

RELATIONSHIP BETWEEN CASH FLOW CONTROL AND PROFITABILITY IN SELECTED SMES IN JUBA CITY: A CROSS-SECTIONAL STUDY.

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ABSTRACT.

Background:

This study aims to establish the relationship between cash flow control and profitability in selected SMEs in Juba City.

Methodology:

The research design for this study used descriptive survey analytical techniques.

The purpose of using descriptive surveys was to collect detailed information that describes an existing phenomenon. A total of 50 people were chosen and were provided with the questionnaire. 96% of the respondents returned the questionnaire. The majority of respondents do have basic skills in cash management with 77%.

Results:

The majority 32 of the respondents were male representing 67 percent. 16 of the respondents were female; representing 33 percent. This means the majority who participated are male. The SMEs did not apply affirmative action or equal chances of employment for both male and female employees. 47 of the respondents were majority with 94 percent agreeing that Cash flow statement is a central component of corporate cash flow management. 3 of the respondents, representing 6 percent disagreed and said no.

Conclusion:

There is a moderately strong relationship between cash flow practices on profitability.

Recommendation:

A possible solution would be to provide awareness to Small and Medium Enterprises (SME) owners on loan application, property management, cash flow, and knowledge of financial records.

All SMEs are to open bank accounts in the bank.

Keywords: Relationship, Cash flow control, Profitability, SMEs, Juba City.

Submitted: 2024-01-14 Accepted: 2024-01-18

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BACKGROUND OF THE STUDY.

Cash flow management in each company has distinctive features. When forming a management system, it is necessary to take into account the characteristic features of financial and economic activity and the characteristic conditions of the external and internal environment of the company. Nevertheless, it is necessary to take into

account and apply a set of common approaches, methods, and methods - a toolkit for managing cash flows.

Small and Medium Enterprises (SMEs) nowadays have been growing not just nationally but also internationally (Child et al., 2017). According to the World Bank, formal SMEs have contributed 60% of the total employment and 40% of national income Gross Domestic Product (GDP) in emerging economies. With the impact of SMEs on emerging economies, governments need to find ways to

improve the ability of SMEs (Ndiaye, Abdul Razak, Nagyev, & Ng, 2018). Low profitability of Small and Medium Enterprises (SMEs) in Juba City; Munuki Twon Block, South Sudan. According to the South Sudan National Bureau of Statistics report 2022, 83% of SMEs in Juba operate with high costs making them realize very low-profit margins.

The gap identified was that SME owners are not performing the basic cash management practices in their businesses. This practice is omitted in business largely due to a lack of cash management knowledge. Therefore, the purpose of the study is to establish the relationship between cash flow control and profitability in selected SMEs.

METHODOLOGY.

Research Design.

The research design used was a descriptive research study.

Research Instruments.

Research questionnaires were used to collect data/information.

Data Analysis.

The SSPS Computer program was used for the Data analysis.

Sampling Technique.

The census was chosen for this study.

RESULTS.

Rate of Questionnaires Distribution.

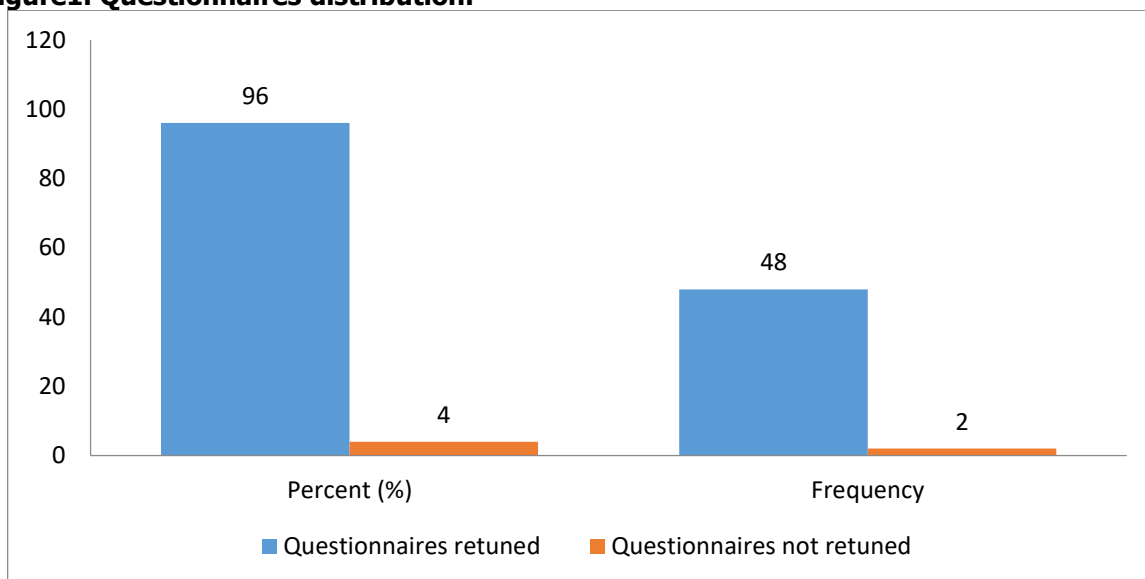
From the 50 distributed questionnaires, 48 of the questionnaires were returned, representing 96%. 2 questionnaires were not returned; representing 4%

Table 1: Questionnaires Distribution.

