THE ROLE OF CASH MANAGEMENT AND ORGANIZATIONAL PERFORMANCE IN UGANDA

CASE STUDY: CENTENARY BANK

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Submitted by

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Dedication

I dedicate this research to my mum, Mrs. Kobwesigye Betty for each and every thing she has done to me both moral and financial support which has enabled me to complete this course and to all my friends who have supported me. May the good Lord who sees what is done in secrecy bless them abundantly.

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Table of contents

Approvals i

Declaration ii

Dedication iii

Acknowledgements iv

Table of contents v

LIST OF TABLES x

LIST OF FIGURES xi

Abbreviations xii

Abstract xiii

CHAPTER ONE 1

INTRODUCTION 1

1.0 Introduction 1

1.1 Background of the study 2

1.2 Statement of the problem 4

1.3 Main objective 5

1.3.1 Specific objectives 5

1.4 Research questions 5

1.5 Scope of the study 6

1.6 Significance of the study 7

1.7 Justification of the study 8

1.8 Definition of new terms 9

1.9 Conceptual frame work 11

1.10 Conclusion 12
CHAPTER TWO 13
LITERATURE REVIEW 13
2.0 Introduction 13
2.1 Overview of cash management 13
2.1.1 Cash sources and organizational performance 15
2.1.2 Cash control performance of organizations 19
2.1.3 CASH MOVEMENT AND ORGANIZATIONAL PERFORMANCE IN UGANDA 24
2.2 Organizational performance 30
2.2.1 Sales/turnover as a measure of performance in organizations 31
2.2.2 Profit margin as a measure of performance in organizations 31
CHAPTER THREE 34
RESEARCH METHODOLOGY 34
3.0 Introduction 34
3.1 Research design 34
3.2 Study area 35
3.3 Study population 35
3.4 Sample selection 35
3.4.1 Sample selection 35
3.5 Data collection methods 36
3.5.1 Questionnaire method 36
3.5.2 Interviews 36
3.5.3 Document review method 37

3.5.4 Observation 37
3.6 Validity 37
3.7 Reliability 38
3.8 Data analysis 38
3.9 Ethical considerations 38
3.10 Limitations of the study 39
3.11 Conclusions 39
CHAPTER FOUR 40
PRESENTATION OF ANALYSIS RESULTS AND DISCUSSION OF FINDINGS 40
4.0 Introduction 40
4.1 Background information of respondents 40
4.1.1 Findings on the Gender Characteristics of respondents 40
4.1.2 Findings on the designation of staff 41
4.1.3 Ages of the respondents 42
4.2 CASH CONTROL 43
4.2.1 Pre-numbering of receipts 43
4.2.2 Deposit slips 44
4.2.3 Positing /recording the receipts issued to customers 44
4.2.4 Recording of the receipt numbers 44
4.2.5 Safety of the organizational cash 44
4.2.6 Uses of cash withdraw forms 45
4.3 CASH MOVEMENT 45
4.3.1 Security to and from the bank 46

4.3.2 Electronic funds transfer 46
4.3.3 Direct cash transfers from debtors 47
4.4 CASH SOURCES 48
4.4.1 Invests in excess cash balances in marketable securities 48
4.4.2 Major sources are deposits 49
4.4.3 Optimum Cash balance reports 49
4.5 FINDINGS ON PERFORMANCE OF CENTENARY BANK 51
4.5.1 Training of staff to improve their performance 51
4.5.2 Detection of Fraud 52
4.5.3 Recording of revenues and expenditure 53
4.5.4 Maintenance of a maximum cash balance 54
4.5.5 Maintainable of petty cash book 55
4.5.6 Review of budgets 56
4.5.7 Maintenance of a minimum cash balance 57
4.5.8 Collection of accounts receivables 58
4.5.9 Settlement of accounts payables 59
4.5.10 Access to cash office 60
4.5.11 Standard of service offered 61
4.5.12 Improvement in service delivery 62
4.5.13 Feedback from clients 63
4.5.14 Customer as a partner 64
4.5.15 Clients' expectations 65
4.6 Conclusion 66

CHAPTER FIVE 67

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 67

5.0 Introduction 67

5.1 Summary of findings 67

5.1.1 The relationship between cash control and organizational performance 67

5.1.2 The relationship between cash sources and organizational performance 68

5.1.3 The relationship between cash movement and organizational performance 68

5.2 conclusions 68

5.3 Recommendations 69

5.4 Suggested areas for further research 72

REFERENCES 74

APPENDIX I: QUESTIONNAIRE i

APPENDIX 2: INTERVIEW GUIDE viii

LIST OF TABLES

Table 1 ... 40

Table 2 ... 41

Table 3 ... 42

Table 4 ... 43

Table 5: ... 45

Table 6 ... 48

Table 7: ... 50

Table 8 ... 51

Table 9 ... 52

Table 10 ... 54

Table 11 ... 55

Table 12 ... 56

Table 13 ... 57

Table 14 ... 58

Table 15 ... 59

Table 16 ... 60

Table 17 ... 61

LIST OF FIGURES

Figure 1: 11

Pie-chart 1 53

Pie-chart 2 62

Pie-chart 3 63

Pie-chart 4: 65

Bar graph 1 64

Abbreviations

BOU	Bank of Uganda
CB’s	Commercial Banks
EFT	Electronic Fund Transfer
QE	Qualitative Easing
SPSS	Statistical Package for Social Science

Abstract

This study examines the role of cash management and organizational performance in Uganda under three objectives which are, to examine the relationship between cash sources and the performance of centenary bank,, to examine the relationship between cash control and the performance of centenary bank and to analyze the effect of the relationship between cash movement and the performance of centenary bank. The study adopted the quantitative and qualitative research techniques. A total sample size of 30 respondents from Centenary bank Mbarara Branch was used, self-administered questionnaires, document review, observation, sampling and interview guide were used and the information obtained from the field was organized and analyzed.

From the study it was revealed that Cash management is of great role in centenary bank, activities like pre-numbering of receipts, keeping deposit slips, use of electronic funds transfer, has helped the bank to effectively control its cash, to facilitate all its daily activities. More emphasis is needed on cash planning and cash budgeting, recording of revenue and expenditure since these activities reduce misuse of cash, tightening fraud control measures where by fraud, its types, risks should be made aware to everybody in the organisation, use fraud tests and be aware of management staff's ability to override fraud control measures since fraud is a major problems in most organisations in Uganda.

The findings also indicated that the performance of centenary bank was excellent due to the cooperation within the bank' employees, training extended to its employees inform of seminars, workshops, improved services delivery among others. However the management of the bank should aim at making its customers partners to the bank since it makes the customers be part and partial of the bank, be proud of the bank, love and support the bank more. Printing of deposit slips in different languages as most people would like to also keep their money in the bank but don't know English and others are cheated by those individuals they ask out to help them with the filling of these slips.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study is centered on the relationship between cash management and organizational performance. It seeks to establish the role of cash management towards organizational performance. Cash management is an essential tool which aims at establishing the financial position an organization. Cash management is a set of guidelines established by management to ensure that the organization has optimal cash balance any time to meet the organization's goals. Cash management is concerned with; collection, concentration and disbursement of cash including; measuring liquidity, managing cash balances and short term investments, (Pandey, 1980). Therefore, this requires efficient planning of cash, approval of cash expenditure, safe custody and allocation of cash. Such measures are to safeguard the obligations of the firm and hence make it able to achieve its needs. However, organization may fail to meet its obligations due to misappropriation of cash, limited cash resources, poor safety of cash and allocation. It is upon the organization to fail or succeed. Cash management helps a company or an organization to eliminate idle cash balances, monitor exposure and reduce risk, ensure a timely deposit of collection, proper timing of disbursements and prevent unnecessary large amounts of cash from sitting idle in bank account that produce no revenue.

Cash management is a broad term that covers a number of functions that help an individual and business process receipts and payments in an organized and efficient manner. Administering cash assets today often makes use of a number of automated support services offered by banks and other financial institutions, (Malcolm & Harris, 2010).

In this section, key issues addressed include; background of the study, statement of the problem, objectives of the study, research questions, research hypothesis, scope of the study, significance of the study, justification of the study and the conceptual framework.

1.1 Background of the study

Brazil continues to be the forefront in terms of cash management and electronic of transactions, its highly automated environment providing the right tools for enhancing working capital. Some people today say that this is a legacy of the hyperinflation days when a day of a float meant more than today, banks are providing a state of art cash management processing platforms accommodating the need of corporate wanting to stay manual or others which favor outsourcing, (Michael, 1993). In addition, ago business ventures used to flourish, even though companies lacked the tools to manage cash with precision and certainty. In fact, only after World war 11 did anything resembling cash management emerge. Then in the 1970's and 1980's, cash management exploded in response to a host of incentives and tools. Over the past decades, cash management has changed from a business by-product to a valuable asset that, when shrewdly managed, can make a major contribution to a company's bottom line, Cash management has attracted increasing attention among both academics and practitioners during the last decades, (Richard, 1999).

Furthermore, in Finland, the increasing attention in this field is related to the liberalization of the money market, technological progress, and internationalization of businesses, these changes have forced management to critically review cash management strategy and consequently such as cash management policies and responsibilities.

These factors have created additional demand for various kinds of cash management services, either produced in-house or purchased from outside suppliers, (Erkki, 2004).

More so, cash management is an area that has been gaining greater performance among policy makers in the region, poor cash management exerts a cost on public finances and monitory policy. Monray (1998) emphasizes the importance of an effective cash management for ensuring that adequate cash is available to pay for expenditure when they are due, for minimizing net government borrowing costs and facilitating monitory policy implementation, (Monray, 1998).

Explicit political banking for fiscal discipline has been central to the success of Uganda's cash management system, which has proved an effective tool in maintaining fiscal discipline and delivering low and stable inflation for almost two decades. Cash management ensures that overall Government spending and Central Bank borrowing during the financial year remain within the limits set in the approved budget. It uses rolling monthly and quarterly forecasts of resource availability to establish cash limits on expenditure and prevents the government from financing revenue shortfalls during budget implementation by borrowing from the Central Bank. However, it only controls overall fiscal discipline, and is not a tool for delivering budget credibility, in terms of ensuring that the budget is implemented as planned at sectorial level.

The main operation issues in cash management in government started with the making and maintenance of accurate records of cash receipts and cash payments, reducing the extent to which the government itself handled cash is seen as a solution in some countries. The use of credit cards are methods of reducing risks in cash management the responsibilities of the central bank and treasury are clearly agreed upon and both parties need to be committed to this agreement within the context of all applicable tasks.

This is to ensure that monetary issues which usually benefit the central bank combine with fiscal issues which are the responsibility of treasury. The determination of public sector borrowing requirements and the associated interest costs is crucial for government in ant cash management system, in Uganda all tax collection by the Uganda revenue authority, a semi- autonomous body, is very successfully performed through commercial banks and cash losses to the government are greatly reducing. The contract with these banks includes payment of a commission and re-imbursement of a premium for loss of insurance, (Guido, 1999).

1.2 Statement of the problem

Despite the fact that there is failure by most commercial banks to satisfy the precautionary motive. Holding cash for precautionary motive, assume management needs cash for emergency purposes when the cash flows is less than what is projected. It is difficult to cover for any unexpected needs for cash by acting as a preventive balance. Moreover, due to inaccurate safety margins by many banks, they experience financial difficulties with organizations failing to take advantage of unexpected investment opportunities. It is difficult for banks to satisfy the speculative motive, (Tobit, 2006). Cash management in commercial banks involves managing monies to maximize cash availability and profitability which involves synchronization of business cash receipts perfectly with cash payments bearing a broad aspect of maximizing profits, commercial banks have are failing to attain their desired level of profitability, (Van Horne, 2006).

Financial institutions use certain strategies to manage cash which ultimately enhance their profitability but this is not the case in some of the financial institutions in Uganda. For instance, even though there are cash management policies and guidelines, profits in terms of sales volumes remain low in the previous year's 2010, 2011 and 2012.

1.3 Main objective

To establish the relationship between cash management and organizational performance in financial institutions.

1.3.1 Specific objectives

The specific objectives were to;

Examine the relationship between cash resources and organizational performance of centenary bank.

Examine the relationship between cash movements and organizational performance of centenary bank.

