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BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY



THE EFFECTIVENESS OF CASH MANAGEMENT STRATEGIES IN A
MANUFACTURING INDUSTRY. A CASE STUDY OF DELTA BEVERAGES
MVURWI BRANCH.

(B1852055)

A DISSERTATION WAS SUBMITTED TO THE ACCOUNTING DEPARTMENT,
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DEGREE.

JUNE 2022

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I declare that this dissertation meets the preparation guidelines, as presented in the Faculty guide and instruction for the presentation of the dissertation.

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THE EFFECTIVENESS OF CASH MANAGEMENT STRATEGIES IN A
MANUFACTURING INDUSTRY: A CASE OF DELTA BEVERAGES MVURWI
BRANCH.

YEAR GRANTED 2022

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Permanent residential address

House no. 1006

Hillside

Centenary

DEDICATION

First and foremost, this dissertation is dedicated to my entire family and my mother at large , who have all made significant contributions to my studies, not to mention my late father.

Second, I'd like to express my gratitude to Bindura University as a whole, as well as all of its instructors, who have directly and indirectly taught and trained me to this point. Last but not least, I will remember my colleagues and friends that accompanied me on my voyage.

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DECLARATION

I, B1852055, hereby declare that this submission is my work for a Bachelor of Accountancy Honors Degree and that it contains no content previously published by others in another University, save when previous work has been recognized.

(B1852055).....

(Student)	Signature	Date
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Certified by.....

(Supervisor)	Signature	Date
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Certified by.....

(Chairperson of Department)	Signature	Date
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ABSTRACT

Most industrial organizations face issues in their cash management techniques in an uncertain economy like Zimbabwe's. Cash management strategies such as budgeting may be ineffective due to frequent price changes. Using the case of Delta Beverages as a representative, this study was undertaken to obtain information on modern-day cash management procedures in various manufacturing companies. Data was obtained through surveys and interviews, and respondents were chosen using purposive sample approaches. Only 22 out of 30 Finance and Administration employees responded to interviews and surveys. The data was analyzed using the Statistical Package for Social Science (SPSS) and Excel. The research was mostly conducted in accordance with the study's objectives. These objectives include understanding how Delta Beverages' cash management methods can be improved, analyzing the justifications behind the preferred level of cash reserves during any given time, and determining how the company's excess cash can be invested.

ACKNOWLEDGEMENTS

I'd want to thank the Lord Almighty for providing me with the wisdom, knowledge, and strength to complete this study assignment. I'd want to thank my mother and grandma, as well as my other family members, for their financial and non-financial assistance.

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CHAPTER ONE

1.0 Introduction

Cash management is the process of collecting, disbursing, and managing cash in order to keep a cash flow budget. To put it another way, it deals with controlling cash flows even within the organization, as well as deciding whether to invest surplus cash or borrow money from outside to pay the deficiency. Atrill & McLaney (2004, p.44) coined that cash is often seen as an asset that a company requires in order to operate. Cash can be seen as the lifeblood of any business, as well as the lifeblood that keeps businesses open (Garret Sutton 2013, p.15). Cash is the firm's most valuable and liquid asset, and it has shown to be important because it is regarded as the lifeblood of any business, according to Hussey & Collis (2013, n.p).

This chapter introduces the study's main emphasis areas. It starts with a background of study and a research question that explains why the research issue was chosen. The objectives of the study, as well as the research questions that must be answered, are also given. The value of research to different economic stakeholders is also highlighted. Following that, the study's hypotheses are provided, as well as a quick review of the following chapter.

1.1 Company Background

Delta Beverages is a transnational corporation having interests in the beverage industry (production and distribution), as well as agriculture and industry. Being listed on the Zimbabwe Stock Exchange, it is one of the most well-known firms in terms of market capitalisation. The organization's cornerstone was laid in 1898 by the Salisbury Lager Bottling Ice and Works Manufacturing Plant, one of its plants. Rhodesian Breweries Limited became the first company to be listed on the capital market in 1946 and was renamed to Delta Corporation in 1978. Delta Corporation's website can be accessed at www.delta.co.zw.

Delta Beverages, as a provider of alcohol, beers and a number of beverages, it adheres to the industry's rules. Its beverages division makes and distributes traditional lager and sorghum beer, and sparkling soft drinks, as well as serving as a distributor of spirits and wine. Grain malting, soil conveyance, and nutrition handling are all part of the company's agriculture

industry sector. In the plastics assembly sector, the firm also does assembling, infusing, and blowing of produced plastic items.

1.2 Background of the study.

Cash management controls are used by businesses all over the world to keep a record of their inflows and outflows while ensuring that they have enough cash to leverage on attractive investments and to deal with unexpected liabilities. Effective management of cash money loss due to processing problems or theft. To improve the management of the company's funds, a number of best practices are implemented. Shortening cash collection periods, regular collection follow-ups, negotiating advantageous terms with suppliers that allow for longer payment periods, and the creation of cash flow predictions are all part of this process. Technology is also used by businesses to speed up the cash collection process. All of this must be done while preserving sufficient cash for day-to-day operations. Exploring prospects outside of traditional areas is therefore critical for continuing success in today's global economy.

In Zimbabwe, where companies are struggling for competitive advantages in the face of increasingly severe competition, effective working capital management is sometimes overlooked as a critical success factor. The cash management plan of a developing business could mean the difference between success and failure.

Due to the current economic situation in Zimbabwe, the researcher was motivated to investigate Delta Beverages' cash management techniques. The goal of this study is to see how Delta Beverages, and other businesses in similar situations, may navigate the current economic climate by establishing and implementing a long-term cash management strategy that ensures stable operations and business survival.

1.3 Problem Statement

Businesses that aren't profitable or long-term can't be used as a springboard for growth and development. Limited cash can cause bottlenecks and challenges that disrupt the estimated flow of business processes (Van Horne, 2006, p.13). Due to a lack of cash management

knowledge and skills, firms are unable to properly manage their cash flow. As a result, the intent of this study is to look into the impact that cash management has on Delta Beverage's financial performance mainly focusing on the Mvurwi Branch as a mirror of manufacturing firms in Zimbabwe.

1.4 The aim of study

The study intends to see how effective cash management practices are in the manufacturing sector.

1.5 Research objectives

- To evaluate the effectiveness of Delta Beverages' cash handling measures.
- To ascertain the effectiveness that cash management has on Delta Beverage sales turnover.
- To unearth the influence of cash management on manufacturing sector performance.

1.6 The Research Problem

What do Delta financial management practices in the Mvurwi branch look like?

1.7 Additional research questions

- Why is it so critical to correctly manage funds?
- Does cash management have an effect on Delta Beverage's sales turnover?
- What effect does cash management have on industrial profitability?

1.8 The importance of the study

- The researcher: The purpose of this research is to assist the investigator in developing the knowledge and skills as required in the field of industry of accounting. It counts toward the attainment of the Honors in Accounting degree at Bindura University.
- To the company: The research intends to help Delta Beverages in creating efficient and most effective strategies in management of cash, which will aid in alleviating Zimbabwe's current liquidity crisis.
- Research in the future - the observations can be a starting point for future studies in a similar topic and by other researchers and scholars.

1.9 Key study assumptions

There are several assumptions that have been made in this study and they include the following:

- The researcher assumes that Delta's cash management remain unchanged for the whole duration of the project.
- The researcher will obtain data from respondents through data collection.
- The collected data will work as answers to the research objectives and questions.

1.10 The study's limitations

The research was confined to the Delta Beverages' branch in Mvurwi and focused on the Internal Audit, administration, Loss Control and finance departments, primarily units in that oversee cash management and the execution of cash related policies.

1.11 Limiting Factors

The research's completion was hampered by time, confidentiality, a poor financial muscle, and inaccessibility to business owners, among other factors.

There is a time limit.

Due to a shortage of time to do this research due to other scholastic commitments, I will work tirelessly to conquer these hurdles so that the research study can be completed completely.

Weak Financial clout.

Due to the lack of monetary resources to support the study's transportation and communication costs, the inquiry was hampered. As a reaction to such a situation, I conducted research through phone calls and emails.

1.12 Organization of research

The second chapter largely concentrates on linked review of literature and previously published researches on cash management systems. The approaches utilized to analyze Delta Beverage's cash management operations will be discussed in the third chapter. The data collected using the procedures explained in Chapter 3 will be analyzed in the fourth chapter. Finally the 5th chapter will present the research findings which will be used to deliver the outcomes and suggestions.

