organizations.
CHAPTER THREE
METHODOLOGY

3.0 Introduction
This chapter focuses on the methods that were used to collect data and analyze it. It greatly
concerns the research design, the population to be studied, the sample selection procedures and
sampling techniques used, data source, methods of verifying reliability and validity of data and
methods, ethical procedures and the limitations of the methodology used as well as the
conclusions drawn from the methodologies used.

3.1 Research design
The study was conducted using surveys and case study research design. Survey (according to
Oso and Onen, 2008) “present an oriented methodology used to investigate population by
selecting samples to analyze and discover occurrences”. The same Authors explain the
determination of whether or not and to what extent an association exists between two or more
variables. They also note that case study is “an Intensive descriptive and holistic analysis of a
single entity or a bounded case. Case study that is chosen as a representative where results of the
study can be replicated on Tororo cement.

3.2 Study Population
The study focused on finance and finance related departments of Tororo cement targeting
particularly Finance and Accounts personnel. The financial management process in Tororo
cement involved cross section of individual and most importantly the departmental heads
(especially during the budgeting process). The target population is estimated to be 57 people.
This is the population that provided the basis of the sample population.

3.3 Sample size
From the population of 57, a sample size is determined using Slovene’s Formula to come up with
appropriate sample size to be used in the study.

Slovene’s Formula states that, given a population, the minimum Sample size is given by:

\[ n = \frac{N}{1 + N\alpha^2} \]
Where: \( n = \) the sample size

\[ N = \text{total population of respondents is 57.} \]

\( \alpha = \) the level of significance, that is 0.05

\[
\begin{align*}
\frac{n}{1+N\alpha^2} &= N \\
n &= \frac{57}{1 + 57 \times (0.05)} \\
n &= \frac{57}{1 + 57 \times 0.0025} \\
n &= \frac{57}{1.142} \\
N &\approx 49.9
\end{align*}
\]

A sample size of 50 respondents was selected to participate in the study.

### 3.3.1 Sampling Selection techniques

The study basically target top and middle level management members because they are the Custodians of cash flow management. The objective is to interview a sample of 50 respondents of the departmental heads and all staff in finance and accounts related offices. The researcher therefore used purposive and random sampling techniques in selecting Interviewees with an option of replacing those who didn’t wish to respond to the Researcher’s plea. Purposive sampling is where the researcher consciously decides who to include in the sample. Random sampling was used as rotary to select people with the information need. It was used simply because the study was targeting basically custodians of accounts receivable management.

### 3.4 Data source

Data was collected using both primary and secondary data collection techniques.
3.4.1 Primary data
Primary data was gathered basically through structured questionnaires and interviews. Involving the selection of respondents to provide information. This is sought for to attain raw and current information existing in the organization.

3.4.2 Secondary data
Secondary data on the other hand gathered through review of available financial records like Audited financial Statements, auditors management letters and other company publications. To enable the attainment of published information for comparing the status quo in the occurrences.

3.5 Methods of data collection
Methods included questionnaires and interviews

3.5.1 Questionnaires
Questionnaires were used simply because of the time limitation and partly because the researcher dealt with an elite community (respondents). The researcher also used a combination of structured questionnaires and interviews.

3.5.2 Interview Guide
Interviews are the other data collection technique used by the researcher. They used as a way of supplementing the questionnaires already filled, but at the same time enabled the researcher probe further into the responses given in the questionnaires especially given the importance of the research and the specialized nature of the topic under study.

3.6 Data processing and analysis
After the researcher obtaining the necessary data from the field, the researchers analyzed it and interpret it in relation to the objectives of the study. The researcher presented the findings in form of tables with frequencies and percentages analysis and presentation of the findings in this way form enhanced the easy understanding of the interface in the relationship between cash flow management and organizational performance. The analysis was taken into consideration with the analysis and interpretation based on the likert scale measure from strongly agrees, agree, not sure, disagree and strongly disagree.
3.7 Reliability and Validity

The reliability was ensured by testing the instruments for the reliability of values (Alpha values) as recommended by Cronbatch, (1946). Cronbatch recommends analysis for Alpha values for each variable under study. According to Sekaran 2001 Alpha values for each variable under study should not be less than 0.6 for the statements in the Instruments to be deemed reliable. Consequently, all the statements under each variable was subjected to this test and if proven to be above 0.6 approved as valid. The validity of the data collection instruments was done with the help of an expert to edit the questionnaire and the Interview guide. The researcher presented the structured questionnaire to supervisor who is an expert in the area were covered by the research for editing and reviewing.