Particulars	Percent (%)	Frequency
Questionnaires returned	96	48
Questionnaires not returned	4	2
Total	100	50

Source: Primary Data

Figure1. Questionnaires distribution.



Source: Primary Data

Demographic Information of the Respondents.

During the data collection, both males and females participated in giving their views and opinions on cash management practices on profitability in the Selected SMEs as shown in the table.

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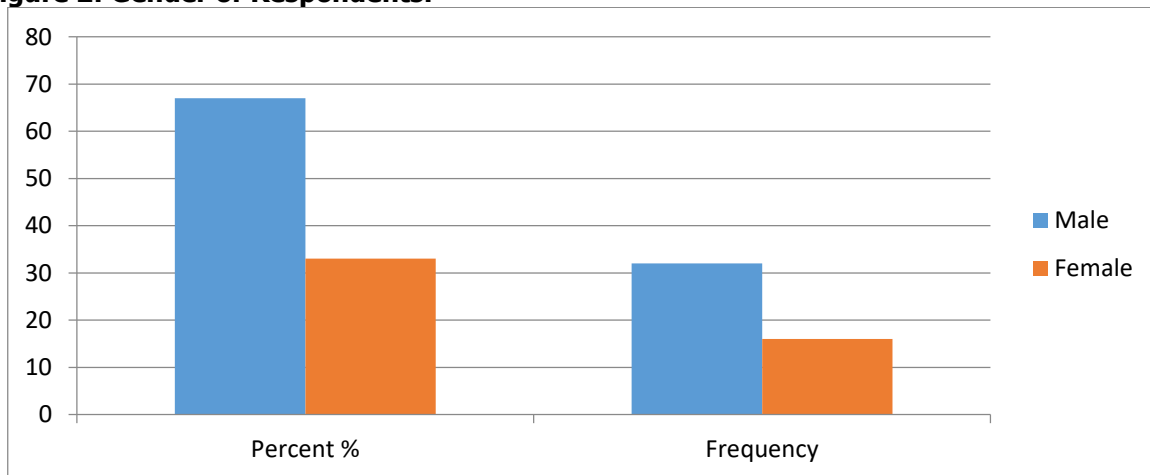
Gender of Respondents.

Table 2: Gender of Respondents.

Particulars	Percent %	Frequency
Male	67	32
Female	33	16
Total	100	48

Source: Primary Data

Figure 2: Gender of Respondents.



Source: Primary Data

Of the 48 respondents, majority 32 of the respondents were male representing 67 percent. 16 of the respondents were female; representing 33 percent. This means the majority who participated are male. The SMEs did not apply affirmative action or equal chances of employment for both male and female employees.

What is your age?

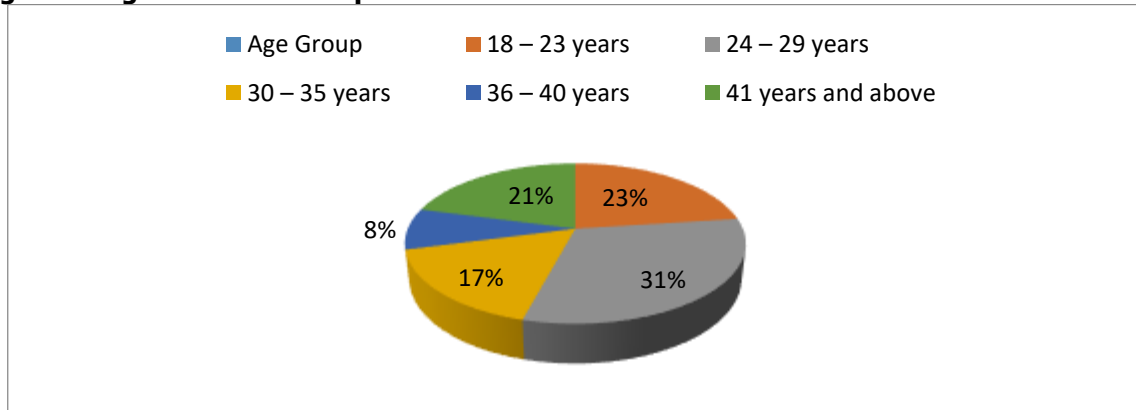
- 18 – 23 years
- 24 – 29 years
- 30 – 35 years
- 36 – 40 years
- 41 years and above

Table 3: Age group of Respondents.