1.13 Definition of terms

- Internal controls - Hamel (2004, p.23) defines internal controls as the process that is designed and implemented by management to provide a meaningful level of assurance about the firm's goals in relation to reliability, financial reporting, staff efficiency and effectiveness, and adherence with relevant laws and regulations.
- Cash management - is a set of procedures which include calculating and forecasting cash flow needs, facilitating collections while maintaining control over distribution, and successfully investing extra cash (Jones, 1993, p.41).

1.15 Summary

As a result of Zimbabwe's economic success, the industrial industry has pushed for better financial management. To keep the company afloat, these issues have increased the importance of implementing effective and efficient cash management systems. The researcher argues that cash can be successfully managed in a manufacturing multi-cash arena like that of Delta.

CHAPTER TWO : LITERATURE REVIEW

2.0 Introduction

Relevant literature from previously published researches undertaken by researchers in the area of cash management will be explained in this chapter. It provides ideas, attributes, study findings, and conclusions based on past research work on cash management and performance by other persons and organizations.

2.1 Key concepts and definitions

Cash Management- Hampton (1992, p.56) defines cash management as the process of receiving, disbursing, and managing cash in order to maintain a cash flow budget stable. To put it another way, it's concerned with controlling cash flows both inside and outside the organization, as well as deciding whether to invest surplus cash or borrow money from outside to pay the deficit. The cash management cycle, in which sales generate cash that must be distributed, can be used to better describe cash flow. In order to accomplish this cycle just at lowest feasible cost whilst preserving liquidity and control, and the the firm can either borrow cash in case of a short fall or invest the cash capital in case of a surplus. Cash management's significance can be understood in terms of. Cash management's importance can be evaluated in terms of cash flow uncertainty. As a result a company's cash flow must be managed in a manner that cash balance is maintained as low as possible while surplus cash is invested in profitable opportunities (Euromoney, 2016, p.17).

Financial Performance

In terms of overall earnings and losses, a company over a certain time frame is measured. By measuring a company's overall condition, decision-makers can evaluate the outcomes of organizational activities and strategy in objective financial figures. Any of a number of mathematical measurements employed in evaluating a firm's capability to make profit from its resources.

Financial success is measured by income, net value of assets, and earnings before taxes and interest. Most importantly, no specific economic success statistic should be used in isolation.

Rather, a comprehensive analysis of a firm's performance should consider a number of variables. (Farlex, 2012, p.19).

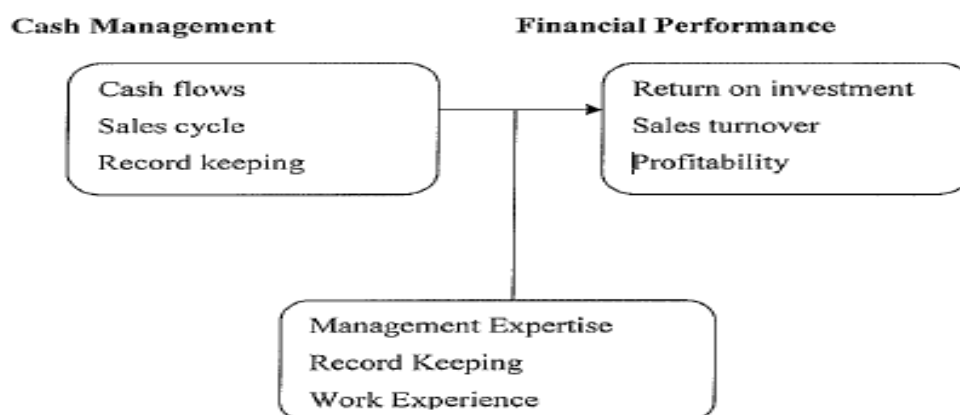
2.2 Theoretical review

Cash Flow management

The fundamental cash management activity is made up of a number of loosely related components. Marketable securities management and cash balance management are the two categories. Accelerating cash receipts while keeping cash disbursements within reasonable limits is one of the actions. The importance of cash flow management can be explained by considering how cash is normally a non-income earning resource that does not pay interest. The main goal is to then limit cash on hand without risking the company's ability to operate. If cash is managed successfully, forecasting profit potential is usually done through the forecasting or budgeting process. Using the assumptions of cash budget, the appropriate amount of cash can be determined. The estimated level of payout is used to determine when and how to use unused cash in earning resources and assets like tradable securities, and the time to sell the security balances to fill in cash balance. In dealing with capital assets, it's also critical to coordinate cash management actions (Jones, 1992, p.25).

2.3 Conceptual framework

A diagram illustrating the link between financial performance and cash management.



(Source: adapted from Zietlow et al., (2007, p.43) and Gitman (2009, p.36)

Cash management is defined by the number of cash flows, with the larger the cash flow, the better the cash management, sales cycle, and record keeping, according to the above conceptual framework. As a result, in the long run, the return on investment is higher, and sales turnover is higher. Cash management, on the other hand, results in improved performance financially, through record keeping, managerial know-how, and the individual's work skills and experience in cash management.

2.4 Review of literature

2.4.0 Factors Affecting Cash Balance Size

Short-term loans availability, money market rates, cash flow variations and compensatory balances are factors that determine the firm's cash balance at a given time (Hampton, 1989, p.57).

- Short-term credit availability - Businesses aim to build systems for them ,in case of emergency, to borrow money so as avoid keeping unnecessary large sums of cash put aside for contingency demands. A line of credit between a business and its financial institution is one of the special arrangements where a ban can grant credit to a firm if it request. The company's cash and cash equivalent balance drops because of the line of credit which permits it to rely solely on an approved loan for unexpected requirements.
- Money market rates - How do high or low interest rates in the money market impact the size and level of the cash that the firm must maintain. According to a prior study, if money is estimated to yield a return on investment that is low in the markets, the company shun from investing. Making the loan isn't worth it because the profit loss isn't significant. As a result, any surplus funds will be held in the business's account. Cash balances may rise as a result of this. If cost of borrowing is high, however, every extra dollar earned will be reinvested.
- Cash Flows Variations - Aside from contingency requirements, certain firms may experience significant cash flow variations regularly. A company with predictable cash flows is more likely to hold a smaller money balance than those that have

transient cash flows. Businesses are better able to forecast their cash levels and will have fewer cash management concerns.

- Compensating Balances - When paying for banking services received by the corporation, cash flows are often held at financial institutions. Institutions that give loans to the company can place a cap on the amount of capital it can keep by requiring a minimum compensatory balance. If a corporation is forced to maintain a minimum cash balance liquidity from the funds, the quantity of cash this should hold will grow.

2.5 Determination of transactional balances

Baumol Tobin Model

The Baumol-Allais-Tobin model is a well-known technique according to Harford (2000, p.19) for investigating the cash management issue. It is an easy-to-understand approach that is particularly helpful for outlining the components of current asset management in particular. In certain situations, *the EOQ, that is employed in stock taking can be used to compute the right levels of cash can a firm an hold*. It uses the right cash conversion levels to calculate the most efficient transactional cash holdings, and it serves as a basis for a proper conceptual model for cash handling challenges (Quarterly Journal Of Economics, 1952). Cash is regarded as an inventory item in this framework, with growth plans that can be anticipated precisely while accounting for cash flows. As a buffer, a marketable securities portfolio could be utilized to replenish estimated cash levels.

The lowest levels of cash that can be converted from marketable securities is termed Economic Conversion Quantity(ECQ). The cost of conversion can be set fee for placing, receiving, connecting, and responding to a cash order that includes a fixed cost for putting, receiving, communicating, and acting on a money order. Opportunity costs are the interest returns per dollar invested over the course of a time as a result of holding money in an investment that doesn't pay interest.

$(\text{conversion cost} * \text{conversions amounts}(\text{numbers})) + (\text{opportunity cost}, * \text{cash balances}(\text{average})) = \text{total cash cost}.$

$\text{Period cash demand} / \text{ECQ} = \text{number of conversions per period}$

Average cash balances = $\frac{ECQ}{2}$

2

- Baumol Model's limitations - When the Baumol Model is implemented in practice, previous research has revealed that it has drawbacks (ICSA 2000). In actuality, estimating the volume of cash necessary over a period of time is exceedingly unlikely to be precise. If you run out of money, you may incur fees. Other regular costs associated with storing cash may also rise when the average amount retained rises. Finally, the model operates effectively for a corporation that regularly degrades its cash holdings, but not if there are large cash outflows.

