**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

 **FACULTY OF COMMERCE**

 **DEPARTMENT OF ACCOUNTING**



# 1.0 RESEARCH TITLE:

**THE EFFECT OF CASH MANAGEMENT PRACTICES ON THE FINANCIAL PERFORMANCE OF BOARDING SCHOOLS IN MASHONALAND EAST, ZIMBABWE.**

 **B192216B**

**A DISSERTATION SUBMITTED IN PART FULFILLMENT OF A BACHELOR OF ACCOUNTANTANCY HONOURS DEGREE AT BINDURA UNIVERSITY OF SCIENCE EDUCATION, FACULTY OF COMMERCE.**

**JUNE 202**

# 1.1.1 RELEASE FORM

Author: B192216B

Degree: Bachelor of Accountancy Honors Degree

Dissertation Title: The bearing of management of cash observes on the financial performance of boarding school in Mashonaland East, Zimbabwe.

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**TITLE:** The special possessions of cash management studies on the monetary performance of boarding schools in Mashonaland East, Zimbabwe.

**TO BE COMPLETED BY THE STUDENT**

I vouch that the study project is in line with the preparation procedures as required in the faculty guideline and in order for preparing of research studies.

Students Signature Date

**TO BE COMPLETED BY THE SUPERVISOR**

This study is good for demonstration to the faculty of commerce. It has also been tested for orthodoxy with the faculty guidelines.

Supervisors Signature Date

**TO BE COMPLETED BY THE DEPARTMENT CHAIRPERSON**

I vouch in as far as I understand that the expexted procedure have been encounter and the grounding logics were met in this study.

Chairpersons Signature

#

# 1.1.3 DEDICATION

I would want to devote the study project to my honorable mother who has passed away, my father who is strong and hardworking, and all parents who support their children's aspirations.

#

#  Abstract

This study aimed to investigate how boarding schools in Mashonaland East, Zimbabwe manage and control their finances optimally. It was found that poor cash management practices and inadequate bookkeeping negatively affect boarding schools’ financial performance, resulting in a gap in fee collection to pay for teacher salaries, boarding expenses, and outstanding debts. This study aims to identify cash management practices implemented by boarding schools, govern the influence of cash planning techniques on financial performance, and establish any statistical relationships between cash management and pecuniary performance. The researcher sent 20 questionnaires to each boarding school in Mashonaland East and received back 18 completed questionnaires. The research data composed was evaluated by means of descriptive and statistical approaches. This study recommends that boarding schools adopt cash management strategies to improve fee collection, accounting, and better manage funds from sources other than fees. The outcomes showed that effective cash supervision have a direct sway on the financial performance of boarding schools in Mashonaland East, Zimbabwe. This study suggests that all variables, particularly the management of cash, are significant in determining the financial performance of boarding schools.

 Keywords:

Cash Management,

Cash Planning,

Cash Budgeting,

 Financial Performance.

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Firstly, I want like to extend my genuine thankfulness to the highest God, who made things which appeared to be impossible to be turned into possible. I am much grateful to my project administrator, for being tolerant in guiding and encouraging me throughout this project.

Unusual cheers drives to my parents and entire family members for their funding financially and socially in order for this project to be successful. They sacrificed their opportunities and developments in order to assist me with school fees. I also want to take this opportunity to direct my appreciation to the respondents of this study, for sacrificing for responding to my research questionnaires.

Lastly I would like to give unusual cheers to Bindura university library for providing the materials that were helpful in carrying out this research study. To all mentioned, God bless you in lavishness.

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#  CHAPTER ONE

#  INTRODUCTION

# 1.0 Introduction

This chapter is made of the background of the study, declaration of the problem, justification for the reading, research questions, aims of the study, connotation of the study, assumptions, delimitation/scope of the study, limitations of the study, definition of important expressions and the chapter summary will be provided in this chapter.

# 1.1 BACKGROUND OF THE STUDY

Cash management practices have been a topic of interest for researchers around the world. In Europe, studies have shown that effective cash management practices can lead to better financial performance for businesses (Boritz and No, 2015). Similarly, in Asia, research has shown that effective cash management practices can lead to value-added financial performance for small to medium enterprises (SMEs) (Kaur and Kaur, 2015).

In Africa, cash management practices have been studied in various contexts. For example, a study conducted in Nigeria found that effective cash management practices were essential for the success of SMEs (Emenike and Ekwunife, 2012). Another study in South Africa found that cash management practices were a key factor in the success of small businesses (Nkondlo, 2013).

In Zimbabwe, there is a lack of study on the consequence of cash administration practices on the financial performance boarding of schools. However, there has been studies on the commercial administration practices of schools in general. For example, a study conducted by Chibaya and Chikodzi (2017) found that poor financial management practices were a major challenge for schools in Zimbabwe.

Therefore, it is important to discover the stimulus of cash supervision practices specifically on the financial routine of boarding schools in Zimbabwe. This reading will fund to the existing body of sound information on cash management practices and provide insights into how schools in Zimbabwe can improve their financial performance

# PROBLEM STATEMENT

# The researcher noticed that boarding schools in Mashonaland East, Zimbabwe are facing cash management challenges. Schools in Zimbabwe face numerous challenges when it comes to managing their finances. In particular, cash management practices have been identified as a key area of concern. Poor cash management practices can lead to financial difficulties, which can ultimately impact the quality of education that boarding schools can provide. According to Mavhondo, Chikoko and Muzvidziwa (2019), evaluated the sound effects of forecast and budgeting on commercial performance of Schools in Zimbabwe, also confirms that there is a problem on the survival of boarding schools. The problem started way back in the days when Zimbabwe embraced the multi currency scheme, during 2008 and 2009 the problem of financial performance challenges begin to manifest at a very significant rate due to hyper inflationary pressure. Mutegi (2021), suggested ways in which cash management difficulties may be resolved, such as implementation of cashless transaction, for instance, online payments and portals, frequent reconciliation of accounts and segregation of duties. Andy (2020) also confirmed that, by implementing these strategies, boarding schools can ensure cash management and accounting reducing the risk of any financial misappropriation. Notwithstanding the reputation of cash management practices, there is a shortage of researches on this topic in Zimbabwe. Therefore, it is vital to investigate the consequence of cash management practices on the financial performance of schools in Zimbabwe.

#  1.3 OBJECTIVES OF THE STUDY

1. To identify cash management practices that are implemented by boarding schools in Mashonaland East, Zimbabwe.
2. To determine the effects of cash planning on financial performances of boarding schools in Mashonaland East, Zimbabwe.
3. To determine the impact of cash budgeting on the financial performances of boarding schools in Mashonaland East, Zimbabwe.
4. To discover the relationship between cash management practices and financial performance of boarding schools in Mashonaland east, Zimbabwe

#  1.4 RESEARCH QUESTIONS

1. What are cash management practices that are implemented by boarding schools in Mashonaland East, Zimbabwe?
2. What are the effects of cash planning on the financial performances of boarding schools in Mashonaland East, Zimbabwe?
3. What are the effects of cash budgeting on the financial performances of boarding schools in Mashonaland East, Zimbabwe?

#

# 1.4.1 Research hypothesis

H0: there is no statistical association concerning cash management and financial performance of boarding schools in Mashonaland East, Zimbabwe.

H1: there is a statistical connection between cash management and financial performances of boarding schools in Mashonaland East, Zimbabwe

#

# 1.5 SIGNIFICANCE OF THE STUDY

## **To boarding schools in Zimbabwe.**

This research establish a positive influence on budgeting, planning and controlling of cash on financial performances of boarding schools in Zimbabwe. Once the boarding schools in Zimbabwe adopts the suggested framework, the institutions can witness improved management of cash. Boarding Schools can use this research to take correct decisions to manage the institutions funds.