Age Group	Tally	Frequency	Percent %	Valid percent %	Cumulative percent %
18 – 23 years	1	11	23	23	23
24 – 29 years	- 11	15	31	31	54
30 – 35 years	111	8	17	17	71
36 – 40 years	1111	4	8	8	79
41 years and above		10	21	21	100

Source: Selected Small and Medium Enterprises.

Figure 3: Age bracket of Respondents.



Source: Selected SMEs

The ages of the respondents were very important given that people of different age groups have been involved in different variables. Of the 48 respondents, majority 15 of the respondents; representing 31% were between the age group of 24 – 29 years. 11 of the respondents, representing 23% were between 18 – 23 years. 10 of the respondents, representing 21% were 41 years and above. 8 of the respondents, representing 17% were between the age

group of 30 – 35 years. 4 of the respondents, representing 8% were between the age group of 36 – 40.

What is your Marital Status?

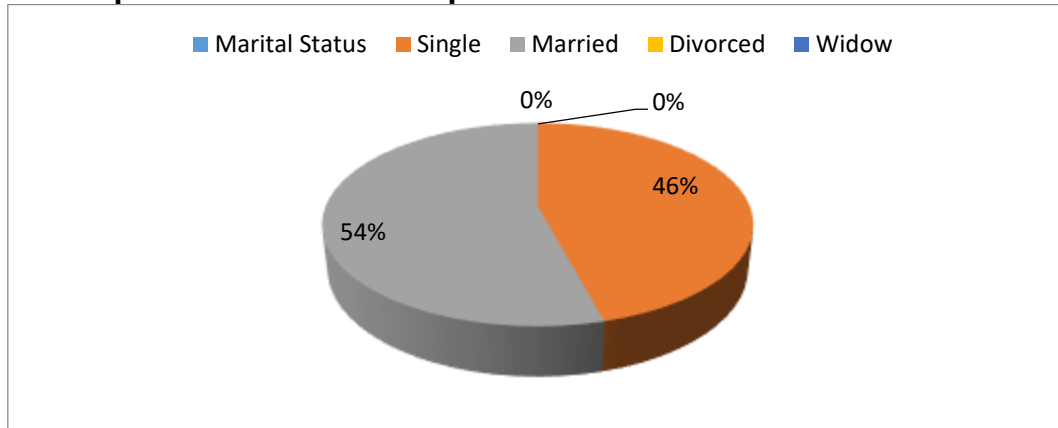
- Singe
- Married
- Divorced
- Widowed

Table 4: Respondents of Marital Status.

Marital Status	Tally	Frequency	Percent %	Cumulative Percent %
Single	 11	22	46	46
Married	 1	26	54	100
Divorced		-	-	-
Widow		-	-	-
Total		50	100%	

Source: Selected Small and Medium Enterprises (SMEs)

Figure 4: Respondents' marital status percent distribution.



Source: Primary Data

From the 48 respondents, the majority 26 respondents representing 54% were married. 22 respondents representing 46% were single. Divorced zero, widow zero.

Secondary School Certificate
 Diploma holder
 Bachelor Degree holder

What is your educational qualification?

Primary School Certificate

Table 5: Education and Qualification of the Respondents.

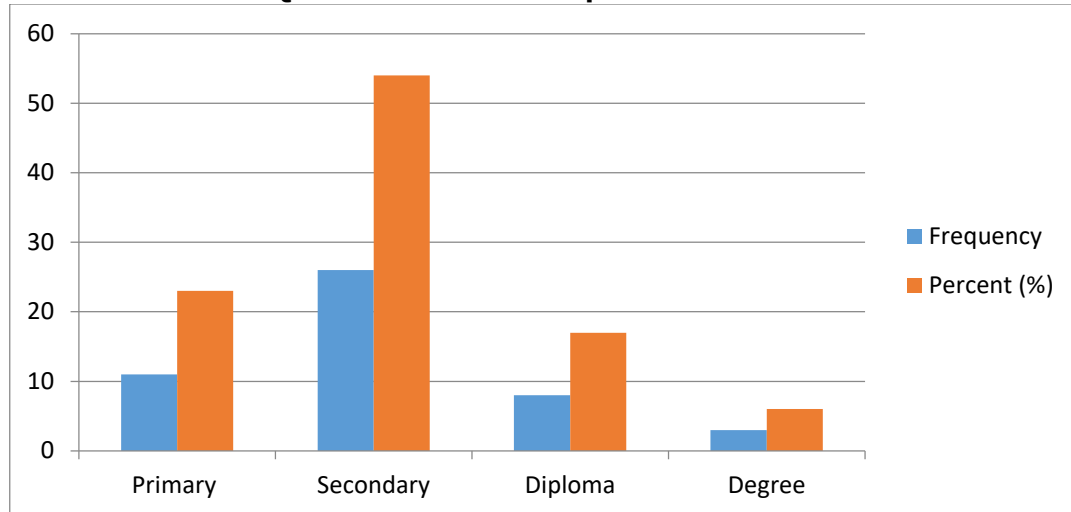
Education Level	Tally	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Primary	1	11	23	23	23
Secondary	1	26	54	54	77
Diploma	111	8	17	17	94
Degree	111	3	6	6	100
Total		48	100%	100%	

Source: Primary Data

Of the 48 respondents, the majority 26 respondents; representing 54% were holding Secondary Certificate. 11 of the respondents, representing 23% were with a Primary Certificate. 8 of the respondents, 17% held a Diploma, and

3 respondents, representing 6% held a Degree. All the respondents got their education in Sudan and some in South Sudan after its independence in 2011.