The Miller –orr Model

It was created by Miller and Orr to deal with the day cash flows (Lee and Lee, 2017, p.44). Because it analyzes changing free cash flow and calculates the upper limit and cash balances return point, it looks to be more real than the Baumol Model. At the returning point level, a cash balance is formed when marketable securities are changed into cash. The amount of money in your account might range from zero to the maximum amount.

$$RP = \frac{3/3 * \text{conversion cost} * \text{variable daily net cash flow}}{4 * \text{daily opportunity cost (decimal)}}$$

(Lee and Lee, 2017)

Three times the return point is the maximum cash amount. The difference between the upper limit and the return point is transformed into capital assets when the levels surpass the limit. The amount to convert from marketable securities to cash which the return point represents when the cash balances approach zero (Gitman, 1990, p.23).

- Miller –Orr Model's Limitations - According to research, cash flows and outflows are rarely as predictable as the model predicts. Situational variables, for instance, are according to Lee and Lee (2017, n.p) more likely to affect a dealer's cash flow; dividends and tax payments will be known well in advance for a company.

Baranek Model.

Businesses with constant financial inflows and predictable cash withdrawals, according to (Homewood,1963, n.p). With periodic inflows and constant outflows, this is a reflection of the cash flow period cycle within the Baumol model's parameters. According to Baranek, capital inflows may follow a time trends, accumulating over time before being distributed all at once. The current state of a variety of enterprises will be depicted in this temporal pattern. When it comes to cash flow, the issue is usually finding a profitable way to invest funds between the moment of receipt and the scheduled presentation of a batch of cheque to the bank for payment.

The interest-to-transaction-cost trade-off is identical to that of the Baumol paradigm, as are tactics used. Because cash is gained slowly in the Baranek model, the usual activity cycle can be a collection of investments consisting of one under-investment at the cycle end(Scherr, 1989, p.33).

- Drawbacks of Baranek's Model- This framework concept presents a number of problems, one of which is that it overlooks bank risks since it believes that cash flows are known with confidence. Cash inflows are not usually regular and quick, as the framework portray, and flows of cash are unpredictable.

The Stone Model.

The Stone framework, like the Miller–Orr's, uses control points in implementation. Where money levels exceed the thresholds, it alerts a company to take action (Stone,1972, p.73-85). The recommended process is predicated on cash flow projections from management, and the signal does not always entail an investment or disinvestment. The model suggests that top executives evaluate rather than act in this case. There are two types of control constraints in the Stone model: internal and external control constraints (Scherr, 1989, n.p). When the Stone Model is applied, the corporation is unable to make any assessments until a significant percentage of its cash balances has completely escaped the economic restrictions of much of the world. The business can be ready by increasing the current balance by the anticipated cash flows for the upcoming few days. The business can prepare ahead of time by including the anticipated future cash flows in the current balance if the forecasted future cash flows exceed the oversight restrictions. If it is not finished, the transaction will be stopped. The Miller-Orr model has identical transactions throughout. When the higher control limit is crossed, it is possible to make adequate investments to bring back the cash balances to the

return point; when smaller control limits are crossed, it is possible to make equal dis-investments (Scherr, 1989, n.p).

2.6 Empirical Analysis.

The following findings are from the former studies that have previously been undertaken:

The effect of cash management strategies on Nigerian industrial performance. Cadbury Nigeria Plc is a company that produces chocolate.

Abioro (2013) did a similar study, utilizing Cadbury (2013) as a reference, to examine the impact of cash management on factory performance. Both primary and secondary sources were used by the researcher to gather data. A hypothesis was formulated and put to the test to see if there was a connection betwixt management of cash and practices performance. Cash should have been carefully managed to improve performance because its availability without adequate management might not lead to respectable economic results.

An investigation into the profitability and cash management of various publicly traded Nigerian manufacturing companies (Uwalomwa, Egibe, and Uwuigbe ,2011).

Cash conversion trends were used as a cash management metrics in this research of a manufacturing organization. As a result, control variables were chosen as debt ratio, current ratio, and sales growth. The study's findings suggest that management can produce a positive number for shareholders by merely cutting back on cash conversion trends and maintaining suitable receivables.

A case study of non-financial listed companies on the Korean Stock Exchange (KSE) to explore how cash hoarding influences corporate performance. Raja and Iftihar are two of the most powerful people in the world (Ifihtar and Raja, 2018,p.12)

To assess factors affect the cash levels of a business and ascertain a connection that exists between values and corporate performance, panel data from KSE-listed enterprises was used between 2014 and 2010. Enterprises have increased their cash holdings because of the growing pattern of cash flow uncertainty.

Despite the high value on firms since 2008 by external investors, it has been highlighted favorable association that exist between cash holdings and firm returns on assets. In the event of a rapid economic collapse, cautious liquidity temporarily can improve the market value of a company, but a cash conservative liquidity policy can harm a firm's assets and profitability, according to the study.

Perspectives of a few selected beverage and food producing firms in Oyo Nigeria on cash management practices and medium-scale enterprise performance M.O. oladejo M.O Akandeo.oYinusoluwaseun (2013)

This study investigated and tested the effect of cash management on SME performance in the beverage and food manufacturing industries in Nigeria. This research relies heavily on original data. Data was collected from 50 participants from 10 SMEs and beverage manufacturing enterprises in the state using questionnaire surveys. The approach of random selection was used. Only 40% of the surveys were answered, and the chi-square method was used to analyse them. According to the study, companies maintain cash for transactional objectives, caution, and speculative purposes. As a result, good cash management plays an essential role on SMEs in the food and beverage manufacturing industries' performance.

M. Abel (2008). A Quantitative Study of Cash Holding and Working Capital in Manufacturing SMEs in Sweden.

Abel (2008) investigated the impact of working capital management on cash holding among manufacturing firms Sweden. The investigation was conducted using both primary and secondary data. There were no surveys or interviews conducted. Capital is vital to a company's survival and success, according to the studies.

F Mahuchi (2011) The effectiveness of Hunyai Flexible Products' cash management policies was assessed (Zimbabwe)

The study used data from 2000 to 2010 to evaluate the performance of Hunyai Flexible Products' cash management procedures (HFP). Despite the existence of an effective system, it was revealed that there was a substantial lack of an effective cash management system policy. According to the data, the degree of cash flow and the company's profitability have a positive link. Cash management is also a culture that is a cornerstone of the company's strategy and is heavily reliant on managers, according to the report.

Cash management effectiveness in Tirupur's Garment Industries (Akilesh R. and Chitura V.) (2016).

The study looked on the impact of cash management on Tirupur's garment industry's performance. Data was gathered from both primary and secondary sources by the author. To improve uncomplicated analysis, the study focused on two broad variables: the dependent variable, which is performance, and the other independent variable, which is cash management. According to the study's conclusions, the garment industry should seek to embrace a total cash management philosophy, which prioritizes cash management in both corporate strategy creation and organization's decision. It was also said that a manufacturing company's favorable performance cannot be guaranteed by capital availability without appropriate management. As a result, proper cash management is required for improved performance. The findings match those of V. Tauringana and A. G. Afrifa's Abioro (2012), "The relative importance of working capital management and its components to Manufacturing business performance."

Like the Miller–Orr model, the Stone model incorporates control limits in its approach; when cash levels surpass the control limits, it tells a corporation to take action (Stone, 1972, pp-72-84). The advised that action taken is dependent on management's cash flow estimates, and the signal always does not imply an disinvestment neither does it imply investment. In this scenario, the framework recommends that senior executives evaluate rather than act. The Stone model presents two control limitations which are internal and external control constraints according to (Scherr, 1989, p.33).

Pandey (2010) postulated that most firms frequently have unused financial resources that should be invested profitably. After doing research on the matter, (Pandey, 2010, p.17) redefined surplus cash additional amount of money held by the business to fulfill its fluctuating cash needs and plans. This researcher suggested that temporarily investing such funds in market assets can be beneficial to a business. According to another study, optimal cash management comprises balancing the trade-off between the opportunity cost of holding too much cash and the trading cost of having too little cash to determine the best cash to hold (Rosset al., 2011).

2.7 Summary

The objective of this chapter was a survey of the theoretical and empirical literature on corporate cash management methods. Theoretical considerations included a range of definitions of cash management and the relevance of cash management strategies. The chapter to follow will detail the approach that the researcher used and the techniques employed to achieve the research goals. Hence, it looks the research methodological analysis and confirms the researcher's choices for the design of the research and data gathering techniques.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The research technique for this study is described in this third chapter. It presents the ways for gathering data, measurement, and analysis. This part is a broad system, plan, or structure devised to aid in the research questions' resolution. The data collecting, processing, and analysis procedures and techniques are outlined.