## **To Bindura University of Science Education**

The reading will enrich the literature and data base collection of research papers for Bindura University. The research will also be used by students and staff who might be interested in further studies of relevant topics.

## **To the student**

The researcher acquired necessary skills and abilities to help himself in future researches and prospective occupations and professional courses. The study is also a requirement by Bindura University of Science education so as to be awarded a degree in accounting.

#  1.6 ASSUMPTIONS

1. Every respondent faithfully and sincerely answered the questionnaire.
2. The problem is worth solving given that the organizations will close all loopholes of cash and end the liquidity problems.
3. Source of information and population chosen is reliable and is a demonstrative of the whole inhabitants.

#  1.7 DELIMITATION OF THE STUDY.

The bursar or accounts clerk of each boarding school in Mash-East provided data for the research covering the period 2019 to 2023. The research study was limited to financial performances and cash management practices only.

#  1.8 LIMITATIONS

1. The data was captured under hyperinflationary environment which may make cash flows difficult to compare.
2. For the period under study the institutions traded in both the Zimbabwean dollar and the American dollar which cannot be added together under one denominator.
3. Some respondents would not avail all the necessary information due to the fear that they were being accessed audited in disguise.

#  1.9 DEFINATION OF TERMS

**Cash** – these are cash and cash equivalents that can be easily changed into cash in a very short period of time

**Cash management** – these are activities implemented by organizations which includes, planning, budgeting, collection and safeguarding.

**Effectiveness** – is when an institution has successfully achieved its objectives without any other resources wasted.

**Organization** – an institution that has one or more stakeholders who runs the activities to achieve set objectives and goals.

**Financial performance** - measure of how well an organization is doing financially over a specified length of time through the use of indicators like revenue, profit and return on investment.

**Cashless transaction** - transaction that are made without the use of physical cash, instead payments are made electronically.

**Segregation -** the practice of separating different tasks and responsibilities among adifferent individuals or groups within an organization.

**Optimal cash balance -** the ideal amount of cash that a business should have on hand to meet it's financial obligations.

**Cash budgeting:** Schools prepare cash budgets to plan and control cash inflows and outflows.

**Cash flow analysi**s: This involves analyzing cash inflows and outflows to determine the school's cash position.

**Cash reserves:** Schools maintain cash reserves to handle unexpected expenditures and emergencies.

**Investment of surplus cash**: Schools invest excess cash in temporary investments to earn interest and increase revenue.

**Electronic payment systems**: Schools use electronic payment systems to streamline payment processes and reduce cash handling.

 **1.10 Summary**

This chapter explored the the main reason for conducting this research study, outlining the norms and and limits of the study. The following chapter is going to take us to the next stage of reviewing previous researchs that are allied to the current problem statement.

#

#  CHAPTER TWO

#  LITERATURE REVIEW

# 2.0 Introduction

The emphasis of this section is to evaluate the works that the researcher read to understand the topic and research issues. It review research gaps that give rise to this research by capturing researches done by other authors, their stand in as far as cash management in boarding schools is apprehensive.

**2.1 Purpose of literature Review**

The idea of writings assessment is to come up with a notional agenda for a chosen topic or study. It helps to determine the point of view of other authors in as far as the subject topic is concerned. It aids to identify loopholes and missing gaps by previous researchers, these loopholes would be used by the researcher as a control in order to close the missing gaps.

# 2.3 Theoretical Review

Previous researches highlighted how poor cash management had affected the survival of many organizations in the world. The researcher used these previous researches to examine other efforts that are being contributed in archiving effective cash management systems in the survival of boarding schools in Zimbabwe. This section also pinpoint some ways that should be used to improve effective cash management for organizations.

## **2.3.1 Baumol Model**

According to Phillips (2017), it is safe for an organization to hold cash in saving deposits because, it attracts interest. The model emphasis the reason for holding money in cash for instance the transactional purposes. However the model is limited in assessing payments and in the uncertainty in predicting cash flows. This model only encourages optimum balance under a set of assumptions.

The Baumol Model is a cash management technique that is executed to regulate the best cash balance a school should maintain to minimize transaction costs while also ensuring that they have adequate cash on hand to meet their daily operational needs. One such reference that talks about the use of the Baumol Model in schools can be found in the study by van der Merwe, Herselman and Coetzee (2018) titled "The Baumol Model as an Effective Tool for Cash in South Africa." In this study, the authors evaluate the effectiveness of the Baumol Model in twenty secondary schools in South Africa and found that the model aided schools in managing their cash balances more efficiently, resulting in cost savings and improved cash flow management.

Another reference can be found in the article "Cash Management Techniques for Schools: A Guide for School Business Officials" by the Association of School Business Officials Universal. In this article, the Baumol Model is mentioned as one of the cash management techniques that schools can use to determine their optimal cash balances and improve their cash management practices.

## **2.3.2 Miller Orr Model Of Cash Management**

Phillips (2017), propounded that the Miller model is a contemporary model in use during this computer age error. It also recognize the view that, distribution of cash and cash flows is normal. It is recognized as an important cash management model as it aid organizations to monitor the movement of cash in the organization and at the same time considering changes in daily cash flows. Institutions such as schools should not hold too much cash or less cash, therefore if either of the two happens, the firm would need to get back to the return point. The model has control limits that determine size and time. It has an upper limit, lower limit and a return point where an organization is expected to operate on. When cash balance reaches the upper limit level, the firm would buy back securities in order to get back to return point.

The Miller-Orr ideal is a cash managing technique established by Merton Miller and Daniel Orr in 1966. The model is used to determine the optimal cash balance a company should keep more cash or the cost of running out of cash.

According to Moyer et al. (2011), the model establishes a target cash balance and an upper limit and a lower limit around that target. When the actual cash balance decrease below the lower limit, the company invests in marketable securities to bring the balance back up to the target level. When the cash balance increases above the higher boundary, the company sells marketable securities to reduce the amount left on to the target level.

The Miller-Orr model undertakes that cash movements are random and follows a normal distribution, and that the cost of investing in marketable securities is constant. The model takes into account the cost of holding cash as well as the cost of investing in marketable securities, and balances the two.

Overall, the Miller-Orr model is a useful tool for cash management that can help companies optimize their cash balance and reduce the costs associated with holding or running out of cash.

## **2.3.3 The Stone Model**

According to Phillips (2017), this model is somehow the same with Miller model. The only difference is that the Stone model naturally correct the fluctuations in limit by itself. When higher limit is stretched, it has to be accompanied by outflow periods that could bring down the cash poise to a reasonable level. If the lower limit is reached, it is also followed by high cash inflow periods that would increase the cash balance to a return point. Therefore the fluctuations in cash flows naturally correct the cash balance of an institution.

The Stone Model is a commonly used approach in cash management to measure the cash conversion cycle of a company. The model is comprised of three components: days inventory outstanding, days sales outstanding, and days payable outstanding.

According to Investopedia, days inventory outstanding measures how long a company takes to convert inventory into sales, days sales outstanding, measures the time it takes in days to collect revenue after a sale has been made, and days payable outstanding, measures the length of time taken by a company to pay its invoices and other obligations.

By subtracting DPO from the sum of DIO and DSO, the Stone Model provides a metric for needs to finance its operations with external capital.The Stone Model was first proposed by H. David Stone in 1972 in his paper "Strategies for Managing Accounts Receivable and Accounts Payable" which was available in the Journal of Financial Administration. Since then, the model has been widely used in cash management practices in various industries.

Overall, the Stone Model can be a helpful tool for businesses to manage their cash flow and improve their financial health.