Figure 5: Education and Qualification of the Respondents.



Source: Primary Data

What is your position in the Selected Small and Medium Enterprises (SMEs)?

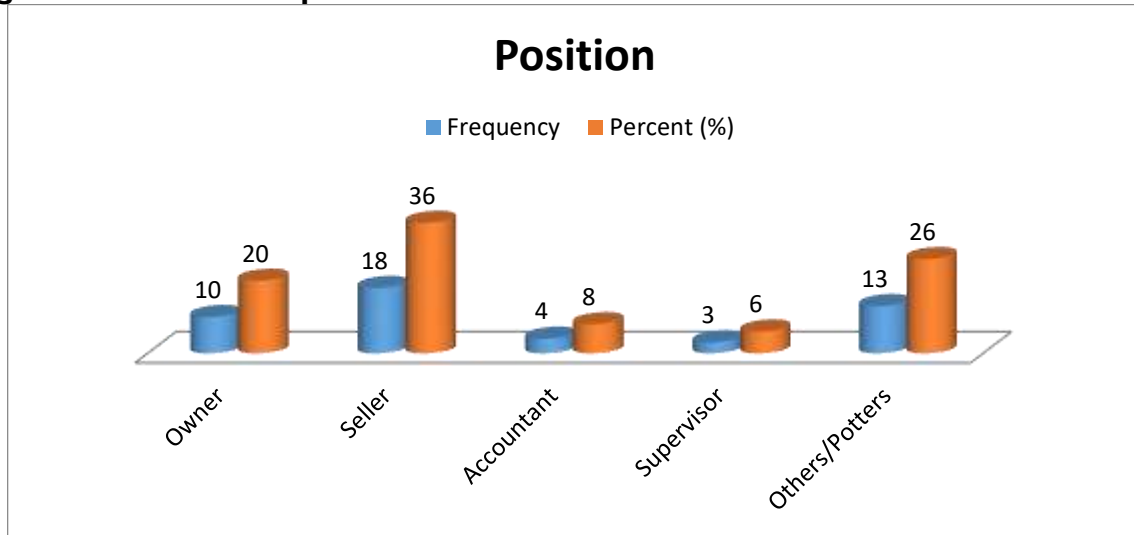
Owner; Seller, Accountant. Supervisor and Others.

Table 6: Position of Respondents.

Respondents	Tally	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Owner		10	21	21	21
Seller	 	18	38	38	59
Accountant		4	8	8	67
Supervisor		3	6	6	73
Others	 	13	27	27	100
Total		48	100%	100%	

Source: Primary Data

Figure 6: Position of Respondents.



Source: Primary Data

Of the 48 respondents, 18 of the respondents, representing 38% were sellers. 13 of the respondents, representing 27% were potters/others. 10 of the respondents, representing 21% were owners. 4 of the respondents, representing 8% were accountants. 3 of the respondents, representing 6% were supervisors. All the respondents were serving in the SMEs.

How long have you been working here?

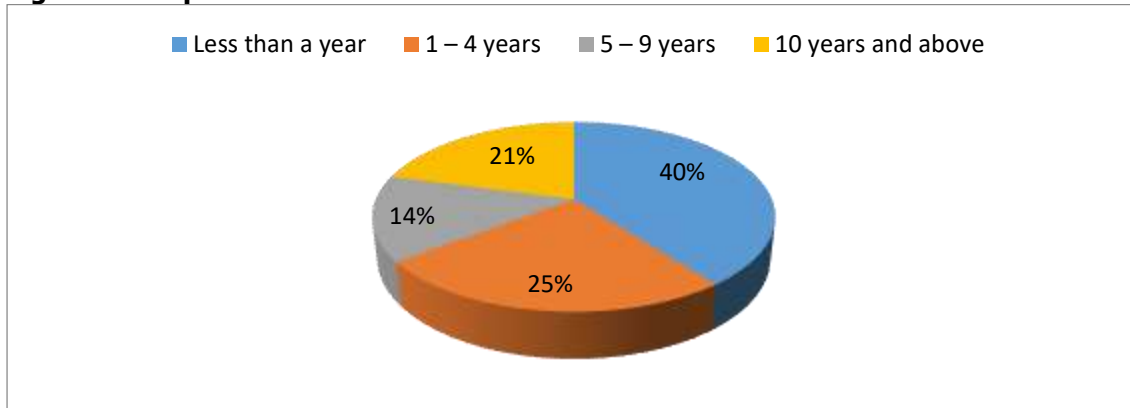
- Less than a year
- 1 – 5 years
- 5 – 10 years
- 10 years and above

Table 7: Respondents' duration of services.