3.2 The design of the research

Greener (2008) defines a research design as a holistic approach to a study issue. A research design is a set of methods and procedures for collecting and evaluating data on the variables specified in the study. It's also the framework for coming up with answers to research inquiries. According to Trochim (2005), "research methodology is the glue that keeps the research effort together". A design is used to frame the research in order to demonstrate how all of the important aspects of the research work phase together to answer the main research questions. The study design lays out the components and a strategy for conducting a successful investigation. The descriptive study design was used by the researcher since it allowed for a systematic description of the population's facts and features.

3.2.1 Descriptive Research Design

According to Cooper et al.. (2014), a descriptive study tries to answer questions on what, who, how, where, and when. A descriptive research collects information without changing the environment or influencing any variables. Descriptive research explains what already exists and can help with the invention of novel data and relevance. According to (Polit et al., 2001, P.38), the purpose of descriptive research is to describe, observe, and note down the aspects of a setting as it occurs. Descriptive studies are frequently the most effective methods for gathering data that exhibits correlations and explains the current state of affairs. This require collecting information that can serve as a narrative or account of groups, individuals, and circumstances.

3.3. Target Population

The entire set of subjects for which the survey data will be used to make inferences is referred to as the target population. As an outcome the target area determines which subjects

should be addressed by the survey findings. The definition of target populations is crucial because it determines whether or not samples are eligible to participate in the survey. A population is defined as a group of people chosen at random by the researcher to provide data for the study, according to Jager (2012). A population, according to Cooper et al., 2014, is defined as the entire set of elements from which we want to draw conclusions. As a result, the population being targeted consists of Delta Corporation Limited personnel, who number 50 in the Murwi headquarters of the company. These employees were both managerial and non-managerial employees who were involved in procurement activities or processes, mostly because they are the ones who have firsthand experience with in-sourcing and are familiar with the effects of outsourcing.

Table 3.1 Target Population

Participants	Number (s)
Administration and finance executives	2
Accountants	4
Assistant Accountants	6
Clerks	8
Accounting officers	10
Finance Interns	8
Cashiers	6
Internal Auditors	5
Loss Control	7
Total Respondents	50

Source primary data (2022)

3.4. Sampling

The practice of picking a predetermined number of observations from a larger population is referred to as sampling in statistical analysis. The strategies used to choose from a general population, according to Greener (2008), are dependent on the type of analysis being undertaken. When a sample is large for testing to cover all prospective members, samples are utilized in statistical testing. Rather than being a subset of people, a sample should be representative of the target population. Sampling is the act of selecting persons who fully represent the target community in order to understand population representations. According to Schindler (2014), there are a number of compelling reasons for sampling, including reduced costs, higher accuracy, faster data gathering, and the availability of demographic elements.

3.4 Data Collection

The data for this research was collected using a qualitative research method that includes questionnaires and interviews. This was done to ensure the internal validity of the study (Golafshani, 2009). Both primary and secondary data were employed as sources by the researcher.

3.4.1 Primary Data Sources

Information obtained in the field by the researcher specifically for the study is referred to as primary data (Kotler P 2000).

Primary data collection refers to the use of instruments in a study to gather first-hand data, such as questionnaires survey (Assuredly, 1992, p.71). It is information gathered from real-world sample sources, such as qualitative and quantitative data, surveys and interviews. Questionnaires and interviews were used to gather information from the Delta Beverage, Finance, and Administration departments.

3.4.2 Secondary Sources of Data

Companies and institutions gather secondary data for purposes other than resolving the situation at hand (Kumar, 2003). It's also possible that it has something to do with the company's use of older records. Sales reports, promotion reports, and newsletters are examples of these. Government papers, trade journals, newsletters, newspapers, books, yearly reports, and store audits are examples of different sources. The researcher used secondary

sources of information such as annual reports, web publications, business journals, and newsletters for this investigation.

Justification for using secondary data - Data was readily available, allowing for easy access and data collection. The researcher has already evaluated and comprehended the data gleaned from such materials. Data was typically more cost-effective to collect, and it came from trustworthy sources that could be easily checked. Data, is from the other hand, was not unique to the problem at hand and became out of date due to environmental and social changes. Due to technical jargon, some data was difficult to comprehend.

3.5 Instruments of Research

Primary data was collected using a variety of methods, including self - administered questionnaires and personal interviews. The respondents in the sample frame were given questionnaires by the researcher. These were hand-delivered to the proper recipients to ensure that they were received by the individuals chosen by the researcher. The scholar used the most recent advancement of electronic mail to communicate and receive survey questions as well as plan discussions with potential respondents (e-mail). Some respondents requested that interview questions be supplied to them in advance so they could organize their responses. As a result, the quality of the responses received improved. The use of e-mail was useful since this enabled the information obtained from responders to be saved. The researcher was able to download the replies and compare them to the information gathered before. The researcher will be able to download responses, compare them to other responses, and analyze them using power.

The questionnaires were retrieved as soon as possible by the researcher to ensure that they were completed on time.

3.5.1 Questionnaires

A questionnaire is a set of questions designed to elicit information from a group of people (Panneerslvam, 2005, p.66). It is a questionnaire that is usually presented by the researcher and requested to complete in order to acquire either factual information or to determine the respondents' opinions, attitudes, and interests.

Self-administered hand-delivered questionnaires were employed in this investigation. As seen in the picture, the questions included both closed and open-ended questions and

were intended for both management and non-management personnel (Appendix 2). Because they are straightforward and require respondents to mark the appropriate response, closed-ended questions allowed the researcher to cover a wide range of topics. Open-ended questions, on the other hand, gave participants the chance to express themselves without even being restricted to a single option.

Justification for questionnaires

Questionnaires were useful in collecting data for the research. These enabled the collecting of original data from personnel in charge of the day-to-day management of financial resources, as well as a deeper understanding of the cash management system of the company under examination. The questionnaire was crucial to the study because it allowed for a more open-ended approach to research and a focus on specific issues. Using a questionnaire, I was able to collect data in a pretty short amount of time. A large number of people were also polled for potential information. They were less expensive, eliminated interviewer bias, and made respondents more likely to answer sensitive questions. Despite its advantages, using questionnaires to gather data has some disadvantages. The surveyors were sluggish to respond. The surveys were kept short and straightforward in order to save time for the respondents. It was difficult to access the appropriate respondents without an appointment.

3.5.2 Interviews

Individual executives and managers from Delta Beverages Finance and Administration were questioned. Face-to-face communication is a process of conversation initiated by an interviewer with the goal of gathering information from participants by asking questions and recording the interviews for later evaluation and analysis (Cooper and Schindler, 2003). Interviews were chosen over mail or self-administered questionnaires because of the sensitive information that needed to be obtained and couldn't be adequately represented through them. They laid the groundwork for the qualitative data collection in the study.

Justification of the use personal interviews

During an interview, there are a number of topics that need to be addressed. Interviews may allow for more sensitivity and confidentiality when dealing with certain issues. Personal interviews are conducted primarily because self-administered questionnaires leave greater

potential for question clarification than self-administered interviews. If the information presented is unclear, the interviewer can inquire further. Some answers may result in additional questions that were not included in the questionnaire design but were fundamental to the study, and the interviewer gets to see other emotions, such as gestures and facial expressions, which can assist explain other responses. The major problem with these was that no time was set out for them. The most important flaw was that no time was scheduled to meet with the chosen respondent(s), as most of them would be concerned with their work. As a result, there was no time to waste. They're also costly to create since they feature historical data on the organization's performance prior to and following any policy changes.

3.5.3 Pilot Experiments

To fine-tune the questions and increase their influence on the research, a pre-test of both the questionnaire and interview processes was conducted to check the effect of the questions and the quality of the replies. A pilot study was also done to see if it was user-friendly and to look for any duplicates or cases of touchy subjects that users were hesitant to share.

3.5.4 Instrument Validity and Reliability

When measuring anything, the instrument's dependability is described as the degree to which a process is repeatable or predictable. A reliable instrument should deliver precise and consistent outcomes. The number of questions used to gauge a variable's interest is directly connected to its reliability (Joppe, 2000). Following the research, an analysis of the instruments used was performed to guarantee that the equipment used to gather data were valid and accurate. The instruments were reliable and accurate, meaning they were free of bias and error. The analysis' purpose is to ensure that the questions provided are appropriately answered and that the study results are not distorted. The questions were reliable and genuine, and the interviews fostered a high response rate, as well as clear answers and explanations.