Analyze the relationship between cash controls and the organizational performance of centenary bank.

1.4 Research questions

What is the impact of cash resources on the performance of centenary bank?

To what extent do cash movements affect the performance of centenary bank?

What is the role of cash control in the performance of centenary bank?

1.4.1 Research hypothesis

Cash movements considerably improve the performance standards of organizations like centenary bank.

There is a relationship between Cash movement and the performance of centenary bank.

There is a proportionate positive relationship between cash controls and the performance of centenary bank.

1.5 Scope of the study

The study intended to investigate/ establish / find out the role of cash management on organizational performance in Uganda. Activities carried out under cash management such as risk management, management of receipts and disbursements, cash planning, monitoring collections, and so many others are examined and their impacts on the organizational performance.

The researcher specifically concentrated on Centenary bank Mbarara Branch as the case study and its involvement in cash management areas of cash balances, cash controls, cash movements, billing and collection measures, innovation of financial instruments, advancement in technology and communication, higher emphasis on the efficient use of capital and others which were important in the improvement and success of centenary bank.

The research concentrated on the period between 2011 and 2013 and the areas of investigation were the organization's continued growth and the success related to greater / massive cash management.

1.6 Significance of the study

The study is important as it comes at a point in time when organizational performance is of widespread concern in both developed and developing countries. A study of the current approaches to organizational performance is needed to establish the attention paid to the effectiveness and efficiency of organizations. Unless sufficient attention is paid to cash management, centenary bank among other organizations may fail to deliver their intended services and goods to the public.

The study aims at benefiting the policy makers at both national and institutional levels through policy formulation and change of polices in regard to cash management in organizational performance, (Stella, 2012).

The study attempts to critically investigate the role of cash management on organizational performance. The findings of the study influence the managers, accountants, credit officers and all persons that deal in handling the organization's cash on whether to adopt cash management and determine the extent to which they are to be involved.

The findings of this research will enable managers, accountants, credit officers and all in the cash departments of different organizations to focus much on cash management activities that strongly influence the realization of profit to the organization and satisfaction of stake holders.

The research helps the researcher to fulfill one of the requirements that lead her or him to the reward of Bachelor's Degree in Business Administration and Management of Uganda Martyrs University.

The researcher widens the knowledge and understanding about the issue of cash management since cash management is a daily activity that does not only affect organizational performance but also individual on the way they handle their cash.

1.7 Justification of the study

The establishing of cash management enhances the performance of several financial and non-financial organizations in Uganda.

This involves successful monitoring collections, disbursements, and effective billing and correction measures, appropriate management of modern cash management, the emphasis is usually on the part of the cash management which is responsible for money market operations. A person responsible for the cash management function is primarily concerned with short-term financial activities. In a changing money market environment, it is more important than before to know how to further improve the company's cash position, including managing accounts receivable, improving cash flow, transferring funds, and controlling cash disbursements. In addition, one needs to understand the basic principles of short-term investment, including investment policies, available instruments, as well as investment strategies and techniques minimize the cash management costs or maximize profits. In order to invest in the money market, a firm has to know when the cash is needed. This is a difficult forecasting task even for large companies.

Never the less, investing properly on a daily basis, a cash manager has to forecast the amount of funds that is required to meet payments. He maintains sufficient cash to handle immediate disbursements.

In order to be effective, he has to be aware of the various alternatives and relationships between interest rate yield curves for various investments and compare these with the existing market conditions prior to investing. He has also to use modern techniques to improve overall returns on invested funds. In today's dynamic and changing work place and globalised economy, development of organizational performance is associated with the development personnel performance, skills, knowledge and performance, (Covey, 1989, Covey, 2004, Jones et al, 2000).

However, the ability to achieve and maintain high performance and productivity in organization is a key challenge facing management today, management needs to give high attention towards understanding individual differences, need and behavior critically enabling them to understand and manage organizational complexity. Such understanding is considered important in helping individuals develop effective learning styles that align with organizational objectives and need, financial risks, innovation of financial instruments, advancement in information technology, higher emphasis on the efficient use of capital, adhering to budget restrictions, maintenance optimum cash level, cash planning in order to improve their performance. These financial and non-financial institutions put much emphasis on cash management so as to succeed.

1.8 Definition of new terms

Cash refers to money in the physical form of currency, such as banknotes and coins.

Cash Management. The corporate process of collecting, managing and (short-term) investing cash. A key component of ensuring a company's financial stability and solvency.

Organization. Is an entity such as an institution or an association that has a collective goal and is linked to an external environment.

All organizations have a management structure that determines relationship between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organizations are open systems--they affect and are affected by their environment.

Performance. The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract.

Speculative motive. It is a tactic used by investors/ traders to hold cash so as to make the best use of any investment opportunity that arises later on. Investors keep a fair amount of such cash with them so as to earn higher profits. There may be chances of interest rates going up in future, thereby giving higher returns on investment. In such a situation, the cash kept aside by the investor equips him to exploit such an attractive investment opportunity.

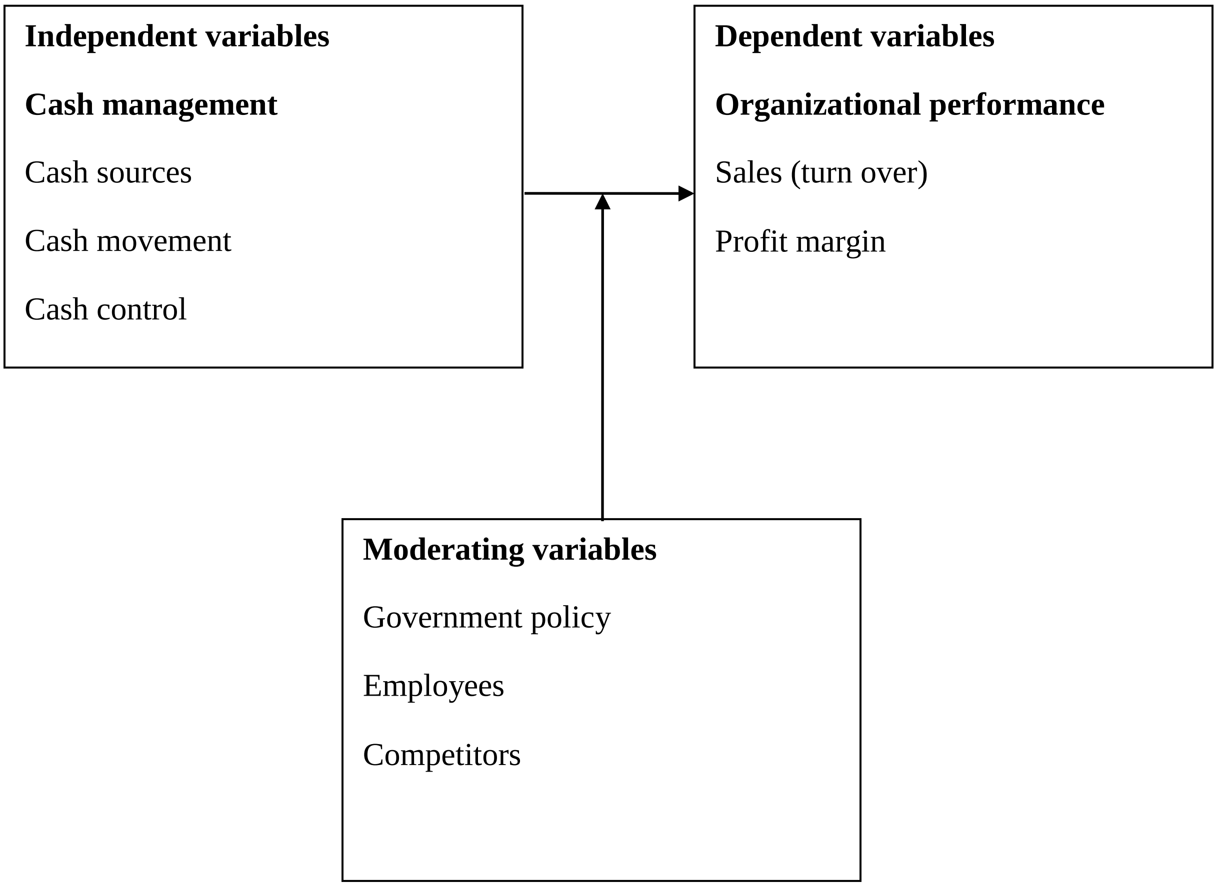
Precautionary motive. The desire to keep extra money in case an unforeseen situation requires a capital outlay. For example, one may wish to save extra money to pay for medical bills in case of an accident. This arises out of the possibility of unforeseen needs for cash for expenditure in an unpredictable environment.

Disbursement. The payment of money from a fund or account. Disbursements can include money paid out to run a business, spending cash, dividend payments, and/or the amounts that a lawyer might have to pay out on a person's behalf in connection with a transaction.

Synchronization. Cause to occur or operate at the same time or rate.

1.9 Conceptual frame work

Figure 1:



Source; researcher.

Government policy. This affects the commercial banks on the interest charged to them by the Central Bank of Uganda which is Bank of Uganda.

Bank of Uganda imposes an interest on the money borrowed by these banks if B.O.U imposes high interest on these banks the banks reduce the money they want to borrow from B. O .U and if the interest imposed on these banks is low the banks increase the money they borrow. When the B.O.U imposes less interest rate, C.Bs like centenary bank are able to borrow enough money.

The same C.Bs are then able to get enough money to lend out to its clients thus sales/ turnover of the commercial banks.

Employees and organizational policies. Employees follow and respect organizational policies and are knowledgeable about the improved technology they are able to efficiently and effectively to control the movements through cash planning and cash budgeting which leads to increase in profit margin. The organization uses the attained profits to put up more branches thus expansion.

Competition. The bank in question is encouraged to work hard and effectively handled and controlled its money in order to out compete the fellow C.Bs and in so doing this led to increased sales/ turnover.

1.10 Conclusion

In conclusion therefore, cash management is a necessity for every organization to achieve its set objectives since cash takes part in all organizational functions. cash management involves not only avoiding insolvency , but also reducing days in account receivables , increasing collection rates, selecting appropriate short-term investment vehicles, and increasing days cash on hand all in order to improve a company's overall financial profitability.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the works of the various authors and researchers which is summarized and emphasis put only on those ideas relevant to this study. Areas to be covered included the work of the various researchers which related to the objective of this study. The researcher identified the gaps in the past researchers' work which the study intended to fulfill.

2.1 Overview of cash management

According to Van, 1985, Cash management involves managing the monies of the firm in order to maximize cash availability. It includes the policies and procedures adopted by the management of an entity to assist in achieving the management's objectives of ensuring orderly and efficient conduct of business including; adherence to management policies, laws and regulations, safeguarding cash, the prevention and detection of fraud and error, promoting orderly, efficient and effective operations, quality of product and services, timely delivery and hence ensuring survival of the business.

Pandey (1998), notes that cash is the money which a firm can disburse without any restriction. The term cash includes coins, currency and cheques held by the firm and balances on its bank accounts. Sometimes near cash items such as marketable securities or bank time deposits are also included in cash. He also noted that cash management is concerned with management of cash flows into and out of the firm, cash flow within the firm and cash balances lent by the firm at a time of financing deficit surplus cash.

Furthermore, Pandey, (2010), defines cash management as the process which is concerned with management of cash flows into and out of the business, cash flows within the firm and cash balances held by the firm. Therefore, cash management involves collection, concentration and disbursement of cash including; measuring the level of liquidity, managing cash balances and short term investments.

Cash management has attracted increasing attention among both academics and practitioners during last decades. The increasing interest in this field is related to the liberalization of the money market, technological progress, and internationalization of businesses. These changes have forced management to critically review cash management strategy and, consequently, also cash management policies and responsibilities. These factors have created additional demand for various kinds of cash management services, either produced in-house or purchased from outside suppliers. In addition, banks have promoted new services for their corporate customers. Markets for money market instruments, derivatives and mutual funds have grown rapidly along with the new technology to provide greater scope for cash management. In modern cash management, the emphasis is usually on the part of the cash management which is responsible for money market operations. A person responsible for the cash management function is primarily concerned with short-term financial activities. (Erkki, 2004)

Additionally, Erkki (2004) notes that in a changing money market environment, it is more important than before to know how to further improve the company’s cash position, including managing accounts receivable, improving cash flow, transferring funds, and controlling cash disbursements. In addition, one should understand the basic principles of short-term investment, including investment policies, available instruments, as well as investment strategies and techniques to minimize the cash management costs or to maximize profits.