Period	Tally	Frequency			Percent (%)			Valid (%)	Cumulative Percent (%)
		M	F		M	F			
Less than a year	++++ ++++ ++++ 1111	19	12	7	40	25	15	40	40
1 – 4 years	++++ ++++ 11	12	7	5	25	15	10	25	65
5 – 9 years	++++ 11	7	5	2	15	11	4	15	80
10 years and above	++++ ++++	10	7	3	20	14	6	20	100
Total		48			100%			100%	

Source: Primary Data

Figure 7: Respondents' duration of services.



Sources: Primary Data

Of the 48 respondents, majority 19 (12 males and 7 females) of the respondents, representing 40% (25% male and 15% female) were less than a year old. 12 (7 males and 5 female) of the respondents, representing 25% (15% male and 10% female) were between 1 – 4 years. 10 (7 males and 3 female) of the respondents, representing 20% (14% male and 6% female) were 10 years and above. 7 (5 males and 2 females) of the respondents, representing

14% (11% male and 4% female) were between 5 – 9 years. Most of the participants are male.

(Are there any cash flow management techniques (CFMT) used by the selected SMEs?)

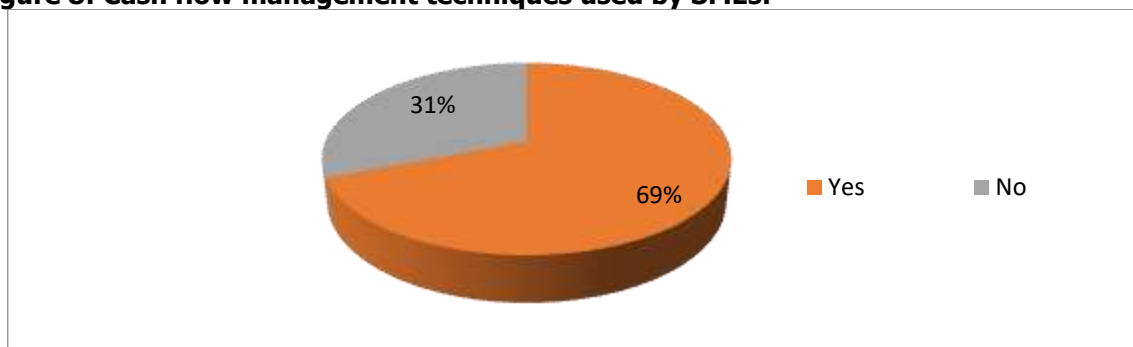
- Yes
- No

Table 8: Cash flow management techniques used by SMEs.

Particulars	Percent %	Frequency
Yes	69	33
No	31	15
Total	100%	48

Source: Primary Data

Figure 8: Cash flow management techniques used by SMEs.



Sources: Primary Data

Of the 48 respondents, 33 of the respondents were majority with 69 percent saying yes, there are cash flow management techniques used in the SMEs. 15 of the respondents, representing 30 percent said no

The cash flow statement is a central component of corporate cash flow management?

Yes No

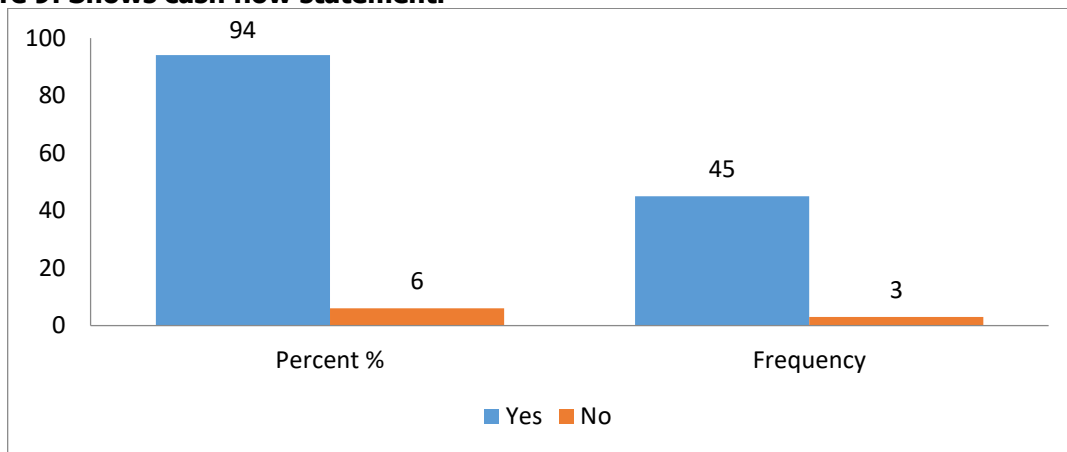
Table 9: Shows cash flow statement.