3.6 Presentation and Analysis of Data

The researcher evaluated the responses and double-checked that all questions were addressed after receiving the surveys from participants. The responses were divided into five categories: cash balance management, cash collection management, cash disbursement management, marketable securities management, and internal cash management controls. For this

investigation and many of the computations, the researchers used an excel spreadsheet and SPSS. The data will be summarized and presented using charts, figures, and drawings.

3.7 Data Collection.

The researcher had thought that data collecting would be simple. There were numerous obstacles to overcome. Several respondents, for example, merely completed a portion of the questionnaire, causing the researcher's conclusions to be tainted. Due to time constraints, the researcher was unable to cover as much ground as he would have liked, and the researchers completed their time questionnaires.

3.8 Summary

The research design, data collection techniques, demographics, data collection procedures, and sample methodology were all discussed in this section. A questionnaire, interviews, and large secondary materials were used in the research. In this chapter, the flaws and benefits of each data gathering approach have been thoroughly analyzed. The study's key findings are presented, examined, and analyzed in the following chapter to support the recommendations that will be made as a result of this research endeavor.

CHAPTER FOUR: PRESENTATION AND ANALYSIS OF DATA

4.0 Chapter Introduction

In this chapter, the study's primary findings will be presented and discussed, and past studies will be examined. It combined findings from both literature and those findings that the researcher has observed from the field. The graphs show visualizes the effectiveness of Delta's cash management practices. Thus, this chapter is to investigate and evaluate observations from field research in connection with the purpose of the research.

4.1 Response Rate

Initially, the target sample of the population was 50 participants, however the number was reduced to 33 as the researcher deems this sample to be manageable. Ten people responded to the interview questions, while retaining 23 filled out questionnaires. Of the 10 interviewees who were picked from the Finance and Administration department's management, 6 of them were able to engage with the researcher in person. Non-management personnel from the Finance and Administration division answered the surveys, 19 of whom were answered to and received by the researcher, while the other three were never received. This information is shown in the table below:

Table 4.1 rate of responses

Research tool	Totals	Received responses	Not Received Responses	Percentage Response
Questionnaire (s)	23	19	4	83%
Interview(s)	10	6	4	60%
Totals	33	25	8	78%

The research was not able to score 100 % response rate because respondents were busy while some where not at their offices. Some surveys were reported to have gone missing, as shown in table 4-1. The primary instrument questions garnered 19 (83%) responses, while the interview questionnaires received 6 (60%) responses, yielding a total response rate of 78%

(25 respondents). The response is therefore significant enough to justify the investigation, which gives the results analyzed and described below.

4.2 Results of the study

According to the research methodology, a range of tools have been employed in this project, and the following are the results:

4.2.1 Cash Balance

A firm must be able to generate money while being complaint and liquid. Also, cash managers must ensure that cash do not runs out and that cash is generated at all times. Instead of hoarding wealth and incurring the opportunity costs of retaining cash, the surplus should be invested to earn even more money. When extra income is needed for a good purpose, management must ensure that only adequate surplus cash is kept. The cash balance management conclusions are as follows:

Table 4.2 Reasons for cash holding

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid transaction motive	13	72	72	72
precautionary motive	3	16	16	88
speculative motive	2	11	11	100
Total	18	100	100	

(Based on primary data)

According to the survey, 72 % disclosed that the corporation kept the money for transactional purposes, 20 % disclosed that it kept cash for precautionary purposes, and 11 percent agreed that it kept cash for speculative purposes, although they refused to say why. A couple of them

admitted to keeping cash for non-transactional motives, although they didn't describe what those causes were.

The corporation maintains a big part of its funds for transaction purposes, according to the research. However, according to Myers and Majluf (1984), transactions incentive may not exist because storing cash assets has an investment risk, and corporations would rather retain money as buffer to prevent cost of transacting. Hence, businesses may wish to retain cash as buffer so as to lower transaction based expenses.

Table 4.3 Cash levels held

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low	3	14	17	17
low	12	57	67	83
high	2	10	11	94
very high	1	5	6	100
Total	18	85	100	

(based on response data)

Of the participants, 14 %showed that they preferred to keep low cash levels, 57% disclosed that the company kept low cash levels, 10% said the company kept high levels of cash , and only 5% revealed that Delta kept very high levels of cash. The organization revealed that it doesn't employ models of cash management, since they are considered theoretical and ineffective in uncertain economies like that of Zimbabwe. Using financial management techniques such as cash planning and cash flow forecasting, all of the respondents said they were able to accurately foresee their cash demands.

In a research by Witz et al. (2006, p.31), businesses in nations with poor levels of investor security and political instability prefer to hoard more cash . Firms with financing limitations raise their cash holdings during economic recessions, whereas they enhance their liquidity levels during credit crises , according to Custodo (2005, p.12).

4.2.2 Cash Collections

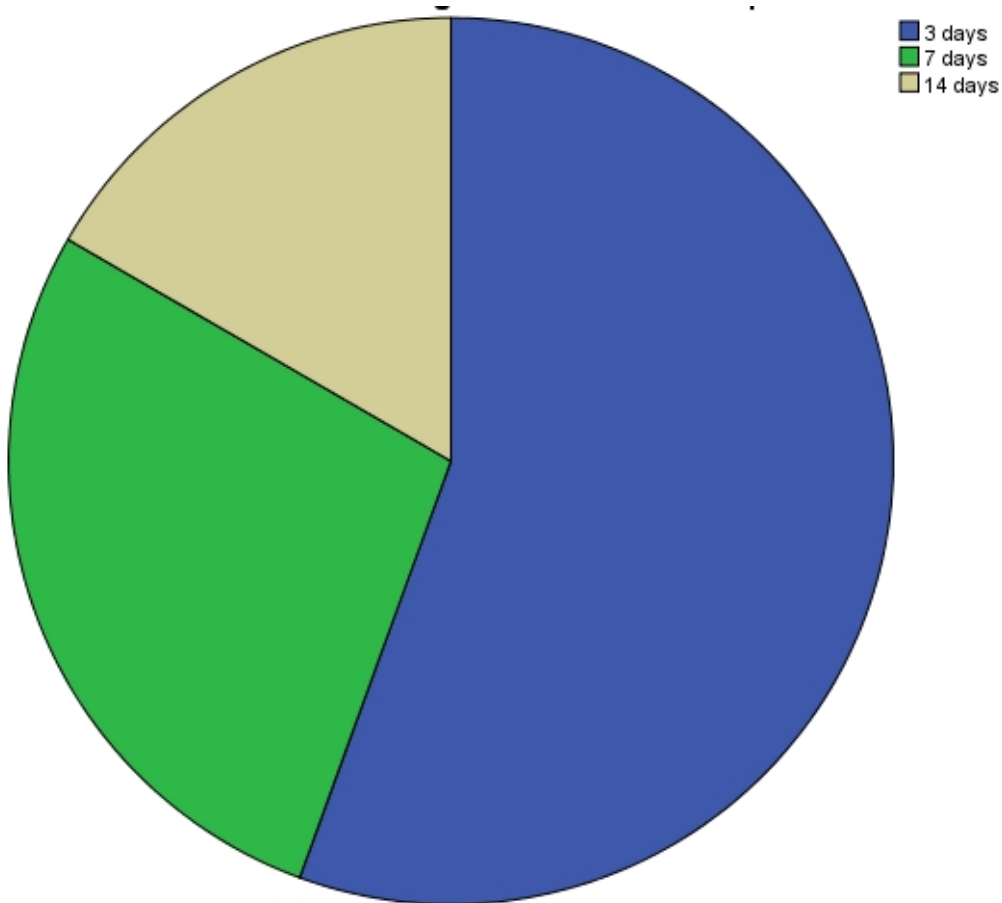
Participants expressed a wish to get cash from customers the sooner they can, while avoiding alienating their customers. These are crucial parts of the production process. Credit sales to consumers for an amount that is payable at a later date result in them. This is where the majority of the cash for the company's day-to-day operations comes from. Receivables collections generates cash, which is then used to pay off debts. Debtor days should be shorter than creditor days for this reason. The findings of the cash collection management study are as follows:

Figure 4.1 Credit period administered to customers

Average debtor's collection period

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 3 days	10	55.6	55.6	55.6
7 days	5	27.8	27.8	83.3

14 days	3	16.7	16.7	100
Total	18	100	100	



(based on primary data)

The company continues to provide credits to its consumers, according to all of the participants. 55.6 percent of respondents said account users get a 3-day time window on average, while 44.4 percent thought wholesalers get a 7-14-day grace period. Discounts of 2 to 5% are exclusively given to wholesalers, according to the data, to promote fast payments. These credit agreements are often granted to major customers who have demonstrated to be both loyal and solvent enough to not default. Account clients' late payments have proven to be unavoidable but manageable, regardless of such credit arrangements. These safeguards were put in place to limit the risk of debtors amassing cash.