In order to invest in the money market, a firm must know when the cash is needed. This is a difficult forecasting task even for large companies. To invest properly on almost daily basis, a cash manager has to forecast the amount of funds that is required to meet payments. He / she must maintain sufficient cash to handle immediate disbursements. In order to be effective, he should be aware on the various alternatives and relationship between interest rate yield curves for various investments and compare these with the existing market conditions prior to investing. He should also use modern techniques to improve overall returns on invested funds.

2.1.1 Cash sources and organizational performance

According to Billie, 2006, cash inflows include the transfer of funds to a company from another party as a result of core operations, investments or financing. Such cash inflows include payments to the company by customers and contributions of equity by investors who purchase the company's stock or partial ownership in a company. Cash inflows also result from the sale of property, equipment as well as legal requirements. Such sources of cash include loans, mortgages and bonds.

Accounts Receivable: Many companies are too passive when it comes to collecting overdue invoices. The money customers owe you plays a big role in your monthly cash flow, so it is important to develop a solid technique for tracking who owes the firm money, how much they owe and when the payment is due. Make sure accounts receivable staff is taking a proactive approach to collecting on those unpaid bills, and ask for a weekly report showing the total amount outstanding, along with an explanation of why those payments have not been received (Damodaran, 2002). More so he (Damondaran, 2002) also noted that building an accounts receivable database is one of the best ways to keep track of what is owed.

Once the tables have been created and the database has been designed, all y accounts receivable clerks need to do is press a button to open a query showing the details of each outstanding invoice.

Track Expenses: Whether a person is running a business or a household, it is important to get a handle on expenses. Many business owners are so busy with day-to-day operations that they lose sight of the big picture. Getting a handle on the expenses associated with running the business is one of the best ways to manage and maximize cash. The owner should start by building a detailed report of every expense for the past month. Break each expense down into its appropriate category, i.e. rent, utilities, office supplies, etc., then analyze each category and look for ways to cut back. For instance, companies can save money on office supplies by contracting with a specific vendor and negotiating lower prices, rather than running to the office supply store down the street (Deloof, 2003)

Cash Disbursement: Gitman (2008), defines cash disbursement is a function of accounts payable which it includes all outlays of cash by the firm during a given financial period. The objective of cash disbursement is to control payments and minimize the firm's cost associated with making payment. Vanhorne (2001) defends the idea put forward by Ross (2000), which says that the objective of cash disbursement is to delay payments as long as it is legally and practically possible. In pursuing this objective the firm should not compromise its relationships with the suppliers as this may withdraw trade credit.

Michael et al (2004), made a clarification that bank Loans as source of cash where by whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower's bank account, thereby creating new money.

The reality of how money is created today differs from the description found in some economics textbooks: Rather than banks receiving deposits when households save and then lending them out, bank lending creates deposits, In normal times, the central bank does not fix the amount of money in circulation, nor is central bank money 'multiplied up' into more loans and deposits. Although commercial banks create money through lending, they cannot do so freely without limit. Banks are limited in how much they can lend if they are to remain profitable in a competitive banking system. Prudential regulation also acts as a constraint on banks' activities in order to maintain the resilience of the financial system. And the households and companies who receive the money created by new lending may take actions that affect the stock of money they could quickly 'destroy' money by using it to repay their existing debt, for instance. Monetary policy acts as the ultimate limit on money creation. The Bank of Uganda aims to make sure stable inflation. In normal times, the Bank of Uganda implements monetary policy by setting the interest rate on central bank reserves. This then influences a range of interest rates in the economy, including those on bank loans.

Additionally, when interest rates are at their effective lower bound, money creation and spending in the economy may still be too low to be consistent with the central bank's monetary policy objectives. One possible response is to undertake a series of asset purchases, or 'quantitative easing' (QE). QE is intended to boost the amount of money in the economy directly by purchasing assets, mainly from non-bank financial companies. QE initially increases the amount of bank deposits those companies hold (in place of the assets they sell). Those companies will then wish to rebalance their portfolios of assets by buying higher-yielding assets, raising the price of those assets and stimulating spending in the economy. As a by-product of QE, new central bank reserves are created.

But these are not an important part of the transmission mechanism. This article explains how, just as in normal times, these reserves cannot be multiplied into more loans and deposits and how these reserves do not represent 'free money' for banks money creation in the economy is consistent with. One common misconception is that banks act simply as intermediaries, lending out the deposits that savers place with them. In this view deposits are typically 'created' by the saving decisions of households, and banks then 'lend out' those existing deposits to borrowers, for example to companies looking to finance investment or individuals wanting to purchase houses (Berkeley, 2014). However, although commercial banks create money through their lending behavior, they cannot in practice do so without limit. In particular, the price of loans that is, the interest rate (plus any fees) charged by banks determines the amount that households and companies will want to borrow. A number of factors influence the price of new lending, not least the monetary policy of the Bank of Uganda, which affects the level of various interest rates in the economy.

Bank Deposits: Commercial banks create money, in the form of bank deposits, by making new loans. When a bank makes a loan, for example to someone taking out a mortgage to buy a house, it does not typically do so by giving them thousands of pounds worth of banknotes. Instead, it credits their bank account with a bank deposit of the size of the mortgage. At that moment, new money is created. For this reason, some economists have referred to bank deposits as 'fountain pen money', created at the stroke of bankers' pens when they approve loans.(Micheal et al, 2004)

Bonds: Banks buying and selling government bonds is one particularly important way in which the purchase or sale of existing assets by banks creates and destroys money. Banks often buy and hold government bonds as part of their portfolio of liquid assets that can be sold on quickly for central bank money if, for example, depositors want to withdraw currency in large amounts.

When banks purchase government bonds from the non-bank private sector they credit the sellers with bank deposits (Mcleay, 2004). Notably, when an individual opens a bank account and makes his or her first deposit which is normally the charge for opening ones account the account holder surrenders title of the money deposited. This cash becomes an asset of the bank. The account becomes a liability.

2.1.2 Cash control performance of organizations

Barry & Augustine (2001) say that the majority of the businesses operate on cash basis. Therefore the owners and the managers of such businesses concentrate on their cash position and the concerns are whether there will be enough to pay all the trade creditors and meet all the expenses, allowing them sufficient to live on and pay the tax and the end of the year therefore in order for a business to have enough cash to carry out these activities it must be properly controlled. The same authors add that cash also needs to be properly controlled to avoid being stolen or miss used. According to them financial managers should have a system where by all the receipts are accounted for and nothing can be paid without proper authority. They assert that control is also excised by counting the cash on hand at a regular interval and comparing it with the balance appearing in the cash account. If the two agree it is presumed that the amount in hand is correct and that receipts and payments have been correctly accounted for Gradfiel & Needharn, 2003)

According to Garrison (2006) cash control involves the steps taken by financial managers to increase the likely hood that the objectives set down at the financial planning stage in relation to the use of cash are attained and that the organizational cash is being used in the manner consistent with the organizational policies.

He adds that one of the ways in which financial managers can keep in control of the organizational cash is by making both long term and short term budgets and forecasts. He continues to say that a cash budget is a detailed plan of future cash flows and is composed of four elements which are cash receipts, cash disbursement this gives management an indication of the potential problems that could arise and allows them an opportunity to avoid such problems. By doing this therefore organizations will reduce reckless spending thus controlling the organizational cash which in the long run improves performance of organizations.

Pandey (2005), supports the same idea that cash budgeting helps to control organizational cash which in the long run improves their performance. He says that a cash budget is an estimation of cash inflows and outflows for a business or an individual for specific period of time. According to him cash budgets are used to assess whether the entity has sufficient cash to fulfill regular operations and or whether too much cash is being left in un productive capacities. He adds that cash budget gives information on the timing and magnitude of expected cash flows and cash balances over a projected period and this helps the financial managers to determine the future needs of the firm to plan for these needs and to exercise control over cash and liquidity of the firm. This initiative improves the firms' performance more especially on resource utilization. He continues to say that cash budgeting is a technique to plan and control the use of cash. This helps to anticipate the future cash flows and needs of the firm and reduces the possibility of idle cash balances which lowers the firm's profitability and cash deficits which can cause the firms failure. He also says that cash planning protects the financial condition of the firm by developing a projected cash statement from a forecast of projected cash inflows and outflows for a given period.

This helps in developing the overall operating plans such as investing the short term surplus cash in marketable securities and to select securities with appropriate maturities and reasonable risk which helps to avoid over and under investing and maximize profits by investing idle money this helps to improve the performance of organizations. In addition, Pandey (2005) also talks about long term cash forecasting which is prepared to give an idea of the company's financial requirements in a distant future. He says that these forecasts are used to evaluate the impact of a new product development or plant acquisitions of the firm thus helping to indicate the company's future financial needs especially for its capital requirement, evaluating proposed capital projects as well as improving corporate planning.

In agreement with the above authors Horngren (1999) notes that cash budgeting is one of the ways of controlling organizations cash. According to him budgets are used to control spending by highlighting the firm's potential problems that would arise due to too much cash or shortage of cash or a negative cash flow where the firm's cash outflow is greater than the incoming cash. This helps financial managers to take steps to avoid these problems and in the end the firms performance is improved especially resource utilization. He adds that budgets especially capital budgets help financial managers with their control function not only looking forward but also looking backward to see what was planned and what has been achieved this therefore helps managers to compare actual performance with the estimated or desired performance and when this performance is not attained, financial managers are forced to think ahead, anticipate and prepare for changing conditions. He adds that cash budgeting helps management to take appropriate action depending on the financial position for example when there is short term surplus he advocates to pay creditors early to obtain discounts, increase sales by increasing debtors and to make short term investments.

When there is short term deficits increase creditors by getting items on credit, reduce debtors by demanding for payments and in case of long term surplus managers should make long term investments, diversify and expand operations.

In addition to budgeting, Pandey (2005) adds that keeping all cash records is also one of the ways of controlling organizational cash. He says that Keeping accurate and up-to-date records is vital to the success of any business these include all the transactions of the business. He further adds that the business must realize that records kept are one of the most important management tools it possesses and, therefore, it should be allocated due importance. He adds that many business owners invest a lot of time and effort into the running of their business and yet fail to realize the importance of maintaining good documentation. The business owner is looking for the maximum return from their investment. He says that revenues should be recorded promptly using different methods such as accrual accounting methods or cash accounting. He adds that as a general rule, accrual accounting methods provide companies with greater revenue on paper than some other methods of accounting, such as the cash method. Accrual accounting allows companies to generate an accounts receivables report.

Accounts receivable is a collection of monies that are owed to a company, regardless of whether any of the cash has been collected yet. Scarborough (2001) notes that cash control improves on the firms' performance by avoiding cash crunch and that cash control services provide accurate and timely information that help to make rapid and precise decisions involving customer funds. He says that every business has the potential to improve its cash position with little or no investment. The key is to make an objective evaluation of the company's financial policies, searching for inefficiency in its cash flow. He adds that young firms cannot afford wasting their resources especially cash which is very vital for any organization.

He continues to say that one of the ways in which organizations can control their cash is by trimming overhead costs. According to him overhead expenses can strain firm's cash supply to the breaking point. He therefore says that these costs can be trimmed in the number of ways which include negotiating for discounts on the purchases they make and also making use of the free services whenever possible. More so, business owners not only should they attempt to keep their operating costs low but also evaluating these costs periodically to make sure they are not out of line that is by comparing current expenses with past levels. By doing this a company will be able to control its cash that is to know what to spend and what to remain with in relation to the trends of the performance.

Eugene& Brigham (1998) shows that cash control is very vital towards the performance of any organization. According to Brealey (2004), cash control means competently managing all the types of financial instruments by maintaining an accurate tracking system that accounts for both receiving and disbursing the cash. He says that all transactions related to cash must be documented and recorded immediately. In addition to the above solid cash control procedures requires that there be only certain individuals who have access to the cash. This type of security serves two purposes. First, accountability is established for the way that the cash is managed. Second, the empowerment of two people to oversee cash control helps to ensure that important transactions can take place at any given time, even if one individual is unavailable for some reason. He adds that cash control demands that the documents related to the task are kept separated from the physical location of the cash. In other words, the accounting books such as cash books, journals, sales journals, petty cash books and many others that are used to record the cash transactions should not be kept in the safe with the currency, money orders, and checks.