3.8 Ethical Consideration

The researcher attained a letter of introduction from Kampala International University Uganda. The researcher began on data collection process. The researcher made the questionnaires commensurate to the number of respondents, then personally delivers the questionnaires to Tororo cement and distribute to the respondents. The researcher ensured honesty and confidentiality in data collection including respecting the rights respondents, thus free will and not compulsion after all questionnaires are back, the researcher organized the work by summarizing all responses.

3.9 Limitations and solutions

The study research has the following Limitations:

Non responses. Due to sensitivity of the information: Some aspects of the study mighty be sensitive and officers were willing to disclose all the information that will be available. Such information to be accessed was to be kept confidential.

Limited time: The researcher coordinated between the University and Tororo cement besides the respondents may have busy schedule and lack time for responding. The available time was utilized sparingly.

Financial problem. The cost of the researcher had high access to relevant stationary, printing and the yet to be incurred cost of photocopying, binding, transport, and telephone charges. The financial constraints were solved by asking my friends and family to raise some money for my research work.
CHAPTER FOUR
PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction
This chapter comprises of the findings that were gathered by the researcher from the staff of Tororo cement in relation to the topic of cash flow management and organizational performance. The data is presented and interpreted in view of the objectives mentioned in chapter one of this research. The interpretation also seeks to answer the research questions that were raised in chapter one. Presentation and interpretation of data in this chapter has been done with the aid of quantitative and qualitative methods for example the use of tables, graphs, percentages and personal analysis and interpretation presented in essay form. Questionnaires were provided to 50 respondents who filled them to the best of their knowledge.

4.1 Demographic Characteristics
4.1.1 Findings on age of respondents
Here the researcher was interested in gathering information on the age of respondents and information got was presented in the table 4.1.

Table 4.1: Show the age of respondents

<table>
<thead>
<tr>
<th>Age brackets</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>30-39</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>40-49</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>50+</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data, 2018
From table 4.1 above, it is clear that the age bracket of 30-40 the highest percentage of 25(50%) of the total respondents because they were considered to be the majority and being learned to contribute much information towards the subject of the study. This was followed by respondents
who fall in the age bracket of 20-30 with 20(40%) of total respondents and followed by those of 50+ with 3(6%) and finally 2(4%). The bracket of 40-50 had few respondents compared other people who fall in other age brackets.

4.1.2 Findings on gender of respondents

Here the researcher was interested in gathering information on the gender of respondents and information got was presented in the table below.

Table 4.2 Show the Gender respondents

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>35</td>
<td>70</td>
</tr>
<tr>
<td>Female</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data, 2018

From the table 4.2, it can be seen that the majority of respondents are male 35(70%) of the total respondents and female representing 15(30%) of the respondents. From the above presentation, it implied that many of the respondents were male representing the highest percentage; the issue of gender sensitivity was adhered to by few female who were selected.
4.1.3 Findings on educational Qualifications of respondents

Here the researcher was interested in gathering information on the education of respondents and information got was presented in the table below.

Table 4.3: Show academic qualifications of the respondents

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Diploma</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Degree</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Masters</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data, 2018

From table 4.3 it is seen that that the majority of the staff of Tororo cement are degree holders representing 18(36%) followed by diploma holders at 12(24%) followed by masters holders representing 9(18%) followed by certificate holders by 7(14%) and finally others by 4 respondents representing a total percentage of 8% of the total respondents. This implies that the respondents from Tororo cement are well educated and therefore the information obtained from them can be relied upon for the purpose of this study.
4.1.4 Findings on Marital status of respondents

Here the researcher was interested in finding the marital status of the respondents; the information collected was presented as follows.