## **2.3.4 Cash Conversion Cycle Model**

According to Richard and Laughlin (2008), cash conversation cycle is made up of an organization's inventory, trade receivables and trade payables. The shorter the conversation cycle, the less resources required by an organization. The model measures time between an entity's ordering of inventory and the receipt of cash from its trade receivables. The greater the cash conversation cycle period indicates that an entity is taking more time to generate cash which may as a result lead to insolvency and affect the survival of boarding schools in Zimbabwe.

## **2.3.5 Free Cash Flow Theory**

This model states that, management team has the responsibility of keeping cash to earn control upon making development decisions (Huseyin, 2018) when the cash is already there, development is organized so easily by management. The management team should in any time make sure that it priorities activities which increases the shareholder's earnings. By keeping enough amounts of cash, the management team is certain in the development of the growing projects because the funds would be available for improving financial performance. Safeguarding of cash implies that the management team will be unable to invest in any other developments targeted to increase the interest of the shareholders. Eljelly (2004) go against this model by making arguments such as, by managers keeping more cash they can easily make misappropriated investments.

## **2.3.6 Liquidity Preference Theory**

According to Keynes, (2007) liquidity theory was brought in use in in accessing the general theory of employment. The interaction of demand and supply for money determines the rate of interest. This theory shows that the need for money depends on the interest forgone by not holding bonds. Therefore interest is not a reward for saving the money but also a return for getting read of the liquidity. However, interest earned frequently changes due to a change in maturity period of the bonds. This theory helps to obtain the optimal cash balance that every business is expected to hold. This theory state that money is the most liquid asset and its need for use depend on three motives. The transaction motive which implies keeping money for current transactions. The precautionary motive which involves holding cash for enforceable transactions and finally holding the money for speculative reasons which entails holding cash to speculate the changes in bond price and changes in interest rates.

## **2.3.7 Cash Management Practices**

Practical management of cash ensures the boarding schools the ability of meeting their financial obligations as soon as they became due and also immediately they accrue to the school, (Attom 2014). The obligations may include all boarding expenditures such as the purchase of boarding fuel used for generators when electricity is gone and also in payments of debts. According to (Murkar, Muturi and Oluoch 2018), the finance department should have a mandatory practices policies in controlling the flow of cash in order to help the business in coming up with a clear policies for organizing and managing cash flow through investing more funds when necessary. Cash management involves a lot of activities with the idea of manage and efficiently control funds and cash flows of businesses. Two most significant aspects of managing cash flows are financial management and reporting, tools used in financial reporting involves cash books, statement of cash flow and bank reconciliations, (Kinyanjui, Kirangu and Riro 2017).

# 2.4 Determinants of Financial Performance of Boarding Schools

Effective management of cash by any organization would increase the financial performance. According to Harrington and Wilson (2011), financial performance of an institution is the scale of the extent of wise employment of assets of that institution to generate income. It incorporates the measure of the business’s financial muscles and weaknesses. The determination of financial performance of boarding schools comprise of, corporate governance, liquidity and macro-economic factors and leverages.

## **2.4.1 Corporate Governance**

According to Alfred (2007), corporate governance implies the effective trace which direct the organization along achieving its set objectives. Corporate governance is important to success of any organization, good corporate governance result in improvement in the financial performance of any organization. Because of the problems faced by various organizations in the times of financial challenges, many businesses turned their face towards good corporate governance to upgrade the financial performance.

## **2.4.2 The Size of the Institution**

Large organizations enjoy the benefits of being large, economies of scale, compared to smaller one because these organizations take the advantage of very large funds or monopoly powers. Therefore, the greater the organization, the more profit they realize and good financial performance because of economies of scale (Alfred 2007).

## **2.4.3 Macro Economic Factors**

The financial enactment of an organization is typically affected by inflation fluctuations that are caused by changes in the exchange rate of the environment where the organization is located. Political instabilities may also result in the fluctuations in prices in a given period of time. Economic activities are usually stable in an environment where inflation and political issues are favorable (Hutchison, 2007).

# 2.5 EMPERIVAL REVIEW

**2.5.1 The effects of cash planning technique as a cash management practice.**

Cash planning technique is a crucial measure for effective cash management practices, and it has a substantial influence on the financial performance of schools. According to research conducted by Adeleke, Adeleke, and Olowookere (2020), effective cash planning techniques serve as a vital tool for achieving financial goals and objectives. The study found that schools that utilize cash planning techniques significantly outperform those that do not use such techniques in terms of financial performance.

According to research conducted by Adeleke and Olaoye (2015), cash planning helps schools to manage their cash flows effectively and ensure that they have sufficient cash on hand to meet their financial obligations.

Similarly, Ajayi, Abereijo, and Alohan (2018) studied the impression of cash planning on the financial performance of private schools in Nigeria. The reading revealed that schools that practiced effective cash planning techniques have a more significant impact on financial performances than those that did not. The reason being that schools that implement cash planning techniques are better able to manage and control their cash flows, which subsequently clues to better financial performance.

Another study steered by Nambisia, Wafula, and Bula (2015) on the weight of cash management practices on the financial performance of secondary schools in Kenya revealed that cash planning technique was among the most important cash management practices that wedged positively on the financial enactment of schools.

In conclusion, the available literature suggests that cash planning techniques have a significant impact on the financial performance of schools. Schools that effectively implement these techniques can better manage their cash flows, leading to improved financial performance. Therefore, it is recommended that schools implement cash planning techniques to improve their financial performance.

**2.5.2 Effects of cash budgeting technique as a cash management practice for boarding schools**

Cash budgeting techniques play a crucial part in the financial management practices of schools. Several studies have investigated the things of cash budgeting techniques on the financial performance of schools.

For instance, in a study conducted by Mat et al. (2020), the authors found that the adoption of cash budgeting techniques in schools helped to improve the budgeting process and led to better financial outcomes. The study suggests that cash budgeting techniques enhance accountability, transparency, and effective management of financial resources in schools, which leads to improved financial positions.

In a study conducted by Lichanda, William, and Memba (2013) on the consequence of cash budgeting on financial performance in public secondary schools in Kenya, it was found that cash budgeting had a positive and substantial influence on the financial performance of schools. The reading revealed that schools that adopted cash budgeting had lower levels of cash shortages, which enabled them to meet their financial obligations on time.

Similarly, in a study conducted by Ongore and Kusa (2018), the authors examined the impact of cash budgeting on the financial performance of public secondary schools in Kenya. The study found that, cash budgeting had a important positive influence on the financial performance of the schools. The researchers concluded that cash budgeting was an effective tool for managing financial resources in schools because it enhances planning, prioritization, and proper allocation of resources.

Overall, these studies suggest that cash budgeting techniques are essential for effective financial management practices in schools, and they play a significant role in improving financial performance.

**2.5.3. The impact of cash management practices on the financial performances of boarding schools**.

Firstly, cash management practices refer to the controlling of a school's cash inflows and outflows, such as budgeting, forecasting, and monitoring cash flows. Effective cash management practices can help schools to manage their financial resources efficiently and achieve better financial performance.

In terms of financial performance, schools' performance is typically measured using financial ratios, such as revenue per student, net income, and return on investment. These ratios are used to gauge the financial fitness and sustainability of a school.There have been several studies that have examined the relationship between cash management practices and financial performance of schools using regression analysis. For example, a study by Faria and Lima (2017) found a positive relationship between cash management practices and financial performance of Brazilian public schools. Similarly, a study by Mutondo and Sitali (2018) found that schools with better cash management practices had better financial performance in Zambia.

In summary, there is evidence to suggest that there is a positive relationship between cash management practices and financial performance of schools, and regression analysis can be used to explore this relationship further.