This simple precaution helps to ensure that the task of altering the physical evidence related to cash in hand is more difficult and thus minimizes the chances for theft to occur. In this way, the organizations cash is handled and accounted for accurately thus activities that require cash are carried on smoothly without interruptions of cash shortages.

Westerfields (2008) notes Cash control is a process that is utilized to verify the complete nature and accurate recording of all cash that is received as well as any cash disbursements that take place. As a broad principle of responsible financial accounting, he says that cash control takes place in any environment where goods and services are bought and sold. As such, businesses, non-profit organizations and households all employ the basic tenets of cash control. He says that to fully understand cash control, it is helpful to understand what is meant by cash, when it comes to financial accounting. Along with referring to currency and coin, cash is also understood to include forms of financial exchange like money orders, credit card receipts, and checks. Essentially, any type of financial exchange that can be immediately negotiated for a fixed value qualifies as cash. Cash control means competently managing all these types of financial instruments by maintaining an accurate tracking system that accounts for both receiving and disbursing the cash. Designing a cash control process is not difficult at all. There are a few basic elements that are incorporated into the process regardless of whether the cash control procedure is used in the home or in an office or business environment.

2.1.3 CASH MOVEMENT AND ORGANIZATIONAL PERFORMANCE IN UGANDA

Barry (2001) says that managing cash movement in any organization is very important towards the performance of that organization given the fact that cash is the blood of any company.

He says that cash includes currency, checks on hand and deposits in banks, cash equivalents which are short term, temporally investments such as treasury bills, certificate of deposits or commercial paper that can be quickly converted to cash. He further says it is important for any organization to make a statement of cash flows which reports the movement of cash into and out of the business in a given period usually one year.

He continues to say that statement of cash flows is divided into three sections that is operating activities, investing activities, and financing activities. Operating activities include all transactions and events that normally enter into the determination of operating income. These include receipts from selling goods or providing services as well as income from items such as interest and dividends. Operating activities also include cash payments such as inventory, pay roll, taxes, interest, utilities and rent. The net cash provided for by operating activities should be the key figure on the statement of cash flows. Investing activities include transactions and events involving the purchase and sale of securities, land, equipment and other assets that are not generally held for sale it also covers the making and collecting of loans. And lastly are the financing activities which deal with the flow of cash to or from the business owners (equity owners) and creditors (debt financing) for example cash proceedings from issuing out capital stock or bonds. When all these are done, organizations will have enough cash to carry out their activities smoothly, efficiently and effectively which improves their performance.

Brigham (2004) says that cash management involves managing the monies of the firm to maximize cash availability and interest income on any idle funds. He says at one end the function starts when a customer writes a check to pay the firm on its accounts receivable. He adds that the function ends when the supplier, an employee or government realizes collected funds from the firm on accounts payable or accrual.

All activities within these two points fall within the realm of cash management according to him, various collection and disbursements methods by which the firm can improve its cash management efficiency constitute two sides of the same coin. They exercise a joint impact on the overall efficiency of cash management. He says that the idea is that managers need to collect accounts receivable as soon as possible, but pay accounts payable as late as is consistent with maintaining the firm' credit standing with the suppliers. He adds that in managing the cash movements, there is need to reduce the float. Additionally, there are two aspects that is the time it takes a company to process checks internally and that this interval extends from the time the check is received to the moment it is deposited to the bank for credit to the companies account, the second aspect of float involves time consumed in clearing the check through the banking system. Float is important because usually a company cannot make withdraws on a deposit until the checks in that deposit are collected. Therefore, the financial manager should reduce the float as much as possible so as to reduce the time when clearing the checks in order to have a quick in flow of funds in the business.

Hasten (2009) notes that one of the ways of improving cash movement is managing accounts receivables. The key to an effective cash flow management system is the ability to collect receivables quickly and thus if customers abuse the credit policies by paying slowly, any future sales to them will have to be cash on delivery until they provide that you will receive your money in a reasonable amount of time. Sutton (2004) notes that managing the firm's cash movement is very vital to analyze the firms operating cash flow to see whether it is negative or positive. Operating cash flow may be negative if the firm is making losses or if it is profitable but growing very rapidly. First growing firms often invest heavily in operating working capital as well as fixed assets.

A negative operating capital is a warning to investors that the firm may encounter financial difficulties in future. Even profitable firms can experience liquidity problems. He adds that it is also important to find out whether the firm with a positive cash flow is a self financing and can pay for net capital expenditures and dividends to shareholders out of operating cash flows alone. If self-financing plan is to determine how the firm will finance its short fall this can be achieved by managing the cash movements properly.

Sutton (2004) therefore says that determining the operating cash flow of the business helps the investors and the managers to determine the performance and also to set the performance standards. Setting standards help in improving on the performance of these organizations. In controlling cash movements Ainsworth (2005) says that organizations have to manage cash receipts and disbursements properly. He says that organizations need to manage properly the operating process because they are the principle source of cash receipts. The procedures to protect cash receipts include physically safeguarding the cash, separating the duties of those who keep the accounting records and those with custody of cash. Assigning duties so that cash is deposited and recorded as soon as possible after receipt. Having an independent check on cash balances and cash handling procedures is also vital. According to the author’s argument, controlling cash movements helps to keep track of all the organizational cash which is used to finance the activities which improves the performance in the long run.

Stewart et al (2008) suggests the use of Electronic Funds transfer (EFT) a computer based system which is utilized to carry out financial transactions electronically basically through ecommerce websites. They says that throughout the world use of cheques is on the decline and being replaced by credit or debit cards in addition mobile phone technology and internet are encouraging the development of new infant payment system.

For example, Electronic Bill represented and payment allows companies to bill customers and receive payment over the internet. They also add that there are many ways how companies can send and receive money electronically. These are direct payments, direct deposits and wire transfers. Recurring expenditures such as utility bills mortgage payments and insurance premiums are increasingly settled by direct payment.

The electronic funds transfer speed up transactions both in receiving and sending money and this speeds up the activities of the organization thus improving the service delivery hence improved performance.

Edmonds (2003) says that managing cash movements a company needs to make a statement of cash flows which explains how the company obtained and used cash during the accounting period usually one year. This statement classifies cash inflows and out flows into three main categories. Operating activities which reports cash received from revenue and cash paid for expenses. The investing activities section includes cash received from sales or the amount paid for productive assets which are used to operate the business. Financing activities reports the cash transactions associated with the resource providers. According to Pandey (2010) cash management is very important in business because it is very difficult to predict cash inflows accurately particularly the inflows. He adds that there is no perfect coincidence between the inflows and the outflows of cash. He also notes at some times cash out flows will exceed cash inflows because payments for taxes, dividends or seasonal inventory building up. In some cases, cash inflows are more than cash payments because of large cash sales and debtors sums promptly. Cash management is significant because cash constitutes the smallest potion of the total current assets, yet management considerable time is devoted in managing it.

He adds that the aim of managing cash is to keep cash balance at a minimum level and to invest the surplus cash into profitable investment opportunities. In business anything done financially affects cash.

Hornne (2002) Says that cash to the business is what blood is to the living body. According to him business cannot operate without cash and without cash management. He adds that in business anything done financially affects cash eventually. Cash movement to a business is a two way traffic it keeps on moving in and out of the business.

The inflow and out flow of cash never coincides. He says that the important aspect which is vital to cash management is time dimension associated with the movement of cash. Due to non-synchronicity of cash inflow and outflow, the inflow may be more than the outflow or the out flows may be more than the inflow at a particular point of time. This process of regulation is needed for cash management to have a balance of cash inflows and out flows to keep the business operating its activities smoothly thus improving its performance. However, on contrary Horst (2002) notes that cash movement becomes difficult at an international level more especially the multinational companies. He says that payment methods differ from country to country. He adds that it is also complex because liquidity management involving short term balances and deficits has to be managed across international boundaries and time zones is subject risk to of currency fluctuation and interest rate change in all countries. For example a company may prefer to hold cash balances in one currency rather than another or to take advantage of high interest rates available in a particular country for short term investment in marketable securities.

He concludes that this becomes a challenge to the financial managers especially those managing multinational companies. According to the above authors it is to a greater extent cash management is of great role towards the performance and effectiveness organizations in terms of competitiveness, financial performance, Quality of services, sales/turnover, flexibility, resource utilization, innovation and profit margin

2.2 Organizational performance

The performance of organizations is very important in terms of dependability, convenience, quality of services, cost effectiveness, resource utilization and customer satisfaction. Performance is one of the necessary requirements and a vital element for all organizations therefore, the need to perform is very important because it distinguishes one organization from another. According to Broadbent & Cullen (1997), performance can be determined by six dimensions that is quality of service offered, flexibility, resource utilization, competitiveness, innovation and financial management. Therefore, managing financial resources especially cash is vital for organizations better performance. Such performance can be achieved by controlling organizations cash, maintaining an optimum cash balance and controlling cash movement as well as cash planning.

Etyel et all 2001 argues that profit seeking firms can evaluate their performance by using quantitative measures such as profitability, market share or return on investments and then can compare these figures with industrial average’s and trends. However, nonprofit making business organizations because of their objectives few generally accepted performance measure consequently measuring marketing performance in business sector requires imagination and creativity.

2.2.1 Sales/turnover as a measure of performance in organizations

Tracy (2007), defines sales as the pulse of the business and should be vigilantly maintained at optimum level to generate revenue. Competitive pricing and high sales volume generally indicate profitable ventures. Additionally, Lisa (2007) suggests that companies should continually monitor the performance of their sales department in terms of revenue generation since it can help the business stay on financial track. Having a set standard measurement criteria in place will help managers quickly determine if they are under quota or if they have certain divisions or individuals in the organization's sales department that are not performing up to expectations. Therefore, the more the sales and effectiveness of the sale's department the more the profits and thus the greater the performance.

2.2.2 Profit margin as a measure of performance in organizations

Bass (2007), analysts use performance indicators to establish the effectiveness of a company. Profits are one of the primary indicators used by analysts to ascertain a company's performance. In order for a company to have long-term success and survive as a business, the company must eventually have profits. Net profit margin is one of the key indicators used to evaluate a company's performance as this margin calculates a company's net income as a percentage of the company's sales. Several factors directly contribute to the change in a company's net profit margin. A high net profit margin shows that a company can convert sales into profits. The net profit margin also considers all of the costs associated with the sale of the products. According to Boone et el (2005), profit margin is an accounting measure designed to gauge the financial health of a business or industry. In general, it is defined as the ratio of profits earned to total sales receipts (or costs) over some defined period.

The profit margin is a measure of the amount of profit accruing to a firm from the sale of a product or service. It also provides an indication of efficiency in that it captures the amount of surplus generated per unit of the product or service sold. In order to generate a sizeable profit margin, a company must operate efficiently enough to recover not only the costs of the product or service sold, operating expenses, and the costs of debt, but also to provide compensation for its owners in exchange for their acceptance of risk. Firms clearly exist to expand their profits. But while increasing the absolute amount of dollar profit is desirable, it has minimal significance unless it is related to its source. This is why firms use measures such as profit margin. Profit margin measures the flow of profits over some period compared with the costs, or sales, incurred over the same period. Thus, one could compute the profit margin on costs (profits divided by costs) or the profit margin on sales (profit margin divided by sales).

In addition these authors note that the importance of small business owners to remember that generating a profit margin does not guarantee that their business is healthy, has money in the bank. Rather, a small business must have a positive cash flow in order to pay its bills and compensate its employees. To use a profit margin figure to determine whether a start-up firm is doing well, an entrepreneur might compare it to the return that would be available from a bank or another low-risk investment opportunity. Hamlett (2006) also argues that it is important for any company, especially a small business, to understand its profit margin. Increased revenue does not always lead to increased profitability. When a company understands its profit margin, it places itself in a better position to control costs and make effective sales plans to increase revenue.