Table 4.4: Show the marital status of respondents

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td>Single</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Divorced/ married</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data, 2018

The study findings on the marital status of respondents were that 23(46%) of the respondents were married, 15(30%) were single and those who were divorced or married were 12(24%). The study findings were also that those who were married were more. This means information was being attained from responsible people.

4.1.5 Findings on department of respondents

Table 4.5: Show responses on the department of respondents

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Department</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Accounts Department</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Administration Department</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data, 2018
The results were that majority of the respondents were from the administration department 18(36%), 12(24%) were for finance department, Marketing department had 22% and Accounts Department had 10(20%). The information collected show that several people (respondents are in the finance and accounting department.

4.1.6 Findings on Position of respondents

Table 4.6: Shows position of respondents

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrator</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Staff</td>
<td>30</td>
<td>60</td>
</tr>
<tr>
<td>Managers</td>
<td>08</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data, 2018

Results from the respondents on the position of respondents administrators were 12(24%), staff were 30(60) and managers were 8(16) the findings present that majority of the respondents were staff, it is important to note that this have information on the running of business hence information collected is pivotal for decision making.

4.1.7 Findings Period of work

Table 4.7: Shows the period of work of respondents

<table>
<thead>
<tr>
<th>Time</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 years</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>5-9 years</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>10-14</td>
<td>28</td>
<td>56</td>
</tr>
<tr>
<td>15 years and above</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data, 2018
The study findings on the time respondents have been in Tororo cement it was found that majority respondents had been in Tororo cement for 10-14 28(58%), 15 years and above were 12(24%) of the respondents, 5-9 years were 6(12%) and 4(8%) were for 1-4 years. It implies that many respondents had been in the organization for long so have information about the organization.

4.2 Effect of accounts receivable management on organizational performance

The first objective of the study was to assess the effect of accounts receivable management on organizational performance. The data collected was presented as showed below.

Table 4.8: Show the effect of accounts receivable management on organizational performance in Tororo cement of companies

<table>
<thead>
<tr>
<th>Effects</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>f</td>
<td>%</td>
</tr>
<tr>
<td>Reduces defaults in payment for business</td>
<td>30</td>
<td>60</td>
<td>10</td>
<td>20</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Reduces cost of administration of Accounts receivables</td>
<td>40</td>
<td>80</td>
<td>4</td>
<td>8</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Enhances working capital flow management</td>
<td>32</td>
<td>60</td>
<td>9</td>
<td>18</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Provision of debtor information to the organization</td>
<td>25</td>
<td>50</td>
<td>14</td>
<td>28</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Improves response levels for the organization</td>
<td>29</td>
<td>58</td>
<td>14</td>
<td>28</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Reduces cash collection delays for the organization</td>
<td>20</td>
<td>40</td>
<td>13</td>
<td>26</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2018
The data collected above shows that in line with the accounts receivable management on organizational performance in Tororo cement, Accounts receivables reduces defaults in payment for business had (30)60% of the respondents who strongly agreed, (10)20% agreed, (4)8% disagreed, (5)10% respondents were not sure and (1)2% strongly disagreed.

Reduces cost of administration of Accounts receivables business had (40)80% of the respondents who strongly agreed, (4)8% agreed, (4)8% disagreed, none of the respondents strongly disagreed and (2)4% were not sure. This is where most respondents agreed and strongly agreed.

‘Enhances working capital flow management’ had 60% of the respondents who strongly agreed, 18% agreed, 4% disagreed, 8% of the respondents were not sure and 6% strongly disagreed.

25)50% of the respondents strongly agreed with Provision of debtor information to the organization, (14)28% agreed, (5)10% disagreed and (2)4% of the respondents strongly disagreed and no respondent was not sure.

Improves response levels for the organization had (27)58% of the respondents who strongly agreed, (14)28% agreed, (2)4% were not sure, (7.5)15% disagreed and (5)10% of the respondents strongly disagreed.

Reduces cash collection delays for the organization had (20)40% of the respondents who strongly agreed, (13)26% agreed, 6% were not sure (9)18% disagreed and (5)10% strongly disagreed.