**OTHER RELATED LITERATURE REVIEWS**

**2.5.1 Walihenya (2020), analysed the effects of managing cash on the financial viability of Kenyan small to medium enterprises.**

The purpose of the research was to establish a strong correlation between financial performance and cash management in small and medium-sized businesses in Kenya. Regression analysis was employed to examine how cash management affects financial stability of these enterprises. A sample of 150 SMEs were used to gather data using structured questionnaire.The study revealed that effective cash management has a highly noteworthy influence on the financial performance of small businesses in Kenya. The current research is designed to use the same techniques as those used by the afore quoted reseacher. The difference only exist in the geographical are and economic conditions, the results of the current study's will determine if these difference in geography, sector and economic conditions could produce different results between the previous and the current research.

**2.5.2 Mutegi (2021) conducted a research on the long-term influence on cash budgetary limitations on the financial performance of Kenyan construction firms.**

 A population of 50 was used and only a sample of 30 companies were chosen from the population. The study used descriptive data analysis and questionnaire as a data collection instrument.The research aimed to examine several cash budgetary controls in improving financial performance. The research made use of Pearson's correlation model. The research concluded that cash budgetary control has a significant impact towards financial performance of firms in the construction companies in Kenya. The current research study used the same techniques and models as used by the previous author but only a variance in economic conditions, sector and boundaries exist. Results to be obtained in chapter four would figure out if there is really a difference in the variables used.

**2.5.3 Kinyua, Gakure, Gekara and Orwa (2015). Effects of cash management on the Financial Performance of Companies Quoted in the Nairobi Securities Exchange**

In their study, they found out that cash management and financial performance have a good, significant association. There were 115 respondents, and the positive correlation was indicated by 0.42, which supports the conclusions of Mawanda (2008), who found that institutions with effective cash management practices will always have favorable financial performance. The findings of a regression investigation showed that the cash management practices had strength of fit of 16.9%, meaning that it accounted for 16.9% of the difference in the financial presentation of the firms listed on the Nairobi Securities Exchange in Kenya. It was established that there was a considerable connection on management of cash and financial performance.

**2.5.4 According to Andy (2020) researches on the influence of cash management on companies in United States of America.**

 The companies were selected from different industries which consist of insurance, agriculture, and construction industries. The population under study were 540 companies, however only a sample of 300 companies were considered for the research and they made use of regression analysis and cash management practices such as trade receivables controls, financial ratios budgetary controls.The research determined cash conversion cycle on assets which were said to be the indicators of cash management and its financial performance. It has been discovered that management of cash had a less impact on the financial recital of companies in America.

**2.5.5 According to Bosra (2019), carried out a research on the statistical association between cash organization and financial performance of the insurance firm in India.**

Many working capitals were derived which includes normal collection time and cash conversion cycle. The author had a population of 80 insurance companies, then took a sample of 70 companies. Data was collected through the using structured questionnaires just like the afore mentioned authors. Inferential statistics were presentated using the simple regression analysis. The reseacher concluded that management of cash had no large impact on the relationship between the financial performances of insurance firms in India

**2.5.6 Bhunia (2021) Researched on the factors that affects management of cash on the financial performance of banks in Pakistan.**

 The reseacher used cash conversion cycle, cash budgeting techniques and financial ratios. The researcher used primary data which was relaxed to access for the drive of assessing the working capital governance indicators which involved stock turnover ratio and cash conversion cycle. His research findings found that there was large significant on the statistical relationship between the management of cash and financial performance of banks in Pakistan.

**2.5.7 Soet, Muturi and Oluoch (2018) piloted a study to investigate the impact of managing operating cash flows on the financial performance of mutual funds in Kenya.**

 The research analyzed primary data from 22 mutual funds' financial reports to draw conclusions and used regression coefficient for all tests conducted to accept or discard the null hypothesis. The null hypothesis states that there is no association in financial performances and managing operating cash flows, substitute hypothesis H1, stated that there was a linear connection between financial performances and managing operating cash flows.The findings revealed that managing operating cash flows has a positive effect on financial performance. Therefore H0 was rejected in favour of H1 representing that there was a linear link between financial performances and managing operating cash flows.

# 2.2 CONCEPTUAL FRAMEWORK

# The illustration below is of a conceptual agenda which shows the linear bond that exist amongst the variables of the study. The independent variables are those factors which influence cash management to performance of boarding school in a volatile environment. Cash organization is an exercise of planning and controlling the movement of cash in and out of the business (Pandey, 2004).

Table 1

**Conceptual framework**

**FINANCIAL PERFORMANCE**

> Survival of schools

> Adequate learning materials

**CASH PLANNING**

**CASH BUDGETING**

**CASH COLLECTION**

**CASH CONTROL**

**EXCHANGE RATE VOLATILITY**

>Inflationary pressure

**Independent Variable Moderating Variable Dependent Variable**

**Source:** *Researcher (2023).*

## **2.2.1 Cash planning**

This is a technique used for planning and controlling the use of cash. According to Pandey, (2003), this technique involves preparation of forecast cash receipts and payment in order to determine future financial needs. The school management need to come up with a monthly routine for disbursement and collection of trade payables with efficient cash planning system. The financial requirements of the school will be realized with less risk of cash balances which also reduces the profitability of school and deficits which results in school failure.

## **2.2.2 Cash budget**

Cash budgeting is mainly used to manage the flow of business cash asset. According to William and Longenecker (2010), cash budget help financial managers to determine the future needs of cash flowing in and out of the business.

## **2.2.3 Cash collection**

According to Kulter and Demiurges’ (2007), cash collection system are to minimize the length of time taken for collecting cash that is owed to a firm by trade receivables. The sources of time delay are, mail float, processing float, and bank float. Schools can keep cash and reduce its demands for cash balance if it can reduce its collection collection period.

## **2.2.4 Cash control**

This is an action of management's control system of cash in the business. A very strong control is that one characterized by tight budgetary control over cash received from trade receivables, cash banked and effective cash control balance.

# 2.6 Gap Analysis

1. According to the researcher's view, there are limited researches closely directed in Zimbabwean context and in the boarding schools. Therefore, the researcher used the studies of previously done researches and concentrated on the management of cash in the boarding schools in Zimbabwe. Most of the literature review were undertaken in developed countries and in large corporations other than in boarding schools. Other researches were conducted in countries were only one currency was used, unlike the Zimbabwean case where a multiple currency system is used.

**2.7 Chapter Summary**

This chapter was looking at the literature reviews of other authors in relation to the researcher's current investigations. It also looked at ways and advantages of effective cash management systems in boarding schools in Zimbabwe. The following chapter will be looking at research methodolo

#

#  CHAPTER THREE

#  RESEARCH METHODOLOGY

# 3.0 Introduction

This chapter illustrate methods of collecting data and analysis methodologies used to study the effects of managing cash on the financial performances of boarding schools in Mashonaland East, Zimbabwe. The study shows research strategy, population, data collecting, presentations and analytic methodologies as well as ethical considerations. The approach and methodologies used helps to increase knowledge on the effects of managing cash to the financial performances of boarding schools. A brief summary is also presented at the end of this chapter.

**3.1 Research Design**

According to Kothari (2020), research plan is a conceptual structure within which a survey is carried out, it acts as a help for collecting data, measurement and also analysis f that data. The arrangements of parameters for assembling and examining data is done in a way that aims to balance the study's objectives that relates to the topic of the study. Rahi (2017) suggest the need for coming up with a very strong research design that permits the study quality.