Rodriguez (2011) supported that debts are a key element of a solid and successful cash administration system since they are a money source and each received dollar tantamount to a

cash dollar as represented on a balance sheet. The more the cash available for future investments, the faster receivables are collected.

Figure 4.2 Debt collection techniques

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Direct debits	7	38.9	38.9	38.9
Personal visits	11	61.1	61.1	100.0
Total	18	100.0	100.0	

In the 61.1 percent of responses obtained, direct visits to debtor' homes for debt collection looked to be fairly common. Direct debits with clients were indicated to be utilized rather regularly by 38.9% of respondents. None of the respondents had ever hired debt collection agencies or pursued legal action against defaulting debtors. *All of the participants replied that all Delta's outlets retained an age analysis of debtors, which is regularly watched because the greater the debtor age, the greater the risk of defaulting payment. The age analysis has been limited to a debtor register to ensure that credit sales are not given to clients who have not paid their bills due to the short debtor period.* However, throughout his investigation, (Matela, 2011) discovered that the debt collecting procedure is dependent on discussions to establish mutual relationships. At the pre-court stage, it was also established that establishing favorable commercial bonds provides the foundation for an effective debt collection operation.

4.2.3 Cash Disbursement Management

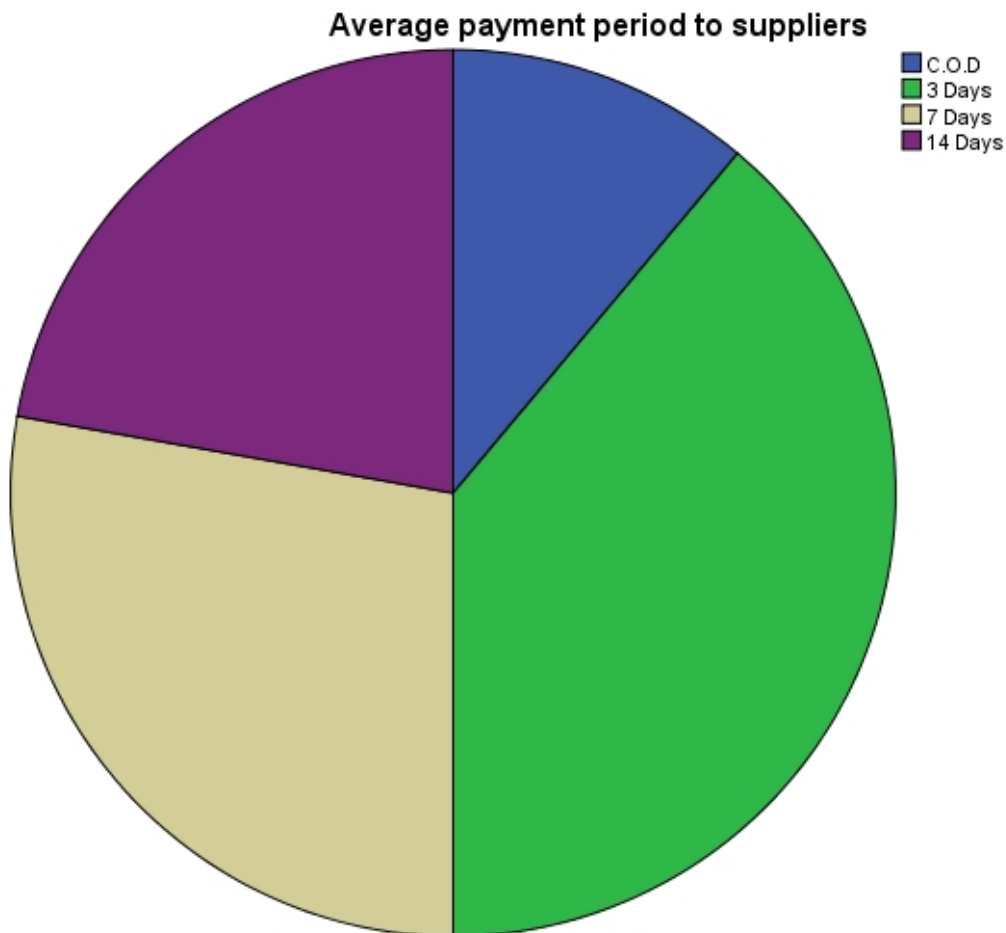
A number of accountants at managerial level aim to delay paying suppliers without risking their creditworthiness or reputation. The researcher will not go over this subject again

because it was covered in detail in the literature review section. In a steady atmosphere, this has been proved to be possible.

Figure 4.3 Average payment period to suppliers

Average payment period to suppliers

	Frequency	Percent	Valid Percent	Cumulative Percent
C.O.D	2	11.1	11.1	11.1
3 Days	7	38.9	38.9	50.0
Valid 7 Days	5	27.8	27.8	77.8
14 Days	4	22.2	22.2	100.0
Total	18	100.0	100.0	



(based on primary data source)

According to the information found, 27.8% of participants believed 7 days is the mean credit payment period, 22.2 percent revealed that the company's average collection period is 14 days, 11.1 percent said payments are mostly made using credit card, and 38.9% said payments are mostly done in 3 days. The observations back up prior research that supports the philosophy "collecting early, paying late" by Jordan, . Ross, and Westerfield (1993). Delta's primary suppliers like suppliers of raw material, continue to offer trade discounts ranging from five-ten % 10 of sales to encourage large scale purchases, according to study. Majority of replies showed that the company always pays its bills on time, even if they are occasionally late without defaulting, and that they have a strong connection with their suppliers.

4.2.4 Marketable Securities Management

Most business finance executives try to figure out how much cash to keep on hand as reserves while investing the rest of the company's liquid assets in marketable securities. The

researcher will not go over this issue again because it was already covered in the literature review portion. If more money is earned than is required, the additional money should be invested rather than kept in cash and subjected to the costs of retaining it.

Table 4.4 Financial instruments

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Treasury bills	5	27.8	27.8	27.8
Treasury notes	2	11.1	11.1	38.9
Negotiable certificates deposits	3	16.7	16.7	55.6
Commercial paper	8	44.4	44.4	100.0
Total	18	100.0	100.0	

(based on Primary source data)

In the fiscal year ended in December 2018, all of the few respondents to the question about marketable securities management determined that Delta did invest in capital markets. Negotiable Certificates of Deposit accounted for 17% of the responses, and Treasury Bills accounted for 28%.

According to those surveyed, the different financial options were generally chosen based on their investment returns and the level of risk they entailed. The larger the possible gain, the greater the danger. While choosing overnight investments with shorter maturities than other types of investments, Levinson and Mark (2003) argued that the management of securities might still be effective if a corporation had to withdraw all of its financial market assets.

Table 4.5 Attitude to money market investments

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid Risk Averse	3	17	17	17
Moderate risk taker	9	50	50	67
Risk lover	6	33	33	100
Total	18	100	100	

(Source: Primary data, 2022)

According to 50 percent of respondents, the company is a moderate risk taker; 33% thought that the company is a risk lover, and the remaining 17% agreed that the company's attitude toward these money market assets is risk-averse.