The study findings on the accounts receivable management on organizational performance in Tororo cement Accounts receivables reduces defaults in payment for business according to 80% of the respondents who are in agreement, reduces cost of administration of Accounts receivables business had 88%, enhances working capital flow management had 78%, Provision of debtor information to the organization had 78%, reduces cash collection delays for the organization had 66%, reduces cash collection delays for the organization had 66%. The levels of agreement imply that many respondents agree the cash flow through accounts receivables enhance performance of Tororo cement.
4.3 Role of accounts payables management on organizational performance in Tororo cement.

The second objective of the study was to assess the role of accounts payables management on organizational performance in Tororo cement. The data got was presented and interpreted as shown below.

**Table 4.9:** Shows responses to the role of accounts payables management on organizational performance in Tororo cement.

<table>
<thead>
<tr>
<th>Effects</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization regularly pay creditors in time for continued operations</td>
<td>37</td>
<td>74</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>The organization usually maintains records of what it owes to suppliers.</td>
<td>30</td>
<td>60</td>
<td>7</td>
<td>14</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>The organization usually pays using the payment mode required by our suppliers (cash, draft, cheques)</td>
<td>20</td>
<td>40</td>
<td>10</td>
<td>20</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>The company’s suppliers are regularly informed of the delays to avoid charges on late payment</td>
<td>15</td>
<td>30</td>
<td>8</td>
<td>16</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>The organization normally keeps a stringent/delay payment policy</td>
<td>25</td>
<td>50</td>
<td>5</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reduces costs of invoicing and adequate and accurate financial reporting</td>
<td>25</td>
<td>50</td>
<td>4</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source: Primary Data, 2018*
The responses to the role of accounts payables management on organizational performance in Tororo cement of companies. From the table above, (37) 74% strongly agreed with the organization regularly pay creditors in time for continued operations (3) 6% agreeing as well, while (4) 8% respondents were recorded for not being sure, (1) 2% disagreed and (5) 10% strongly in disagreed.

(30) 60% of the respondents agreed in the organization usually maintain records of what it owes to suppliers. (7) 14% agreed, (2) 4% of the respondents were not sure, (8) 16% disagreed and (3) 6% strongly disagreed.

The organization usually pays using the payment mode required by our suppliers (cash, draft, cheques) had (20) 40% respondents who strongly agreed, (10) 20% agreed, 10% were not sure, while (7) 14% disagreed and (8) 16% strongly disagreed.

The company’s suppliers are regularly informed of the delays to avoid charges on late payment had (15) 30% who strongly agreed, (8) 16% agreed, (7) 14% were not sure, (8) 16% disagreed and (12) 24% strongly disagreed.

The organization normally keeps a stringent/delay payment policy had (25) 50% of the respondents who strongly agreed, (5) 10% agreed, none were not sure, (9) 18% disagreed and (11) 22% strongly disagreed.

Reduces costs of invoicing and adequate and accurate financial reporting had (25) 50% respondents who strongly agreed, (4) 8% agreed, none were not sure, while (5) 10% disagreed and (16) 32% strongly disagreed.

The summary on the role of accounts payables management on organizational performance in Tororo cement of companies. The findings based on agreement was that, regularly pay creditors in time for continued operations with 80% of the respondents, maintain records of what it owes to suppliers had 74% of agreement, organization usually pays using the payment mode required by our suppliers (cash, draft, cheques had 60% of respondents, company’s suppliers are regularly informed of the delays to avoid charges on late payment 48% of the respondents, the organization normally keeps a stringent/delay payment policy 60% of respondents, reduces costs of invoicing and adequate and accurate financial reporting had 58% of the respondents. It is
imperative to argue that accounts payables management affects organizational performance in Tororo cement of companies.

4.4 Effect of credit management on organizational performance on Tororo cement of companies.

The third objective of the study was to assess the Effect of credit management on organizational performance on Tororo cement of companies.
Table 4.10: Shows the effect of credit management on organizational performance on Tororo cement of companies.