The research design used in this study is the exploratory research design. According to Saunders (2012), exploratory research is adopted when a study or research is trying to prove a casual statistical relationship between variables established just as the case of this study which seeks to determine if there exist a statistical relationship between managing cash and financial performances of boarding schools in Mashonaland East, Zimbabwe.

The idea of exploratory research is to identify the statistical linkage between the variables in relation to the problem of the study. Furthermore, exploratory research constitute a research hypothesis which shows the relationship amongst research variables.

This research was gathered using a quantitative approach so as to cover the set objectives of the reading. All the data obtained were quantitative in nature and it was tested using statistical analysis. Quantitative method aims on objective measurements as well as the statistical analysis of the collected data through questionnaires. This comes due to the study combined objectives of researching the effects of cash management to financial performances of boarding schools in Mashonaland East, Zimbabwe.

**3.2 Quantitative Research**

According to Kumar (2014), quantitative research is the study of the relations among variables in order to find if research objectives are reached, this also constitute the use of calculating in the details analysis of gathered data. It is also a technique for describing, testing and explaining statistical relationship. Abawi (2015). The main purpose of the quantitative technique is for the collection of fresh data in relation to its problem from a large population as well as analyzing data but it does not reflects the feelings and emotions and the context of an individuals.

## Advantages of quantitative research

1. The researcher is more goal oriented about the results of this study.
2. Since quantitative research design is very valid and dependable, conclusions may be easily drawn with certainty, Hughes (2014).

## Disadvantages of Quantitative Research

1. For more accurate and effective figures, a larger sample or the whole population must be conducted.
2. The context of the research or experiment is ignored when using quantitative data

# 3.3 Population and Sample

Population is the totality of items understudy.

Table 2

**Population and Sample**

|  |  |  |
| --- | --- | --- |
| **Position**  | **Targeted population**  | **Sample size**  |
| Bursar or Accounts clerk  | 22 | 18 |

**Source:** *Researcher (2023).*

## **3.3.1 Targeted Population**

According to the enquiries from the Zimbabwean ministry of education, there are twenty-two (22) boarding schools in Mashonaland East, Zimbabwe. The data for this study is collected from the school bursar or school clerk from each boarding school in Mashonaland East Province. The researcher could not use samples since the targeted population is very small and affordable to conduct the study for the whole population. Travers, (2017) used the same method and it helps the researcher to specifically select respondents with relevant information. For instance, in this study one questionnaires were sent to each boarding school understudy so that either the school bursar or the clerk could respond the questionnaire. This research used purposive sampling method in gathering information.

**3.4 Source of data**

## **3.4.1 Primary data**

This is the immediate information capture when gathering data, the data should have been previously not known, (Crotty 2017). Primary data was important in this study because it provide relevant and specific data that is needed by the researcher. It is also important in that less distortions are associated with first hand data captured. However primary data may take a lot of time to gather and expensive to conduct. The data was primarily collected through the use of questionnaires as was used by, (Murwendo and Choga 2018) on the study of the effects of cash management on financial performance of schools. They also used primary data source to gather data.

# 3.5 Data collection procedure

## **3.5.1 Structured Questionnaire**

Twenty-two structured Questionnaires were sent through mail to all boarding schools in Mash-East. Completed questionnaires were collected a week after delivery to give respondents time to carefully respond to the questions. Boritz and No, (2015) also used structured questionnaires to gather data on the research of, cash management practices that lead to improved financial performance. Permission to conduct the study was sought from each institution's Principal or Headmaster.

## **Advantages**

1. The respondents would be given a chance to respond to the questionnaire without fear or any undue influence.
2. Some of the respondents could not be able to return the response on the same day due to their tight schedules, so the researcher gave a provision of a week to collect the responses from all the boarding schools in Mashonaland East Zimbabwe.
3. The questionnaires are straight forward questions administered for the single purpose of extracting data relevant to the research problem. .

## **Disadvantages**

1. Some respondents could exaggerate their response in relation to the actual questions asked, this would result in the distortion of the exact information the researcher is really looking for.
2. Some respondents were not able to respond to the questionnaire for reasons best known to them, even after providing for more time of response collection, they still couldn't respond to the questionnaire.

# 3.6 Ethical considerations

According to Cascio (2018), Ethics is the learning of decency. The study of what is perceived to be justly good or terrible, right or wrong is so relevant. In order for this research study to accomplish its intended objectives, there are a number of ethics that needs to be considered. These ethics are crucial and should be kept throughout the data collection since they allow the researcher to select the best technique that may be used to encourage respondents to participate well in the study. In this regard, the researcher sticked rigorously to the policies that supported moral behavior in the in Mashonaland East Providence. The researcher made sure that moral standards such as confidentiality is kept.

# 3.7 Validity and reliability

## **3.7.1 Reliability of the study**

The correctness or exactness of the research tool is referred to as reliability. For example consistency in collecting data is a clear indication of reliability. It is therefore important to bear in mind that ethical concerns have an impact the reliability of a research tool. . A common example is when a questionnaire is used as a research tool, in this case the reliability may be affected negatively by sensitive questions asked, the final results of the data collected may not be accurate due to that fact that respondents may decides not to answer the sensitive questions.

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| Table 3**Reliability Statistics** |
| Cronbach's Alpha | N of Items |
| .838 | 29 |

Source: SPSS

The dependability of the questionnaire was assessed by analyzing the cash management practices put in place and the obstacles that may affect their effectiveness. The study found that the reliability value of the questionnaire was consistently high at 0.838, indicating that it's highly dependable. Bryman and Bell (2017), also confirmed that the value of Alpha between the range of 0.7 to 1 implies that the data is strongly reliable. Additionally, all the items in the questionnaire were well-correlated with each other, which further confirmed the reliability of the questionnaire and its ability to gather accurate data.

## 3.7.2 Validity

The ability of a research tool to serve the purpose it is intended to, does qualify it to be referred to as validity. ( Robert and Alison , 2015). It should be crystal clear on the matter being measured by the research tool. For instance the primary objective of this study is to find out if there is a relationship between cash management and financial performances of boarding schools in Mashonaland East Zimbabwe. In order to be valid, measurement tools like questionnaires are supposed to assess the variables they are designed to track, including the financial performances fluctuations.

**3.8 Data analysis and presentation**

According to Erickson (2012), data analysis is the way of analyzing and valuating information in order for sound decisions to be made. The measurements were translated using a statistical software Analysis package called SPSS. The study used quantitative research methodology.

Questionnaire responses were translated into a way that enabled the formation of statistics. Descriptive data collection in this research study was presented in many forms which includes, frequency distribution table, pie charts and bar graphs.

The research results from the fourth objective, to determine the statistical relationship that exist between cash management and the financial performances of boarding schools, Pearson's correlation coefficient was used and the data collected was also analyzed using SPSS

# 3.9 SUMMARY OF CHAPTER

The researcher used descriptive data in presenting the information gathered using bar graph, pie charts and frequency tables. The subsequent chapter is going to emphasis on data exhibition, study and clarification.

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#  CHAPTER 4

#  DATA PRESENTATION, ANALYSIS AND INTERPRETATION

# 4.0 Introduction

To understand the whole phenomenon about which the writer was concerned on, the systematically collected data is categorized and interpreted in terms of common themes synthesizing it into an overall portrait of the case. Tables and percentage rates were used to portray the data composed from various participants’ groupings and sorts in order to show the total replies for each group or kind. Tables and pie charts were all used to explore the data obtained in this study.

**4.1 Response rate analysis**

Response rate in this study research is also known as the achievement rate or return rate. It is obtained by allotting the entire amount of respondents to the total number of participants (David, 2012). Most often a percentage is used to express it. According to Patel, (2010) a range of more than 50% response rate is more effective in gathering data that yields positive conclusion of the research study.