4.2.5 Cash Management Internal Controls

To safeguard assets from theft or fraud, effective cash management demands controls. If it isn't properly protected, cash, which is the most precious asset, is also the most vulnerable to theft. When computers are used to account for all inflows, outflows, and cash balances, controls are still required, and perhaps even more so than when a totally manual system is used (Smith J. M & Skousen K.F 1999). Internal cash management controls yielded the following findings:

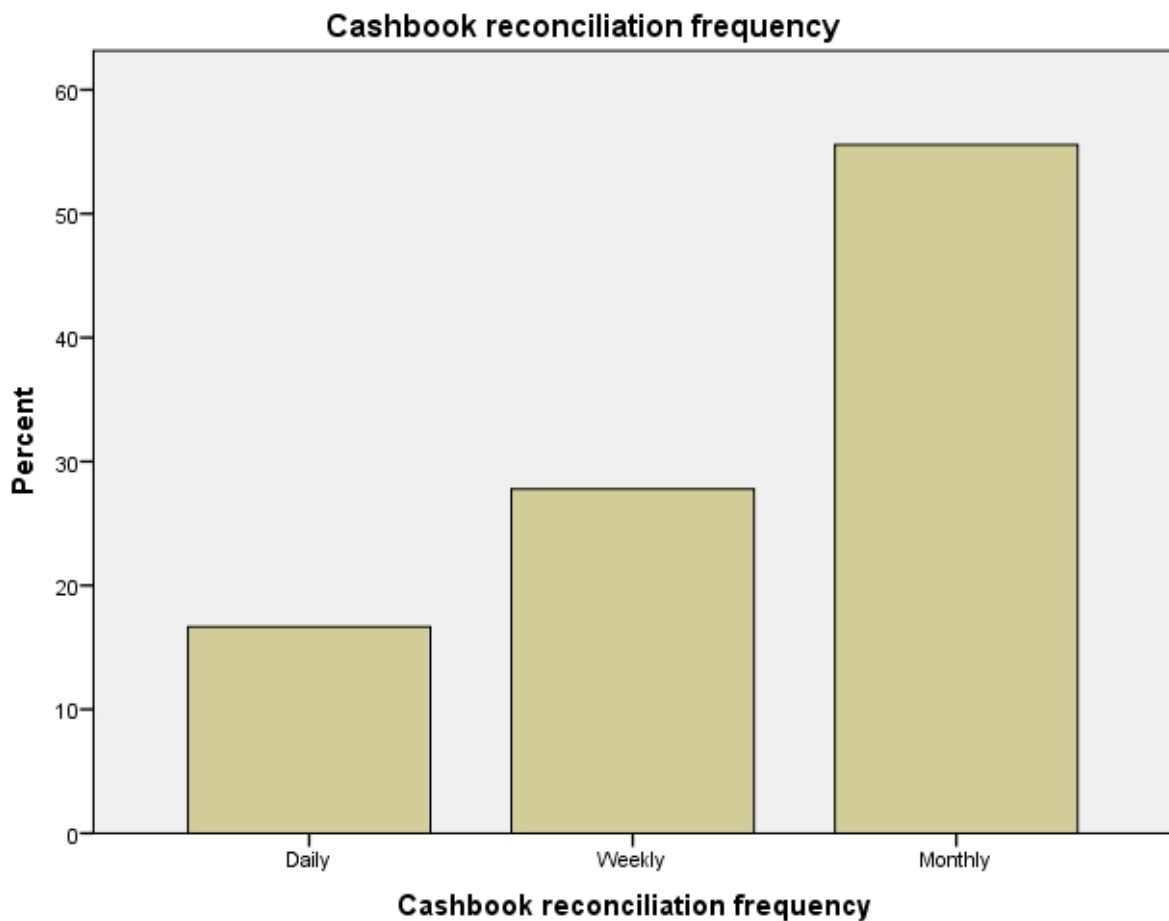
Table 4.6 Weekly banking frequency

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Daily	10	55.6	55.6	55.6
Twice or more a week	5	27.8	27.8	83.3

Once a week	3	16.7	16.7	100.0
Total	18	100.0	100.0	

Source (Primary Data, 2022)

According to the data, 55.6 percent of answers revealed that they banked their cash receipts daily, 27.8% disclosed that they banked twice a week, and 16.7% said that they banked once a week. Most inhabitants went to the bank on a frequent basis since they couldn't have large sums of money on hand for security reasons, such as the fear of armed robberies and employee embezzlement. The findings are comparable to those of other studies because there is evidence that cash is most typically banked every day (Smith & Skousen,1999, p.18).



(source: Primary data)

In practice, if banking is done every day, cashbook reconciliation should also be done every day. This is because the pace at which money is kept should match to the frequency at which money is reconciled. According to the survey, 55.6 percent of respondents reconcile their

cashbooks monthly, 27.8% weekly, and 16.7% daily. These data reveal that there was a discrepancy in banking and cashbook reconciliation rates, which was primarily due to delays in getting bank statements from local banks and general network difficulties.

Table 4.7 Administrative controls

Control type	Available	Not Available
Payment authorization by the procurement committee	✓	
Requisition forms or invoices authorization	✓	
Payment documentation preparation by the Finance department	✓	
At least 2 signatories for all cash payment documents	✓	

Table 4.8 Accounting controls

Control type	Available	Not available
Processing of financial transactions in the accounting system	✓	
Checking out budget funds availability	✓	
Processing payments only for budgeted expenses	✓	
Cash book reconciliation	✓	

(Primary source data)

All of the respondents agreed that all of the security measures, administrative controls, and accounting controls in question were in place at all Delta Beverage Centers, as shown in the tables.

In contrast, Ofori's (2010) study indicated that 60% of students believed that managers are entirely responsible for enforcing and monitoring internal control systems in the organization and that workers are not accountable for doing so.

4.6 Summary

In this chapter, the research results were assessed. These findings highlight to a number of areas where the beverage manufacturing industry's corporate cash management should be improved. In this chapter, the questionnaire responses accounted for a larger share of the data. However, management represented by a percentage of the targeted respondents only completed one questionnaire and provided very little information. The website of Delta as well as financial statements and other business periodicals, were used.

CHAPTER FIVE: SUMMARY, CONCLUSIONS, & SUGGESTIONS

5.0 Chapter Introduction

The summary, conclusions, and recommendations in this chapter are based on the research findings. As a result, findings and conclusions that are in line with the research objectives of the study can be drawn from the findings and literature evaluation. This chapter provides various recommendations for enhancing the role of cash management in enterprises.

5.1 Summary of Findings

The major goal of the research was to evaluate the efficacy of cash management strategies in the manufacturing industry, focusing primarily on the Mvurwi branch of Delta Beverages and utilizing it as a baseline for other manufacturing businesses in Zimbabwe. The management of the best transactional cash balances, the management of marketable securities, internal cash management controls, cash disbursements, and cash collections are among the interrelated operations that make up effective cash management, according to the study, the results of which are summarized below.

5.1.1 Cash Balances Management

The corporation, according to the assessment, kept low cash reserves largely for transactional concerns. According to the results, cash management methods are considered inapplicable in an unpredictable economy like Zimbabwe's, hence little is being done to make good use of and to determine transactional ideal cash levels. Because Zimbabwe's economy is so dynamic and ever-changing, cash management approaches are impractical as the cash balances are often eroded away by inflation almost each and every day. Hence, by looking at Delta only, it can be inferred that manufacturing companies that operate in same industrial atmosphere are suffering the same challenge.

5.1.2 Disbursements and Cash Collections

The corporation uses cash discounts to induce fast payments from its consumers, according to the findings of this investigation. The average grace period for clients is three days, however research shows that most customers pay their invoices in seven to fourteen days, which is the grace period reserved for wholesalers. The statistics show that from 13% in the first quarter of 2018 to 5% in the fourth quarter of 2018, the rate of consumers missing payments has decreased. This demonstrates that debtor management has improved recently.

To effectively manage the collection process, management has been putting collection strategies into practice, such as making personal visits to debtors' locations for payment and utilizing direct debits with account customers. To speed up the collection process, the debtor's old trial balance has been used. Additionally, management is employing a number of strategies to control its cash disbursing procedure, such as the creation of an Executive Procurement Committee (EPC) to regulate spending, the use of controlled disbursement accounts to track outflows, zero balance accounts, and staggered payment of payments.

5.1.3 Investing of unused funds.

According to the results, the liquid assets that remain are invested in the form of securities after the optimal cash balance has been determined. A company may invest in a range of short-term securities if it has any extra cash. The study unearthed that negotiable instrument certificates represent more than 42.9 percent of the company's money market investments which are the largest money market asset held by Delta.

5.1.4 Internal cash management controls

Management has put in place a variety of managerial and accounting controls to ensure its financial administration goals are achieved, according to the observations. One of the reasons for this is that the procurement committee meets each week to allocate and control expenditure to distribution and operational centers. All Delta' centers have a variety of security measures in place, including lock safes, security personnel, and alarm systems among others, to conduct daily banking with local banks. Banking of cash occurs once daily,

and in certain circumstances twice a day, especially in places with significant consumer concentration and high sales volumes.

5.2 Conclusion

It can thus be stated, based on the observations and findings from the Delta Mvurwi branch as mirror, that proper management of a company's financial is crucial to its success, not withstanding the industry in which it operates. Atrill and Mclaney (2011) supported that cash must be seen as a business's life blood for its long-term viability and survival in the industry. Hence, it is crucial to ensure that cash is managed properly in any manufacturing entity.