<table>
<thead>
<tr>
<th>Effect</th>
<th>Strong</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Strong</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization experiences cash deficits in its operations hinder operations</td>
<td>30</td>
<td>60</td>
<td>15</td>
<td>30</td>
<td>6</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>The company's cash flows are characterized by more inflows than outflows</td>
<td>42</td>
<td>84</td>
<td>5</td>
<td>10</td>
<td>2</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>The company has efficient cash flow management systems supporting operations</td>
<td>23</td>
<td>46</td>
<td>7</td>
<td>14</td>
<td>10</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold</td>
<td>43</td>
<td>86</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Cash budgeting is useful in planning for shortage and surplus of cash and has an effect on the financial performance of the firms</td>
<td>20</td>
<td>40</td>
<td>10</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>Credit is effectively handled to attain the complaints from the staff and management</td>
<td>20</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>20</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2018

The study findings on the effect of credit management on organizational performance on Tororo cement of companies. From the table above the organization experiences cash deficits in its operations hinder operations (30)60% of the respondents strongly agreed that, (15)30% of the
respondents agreed, (3) 6% were not sure, none disagreed and (2) 4% of the respondents strongly disagreed.

'The company’s cash flows are characterized by more inflows than outflows.' had 84% of the respondents who strongly agreed, 10% agreed, 4% were not sure, none disagreed and 2% strongly disagreed.

'The company has efficient cash flow management systems supporting operations' had 46% of the respondents who strongly agreed, 14% agreed, 20% were not sure, 16% disagreed and 4% strongly disagreed.

'The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold' had 86% of the respondents who strongly agreed, 4% agreed, 2% who disagreed and 6% who strongly disagreed and 2% were not sure.

Cash budgeting is useful in planning for shortage and surplus of cash and has an effect on the financial performance of the firms had 40% of the respondents who strongly agreed, 20% agreed 10% were not sure and 14 % disagreed and 16% strongly disagreed.

Credit is effectively handled to attain the complaints from the staff and management had 40 respondents who strongly agreed, none agreed, 20% were not sure 14% disagreed and 16% strongly disagreed.

The study findings on the level of agreement were that on the effect of credit management on organizational performance on Tororo cement of companies. The study findings were that on the effect of credit management on organizational performance on Tororo cement of companies. The findings were that the organization experiences cash deficits in its operations hinder operations according to 90% of respondents. The company’s cash flows are characterized by more inflows than outflows had 94% of the respondents, the company has efficient cash flow management systems supporting operations had 60% of the respondents. The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold 90% of the respondents, budgeting is useful in planning for shortage and surplus of cash 60% of the respondents and Credit is effectively handled to attain the complaints from the staff and manage had 60% of the respondents. The findings imply that many respondents agree that credit management enhance the performance of Tororo cement of companies.
CHAPTER FIVE
SUMMARY, DISCUSSION OF THE FINDINGS, CONCLUSION AND
RECOMMENDATIONS

5.0 Introduction
This chapter contains a summary and discussions of the findings, conclusion and
recommendations to the variables therein with the objective of assessing the impact of cash flow
management on performance of organizations with special attention to Tororo cement of
companies. The study has made important findings, which are the basis of the policy
recommendations entailed in this chapter.

5.1 Summary of findings

5.1.1 Effect of accounts receivable management on organizational performance.
The study findings on the accounts receivable management on organizational performance in
Tororo cement Accounts receivables reduces defaults in payment for business according to 80%
of the respondents who are in agreement, reduces cost of administration of Accounts receivables
business had 88%, enhances working capital flow management had 78%, Provision of debtor
information to the organization had 78%, reduces cash collection delays for the organization had
66%. The levels of agreement imply that many respondents agree the cash flow through accounts receivables enhance
performance of Tororo cement of companies.