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**Response rate from the Questionnaire**

Figure 1

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*Source: SPSS*

Figure 1. A pie chart **showing the fraction of issued questionnaires to all boarding schools in Mashonaland East, Zimbabwe.**

The illustrations above shows that out of twenty two questionnaires issued to boarding schools understudy, eight of them were filled and returned back to the researcher. The pie chart shows that 82% of the issued questionnaires were filled and returned in time, and only 18% were unreturned questionnaires. The response rate is higher than the minimal requirement needed to guarantee the dependability and cogency of the research results. An appropriate response rate, according to Kim & Choi (2017), is one that is greater than 52%. Further agreed, Eichler et al. (2018) state that a response rate of more than 50% is appropriate for a quantitative investigation. This fraction indicates that the intended respondents cooperated positively in carrying out this study. Since the response rate is way closer to 100%, it implies that the results obtained will be useful in carrying out the study.

Table 4

Educational qualifications by respondents

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| --- |
| **Academic qualification** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | high school certificate | 8 | 44.4 | 44.4 | 44.4 |
| Diploma | 4 | 22.2 | 22.2 | 66.7 |
| Undergraduate | 5 | 27.8 | 27.8 | 94.4 |
| Postgraduate | 1 | 5.6 | 5.6 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

Table 4, indicates that most respondents are holders of a high school certificate with 44.4% while only 5.6% of the respondents were holders of a postgraduate holders. It is therefore noted that a bulk of respondents are holders of high school certificate. The major reason being that, the post of being a school bursar or accouns clerk at a boarding school does not necessarily require much qualified t personal such as degree holders and post graduates. Due to increasing cost of living , degree holders and post graduates now apply for such vacancies just to earn a living. This concurs with previous studies, (Kenzie 2010) who emphasized the significance of considering the level of education when policies or decisions are made.

Table 5

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| **Working experience** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Below 2 years | 2 | 11.1 | 11.1 | 11.1 |
| 2 to 5 years | 5 | 27.8 | 27.8 | 38.9 |
| 5 to 7 years | 9 | 50.0 | 50.0 | 88.9 |
| above 7 years | 2 | 11.1 | 11.1 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Table 5, Shows that most respondents have worked on the boarding schools for more than five to seven years with a 50%. Respondents with below 2 years working experience are the least with 11.1%. Therefore the above results implies that most bursars in Mashonaland East have a minimum of 2years and a maximum of 7 years working experience. It can also be concluded that most workers have spent more than five years on the post. The reason is that, the are limited opportunities of getting another job after you leave the current one. The other reason is that audit requirements of boarding schools requires that an accounts clerk or bursar should not leave the current post until after conducting two external audits within a term of 5 years. According to, (Hamza, 2020), results obtained by respondents with more than two years working experience provide information that is reliable to draw justified conclusion.

Table 6

**Sources of cash for the boarding schools.**

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| **Sources of cash** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Fees only | 6 | 33.3 | 33.3 | 33.3 |
| Fees and projects | 9 | 50.0 | 50.0 | 83.3 |
| Fees and Donations | 3 | 16.7 | 16.7 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

Findings indicated that most boarding schools in Mashonaland obtain their cash from fees paid by students and school projects. This information is crucial as it help schools in preparing cash budgets, planning the expenditures of the day to day activities of the school and also in determining the level of cash balance to be maintained. Indications by past studies showed that schools with limited sources of cash are at high risk of financial performance difficulties, (Bosra 2019) when investigating the possessions of cash management on financial performance of insurance firms.

 **Table 7, the extent Cash management practices implemented by boarding schools in Mashonaland East, Zimbabwe**

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| Table 7**Trade receivable management** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Very small extent | 1 | 5.6 | 5.6 | 5.6 |
| Small extent | 1 | 5.6 | 5.6 | 11.1 |
| Moderate extent | 2 | 11.1 | 11.1 | 22.2 |
| Large extent | 9 | 50.0 | 50.0 | 72.2 |
| Very large extent | 5 | 27.8 | 27.8 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

According to the table 7, most boarding schools in Mashonaland East are engaged in trade receivable management every year to a large extent of 50%. The lowest respondents of 5.3% agreed that they use trade receivable management as a cash management practice. This implies that on average most schools use trade receivable management. Trade receivables management was also a cash management practices that was used by, (Mutegi 2021) his study to find out the effects of cash management practices on the financial performances of construction firms in Kenya. The results of that study found out that firms that adopted trade receivables management as a cash management practice are at low risk of financial difficulties.

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| Table 8**Trade payable management** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Very small extent | 1 | 5.6 | 5.6 | 5.6 |
| Small extent | 2 | 11.1 | 11.1 | 16.7 |
| Moderate extent | 4 | 22.2 | 22.2 | 38.9 |
| Large extent | 4 | 22.2 | 22.2 | 61.1 |
| Very large extent | 7 | 38.9 | 38.9 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

Results from the table 8, shows that 38.9% of boarding schools in Mashonaland east agree to a very large extent that they use trade payable management as a cash management practice. Some schools agree moderately to the use of trade payable management. This concurs with findings of, (Pandey, 2005) who passed out a study of the impact of cash management on the financial performance of SMEs in India. The researcher also used trade payable management as a cash management practice. He concluded that, lack of trade payable management often results in difficulties in managing the optimal cash balance of firms. Mutegi (2021), also obtained that firms that use trade payables management as a cash management practice achieve good financial performances.

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| Table 9**Use of cash flow projection** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Very small extent | 2 | 11.1 | 11.1 | 11.1 |
| Small extent | 5 | 27.8 | 27.8 | 38.9 |
| Moderate extent | 3 | 16.7 | 16.7 | 55.6 |
| Large extent | 3 | 16.7 | 16.7 | 72.2 |
| Very large extent | 5 | 27.8 | 27.8 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

According to the table above, most boarding schools 27.7% used cash flow projections as a cash management practices of boarding schools in Mashonaland East. The other proportion was distributed among others extents. The lowest proportion is for those schools that used cash flow projections to a very small extend. This indicate that the relationship between financial performances and use of cash flows projections is not clear, therefore conclusions may not be made based only on the use of cash flow projections. These results are similar to those obtained by, ( Bosra, 2019) on the study of cash management practices and financial performance of insurance firms in India. The reseacher also found that there was no clear relationship between financial performances and cash management practices.

**The extent of using cash planning technique for boarding schools.**

Figure 2



Figure 2 above shows that most boarding schools (46%) in Mashonaland East, Zimbabwe agreed to a moderate extent that they used financial ratios as a cash planning technique. This is followed by other schools that use financial ratios as a cash planning technique, to a small extend. Lastly a small percentage and the shortest bar on figure 1.3 indicated that they used financial ratios to a large extent. Generally most schools used financial ratios as a cash planning technique. Walihenya (2020), also used financial ratios as cash planning technique when carrying out a study on cash management practices on financial performance of Kenya' s small to medium interprizes. They also found out that firms that adopted financial ratios as cash planing technique are at less risk of financial performance challenges.

##  **Preparation of income and expenditure accounts**

Figure 3



Figure 3, illustrate the extent at which boarding schools in Mashonaland East prepare income and expenditure accounts at the end of every financial period. The tallest bar on the bar graph represents schools that agreed to very large extent that they prepare the aforementioned accounts. The shortest bar on the graph are schools that prepare the income and expenditure accounts on a moderate extent. This implies that most boarding schools in Mashonaland East, Zimbabwe use the preparation of income and expenditure accounts as a cash planning technique. These results concur with findings by (Kinyau, at- el 2015), used the preparation of income and expenditure accounts as a cash planning technique and obtained that use of income and expenditure accounts have large impact on the financial performances of companies in Nairobi.