However, Nick (2011) points out that profit margin is not the best measure of organizational performance because of the following two reasons, Profit ignores the cost of equity capital. Companies only generate wealth when they generate a return in excess of the return required by providers of capital both equity and debt. In financial statements, the calculation of profit does take into account the cost of debt finance, but ignores the cost of equity finance and the second being that Profits calculated in accordance with accounting standards do not truly reflect the wealth that has been created, and are subject to manipulation by accountants. Hamlet (2006), further suggests that the organizations should rather use economic value added (EVA) to measure performance since it aims at overcoming the above two weaknesses associated with using instead of profit margin. Daniel, (2013) also urges that investors should also compare these three metrics namely gross profit, operating profit and net profit to those of its competitors. Many investors look at earnings per share figures, which are based on net profit, when deciding which stocks offer the best value.

Campbell (2004) states that the higher the profit margin is the better the company is thought to control costs thus an organization should clearly control its costs in order to attain a high profit margin leading to high performance.

Cash management is typically a concern of all firms in this competitive environment whether product or service oriented. It should be noted from the above discussion that there is a strong relationship between cash management and organisational performance in Uganda

Masonson, (2010) noted that “cash is the life blood of the business”, therefore should be managed properly to prevent the business from running into bankruptcy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter will present a detailed description of the research methodology that was used in carrying out the study. It will describe the designs methods and techniques that were used in carrying out research. They include study population, sampling, data collection methods, instruments used in collecting data as well as validity, constraints, which were conducted in the study. It will describe in detail what was done and how it was done.

3.1 Research design

According to Amin (2005), research design is the conceptual with in which quantitative and quantitative research is conducted and constitutes the blue print for the measurement of variables collection and analysis of the data. Here the researcher made an overall plan. The researcher used case study design which is defined by Kothari (2004) as a method which involves a careful and complete observation of social unit, a person, a family, an institution, a cultural group or even entire community. Under this design, the researchers used a single case design. Therefore the researcher used Centenary bank accounting and finance department as the single case study so as to intensively analyze the role of cash management and the performance of this organization.

The study adopted both quantitative and qualitative approaches. Under the quantitative method, the study focused on testing the role of cash management on organizational and the qualitative approach was used to analyze non-numerical statements of respondents.

The two approaches helped to broaden data collected from respondents and this aided to generate more data on the problem.

3.2 Study area

The study was carried out in Centenary Banking the Accounts and Finance department at Mbarara. The study covered the whole organisation since cash is considered to be very vital and life blood for all organizations both the profit and nonprofit making organizations.

3.3 Study population

Population refers to the entire group of individuals, events or objects having common observable characteristics. In this study the researcher got the population which the study was based on and it was from this population that the sample was drawn.

3.4 Sample selection

According to Mugenda (2003), sampling refers to the process of selecting a number of individuals for a study in such way that the selected represents the large group from which they were selected. The research included approximately thirty people and the sample mainly included accountants, finance officers, assistant accounts managers of Centenary bank. The researcher used sample selection, purposive methods.

3.4.1 Sample selection

The research included approximately 30 employees who work in the finance and cash office of Centenary bank. The researcher used convenient and stratified sampling.

The population from which the sample study included different employees from the organization so as to generate objective data. The officers were given numbers from 1 to 50.

Then chits containing numbers from 1 to 50 were written by the researcher and mixed in one box to make sure that all the staff members who were selected had equal chances of being selected. The researcher kept on picking one number at ago replacing it and picking another one while recording the names of those who were picked until he got thirty respondents from the fifty members of the staff. The researcher used this technique to make sure that all the people who were selected had an equal chance of being picked among the thirty to be given questionnaires.

3.5 Data collection methods

3.5.1 Questionnaire method

According to Amin (2005), a questionnaire is a carefully designed instrument for collecting data in accordance with specifications of the research questions and hypotheses. Using this method the researcher wrote a set of questions and distributed them to different respondents. This method was chosen because questionnaires which are mailed are filled at the respondents' Convenience which increases the chances of getting valid information. The researcher used closed questionnaires. Closed ended questions had alternative answers presented before the respondents hence the respondents got answers from those given by the Researcher.

3.5.2 Interviews

According to Mugenda (2003), interview refers to face to face encounters to obtain accurate information through interviews. Here the researcher used face to face encounters and asked questions to the respondents.

The researcher conducted oral interviews with the Key informants who included the branch manager, chief finance accountants who answered various questions face to face. This method was used because it provided an in depth data to meet the specific objectives of the study.

3.5.3 Document review method

According to Mathison (1988), this method involves gathering information from documents relevant to study variables. The researcher used this method in reviewing documents containing information relevant to the study to guide her in determining the gap filled by this study. This was used because document analysis is proved to be extremely valuable alternative source of data especially where there is luck of access to research subjects.

3.5.4 Observation

The researcher critically observed using his naked eyes and made conclusions according to what was in the field. A checklist was also developed to get data on the available accounts, guidelines and procedures used to handle organizational cash. This was used because it is cheap to obtain accurate information about the topic of the study. The researcher critically saw how the finances were managed by employees at the bank. Some of the things used in observation included, computers, note books, pens and pencil, rulers and calculators.

3.6 Validity

According to Amin (2005), validity refers to the ability of findings that are in agreement to theoretical or conceptual values. To ensure validity the researcher developed the questionnaires and the instrument.

The researcher then shared the questionnaires with the supervisor who validated and improved them; he then shared them with the people working in finance section of Centenary bank which is the case study. The questionnaires were further validated and then finally went to collect data.

3.7 Reliabity

Amin (2005) adds that reliability is the dependability or trustworthiness in the context of measuring instrument.

With reliability the researcher analyzed the data for alpha values using SPSS. He also used protesting instruments on few respondents to see whether the people responded consistently.

3.8 Data analysis

The researcher used both qualitative and quantitative methods when analyzing data. Under quantitative analysis he used content analysis because it contained information both written and recorded about the impact of financial management and the performance of Centenary bank. The researcher also based on personal expression by the participants. Under quantitative method, the data was analyzed using the correlation method because it helped him to measure the degree of cash management and the performance of Centenary bank.

3.9 Ethical considerations

In every research undertaken there are a number of limitations one being data inaccessibility by the researcher. The researcher based on a number of ethical considerations while carrying out this research.

During the interview of the respondents the researcher first introduced himself then notified them of the aims, methods and anticipated benefits of the research. She then asked the targeted respondents to fill free and participate or refrain from taking part in the research.

The researcher also assured them that the information revealing the identity of any individual will not be included in the final report or any other information prepared in the Course of the project unless the individual concerned is contented in writing to its conclusion.

The respondents were sure that the study was to be purely for academic purposes and that the Information was to be analyzed for this research.

3.10 Limitations of the study

The following were the constraints to the study. They included: limited literature for example access to some of the relevant information on cash management for example some of the documents, actual information about the cash balances.

However, to overcome the above limitations the researcher obtained official letters of introduction detailing the purpose and significance of the study. The letter was from the Human resource department of Centenary bank. This served the purpose of easy identification.

3.11 Conclusions

This chapter stated the methodology used for the study, how the data was collected, managed, and analyzed from the research field work. The chapter also presented research designs as a case study with an in depth description of the area of the study. it also presented the ethical issues in the study and the anticipated limitations and the means and ways how to overcome them.

CHAPTER FOUR

PRESENTATION OF ANALYSIS RESULTS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents results from the analysis of the findings about the back ground information of respondents and the specific objectives or study variables set out in chapter one to include; examining cash management, performance and examining the role of cash management on organizational performance in Uganda.

4.1 Background information of respondents

The respondents (accountants' employees) of Centenary bank were given questionnaires about the role of cash management on organizational performance in Uganda. The back ground information included: gender, years worked, position held.

4.1.1 Findings on the Gender Characteristics of respondents

As regards to the gender of respondents the study revealed that Centenary Bank has more male employees than female employees as shown in table 1 below.

Table 1

Gender	**Frequency**	**Percent (%)**
Male	20	66.7
Female	10	33.3
TOTAL	**30**	**100**

Sources: primary data 2015

The table above shows that 30 respondents were interviewed from the finance department and cash office of Centenary bank. 10 were female staff and they constituted 33.3% of the total respondents while 13 staff ware male who constituted 66.7% of the total respondents. The researcher used stratified sampling and happened to get more female than male employees who participated in the study of the effect of cash management on organizational performance.

4.1.2 Findings on the designation of staff

On staff resignation 83.3% of the staff of Centenary Bank contacted were officers and 16.7% are supervisors as shown in table 2 below

Table 2

Designation	**Frequency**	**Percent (%)**
Officer	25	83.3
Supervisor	5	16.7
TOTAL	**30**	**100**

Source: primary data 2015

The table above shows the field study results. The results show that the questionnaires were filled by 25 officers out of 30 respondents who constituted 83.3% and the rest were supervisors who were 5 constituting 16.7%. These were staff of accounting and finance and from the cash office. This therefore shows that the respondents gave good information about cash management in Centenary bank. And that those who participated most in this study were officers.

4.1.3 Ages of the respondents

The respondents were requested to show their age brackets and the findings were as in table .3 below

Table 3

Range	**Frequency**	**Percent (%)**
under 18 years	0	0
19-25years	10	33.3
26-29 years	18	60
45 and above	2	6.7
Total	**30**	**100**

Source: primary data 2015

The above results indicate that there were no respondent who are below 25 years of edge. Between the ranges of 25-34years they were 10 respondents and these constitute 33.3%. Between the edges of 35-44 years they were 18 respondent constituting 60% and then 45years and a above they were 2 constituting 6.7%. Research results therefore shows that the biggest number of the respondents lie under the edge bracket of 35-44 years.

4.2 CASH CONTROL

The researcher investigated if the organisation ensured proper cash control, and the responses from respondents are as recorded in the table 4 below.

Table 4

	YES	%	NO	%
Are your receipts pre-numbered	30	100	00	00
Does your organization keep deposit slip	30	100	00	00
Do you usually deposit /record the receipts you issue to your customers	30	100	00	00
Do you record your receipt numbers in the cash book	30	100	00	00
Do you have a safe in your organization for keeping cash	28	93.3	02	6.7
Do you normally use cash withdraw forms to focus on withdraws?	20	66.7	10	33.3

Source: primary data 2015

4.2.1 Pre-numbering of receipts

The above table shows the analysis of data from the field about cash control. All the 30 respondents (100%) indicated that all the receipts that are used in Centenary Bank are pre-numbered. The responses show that the organization has a good practice of cash management in terms of accountability. The results therefore show that receipts cannot easily go missing thus a good method of handling and managing organizations cash.

4.2.2 Deposit slips

From the study carried out, 100% of the entire respondent indicated that the organization (Centenary Bank) keeps the deposit slips. According to the information that was received from them, the deposit slips are used as a confirmation that transactions took place/ evidence of deposit, for future reference as well as during the bank reconciliation and deposit slips are a requirement for audit purpose.

4.2.3 Positing /recording the receipts issued to customers

From the field study carried out, 100% of the respondents indicated that the receipts issued to customers are usually recorded/posted. The respondents also indicated that the posting/ recording is done daily, sometimes weekly depending on the volume. In addition to this some respondents especially the supervisors indicated that sometimes payment is done using Electronic Funds Transfer (EFT) and a copy of the payment voucher is kept.

4.2.4 Recording of the receipt numbers

From the field study carried out, all the respondents indicated that the organization keeps receipt numbers in the cash book. They added that this practice is done because it is used as a reference in the cash book, used in audit trial, reconciliation purposes such as reconciling the cash book against bank statement and as a proof of receipt of cash.

4.2.5 Safety of the organizational cash

From the above table it is indicated that 93.3% of the respondents indicated that Centenary bank has a safe for keeping cash. However, 6.7% of the respondents' indicated that there is no safe for keeping organizational cash.

However, the fact that the biggest percentage indicated that there a safe for keeping cash this is an indication that it exists. According to the respondents, cash is usually kept in the safe for one day before banking. Others indicated that it sometimes kept for a week or a month depending on the station.

4.2.6 Uses of cash withdraw forms

From the field study carried out, 66.7% of the respondents indicated that Centenary Bank uses cash withdraw forms to focus on withdraws. However, 33.3% indicated that Centenary Bank does not use cash withdraw forms to focus on withdraws. The fact that the majority of the respondents indicated that cash with draw forms are used is an indication that they are used. 66.7% of the respondents indicated that the cash withdraw forms are kept in the safe.