5.1.2 Role of accounts payables management on organizational performance.
The summary on the role of accounts payables management on organizational performance in
Tororo cement of companies. The findings based on agreement was that, regularly pay creditors
in time for continued operations with 80% of the respondents, maintain records of what it owes
to suppliers had 74% of agreement, organization usually pays using the payment mode required
by our suppliers (cash, draft, cheques had 60% of respondents, company’s suppliers are regularly
informed of the delays to avoid charges on late payment 48% of the respondents, the
organization normally keeps a stringent/delay payment policy 60% of respondents, reduces costs
of invoicing and adequate and accurate financial reporting had 58% of the respondents.
5.1.3 Effect of credit management on organizational performance
The study findings on the level of agreement were that on the effect of credit management on organizational performance on Tororo cement of companies. The study findings were that on the effect of credit management on organizational performance on Tororo cement of companies. The findings were that the organization experiences cash deficits in its operations hinder operations according to 90% of respondents. The company's cash flows are characterized by more inflows than outflows had 94% of the respondents. The company has efficient cash flow management systems supporting operations had 60% of the respondents. The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold 90% of the respondents, budgeting is useful in planning for shortage and surplus of cash 60% of the respondents and Credit is effectively handled to attain the complaints from the staff and manage had 60% of the respondents.

5.2 Discussion of findings
The discussion of the study is based on empirical data from the chapter two and based on the research objectives.

5.1.1 Effect of accounts receivable management on organizational performance.
From table Accounts receivable management on organizational performance in Tororo cement Accounts receivables reduces defaults in payment for business according to 80% of the respondents who are in agreement, reduces cost of administration of Accounts receivables business.

This findings are in line with Baveld (2012) contend that effective management of accounts receivable presents important opportunities for agencies to achieve strategic advantage through improvements in customer service, cash management and reductions in costs.

This are in line with Jarrad (2000) who further stressed that all agencies also have an objective of continually improving customer service. A large number of agencies which operate as businesses are required to perform public services under a full or partial cost recovery arrangement.

Berry, A. AndJarvis (2006) argued that some large private sector organizations have achieved real cost reductions and performance improvements by re-engineering the accounts receivable process. Re-engineering is a fundamental rethink and re-design of business processes which
incorporates modern business approaches. The nature of accounts receivable is such that decisions made elsewhere in the organization are likely to affect the level of resources that are expended on the management of accounts receivable.

Pindado (2012) contends that understanding the effects of a financial crisis on receivables management is especially important to transition country.

5.1.2 Role of accounts payables management on organizational performance

The findings on the role of accounts payables management on organizational performance in Tororo cement of companies. The findings based on agreement was that, regularly pay creditors in time for continued operations with 80% of the respondents, maintain records of what it owes to suppliers had 74% of agreement, organization usually pays using the payment mode required by our suppliers. These findings were in line with those of Deloof and Jeger, (1996) contend that accounts payable provides a source of operating cash flow. Utilizing terms provided by creditors allows for the deferral of cash payments necessary to finance sales. These are in line Jarvis et al., (1996) argues that creditors are a vital part of effective cash management and should be managed carefully to enhance the cash position of an organization. Purchasing initiates cash outflows and an overzealous purchasing function can create liquidity problems.

This findings also relate to those of Wilson (1996) who says that trade credit is managed by use of credit terms, which refers to the conditions under which the supplier sells on credit to the buyer and the buyer is required to repay the credit.

5.1.3 Effect of credit management on organizational performance

Credit management on organizational performance on Tororo cement of companies. The study findings were that on the effect of credit management on organizational performance on Tororo cement of companies

The findings (Pandey, 2004) A provision of trade credit is normally used by businesses as a marketing strategy to expand or maintain sales, the findings also relate to Quinn (2011) who argued that costs of cash discounts, losses of bad debts and costs of managing credit and credit collections constitute the carrying costs associated with granting a credit which increase when the amount of receivables granted are increased.
The findings are different from Howorth, C.A. (2000) the management of credit is particularly important in the case of small and medium-sized companies. Most of these companies’ assets are in the form of current assets. Also, current liabilities are one of their main sources of external finance because they encounter difficulties in obtaining funding in the long-term capital markets and the financing constraints that they face.

