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CHAPTER ONE

1.0 Introduction

1.1 Back ground.

Cash management is an essential tool which aims at establishing the financial position of the organization. Pandey (1998) notes that it is a set of guidelines established by management to ensure that the organization has optimal cash balance at any time to meet the organization goals, cash recovered should be matched with cash spent on services so that there is no un used cash balances. Cash management is concerned with the management of cash flow that is to say inflow and out flow of cash, this seeks to archive control of cash by paying obligations like meeting organizational needs[Kakuru 20001. The indicators of cash management include cash planning which is a technique use to plan and control the use of cash, safety that is to say there should be one to authorize use of cash, cash control, cash allocation and cash budget.

Most businesses are set up with the aim of making profit. Profitability is the organization's desired state where turn over is greater than input cost (Bogess 1967). According to Kakuru [2001], profitability is the ability of a firm to earn returns on investment. The higher the cash balances are in a business, the more returns or profitability will be fore gone. The indicators of profitability include return on assets, return on capital employed and sufficient cash flows.

Cash management techniques applied by private schools include paying school fees in the banks using school bank slips, students paying directly to the bursar, using a lock box and other paying through by cheque for, example students sponsored by big organizations such as plan Somalia.

Kategaya (1987) argues that the public seems interested in the developments in primary schools where he cited a big number of private students that have shown steady progress for example Green Hill Academy, Sir Apollo Kagwa.

1.5 Research Questions.

- i. What are the cash management techniques used in Blooming high school?
- ii. What is the profitability of Blooming high school?
- iii. What is the relationship between cash management and profitability in Tara Primary School?

1.6. 0. Scope of the study

1.6.1 Content scope

The study was limited to cash management techniques, factors that determine profitability and the role of cash management on profitability.

1.6.2. Geographical scope.

The study was based on Blooming high school in Hargeisa district, Somalia East division.

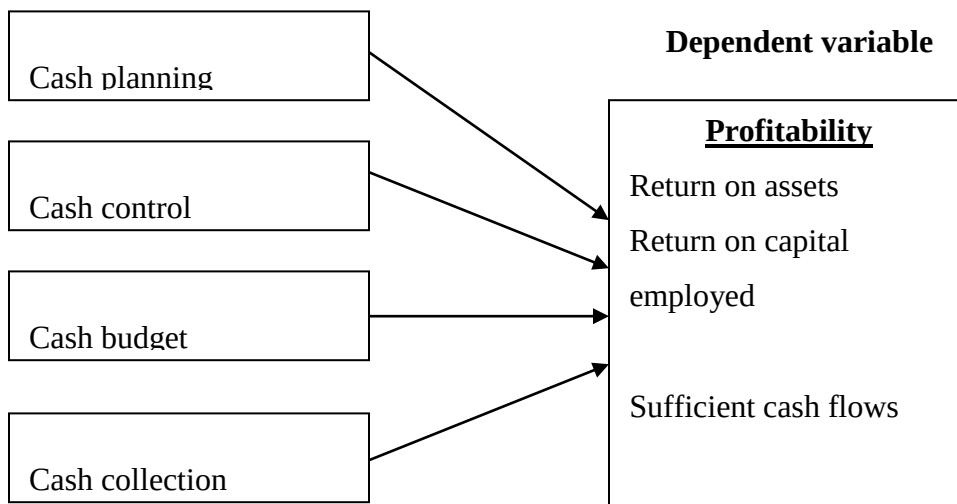
1.6.3. Time scope.

The study was carried out between the months of January and May for a period of five years that is 2019-2020.

1.7.0 Conceptual frame work

Independent variable

Cash management



Source: developed by the researcher from literature

4.2.3 Educational level

Table 4: Academic levels of respondents

Category	Frequency	percentage
Primary	0	0%
A level	4	13.3%
Certificate	6	20%
Diploma	8	26.6%
Degree	8	26.6%
Post graduate	4	13.3%
Total	30	100%

Source: Primary data

Findings show that 13.3%, 20%, 26.6%, 26.6% and 13.3% relate to "A" level, certificate, diploma degree and post graduate respectively. This means that all people employed by the school have attained a certain level education and knowledge. This is however not surprising that schools are well known for imparting knowledge therefore people there in must have attained a given level of education. This further justifies the importance of teachers collages, institutes as well as universities in as far as imparting knowledge and skills to people seems necessary. With good education level, the respondents were able to clearly understand and interpreted the questions so that they gave appropriate responses.

Further more according to the primary seven head teacher, a school is a center of knowledge and stake holders must have a certain level of knowledge as a way of leading by example.

4.3 Results on objective one. Cash management techniques.

4.3.1 Findings on the schools plan for cash

Table 5: Aim for cash plan

Category	Frequency	Percentage
Strongly agree	22	73.3%
Agree	7	23.3%
Not sure	1	3.3%
Disagree	0	0%
Strongly disagree	0	0%
Total	30	100%

Source: Primary data

Results above reveal that 73.3% strongly agree that cash planning is a management tool, 23.3% agreed that the school utilizes cash planning as a technique used in maintaining its cash, while the 3.3% were not sure. The school maintains a cash book, petty cash book and other related books. It is from these documents that informed decisions can be made as regards forecasts, budgets, disbursements, allocations and controls and any other relevant aspect beneficial to the school. The findings properly coincided with Pandey (2003) idea of cash planning as a technique employed to direct and control the movement of cash. Having good cash planning in place shall lead to proper utilization of this cash as per planned utilities/ investments and hence leading to increased profitability.

In an interactive interview with the deputy headmaster, she emphasized the rational of planning for cash in any institution where cash is used as a medium of exchange with other goods or services provided.

APPENDIX 1: QUESTIONNAIRE
QUESTIONNAIRE TO THE MANAGEMENT AND STAFF OF BLOOMING
HIGH SCHOOL

Dear Respondent,

I am a student of Atilim University conducting an academic research study. This school is acting as the case study and you have been considered to be one of the respondents. With respect, the researcher request you to spare sometime and answer the questions attached. All the data provided will be used for academic purpose only and will be treated with confidentiality.

I the researcher appreciate your co-operation.

Section A: Details about respondents (Tick in the box)

1. Gender

Female

☐

Male

☐

2. Age

Up to 25 years

☐

26-35 years

☐

36-45 years

☐

above 45 years

☐

3. Education level

Primary

☐

A level

☐

Certificate

☐

Diploma

☐

Degree

☐

Post graduate

☐

Others specify

4. Period spent in the employment of this school

Less than 1 year

☐

1-4 year

☐

5-8 years

☐

Above 8 years

☐