4.3 CASH MOVEMENT

As regards views on cash movement in Centenary Bank, a number of responses have been given in regard to the questionnaire as below in table 5.

Table 5:

	YES	%	NO	%
Does your organization provide security to and from the bank	**20**	**66.7**	**10**	**33.3**
Do the stuff of the organization move with cash for doing official work?	**22**	**73.3**	**08**	**26.7**
Does your organization use Electronic Funds Transfer for direct payment	**30**	**100**	**00**	**00**
Does your organization receive direct cash transfers from	**26**	**86.7**	**04**	**13.3**

debtors?			

Source: primary data 2015

4.3.1 Security to and from the bank

From the study carried out, the results indicate that 66.7% of the respondents indicated that Centenary Bank provides security to and from the bank when transiting cash. While 33.3% of the respondents indicated that Centenary Bank does not provides security to and from the bank when transiting cash. 66.7% indicated that the cash officer is given a car as well as a security person to and from the bank.

Hollenbeck (2009) says that a company's cash handling procedures such as security in transit of cash are very important in minimizing theft, both from robbery and internal skimming. Keeping employees honest by installing cameras in cash-handling locations has been proved to reduce internal cash theft

4.3.2 Electronic funds transfer

From the above analysis, responses show that all the respondents indicated that Centenary Bank uses Electronic Funds Transfer for direct payments. Respondents indicated that EFT is used to reduce on the use of cheque and also to pay client above twenty million limits which cannot be paid by cheque. From the research carried out, the respondents indicated that EFT is a good method of carrying money from different hands to different hands. They said this is a good practice that does not involve handling physical cash that is very risky and tempting.

Stewart et al (2008) they says that throughout the world use of cheques is on the decline since off purchases are being replaced by credit or debit cards in addition mobile phone technology and internet are encouraged the development of new infant payment system for example, Electronic bill represented and payment allows companies to bill customers and receive payment over the internet.

4.3.3 Direct cash transfers from debtors

From the field study carried out the results 86.6% of the respondents indicated that Centenary Bank receives direct cash transfers from debtors, the practice is done using mobile money direct bank deposits by providing bank details to them for direct bank transfer and this helps the organization to collect money from debtors quickly.

Hattwich (2005) says Electronic funds transfers are sent locally and do not incur the high fees associated with international wire transfers. They are fast, elegant and affordable for both you and your affiliates and in this way; they are able to improve the performance of organizations.

4.4 CASH SOURCES

According to the responses from the employees of Centenary bank the following information in table 6 was gathered as regards the sources of cash in the bank during the field study.

Table 6

Response	**YES**	**%**	**NO**	**%**
Centenary invests in excess cash balances in marketable securities	**28**	**93.3**	**02**	**6.7**
Major sources of cash are deposits	**30**	**100**	**00**	**00**
Always has optimum cash balances for the daily operations	**30**	**100**	**00**	**00**
Carries out cash flow statements.	**30**	**100**	**00**	**00**

Source: primary data 2015

4.4.1 Invests in excess cash balances in marketable securities

From the above table the findings from the field study carried out Indicated that 93.3% of the respondents agreed that Centenary Bank invests in excess cash balances in marketable securities while 6.7% responded that it does not.

However the fact that the biggest percentage was in agreement which increases the sources of cash for the bank and thus the bank always has enough available cash to finance its activities.

4.4.2 Major sources are deposits

From the field study carried out all the respondents (100%) indicated that centenary bank's main source of cash are deposits. Barry & Augustine (2001), support the idea that there should be Verification of cash balance to bank reconciliation. According to the Barry and Augustine financial managers should have a system where by all the receipts are accounted for and nothing can be paid without proper authority. They add that control is also excised by counting the cash in hand at a regular interval and comparing it with the balance appearing in the cash account and the cash at bank. This helps to safeguard cash by detecting errors on part of the bank when recording activities in accounts and also to uncover differences that need further investigation.

4.4.3 Optimum Cash balance reports

From the field study that was carried out, the analysis indicates that all the respondents agreed that centenary bank maintains optimum cash balance. They indicated that these reports are carried out to keep track of cash movement for future reference, as evidence of internal control mechanism. In addition to this the reports help to monitor cash at hand every month, for management decision to improve on cash verification and audit requirement, for future reference and for proper cash flow management.

Brigham (2004) affirms that Cash verification is the physical count of the cash, negotiable instruments, and other assets that make up a total accountability. Verification reports and review are important financial controls that help detect and prevent erroneous or inappropriate transactions from occurring. They are components of a prudent financial management and they help in management of organizational cash.

Preparation of Cash Flow Statements

On this question, the researcher wanted to find out if Centenary Bank prepared cash flows both inflows and outflows to show the movement of cash in and out og the bank, findings are as summarized in table 7 below;

Table 7:

Perception of the respondents	**Frequency**	**Percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	5	16.7
Strongly agree	25	83.3
Total	30	100.0

Source: *primary data 2015*

The results show that 83.3% of the respondents strongly agreed that cash flow statements are normally prepared to explain the movement of cash, while 6.7% were not sure because they had spent little time working with Centenary Bank. However, the fact that the biggest percentage of the respondents strongly agreed is an indication that cash flow statements are normally prepared to explain the movement of cash in the organization. Preparation of cash flow statements helps to improve on the performance of an organization.

This is supported by Edmonds (2003) who says that in managing cash movements a company needs to make a statement of cash flows which explains how the company obtained and used cash during the accounting period usually one year. This statement classifies cash inflows and out flows into three main categories. Operating activities which reports cash received from revenue and cash paid for expenses. The investing activities section includes cash received from sales or the amount paid for productive assets which are used to operate the business. Financing activities reports the cash transactions associated with the resource providers.

4.5 FINDINGS ON PERFORMANCE OF CENTENARY BANK

4.5.1 Training of staff to improve their performance

The researcher aims to investigate whether respondents of Centenary Bank have ever attended any training or seminar and whether they benefited from such training or workshop, the findings are as in table 8 below;

Table 8

Perception of the respondents	Frequency	Percentage
Strongly disagree	0	0
Disagree	0	0
Not sure	4	13.3
Agree	10	33.4
Strongly agree	16	53.3
Total	30	100.0

Source: *primary data 2015*

The field study that was carried out indicates that 53.3% of the respondents strongly agree, 33.4% agree that Centenary bank encourages its staff members to go for further studies so as to improve their performance.

This is because they are normally allowed to go back to school, for training workshops and sometimes different programs like professional courses. The study also shows that 13.3% of the respondents indicated that they were not sure because they had just joined the bank.

4.5.2 Detection of Fraud

Fraud has continuously became a big problem in most organisation, the researcher therefore deemed in necessary to find out if her case study Centenary Bank was aware of it and trying to detect it. The response from members of centenary bank contacted is as below in table 9.

Table 9

Perception of the respondents	Frequency	Percentage
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	12	40
Strongly agree	18	60
Total	30	100.0

Source: *primary data 2015*

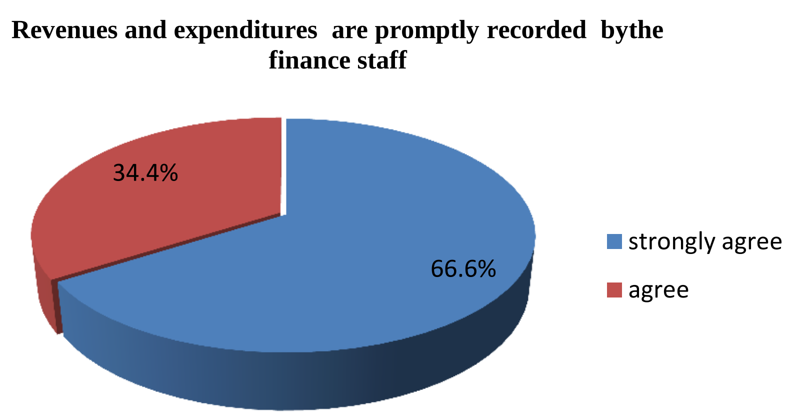
The above graph 60% of the respondents strongly agreed while 40% of the respondents agreed that Centenary Bank has a system which detects the occurrences of fraud. Broaden (2004), argues that systems that detect fraud help to improve on the management of cash especially cash control. He continues to say that Fraud is not a crime that occurs out in the open, and occasional internal or external audits are no longer enough to detect fraud within an accounting system.

To best prevent fraud, a company should be aware of all the types of fraud that could take place so it can create appropriate audit programs. According to him, a company should discuss the risk of fraud with all management and staff, use fraud tests and be aware of the managing staff's ability to override fraud control systems. Unusual transactions, or "red flags," in an accounting system are generally the first clue of fraudulent behaviors within a company. By doing this, a company will improve on cash management systems and the performance at large.

4.5.3 Recording of revenues and expenditure

For effective cash management organisations record both their expenditures and revenues in order to effectively run the organisation in a way that the revenues should always be greater than expenditures in order to meet the organisation's main goal of profit maximization. The responses on Centenary Bank are as in pie-chart 1 below

Pie-chart 1



Source: *primary data 2015*

From the field study 66.6% of the respondents revealed that revenues and expenditures are promptly recorded by the finance staff of Centenary Bank 34.4% agreed.

This is an indication that Centenary Bank's revenues and expenditures are promptly recorded and this improves their performance and effective service delivery.

Pandey (2010), supports this by saying that Keeping accurate and up-to-date records is vital to the success of any business these include all the transactions of the business. He adds that the business must realize that records kept will be one of the most important management tools it possesses and, therefore, it should be allocated due importance.

Many business owners invest a lot of time and effort into the running of their business and yet fail to realize the importance of maintaining good documentation. The business owner is looking for the maximum return from their investment. He says that revenues should be recorded promptly using different methods such as accrual accounting methods or cash accounting.

4.5.4 Maintenance of a maximum cash balance

The researcher wanted to find out f the bank maintained maximum cash balances to help in the daily expenditures of the organization. The response was as in table 10 below.

Table 10

Perception of the respondents	Frequency	Percentage
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	2	6.7
Strongly agree	28	93.3
Total	30	100.0

Source: *primary data 2015*

The field study indicated that 93.3% of the respondents strongly agreed and 6.7% agreed . This is mainly because the organization maintains a minimum cash balance to carry out its activities smoothly and promptly.

This is supported by Pandey (2005), he explains optimum cash balance improves the firm's performance. He says that one of the primary responsibilities of a financial manager is to maintain a sound liquidity position of the firm so that dues interests taxes and dividends are settled in time, he continues to say that if a firm maintains small cash balance its liquidity position weakens but its profitability improves as the released funds can be invested in profitable opportunities, thus improving the performance of the organization.

4.5.5 Maintainable of petty cash book

The response from Centenary bank indicated that Centenary bank maintains petty cashbooks as the results shown below in table 11

Table 11

Perception of the respondents	**Frequency**	**Percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	3	10
Strongly agree	27	90
Total	30	100.0

Source: *primary data 2015*

From the above analysis 90% of the respondents strongly agree, 10 agreed that a petty cash book is maintained by the finance department. This is an indication that the petty cash book is maintained and it helps to improve cash control of the organization as supported by Brealey (2005), says that petty cash book helps to reduce in numbers of transactions in the main cash book many expenses of small nature are recorded in petty cash book and this reduces the number of transactions reduced in the cash. From the petty cash book, the head cashier checks the account of petty cashier at any time so that the chances of misuse are minimized thus improving cash control mechanism.

4.5.6 Review of budgets

The majority employees of centenary bank strongly agreed that the bank reviews the budgets regularly as the obtained results shown below in table 12

Table 12

Perception of the respondents	**Frequency**	**Percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	10	33.3
Strongly agree	20	66.7
Total	30	100.0

Source: *primary data 2015*

From the above figure, it is shown that 66.6% of the respondents strongly agreed and 33.3% agree that Centenary Bank reviews its budgets regularly.

Reviewing the budgets helps the organization to keep track on the planned expenditure thus reducing reckless spending which helps to control the organizational cash.

According to Brealey (2004), the budget is a critically important tool that will help to understand how the business is travelling. Therefore, it should be reviewed regularly (he would suggest monthly) to make sure you are on top of things and don't get hit with any nasty surprises.