5.3 Conclusion
The study was to assess the effect of cash flow management and organizational performance in Tororo cement of companies. It was based on the research objectives that included assessing the effect of accounts receivable management on organizational performance, analyze the role of accounts payables management on organizational performance and examine the effect of credit management on organizational performance. The study findings were that accounts receivable management on organizational performance in Tororo cement Accounts receivables reduces defaults in payment for business according to 80% of the respondents who are in agreement, reduces cost of administration of Accounts receivables business had 88%, enhances working capital flow management had 78%, Provision of debtor information to the organization had 78%, reduces cash collection delays for the organization had 66%, reduces cash collection delays for the organization had 66%.

It was also established that accounts payables management affect organizational performance in Tororo cement of companies. The findings based on agreement was that, regularly pay creditors in time for continued operations with 80% of the respondents, maintain records of what it owes to suppliers had 74% of agreement, organization usually pays using the payment mode required by our suppliers (cash, draft, cheques had 60% of respondents, company’s suppliers are regularly informed of the delays to avoid charges on late payment 48% of the respondents, the organization normally keeps a stringent/delay payment policy 60% of respondents, reduces costs of invoicing and adequate and accurate financial reporting had 58% of the respondents.

The study findings on the effect of credit management on organizational performance on Tororo cement of companies. The study findings were that on the effect of credit management on organizational performance on Tororo cement of companies. The findings were that the organization experiences cash deficits in its operations hinder operations according to 90% of respondents, The company’s cash flows are characterized by more inflows than outflows had
94% of the respondents, the company has efficient cash flow management systems supporting operations had 60% of the respondents. The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold 90% of the respondents, budgeting is useful in planning for shortage and surplus of cash 60% of the respondents and Credit is effectively handled to attain the complaints from the staff and manage had 60% of the respondents

5.4 Recommendations

5.4.1 Effect of accounts receivable management on organizational performance.

- There is need to intensify debt collection for organizations to improve the performance organizations and avoid loss of money. This includes providing appropriate measures for enhancing debt collection.
- The responsive on improving maintaining a positive cash flow is essential for a business to survive. Ideally, you want more money flowing in than out. Part of the process of improving your company's cash flow situation is to develop effective accounts receivable strategies. Take some time to analyze what strategies your company is currently using and take the necessary steps to improve your accounts receivable collection methods.
- Effective accounts receivable management can assist agencies improve customer service through providing timely information on customer requirements and by making dealing with the agency as easy as possible. All government agencies, including those operating in a monopoly, are required to demonstrate contestability - that is delivery of a high quality standard of service at a cost that is comparable to providers of similar services operating in similar environments.

5.4.2 Role of accounts payables management on organizational performance.

- There is need to improve the credit payment procedures amongst the organizational creditors to improve on payment in the organization.
- Greater transparency is required in the trenching of structured products. Market participants and researchers should be able to replicate their composition, and public databases containing this information should be offered
5.4.3 Effect of credit management on organizational performance

Time budget and time remainders of financial members in order to make the proper use of time through time budget and time remainders like wall watches are very genuine to assist workers in knowing how long have worked and how they can use the remaining time productively.

The responsive on improving maintaining a positive cash flow is essential for a business to survive. Ideally, you want more money flowing in than out. Part of the process of improving your company's cash flow situation is to develop effective accounts receivable strategies.

5.5 Areas of further research

The results presented in this thesis may not be conclusive and should be treated as being preliminary. Further analysis of the survey data on cash flow management and organizational performance can be done to comprehend the findings and provide wider justification on explaining the accounts receivable management on cash flow management. Other research need to be done in this field specifically on the following:

- Accounts receivables period and profitability
- Bad debts and organizational performance
- Debt collection period and cash flow management
REFERENCES


Dickerson. Campey Bringham (1985) introduction to financial management, fourth edition

European Industrial Training,


Lazaridis, J. (2012). Relationship between working capital management and profitability of listed companies in the athens stock exchange.


Peel, M.J Wilson, N and Howorth, C.A. (2000). Late payment and credit management in the small firm sector: some empirical evidence”. International small business journal Vol 18, no 2, pp 52-54


APPENDICES
Appendix I: Questionnaire for respondents

My name is Yeko Martin a student of Kampala International University carrying out an academic research on the Impact of cash flow management on financial performance, a case of Tororo cement. You have been randomly selected to participate in the study and you are therefore kindly requested to provide an appropriate answer by either ticking the best option or give explanation where applicable. The answers provided will only be used for academic purposes and will be treated with utmost confidentiality.