Particulars	Percent %	Frequency
Yes	94	45
No	6	3
Total	100%	48

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Source: Primary Data

Figure 9: Shows cash flow statement.



Source: Primary Data

Of the 48 respondents, 47 of the respondents were majority with 94 percent agreeing that the Cash flow statement is a central component of corporate cash flow management. 3 of the respondents, representing 6 percent disagreed and said no

Profitability.

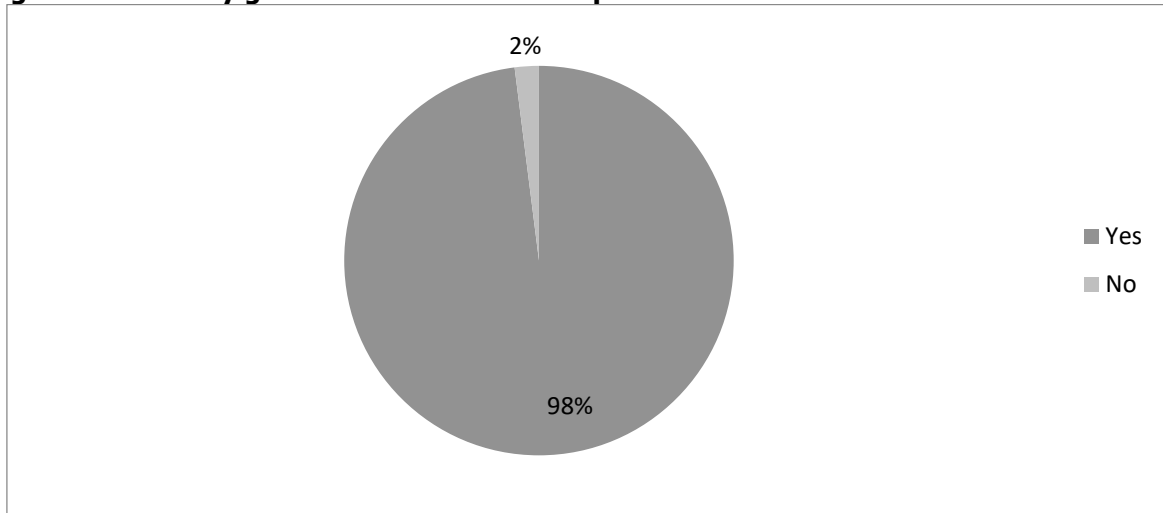
Profitability is the primary goal of all business ventures.

Table 10: Primary goal of business ventures.

Particulars	Percent %	Frequency
Yes	98	47
No	2	1
Total	100%	48

Source: Primary Data

Figure 10: Primary goal of business ventures percent distribution.



Sources: Primary Data

Of the 48 respondents, 47 of the respondents, representing 98 percent said yes, profitability is the primary goal of all business ventures. 1 of the respondents, representing 2 percent said no

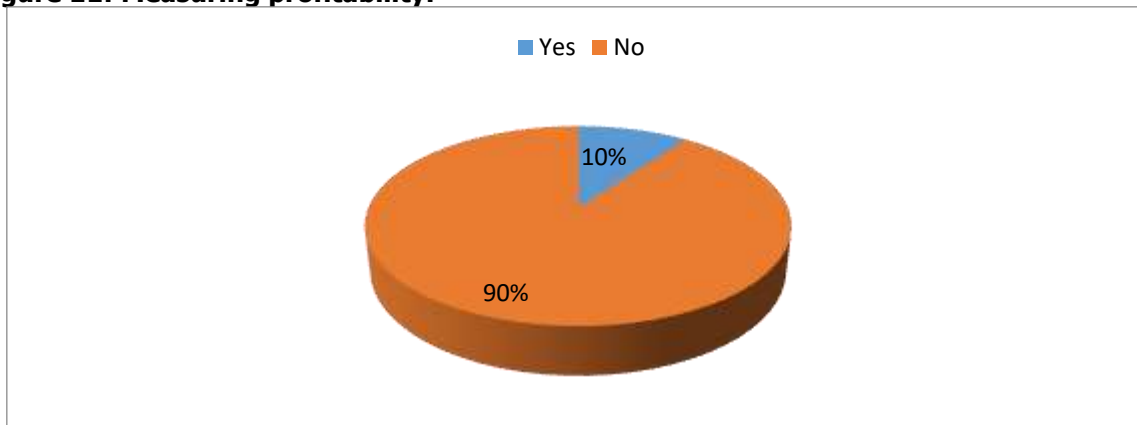
Measuring current and past profitability and projecting future profitability is not very important.

Table 11: Measuring profitability.