4.5.7 Maintenance of a minimum cash balance

As regards the maintenance of a minimum cash balance, respondents of centenary bank revealed that the bank strongly maintains its minimum balance as evidenced in table 13 below with 60%.

Table 13

Perception of the respondents	**Frequency**	**Percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	12	40
Strongly agree	18	60
Total	30	100.0

Source: *primary data2015*

From the field study carried out, the above analysis indicates that 60% of the respondents strongly agree and 40% agree that Centenary Bank maintains a minimum cash balance. This helps in carrying out the organizations activities smoothly and effectively.

This is in agreement with Westerfield (2008), who states that holding a minimum cash balance helps the organization to hold cash balance which is not too much or too little to enable it carry out its activities effectively and efficiently. He says that the aim of cash management is such that limiting cash levels in the firm maximizes owner wealth. Cash levels must be maintained so as to optimize the balance between costs of holding cash and the costs of insufficient cash which improves the organizations performance.

4.5.8 Collection of accounts receivables

On collection of accounts receivables, 96.7% of the staff of Centenary bank strongly agreed that the bank collects receivables as shown in table 14 below.

Table 14

Perception of the respondents	**Frequency**	**percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	1	3.3
Strongly agree	29	96.7
Total	30	100

Source: *primary data 2015*

The field study indicated that 96.7% of the respondents strongly agreed, 3.3% agreed that Centenary bank's accounts receivables are collected as soon as possible. This helps to improve the performance of the organization.

This supported by Hatten (2009), who says that one of the ways of improving cash movement is managing accounts receivables. He says that the key to an effective cash flow management system is the ability to collect receivables quickly. He adds that if customers abuse the credit policies by paying slowly, any future sales to them will have to be cash on delivery until they provide that you will receive your money in a reasonable amount of time. By doing this, performance of the organization is improved.

4.5.9 Settlement of accounts payables

Here, respondents were requested to show if centenary bank settles accounts payables and the findings were as in the table 15 below.

Table 15

Perception of the respondents	**frequency**	**percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	2	6.6
Agree	14	46.7
Strongly agree	14	46.7
Total	30	100.0

Source: *primary data 2015*

The above analysis indicates that 46.7% of the respondents strongly agreed, 46.7% agreed while 6.6% were not sure that accounts payables in Centenary Bank are settled as soon as they fall due.

However, the biggest percentage of the respondents was in agreement which is an indication that accounts payables are settled as soon as possible. This is an indication that there is always cash balance thus a good practice of better cash management.

Pandey (2005), concurs that accounts payables are always settled in time when financial managers maintains a sound liquidity position of the firm so that dues interests taxes and dividends are settled in time thus improving the credibility of organization which in the long run improves its performance.

4.5.10 Access to cash office

The respondent wanted to find out if the cash offices were easily accessed by any individual in the bank or not, and the responses are as shown as in table 16 below,

Table 16

Perception of the respondents	**frequency**	**Percentage**
Strongly disagree	0	0
Disagree	0	0
Not sure	0	0
Agree	8	26.7
Strongly agree	22	73.3
Total	30	100.0

Source: *primary data 2015*

From the above results 73.3% strongly agree and 26.6% agree that it is only the authorized staff that has the access to organizations cash office.

Therefore since all the respondents agreed or responded positively it is only the authorized staffs that have access to organizations cash office. The practice of allowing only the authorized staff to access organizations cash office helps to reduce the theft of cash.

4.5.11 Standard of service offered

How an organisation treats its customers strongly affects its performance to the outside world, from the research carried out Centenary bank was found out to treat ifs customers to their expectations as indicated by the results from respondents in table 17 below.

Table 17

Perception of the respondents	Frequency	Percentage
Strongly disagree	0	0
Disagree	0	0
Not sure	9	30
Agree	0	0
Strongly agree	21	70
Total	30	100.0

Source: *primary data2015*

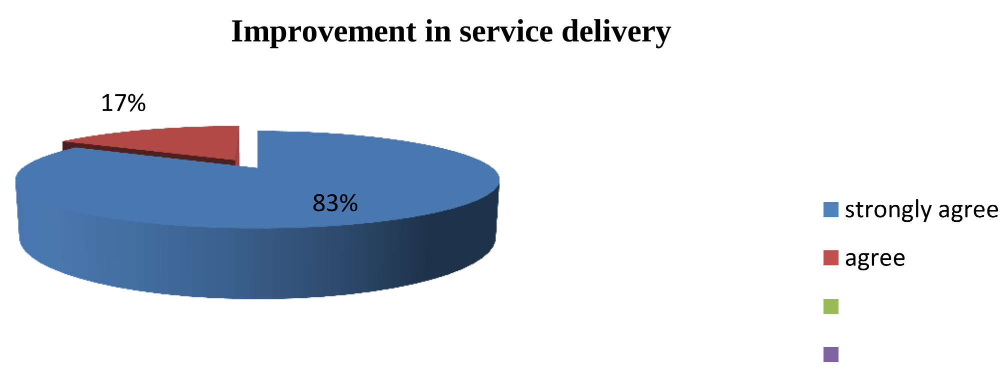
From the above analysis the results indicate that 30% of the respondents agreed 70% strongly agreed Centenary Bank services are offered at appropriate standard. From the above analysis services are most of the times offered at an appropriate standard and sometimes not at the required standard. Good quality services helps to improve customer satisfaction which in the long run improves performance in turnover of the organization.

He adds that the knowledge of customer satisfaction is the source for the fulfillment of customer expectations, the informed source for gaining their retention and the source for studying organizational effectiveness in the process of service delivery. An organization can decide on the actions required to meet customer needs if it understands perceptions.

4.5.12 Improvement in service delivery

Service delivery should be improved to the required standards in order to improve on the performance on centenary bank as shown in the pie-chart 2 below

Pie-chart 2



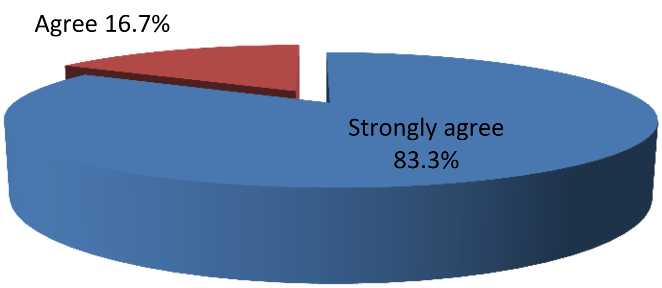
Source: *primary data 2015*

The figure above indicates that all the respondents were in agreement that there is continuous improvement in service delivery in centenary bank. The analysis indicates that 83.3% of them strongly agreed and 16.7% agreed. This therefore is an indication that services in Centenary Bank are continuously being improved.

4.5.13 Feedback from clients

Clients are the bosses of the organisation, pie-chart 3 below show the response from the respondents from centenary bank showing if the bank takes a step to get feedbacks f from its customer's problems and suggestions.

Pie-chart 3



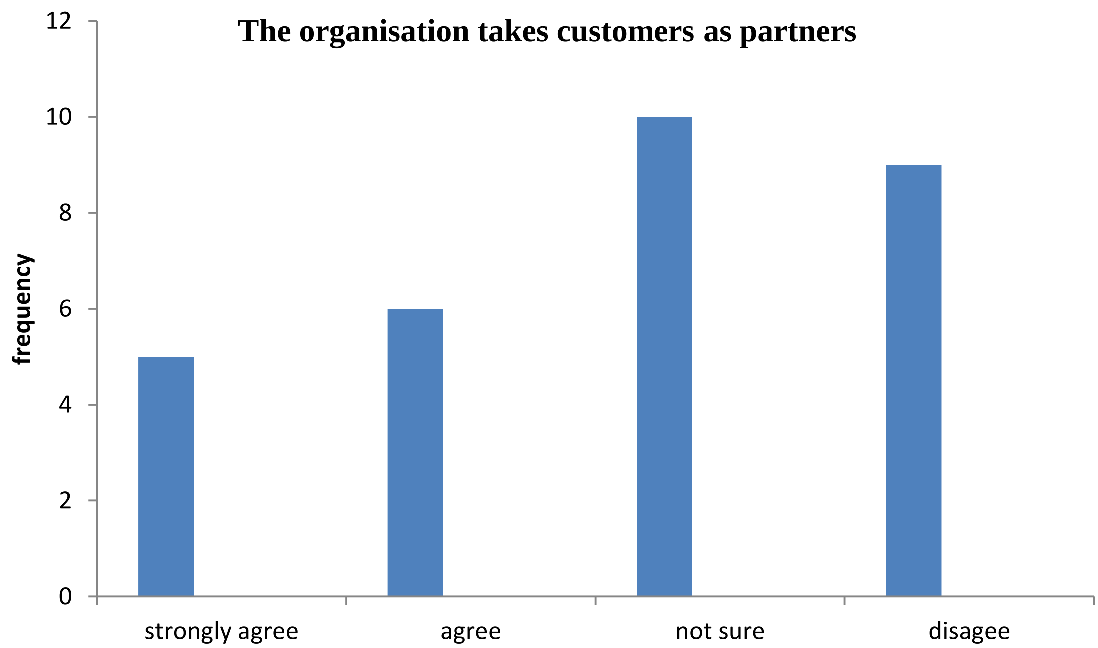
Source: *primary data 2015*

From the figure above, all the respondents indicated that Centenary Bank receives feedback from clients. The analysis indicates that 83.3% of them strongly agreed and 16.7% agreed that Centenary Bank receives feedback from clients (tax payers). This is a good practice of service delivery in organizations.

4.5.14 Customer as a partner

As regards a customer being a partner, the study indicated that centenary bank's customers are not partners to the bank as shown in Bar graph 1 below.

Bar graph 1



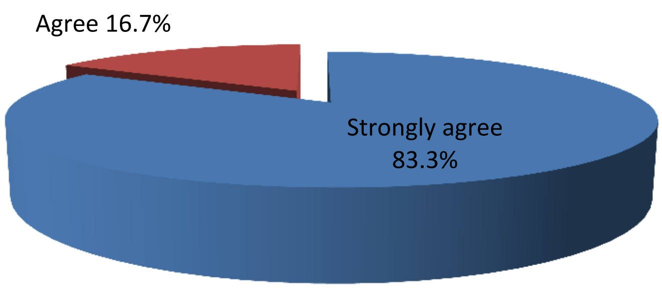
Field work research 2015

From the above figure the results show that 16.7% of the respondents strongly agreed 20% and 33.3% of them were not sure that Centenary Bank takes customers as partners. 30% of the respondents indicated that they disagree that the clients are taken as partners, from the above analysis; it is shown that the percentage of those who were disagreeing and those that were not sure is more than that that was agreeing. This is an indication that clients (tax payers) are not taken as partners.

4.5.15 Clients' expectations

The question seeks to investigate if the bank meets its clients' expectations, and the responses from respondents are as recorded in the pie-chart 4 below.

Pie-chart 4:



Source: *primary data 2015*

From the figure above, the results show that all the respondents agreed the fact that client's expectations in Centenary Bank are met.

The analysis shows that 83.3 of them strongly agreed and the 16.7 agreed. This therefore is an indication that the expectations of taxpayers in Centenary bank are met and this leads to better performance of the organization.

4.6 Conclusion

In conclusion, according to the data that was gathered from the field research at Centenary bank, it was found out that cash management is of great role on the performance of the organization in terms of profit margin and sales/turnover.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the findings of the study on the role of cash management on organizational performance in Uganda. This is divided into four subsections; summary of findings, conclusion, recommendations and areas further study

5.1 Summary of findings

The following are the summarized findings of the study. These are presented basing on the three objectives of the study examine the relationship between cash resources and organizational performance, examine the relationship between cash movements and organizational performance and analyze the relationship between cash controls and the organizational performance.

5.1.1 The relationship between cash control and organizational performance

According to the study carried out, it was found out that cash control in organizations has a positive relationship with organizational performance. It was found out that good methods of cash control such as renumbering of receipts, keeping deposit slips and recording all the receipts in the cash book improves organizations' performance by avoiding cash crunch and that cash control services provide accurate and timely information that help to make rapid and precise decisions involving customer funds while poor cash control leads to loss of funds, poor planning among others.