5.3 Recommendations

This section documents the recommendations based on the research observations and findings:

- Cash balances management- Though cash management strategies for finding transactional ideal cash levels are ineffective in an unpredictably fluctuating economy like Zimbabwe's, they should not be fully abandoned. This is due to the fact that they can be used to plan for the short to medium term. The study suggests that management try to develop arrangements to borrow money in the event of an emergency to avoid having too large cash reserves for contingency requests.
- Cash collections management - Receivables should be collected as soon as feasible without putting clients off. Ordinary account clients should not have their collection period or credit period extended beyond three days, as much of the cash is needed for day-to-day operations management. While the debtor's age should be regularly monitored, for cash collection from ordinary or local account customers, the most effective cash collection method should be used. Finance and sales department workers should conduct direct collection on a regular basis, according to the report. Direct debits are promoted for large-buying customers like wholesalers and stock lists, with careful monitoring of funds that enter the bank through this method.
- Disbursement management - Without jeopardizing supplier relationships,

payables should be prolonged as much as practicable. The period should not be longer than 7-14 days (as in the case of Delta Beverages), but it should be reasonable and justifiable to allow suppliers to collect their cash as quickly as possible while also paying their suppliers without causing unnecessary delays caused by the company's major customers. According to the research, a time of 5-7 days is indicated.

The researcher advises disbursement to be administered in a style deemed and regarded suitable, considering the organizational characteristics like culture, obligations, policy, and size. Another method that might be used effectively is to avoid making early payments. Payments due at the end of a month must not be made any earlier than the dates agreed.

- *Marketable Securities - Unused financial resources must be invested in for example, money market securities once optimal transactional balance levels have been determined. Overnight money market securities should be used to invest excess funds. Excess funds, according to the study, can be invested in other businesses or cutting-edge machinery. This increases the value of future cash flow creation by increasing manufacturing capacity.*
- Internal controls for cash management -The loss and audit control departments should hold workshops and training on cash management mechanisms. Such workshops must emphasize on internal cash control systems and grapevine on key tip-offs that can be used to bring suspicions of individual actions aimed at embezzling the financial resources of a company. Department heads can also conduct frequent cash audits and spot checks, to manufacturing companies like Delta Beverages improve their cash management.

5.4 Opportunity for Future Research

Because the research has been largely constrained by time, the researcher strongly believes that the area of cash management have greater opportunities for future researches. Most importantly, the practical application of corporate management of cash especially in

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underdeveloped countries mainly in Africa where currencies are very dynamic in their values, there is a huge research gap that can be leveraged on by future scholars.

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RESEARCH PROJECT QUESTIONNAIRE

BINDURA UNIVERSITY OF SCIENCE EDUCATION



Faculty of Commerce

Department of Accountancy

My registration number is B1852055. I am a student studying a Bachelor of Accountancy Honours Degree at Bindura University of Science Education (BUSE) and doing a research concerned with the effectiveness of cash management strategies of a manufacturing industry, a case study of Delta Beverages Mvurwi Branch. The research is wholly academic and respondents are guaranteed of anonymity and confidentiality and that the responses shall be used for academic purpose only. The results of the study will also be of use in bringing to your attention some of the crucial concerns with regards to corporate cash management and how it can be managed better through the use of effective cash management strategies. Your support is greatly appreciated.

Tick the most suitable answer or fill in the answer in the spaces provided.

Section A: Cash balances management

1. What are the company's reasons of holding cash?

Transaction Motive Precautionary Motive Speculative Motive

Other: Specify

2. What levels of cash do you normally hold in your company?

Very Low Low High Very High

3. a) Which model(s) of cash management does your company use?

Baumol Model Miller-or Model Baranek Model

Stone Model None

Other: Specify

b) Are cash management models useful?

Yes No

b) How efficient do you think these models are?

.....
.....

Section B: Management of cash collections

4. a) Do you give accounts to your customers?

Yes No

b) If Yes, Do you consider the following conditions for a customer to be eligible an account customer?

Customer reputation

Collateral security

Economic conditions

Income generating capacity

5. Do you have a debtor's age analysis?

Yes

No

6. a) Do you give discounts to your customers as a way of encouraging prompt payment?

Yes

No

b) If yes, at what level of sales?

2-5%

5-10%

10-20%

more than 20%

7. a) What is your average debtors' collection period?

COD

3 Days

7 Days

14 Days

b) How do you treat delayed payments by debtors?

.....
.....

8. a) What is the average level of bad debts as a percentage of debtors in your firm?

Less than 5%

5-10%

10-15%

more than 15%

b) What levels of bad debts is acceptable and reasonable according to you?

.....

9. a) Which debt collection techniques do you use?

Personal visits/Spot payments

Direct debit with customers

Debt collection agencies

Other: Specify

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b) Have you ever changed the customers' payment method during the financial year to December 2021?

Yes No

c) How did the customers respond to the change in the way they pay their dues?

Negatively Positively

10. In your own opinion, what do you think should be done to improve the cash collection process at Delta Beverages centers?

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

Section C: Management of cash disbursements

11. What is the average credit period granted by your suppliers?

C.O.D 3 Days 7 Days 15 Days

12. a) Do you ever get trade discounts from your suppliers

Yes No

b) If yes, at what level?

2.5-5% 5-10% 10-20% more than 20%

13. a) Do you ever get cash discounts from your suppliers?

Yes No

14. a) Have you ever failed to settle your accounts within the given time period?

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Yes No

b) If yes, explain briefly how this has affected your organization

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

15. Describe the relationship between you and your creditors.

Poor Good Excellent

16. Do you have creditors' age analysis?

Yes No

17. Which techniques do you use to control disbursements?

Controlled disbursement accounts Avoidance of early payments
Zero balance accounts Remote disbursing
Staggering payments

18 In your own opinion, what do you think should be done to improve the cash disbursement process at Delta Beverages centers?

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

Section D: Management of marketable securities

18. a) Did Delta Beverages invest in money market securities in the past two years to December 2021?

Yes No

b) If Yes, What money markets instruments did the organization invest?

Treasury bills Treasury notes Commercial paper

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Bankers' acceptance Negotiable Certificates Deposits

Other: Specify

c) What are the reasons for the choice of securities you indicated above?

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

19. How do you consider the company's attitude to money market investment risk?

Risk averse Moderate risk taker

Inconsiderate Risk Lover

20. What recommendations do you suggest should be implemented to improve the management of marketable securities?

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

Section E: Internal controls for cash management

21. a) How often do you do your banking?

Daily Twice or more a week Once a week

b) How often do you do your cash book reconciliation?

Daily Weekly Monthly

22. Which security measures are in place at your Customer Collection Depot?

Security guards Security alarms Lock box (safe)

Cash in Transit Security Other: Specify

23. Does the company have the following administrative controls in place to control cash transactions when making payments?

Authorization of payments by a procuring committee

Authorization requisition forms or invoices

Authorization of goods received notes.

Preparation of all payments documentation by Finance section

First and Second signatories for all cash payments documents

24. Does the company have the following accounting controls in place for cash transactions?

Processing cash transactions in the accounting system

Checking the availability of funds on the budget

Processing payments only for expenses budgeted for

Reconciliation of cash book

25. Listed in the table are cash related problems. Please indicate by filling the source of information on cases that occurred at Delta Beverages Mvurwi Branch during the financial year end December 2021. Indicate by N-A if the problem did not occur.

Cash related problem Source of detection e.g. Management, Audit0rs, Anonymous tip offs, Employees, Police etc.

Embezzlement

Theft by outside party

Cash shortages by sales drivers or cashiers

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Delayed payments by customers

Cash accounting errors

Late payments to creditors

Overspending on the budget

Dishonoured debtors payments

Missing cash register

Other: Specify.....

b) What might have caused the cash related problems indicated above?

Inadequate checks on cash

Poor supervision

Manual accounting system

Poor documentation

Economic hardships

Voluminous cash transactions

c) At which of the following points did the cash shortages, embezzlement and theft occur?

Receiving

Bank

Lock box or safe

Making payments

Cash in Transit

d) What might be the loopholes on cash point(s) you indicated above?

Receiving.....

Banking.....

Lock box.....

Cash in Transit.....

Paying.....

e) What do you recommend should be done to avoid recurrence of problems listed below?

Embezzlement.....

.....

Theft by outside parties.....

Shortages by sales drivers and cashiers.....

.....

Delayed payments by customers.....

.....

Cash accounting errors.....

.....

Late payments to creditors.....

.....

Overspending on the budget.....

Dishonoured debtors payments.....

Missing cash register.....

Thank You