Particulars	Percent %	Frequency
Yes	10	5
No	90	43
Total	100%	48

Source: Primary Data

Figure 11: Measuring profitability.



Sources: Primary Data

Of the 48 respondents, 43 of the respondents were majority with 90 percent disagreeing with the statement that measuring current and past profitability and projecting future profitability is not very important. 5 of the respondents, representing 10 percent agree with the statement.

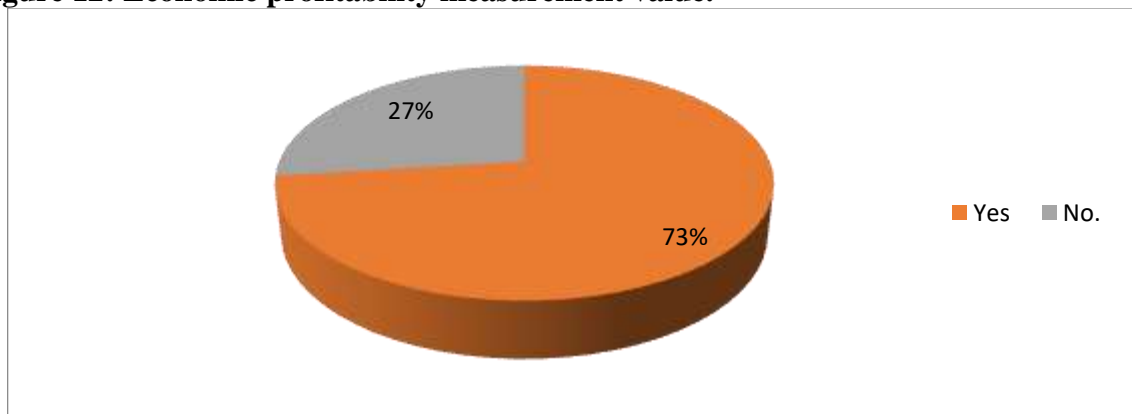
Economic profitability measures the ability of a business to generate value for its customers relative to its costs.

Table 12: Economic profitability measurement value.

Particulars	Percent %	Frequency
Yes	73	35
No.	27	13
Total	100 %	48

Source: Primary Data

Figure 12: Economic profitability measurement value.



Sources: Primary Data.

Of the 48 respondents, 35 of the respondents were the majority with 73 percent citing yes economic profitability measurement of a business to generate value. 13 of the respondents, representing 27 percent said no

Accounting profitability is the measure of a company's income after all expenses and taxes have been paid.

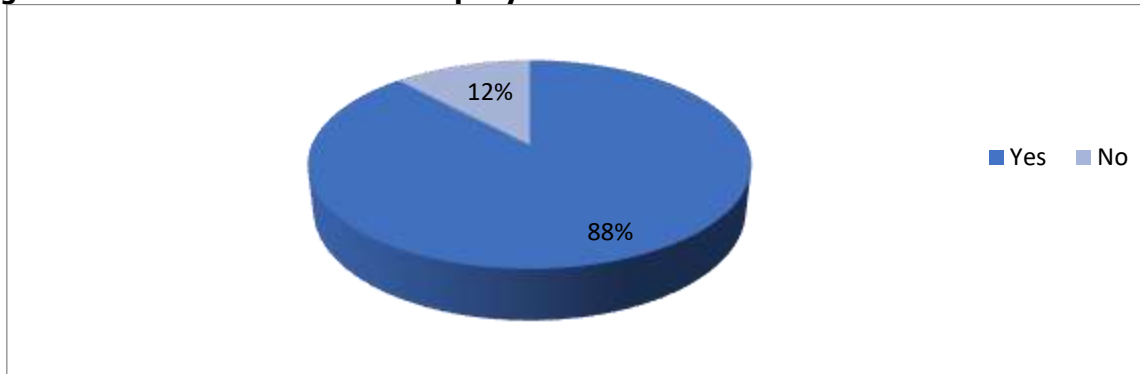
Yes
No

Table 13: Measurement of the company's income.

Particulars	Percent %	Frequency
Yes	88	42
No	12	6
Total	100%	48

Source: Primary Data

Figure 13: Measurement of the company’s income.



Sources: Primary Data

Of the 48 respondents, 42 of the respondents, representing 88 percent said yes, accounting profitability is the measure of a company’s income after all expenses and taxes have been paid. 6 of the respondents, representing 12 percent said no

Other factors like customer satisfaction, loyalty, and product quality cannot be used to measure economic profitability.