5.1.2 The relationship between cash sources and organizational performance

The researcher found out that there was a positive relationship between cash sources and organizational performance. Cash balance includes having so many ways of obtaining cash inflows and controlling the cash outflows so that the company does not run down due to too much cash out flows and less inflows. It includes but not limited to activities like cash balance verification, maintaining cash balance verification reports. Carrying out cash planning, cash flow statements, having optimal cash balance helps an organization to determine how much credit it can extend to customers before it begins to have liquidity problems. Having no measures for a minimum cash balance leads to an organization having too much idle cash which subjects the firm to costs of holding too much cash and the costs of insufficient cash.

5.1.3 The relationship between cash movement and organizational performance

It was noted that cash movement has a positive effect on organizational performance. Cash movement includes activities like use of Electronic Funds Transfer (EFT), providing security to and from the bank. Cash movement involves preparing statement of cash flows which reports the movement of cash into and out of the business in a given period usually one year. This therefore helps to know how much revenue the company generates and the expenditure.

5.2 conclusions

The findings show that cash control is done at Centenary bank and this has helped management to achieve success in finance and cash department. It was revealed that there is pre-numbering of receipts, keeping of deposit slips use of voucher forms to focus with draws as well as registering receipt number in the cash book.

All these activities are a good sign of cash control and cash management in the long run. This is evidenced in the research where 100% of the respondents agreed that that all the activities mentioned are carried out.

The relationship between the relationship between cash sources and organizational performance was found to be strong. This is because the study indicates that verification and review are important financial helps to detect and prevent erroneous or inappropriate transactions from occurring. This particularly helps to keep track of the organizations cash thus reducing wastage.

Basing on the third objective, cash movement practices such as Electronic Funds Transfer (EFT), security to and from the bank direct cash transfers from debtors have a very strong relationship with organizational performance. For example security to and from the bank helps to reduce the problem of cash theft, electronic funds transfer helps to collect funds from debtors quickly.

5.3 Recommendations

A number of recommendations have been drawn from this study about cash management and organizational performance at Centenary bank.

Organizations Centenary bank in particular should ensure that they have proper cash control mechanisms in place such as counting cash in hand at a regular interval and comparing it with the balance appearing in the cash account. In addition to this, there should be Cash budgeting which helps to limit expenditure to only planned activities thus reducing recourse wastage.

The study shows that optimal cash balance is a requirement for organizations to perform properly.

The researcher therefore recommends that all organizations should maintain an optimal cash balance which is not too much or too little to carry out their day to day activities and avoid costs of holding too much cash and the costs of insufficient cash.

Organizations should have proper ways of cash movement such as security to and from the bank, making statements of cash flows to explain the revenues and expenditures of the organization and this will help to plan expenditures in relation to the revenues.

Organizations should also carry out independent checks on cash balance such that employees who handle cash or who record cash transactions must be prepared for independent checks on their performance. These checks should be done periodically and may be done without fore-warning such that employees who handle cash should always be prepared and carry out their activities smoothly which leads to a good practice of cash management.

For better performance, organizations should have systems that detect and discourage fraud to help to improve on the management of cash especially cash control. This is because internal and external audits are no longer enough to detect fraud with in accounting system.

For proper planning recommends that organizations should make both short and long term budgets and that these budgets should be reviewed regularly at least monthly because it is critically important tool that helps to understand how the business in travelling.

The researcher also recommends that organizations should have maintained petty cash book as a way of cash control**.** Petty cash book helps to reduce in numbers of transactions in the main cash book many expenses of small nature are recorded in petty cash book and this reduces the number of transactions reduced in the cash and also helps to record minor expenses of the organization.

To ensure that the organization has optimal cash balances at any time to meet organization's goals; cash recovery should be matched with cash spent on services so that there is no unused cash balances (Pandey, 2010).

Organisations should also improve their cash management policies that is; by adopting the most appropriate policies like; banking, investing, budgeting and planning for cash requirements. As cited by Kakuru, (2010) that; the surplus cash has to be invested while the deficit has to be covered through borrowing.

Businesses should also identify cheaper suppliers, other ways of reducing costs like cheaper sources of funds and conducive credit policies.

There is a need for the businesses to know their cash needs by determining the optimal cash balances that is the point where some of the opportunity cost and transaction costs are minimized (Pandey, 1980).

There is a need to improve on the technical skills of personnel in organisations and this can be done through; training, workshops, and motivation can also improve productivity and performance.

The government needs to provide additional assistance, sensitizations and favorable investment policies, to boost investment, and growth of organisations.

Time management should be emphasized in order to limited idle time hence increasing productivity, sales, and profitability of the businesses, and in turn survival of businesses.

The central bank should reduce the interest rates on commercial banks so that they can be able to have enough cash for loans to its clients since they are among the main sources of cash to commercial banks.

The quality of products/services need to be improved to create a competitive advantages for business a Deming noted that high quality product/service will increase market share, improve organisation prospects, increased growth and consequently organisational performance.

organisations should develop ways of attracting more customers like; like customer care so as to increase demand for their' products/services. In addition marketing techniques and skills need to be improved to stimulate turnover of organisations, cash flows and in turn organisational performance. There is a need to improve planning techniques, formulation of policies, coordinate and organize activities to execute such plans.

Customers of organisations should be partners of the organisation since this makes the customers feel they matter a lot to these organisations and this improves both on the number of customers and organisational performance since performance is measured by the customer's satisfaction.

5.4 Suggested areas for further research

The researcher suggests that there are very many dimensions of cash management for example cash planning, cash budgeting and the researcher only concentrated on only three which are cash control, cash movement and cash sources. Therefore other researchers are encouraged to carryout research on such issues to improve the performance of organizations in Uganda.

The researcher used a single case study design that is; one unit was studied which was Centenary bank and used it to generate the findings and conclusions.

Therefore there is need for further research into other organizations since different organizations are set up with different objectives.

The study was based on grade one officers' views. Therefore there is need to carry out research including managers and commissioners so as to get more knowledge on cash management.

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APPENDIX I: QUESTIONNAIRE

SELF ADMINISTERED QUESTIONNAIRE ON CASH MANAGEMENT AND ORGANISATIONAL PERFORMANCE

Dear, Respondent,

I am **NOWAMUKAMA MARIA DALINE** a student of Uganda Martyrs University Nkozi carrying out a study **"the role of cash management on organizational performance"** using Centenary Bank, Mbarara Branch - Mbarara Municipality- Uganda as a case study. Therefore I kindly request you to spare a few minutes of your busy schedules to fill this questionnaire to enable me accomplish this task. Your honest and sincere responses are highly appreciated for academic purposes and shall be treated with utmost confidentiality. I thank you very much for your cooperation.

Please indicate the extent to which you agree with each of the following statement about your organization by indicating with a tick in the box of your choice. Use the scale below on each of the sections and indicate on the answer sheet next to the number of the corresponding statement the number which best represents your answer. Use the key below answering the following questions: Apply a tick where applicable or use the following key.

SA – Strongly Agree, A – Agree, NS – Not Sure, D – Disagree SD – Strongly disagree

SECTION A: BIO DATA OF RESPONDENTS

1. Sex of respondent: (a) Male ☐ (b) Female ☐

2. Age of respondents: (a) Below 18 ☐ (b) 19-25 ☐

(c) 26-40 ☐ (d) Above 40 years ☐

3. Marital status: (a) Single ☐ (b) Married ☐

4. Level of Education: (a) Certificate ☐ (b) Diploma ☐

(c) Degree (d) Masters ☐ ☐

5. Period of stay in the bank (a) Less than 1 year ☐ (b) 1-5 years ☐

(c) 6 years and above ☐

6. Position in the organization/ title held

……………………………………………………………………………………………………

7. Department

……………………………………………………………………………………………………

CASH SOURCES AND ORGANISATIONAL PERFORMANCE

No	Statement	SA	A	D	SD	NS
	Centenary Bank:					
1	Invests its excess cash balances in marketable securities					
2	Puts aside money for precaution and speculation motives					
3	Always has optimum cash balances for the daily operations					
4	Caries out cash planning					
5	Take long to pay off its debts					
6	Collects receipts due to it very first					
7	Uses collecting of overdue invoices					
8	Uses accounts receivable database					
9	Uses tracking of expenses					
10	Uses credit lines policy					
11	Uses Cash Collection & Disbursement					
12	Maintains optimal cash balance					
13	Uses cash projections policy					
14	Uses accounts receivables policy					
15	Uses a proactive approach to collecting unpaid bills					
16	Major source are deposits					

CASH CONTROL AND ORGANISATIONAL PERFORMANCE

1. Are there cash control techniques used in Centenary Bank?

Yes ☐ No ☐

2. A transaction can be handled by one person from beginning to end.

Strongly agree ☐ Agree ☐ Not sure ☐ Disagree ☐ Strongly disagree ☐

3. Transactions are always authorized before payments are made.

Strongly agree ☐ Agree ☐ Not sure ☐ Disagree ☐ Strongly disagree ☐

4. Those who control accounting records also receive cash.

Strongly agree ☐ Agree ☐ Not sure ☐ Disagree ☐ Strongly disagree ☐

5. All source documents are pre-numbered.

Strongly agree ☐ Agree ☐ Not sure ☐ Disagree ☐ Strongly disagree ☐

6. The internal auditor is independent from the internal control processes.

Strongly agree Agree Not sure Disagree Strongly disagree

7. Management selects qualified personnel.

   Strongly agree Agree Not sure Disagree Strongly disagree

8. There is job rotation of staff.

   Strongly agree Agree Not sure Disagree Strongly disagree

9. There are mechanisms of detection of fraud and error.

   Strongly agree Agree Not sure Disagree Strongly disagree

10. The activities of all accounting officers are supervised by senior staff.

    Strongly agree Agree Not sure Disagree Strongly disagree

11. The institution prepares cash budgets.

    Strongly agree Agree Not sure Disagree Strongly disagree

12. Cash flow statements are always prepared.

    Strongly agree Agree Not sure Disagree Strongly disagree

13. If cash flow statements and cash budgets are prepared, how often is it done?

    Weekly Monthly Quarterly annually

14. All cheques cashed and banked are always examined for proper pre-numbering before processing.

    Strongly agree Agree Not sure Disagree Strongly disagree

15. The organization usually carries out surprise cash checks at the counter.

    Strongly agree Agree Not sure Disagree Strongly disagree

16. The cashiers usually keep large amounts of cash at the counter.

    Strongly agree Agree Not sure Disagree Strongly disagree

17. The cashier's duties are segregated from the recording of cash receipts and accounts receivables.

Strongly agree ☐ Agree ☐ Not sure ☐ Disagree ☐ Strongly disagree ☐

18. The company's cash management policies are always followed.

Strongly agree ☐ Agree ☐ Not sure ☐ Disagree ☐ Strongly disagree ☐

CASH MOVEMENT AND ORGANISATIONAL PERFORMANCE:

No	Statement	SA	A	D	SD	NS
1	Transactions are always authorized before transactions are made					
2	The organization receives direct cash from the debtors?					
3	The bank use electronic transfers for direct payments					
4	Staff of the organization move with cash for doing official work					
5	The banks issues out loans					
6	The bank sells for cash					
7	Centenary bank sells out for credits					
8	The bank adds late charges when possible					
9	There is tightening customer credit requirements					
10	The bank pays bills only on due date					
11	The bank borrows from the Central bank					
12	The bank invests in other activities					
13	The bank monitors inventory to maximize the cash kept on hand					
14	The bank makes bank deposits promptly					

Thanks for your cooperation

APPENDIX 2: INTERVIEW GUIDE

Q.1 Does Centenary bank have a safe where to keep cash within the organisation?

Q.2 Does the bank train its staff to improve on their performance?

Q.3 Does the bank provide security to and from the central bank?

Q.4 Are non-staff members allowed to access the cash office?

Q.5 Are centenary bank standards of services offered preferably?

Q.6 Are there means that have been developed to improve the standards of service delivery?

Q.7 Does the bank work on the feedback from its clients/customers?

Q.8 Are customers taken as partners of the bank?

Q.9 Are clients' expectation's met by the bank?

Q.10 Does the bank review its budgets?

Q.11 Does the bank settle its accounts payables promptly and within the required time?

Q.12 Does the bank collect accounts receivables in time?

Q.13 Are revenues and expenditures recorded daily in the bank for proper accountability?

Q.14 Are petty cash books prepared and maintained by the bank?