**4.4** To what extent are cash budgeting techniques implemented by boarding schools in Mashonaland East, Zimbabwe.

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| **Stick to prepared budgets**Figure 4 |



Figure 4, shows the extent at sticking to prepared budgets is being used by boarding schools as a cash budgeting technique. 63% of boarding schools confirmed that they would stick to prepared budgets and only 15.8%were not consistently sticking to prepared budgets. This implies that most boarding schools were consistent to prepare budgets, 15.8% were due to frequent variations in the rate of exchange of $RTGS dollar to $USD which they said would render the prepared budgets useless. These results contradicts with the findings of (Andy, 2020) who concluded that sticking to organized budgets does not have a much significant influence on financial performances due to volatility of the environment. The reason for such a variance in the current study's outcome and that of ( Andy , 2020) is due to the geographical location of the research study and frequent changes in economic environment.

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|  Justification of executed projectsFigure 5 |



The figure above shows that 50% of boarding schools in Mashonaland East confirmed that projects executed at school are justified and well explained in order to maintain adherence to prepared budgets. Only projects that are outlined in preparation of budgets.16.7 % of boarding schools also added that projects are justified to a lesser extent. This implies that most boarding schools justify projects before execution in order to reduce the risk of misappropriation of cash. The results does tally with the study by (Mutegi, 2021), which concluded that all executed projects should be justified in order to reduce misappropriation of funds.

To what extend had the schools been able to meet the following financial performances as a result of cash management practices.

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| Table 10**Are trade payables settled in full** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Moderate extent | 4 | 22.2 | 22.2 | 22.2 |
| Large extent | 12 | 66.7 | 66.7 | 88.9 |
| Very large extent | 2 | 11.1 | 11.1 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

The above table shows that, as a result of cash management practices, 66.7% of boarding schools that implemented good cash management practices are in a position to settle all trade payables when they fall due. All schools that implemented cash management practices are able to pay trade payables as they fall due at different level of extent, 22.2% agree to a moderate extent and the other 11.1,% agree to a very large extent that they are able to settle all their outstanding debts. The researcher concluded that there is evidence of positive relationship between cash management practices and financial performances of boarding schools in Mashonaland East Zimbabwe. This is inline with the observations by (Kinyau at-el, 2015), concluded that a firm with good cash management practices are capable of settling their outstanding debtors in time.

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| Table 11**Are wages and salaries paid every month** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Moderate extent | 2 | 11.1 | 11.1 | 11.1 |
| Large extent | 2 | 11.1 | 11.1 | 22.2 |
| Very large extent | 14 | 77.8 | 77.8 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

As a result of good management of cash practices, table 4.5.2 illustrates that 77.8% of schools that implemented cash management practices confirmed that they are able to pay wages and salaries to its employees every month. Due to the findings on the table above, the scholar resolved that good organization of cash yield favorable financial performances. Good cash management practices entails that the financial muscle of a firm is Worth of paying any obligations that may arise during operating such as wages and salaries, fuel and other revenue expenditures.

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| Table 12**Adequate learning materials** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Large extent | 16 | 88.9 | 88.9 | 88.9 |
| Very large extent | 2 | 11.1 | 11.1 | 100.0 |
| Total | 18 | 100.0 | 100.0 |  |

Source: SPSS

Table 12, indicates that as a result of cash management practices 84% of the schools that implemented cash management practices agreed to a large extent that learning materials were adequate enough to accommodate every student at school. This implies that cash management practices have a direct bearing on favorable financial performances. These results contradicts with, (Andy, 2020) on his research on the impact of cash management on financial performances. His research concluded that there is less impact between management of cash and financial performances. The reseacher had used chi square to test the relationship between financial performances and cash management, maybe that is why his results were different from the current study's outcome.

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| Table 13**Any cases of school closure due to lack of cash to end the school term** |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Very small extent | 18 | 100.0 | 100.0 | 100.0 |

Source: SPSS

Table 13, illustrates that there was no any case of a boarding school that closed before the end of school term due to shortage of cash when the schools implemented good cash management practices. This is shown by a 100% which implies that cash management practices have a direct relationship to financial performance.

Contrary to the above findings,( Andy, 2020) discovered that 19% of the Schools closed schools before the end of school term. The difference could be due to a difference in the corporate governance of the organizations understudy, changes in political culture and the geographical location.

## **4.6 Hypothesis testing for the effects of cash management to financial performance of boarding schools in Mashonaland East, Zimbabwe.**

The following hypothesis were assumed for this study in order to determine how cash management practices affects financial performances.

**H0:** There is no relationship between cash management and financial performance of boarding schools.

**H1**: There is a statistical relationship between cash management and financial performance of boarding schools.

The investigator used regression coefficient (beta β) to test the hypothesis with the rejection criteria that the study should:

Reject H0 if β≠0 and p-value < α, or fail to reject the null hypothesis. F tests were performed to figure out the expression and overall significance of the relationships, accordingly. According to the respondents' responses, each of the questionnaire's questions had a score, and each question received a specific number of points. In order to determine the mean score for each question assessing the self-governing and reliant on variables, the marks were totaled up and then divided by the number of respondents who responded to the questionnaire. The integrated mean score of financial Performance metrics were degenerated in contradiction of the mean score of measures of the cash management practices in order to test the hypothesis, and the findings were displayed on the table below.

**Table 13,**

**Shows the results of regression coefficient between cash management and financial performance of boarding schools in Mashonaland East, Zimbabwe.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sample size** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** |
| 18 |  | 0.927 | 0.880 | 0.756 | 0.288 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Sum of Squares** | **Degree of freedom** | **Mean Square** | **F** | **Significance****(P-value)** |
| RegressionResidualTotal | 12.4073.469.868 | 51116 | 0.847.094 | 9.056 | .000α |
|  | **Unstandardized Coefficients** | **Standardized Coefficients** |  |  |
|  | **B**  | **Std. Error** | **Beta (β)** |  | **Significance****(p-value)** |
| **Constants** | 1.238 | 0.550 |  | 2.800 | 0.008 |
| **Means of financial performances.** | 0.0056 | 0.0045 | 0.0046 | 0.0420 | 0.0069 |

*Source: SPSS*

Regression results indicated that at all level, cash management practices and financial performance revealed a statistically significant positive linear connection (β=0.0046) and from the table above p-value is less than 0.05 (0.0069 < 0.05).According to the rejection criteria for the study, the null hypothesis should be rejected if β≠0 and p-value < α, or fail to reject the null hypothesis. The analysis consequently rejects the null hypothesis and conclude that cash management practices have an impact on boarding schools’ financial performance. Regression results of β=0.263≠0 and 0.00292 < 0.05. The regression results also shows that 80% of the performance can be explained by R Squared on the table, the association adhered to the straight forward regression model of nature, Financial Performance = 1.238 + 0.8491p , where p is a constant. Therefore the analysis rejects the null hypothesis and conclude that there is a statistical association between cash management and financial performances of boarding schools in Mashonaland East Zimbabwe. These results concur with the findings of, ( Wallinye, 2020) who also used questionnaire to gather data and presented it through SPSS.The fallouts of the study aslo showed that there was a positive correlation between cash running and financial recital.

**4.5 Conclusion**

This chapter revealed the effective management of cash improve the financial performances of schools in Mashonaland East. This relationship is evidenced by a positive regression analysis on the table 1.6. The cash management practices used by the current reseacher are the same with those used by previous researchs. Most of the the current results concur with previous studied and variance could also be noticed due to a difference in economic conditions and geographical area of location of the research study.