NB: Do not write your name anywhere on this paper.

In this section, you are kindly requested to tick that alternative response that fits your opinion.

SECTION (A)-DEMOGRAPHIC ASPECTS

1. **Age**
   - a) 20 – 29
   - b) 30 – 39
   - c) 40 - 49
   - d) 50 +

2. **Gender**
   - a) Male
   - b) Female

3. **Qualification academically**
   - a) Certificate
   - b) Diploma
   - c) Degree
   - d) Masters

4. **Marital status**
   - a) Single
   - b) Married
   - c) Separated/divorced
5. **Department**
   a) Finance Department  
   b) Accounts Department  
   c) Marketing Department  
   d) Administration Department  

6. **Position**
   a) Administrator  
   b) Staff  
   c) Manager  

7. **Time period**
   a) 1-4 years  
   b) 5-9 years  
   c) 10-14 years  
   d) 15 and above  

**SECTION B: Effect of accounts receivable management on financial performance.**

Instructions Use of Likert scale of 1-5 to rank the following alternatives were 1= strongly disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A), 5= Strongly Agree (SA).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Rankings</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Reduces defaults in payment for business</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>b) Reduces cost of administration of Accounts receivables</td>
<td></td>
</tr>
<tr>
<td>c) Enhances working capital flow management</td>
<td></td>
</tr>
<tr>
<td>d) Provision of debtor information to the organization</td>
<td></td>
</tr>
<tr>
<td>e) Improves response levels for the organization</td>
<td></td>
</tr>
<tr>
<td>f) Reduces cash collection delays for the organization</td>
<td></td>
</tr>
</tbody>
</table>
Section C: Role of accounts payables management on financial performance.

Instructions
Use of likert scale of 1-5 to rank the following alternatives were 1= strongly disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A), 5= Strongly Agree (SA).

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The organization regularly pay creditors in time for continued operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The organization usually maintains records of what it owes to suppliers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) The organization usually pays using the payment mode required by our suppliers (cash, draft, cheques)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) The company’s suppliers are regularly informed of the delays to avoid charges on late payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) The organization normally keeps a stringent/delay payment policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Reduces costs of invoicing and adequate and accurate financial reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section D: Effect of credit management on organizational performance

Instructions
Use of likert scale of 1-5 to rank the following alternatives were 1= strongly disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A), 5= Strongly Agree (SA).

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The organization experiences cash deficits in its operations hinder operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The company's cash flows are characterized by more inflows than outflows.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) The company has efficient cash flow management systems supporting operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Cash budgeting is useful in planning for shortage and surplus of cash and has an effect on the financial performance of the firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Credit is effectively handled to attain the complaints from the staff and management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO</td>
<td>ACTIVITY</td>
<td>WEEK / MONTHS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------------------------</td>
<td>---------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Proposal write up</td>
<td>Nov 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Questionnaire and Methodology &amp; literature review</td>
<td>Dec</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Submission of proposal</td>
<td>Late Dec</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Data collection</td>
<td>Jan 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Data processing &amp; analysis</td>
<td>Mid Jan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Complete report review and submission</td>
<td>Late Jan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX III: RESEARCH BUDGET

<table>
<thead>
<tr>
<th>NO</th>
<th>ITEM</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Photocopy/printing</td>
<td>75,000/=</td>
</tr>
<tr>
<td>2</td>
<td>Research analysis</td>
<td>100,000/=</td>
</tr>
<tr>
<td>3</td>
<td>Data analysis</td>
<td>100,000/=</td>
</tr>
<tr>
<td>4</td>
<td>Consultation</td>
<td>100,000/=</td>
</tr>
<tr>
<td>5</td>
<td>Miscellaneous</td>
<td>30,000/=</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>405,000/=</strong></td>
</tr>
</tbody>
</table>