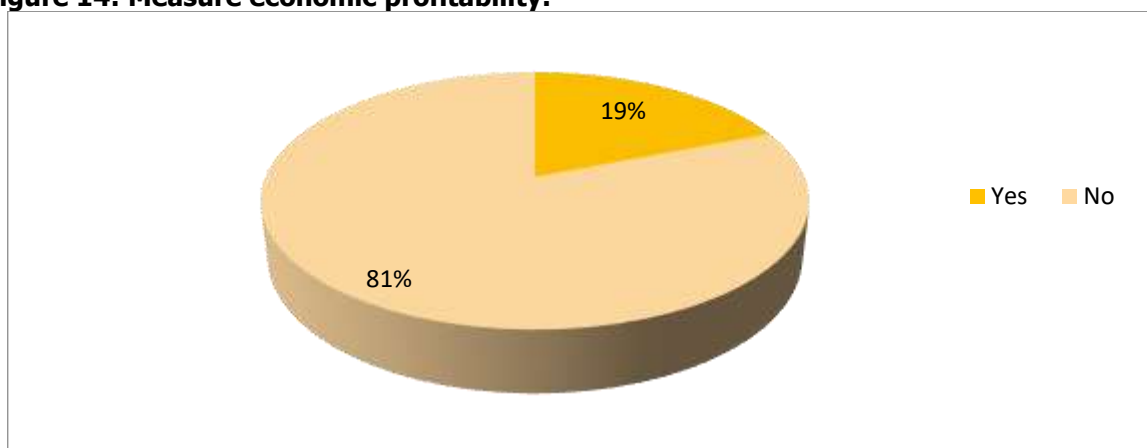
Yes
No

Table 14: Measure economic profitability.

Particulars	Percent (%)	Frequency
Yes	19	9
No	81	39
Total	100%	50

Source: Primary Data

Figure 14: Measure economic profitability.



Sources: Primary Data

Of the 48 respondents, 39 of the respondents were the majority with 81 percent disagreeing with the statement that other factors like customer satisfaction, loyalty, and product quality cannot be used to measure economic

profitability. 9 of the respondents, representing 19 percent agree with the above statement.

DISCUSSION.

47 of the respondents were majority with 94 percent agreeing that Cash flow statement is a central component of corporate cash flow management. 3 of the respondents, representing 6 percent disagreed and said no, and 47 of the respondents, representing 98 percent said yes, profitability is the primary goal of all business ventures. 1 of the respondents, representing 2 percent said no.

The report of cash flows is officially approved by the accounting statements. Using this document, it is possible to monitor current solvency, manage cash flows, and solve the problem of the discrepancy between the financial result of the enterprise and the cash flow balance (Rogulenko 2016,).

Moreover, cash flow management has to ensure a high level of financial stability for the company in its development: this financial stability is achieved through the formation of the optimal structure of sources of attracting cash. It is important to pay attention to the correlation between owned and borrowed funds, to optimize the structure of cash assets for the periods of their return, and to timely carry out the restructuring of liabilities in the conditions of the company's financial crisis. (Blank 2004)

Finally, it has to ensure the minimization of losses in the value of funds in the process of their economic use by the company: monetary assets lose their original value under the influence of time, inflation, and risk factors. Therefore, during the organization of monetary circulation in the company, it is necessary to exclude large reserves of money (Yashina 2015,).

CONCLUSION.

There is a moderately strong relationship between cash flow practices on profitability.

RECOMMENDATION

A possible solution would be to provide awareness to Small and Medium Enterprises (SME) owners on loan application, property management, cash flow, and knowledge of financial records.

All SMEs are to open bank accounts in the bank.

ACKNOWLEDGMENT

I would like to thank the Almighty God, who made it possible for me to finish this work and I wish to extend my heartfelt thanks to my parents Lasu and Keliko; and partner Pita for their love and continued care in my academic endeavors.

Special thanks go to my research Supervisor Rev. Dr. Simon Mwesigwa for his guidance, insights, ideas, and encouragement throughout my research project.

Particular thanks go to my lecturers; Ali Katerregga, Richard Semanda, Prof. Andrew Ssebuggwawo, and Kisuule Fred and all those not mentioned for the cooperation, guidance, and knowledge they have given me while pursuing my course until completion.

I also appreciate Joel, the finance administrator, Joel; in Administration for their help. They have put a smile on my face when things seem gone astray.

I express my sincere thankfulness to all the respondents in Juba City, Munuki Town Block more especially at the Selected Small and Medium Enterprises (SMEs). Who was very supportive and cooperative to me by availing the necessary information needed for the study.

Lastly, all my Colleagues whom we have toiled together to this final level for their unceasing encouragement in this course through discussions, phone calls, reading materials, and reminders.

“May the Almighty God! Bless us all”

LIST OF ABBREVIATIONS.

CFC: Cash Flow Control
CMFs: Cash Management Practices
DMP: Debt Management Period
DV: Dependent Variable
EC: Expenditure Control
ECB: Expenditure Control Budget
FY: Fiscal Year
GDP: Gross Domestic Product
IV: Independent Variable
SMEs: Small and Medium Enterprises

SOURCE OF FUNDING.

The study was not funded.

CONFLICT OF INTEREST.

The author had no conflict of interest.

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