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#  CHAPTER FIVE

 **SUMMARY, CONCLUSIONS RECOMMENDATIONS**

# 5.0 Introduction

This section stretches a sudden of verdicts obtained from the previous chapters up to chapter four. It also provide deductions and endorsements of the study on the basis of the study objectives. The major objective of this study was to find out the effects of cash management practices that affects the financial performances of boarding schools in Mashonaland East, Zimbabwe.

**5.1 Conclusions and Summary**

The study findings, conclusions, and suggestions from the previous chapters are all summarized in this chapter in accordance with the research objectives. Major conclusions were used to provide best practices for improving financial performance of boarding schools in Mashonaland East Zimbabwe. The researcher's findings about weaknesses were used to create suggestions and prospective improvements.

The first chapter included the problem statement, main topic, and research questions that led to the study's objectives. This chapter covered the study's relevance, its boundaries and restrictions, its underlying assumptions, and the definition of essential words.

In chapter two, significant writings by a variety of authors and academics were reviewed. In an effort to fill the research gap, the researcher used literature by scholars to uncover knowledge that already existed in literature. Identifying the independent, dependent, and moderating variables in Chapter two discussion of the conceptual framework.

The research approach was primarily discussed in chapter three. Since its main focus was on providing information relevant to internal control activities, the descriptive approach required too much effort. The population was very small which made it feasible to collect statistics on the entire population. In order to extract information about cash management practices and financial performance, questionnaires were fueled by the research. Questionnaires were given out to the 22 participants in the study's population.

Data collected through questionnaires were presented and analyzed in the fourth chapter. An 82% response rate was obtained from the questionnaires.

# 5.2 Summary of the research findings

The study aimed at investigating theeffects of cash management practices that affect the financial performances of boarding schools in Mashonaland East, Zimbabwe. As supported by research findings, it could be concluded that cash practices have significant impact on the financial performances of boarding schools in Mashonaland East, Zimbabwe.

# 5.3 Conclusions

The study concludes that cash management has a direct effect on the financial performances of boarding schools as indicated by the results from the previous chapter. Planning and controlling cash of boarding schools is important in that cash is would be available anytime the schools intends to execute school projects and other boarding expenditures. There is less risk of financial performances challenges when cash is properly planned and controlled.

The use cash budget and the consistency in using those cash budgets when dealing with boarding expenditures. Schools that consistently stick to cash budgets when making payments usually maintain optimal cash balance that would render its ability to stay off the challenges of financial performances difficulties and delay in making crucial expenses.

Controlling the trade receivables and trade payables collection and payment periods is the most convenient and flexible way of controlling cash and plan the future of that cash balance. These changes are the only faster way of speeding up the rate at which inflows streams in the organization as quick as possible because the two factors can easily be turned to cash in a very short age of time.

Frequent changes in the financial performances of these boarding schools understudy were largely influenced directly by the changes in independent variables such as cash collection, cash disbursement and maintenance in the optimal school accounts.

# 5.4 Recommendations

The researcher recommended that all boarding schools should have a minimum amount of cash they consider as an optional cash balance in its books of accounts. Even if the schools realizes a deficit or a surplus in any financial periods. The schools expenditures should not exceed that optimal amount whatsoever. The schools should always review it cash management techniques every time determine areas that needs attention for any adjustments of maintaining the optimal cash balance of the schools bank balance.

All boarding schools should employ the services of an internal auditors. If resources does not permit to hire the services of an internal auditors, the headmasters and school Principals must construct a committee which frequently regulate the behavior of internal control changes of variables in order to maintain a reasonable optimal cash balance of boarding schools in their cash balance account.

Schools without professional staff to carry on some finance departments duties such as preparation and interpretation of cash budgets and cash controlling practices should priorities the issue of employing professionals to carry out those financial duties

# 5.5 Suggestions for further studies.

The investigator suggest that further researches should be conducted on the effects of stakeholder involvement in the production unit in boarding schools particularly the financing procedure and management of cash proceeds from these units.

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# Appendices

**Appendix Questionnaire**

**Questionnaire**

I am a Bindura universitystudent, conducting a research on, Cash Management Practices that affect the Financial Performance of Boarding Schools in Zimbabwe. I am hoping that the conclusion of the study will support the future studies and be useful to Boarding Schools in Zimbabwe.

The tenacity of this questionnaire is to ask your views regarding cash management systems already in place that are affecting the financial performance of your school as well as the contribution to this study in order to improve those systems that are missing so as to progress the financial performance of your boarding school.

I am asking for your commitment to participate in this research as one of the respondents. Please note also that participation is not compulsory but your response is as dear to me as it will help to complete the research study successfully.

Personal information such as gender, name or contact details on the questionnaire is not necessarily required. Because of good ethical concern, I pledge you that your information will not be share or used for anything else other than the aims of this research. Your cooperation is greatly appreciated and be confident and open up to provide the information in as much as you may wish.

#

# 7.0 QUESTIONNAIRE

***Kindly complete this questionnaire by ticking the appropriate answer.***

**Part 1: Demographic data**

1. **What is the your level of academic qualifications**

|  |  |
| --- | --- |
| High school certificate |  |
| Diploma |  |
| Undergraduate |  |
| Postgraduate |  |

1. **What is the position held**

|  |  |
| --- | --- |
| Bursar  |  |
| Clerk  |  |

1. **How long is your working experience**

|  |  |
| --- | --- |
| Below 2 years |  |
| 2 - 5 years |  |
| 5 - 7 years |  |
| Above 7 years |  |
|  |  |

1. **What are the sources of cash for your boarding school**

|  |  |
| --- | --- |
| **Source**  | **Tick** |
| School fees only |  |
| School fees and projects  |  |
| Fees and donation  |  |

**Part 2: Cash management practices, cash planning and cash budgeting.**

**Kindly use the following extent scale to answer below questions**

1= Very small extent

 2= Small extent

 3= Moderate extent

4= Large extent

5= Very large extent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **3. To what extent does the following cash management practices are implemented?** | **1** | **2** | **3** | **4** | **5** |
| Trade receivables management |  |  |  |  |  |
| Trade payables management |  |  |  |  |  |
| Use of cash budget  |  |  |  |  |  |
| **4. To what extent does your school use the following cash planning techniques?** |  |
| School preparing cash flows projections |  |  |  |  |  |
| School prepares income, cash flow and financial position statements |  |  |  |  |  |
| School calculates financial ratios |  |  |  |  |  |
| School determines the operation level at either surplus or deficit  |  |  |  |  |  |
| **5. To what extent does the following cash budgeting techniques are implemented?** |  |
| School preparing cash budgets |  |  |  |  |  |
| School sticks to prepared budgets when implementing  |  |  |  |  |  |
| School ensures the projects are explain and justified  |  |  |  |  |  |

**6. To what extend had the schools been able to meet the following financial performance indicators as a result of good cash management practices.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial performance indicator** | **1** | **2** | **3** | **4** | **5** |
| Are trade payables settled in full? |  |  |  |  |  |
| Are wages and salaries paid every month?  |  |  |  |  |  |
| Are boarding electricity bills cleared?  |  |  |  |  |  |
| Are water and supply services being settled?  |  |  |  |  |  |
| Does the school have adequate learning materials? |  |  |  |  |  |
| Is the school covering all boarding expenses in every term? |  |  |  |  |  |
| Is the school able to complete the whole term without food shortages. |  |  |  |  |  |
| Were the sports activities inconvenienced due to shortage of money? |  |  |  |  |  |
| Did the school closed before the end of the school term due to shortage of cash to run the school till the end of the term. |  |  |  |  |  |
| Has the school been making surplus in the previous five years  |  |  |  |  |  |

 **Thank you for your co-operation and input**