**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTANCY**

# THE EFFECTIVENESS OF CASH FLOW MANAGEMENT IN ACHIEVING ORGANIZATIONAL OBJECTIVES .A CASE STUDY OF MINISTRY OF LANDS, AGRICULTURE, WATER, FISHERIES AND RURAL DEVELOPMENT.

**BY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A BACHELOR OF ACCOUNTANCY HONOURS DEGREE AT BINDURA UNIVERSITY SCIENCE EDUCATION.FACULTY OF COMMERCE**

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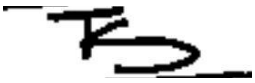
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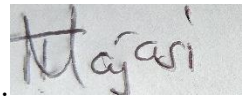
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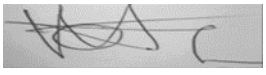
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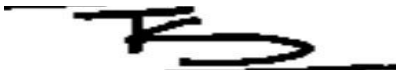
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**DEDICATION**

I dedicate this dissertation to my lovely family especially my mom and dad, who have been my support system during my time at Bindura University of Science Education. May the Lord, God Almighty bless my family with abundant blessings for being there for me.

**ABSTRACT**

The current study has looked into the ways of efficient management of cash flow for the Ministry of Lands Agriculture Water, Fisheries and Rural Development to attain its objectives. The current study was prompted by issues like delayed treasury release of funds, budget limitations, inadequate financial management, and an unstable economy, which have all resulted into declining effectiveness in service delivery and implementation of programs at the Ministry. The study was guided theoretically by pragmatism philosophy and methodologically by the concurrent mixed methods approach with descriptive case study as the general approach. Quantitative methodology, structured questionnaire was utilized to gather data from 15 finance staff, of whom 10 responded successfully and their data was analyzed using the IBM SPSS Statistics Version 28. Qualitative approach, data was gathered via semi-structured interview from five purposefully selected key informants and their data analyzed qualitatively by thematic analysis using the ATLAS.ti Version 9. Quantitative results show that the Ministry has sophisticated budgeting, cash flow planning and financial control systems. Cash flow management in the Ministry is still being adversely impacted by such things as lack of funding from Treasury, budget reductions, absence of coordination within the department, and economic turmoil, which restrict the efficient handling of cash flows. However, the qualitative analysis has helped me prove my point in that the efficient financial management systems internally are hindered by the delays in funding externally and manual financial monitoring systems. Both the quantitative and qualitative research revealed that there was a connection between the proper cash flow management and the attainment of the Ministry's goals. The study concludes that the proper cash flow management helps to enhance financial accountability, efficiency, decision-making, and service delivery in the Ministry. The study recommends that funding from Treasury should be timely provided, financial monitoring should be improved, program of integrated computerized financial management systems should be adopted, employees should be constantly trained, and coordination among departments should be achieved.

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**List of abbreviations and acronyms**

CCC-Cash Conversion Cycle

CIPFA-Chartered Institute of Public Finance and Accountancy

EY-Ernst and Young

GDP-Gross Domestic Product

IBM-International Business Machines

IFAC-International Federation of Accountants

IMF-International Monetary Fund

MLAWFRD-Ministry of Lands, Agriculture, Water, Fisheries and Rural Development

OECD-Organization for Economic Co-operation and Development

SAICA-South African Institute of Chartered Accountants

SADC-Southern African Development Community

SPSS-Statistical Package for the Social Sciences

TOC-Theory of Constraints

# CHAPTER I

# INTRODUCTION

## 1.0 Introduction

The current chapter gives the overview of the research in relation to the effectiveness of cash flow management as an instrument for attaining organizational objectives in the Ministry of Lands, Agriculture Water, Fisheries and Rural Development. In the process of the discussion of the background of the study, it gives the description of the environment in which the study was conducted. It further gives the problem statement, the purpose of the study, objectives of the research, research questions and the hypothesis that are driving the research process. Additionally, the current chapter outlines the significance of the research to various stakeholders while at the same time discussing assumptions, delimitations and limitations of the research process. Key concepts used in the research are outlined and defined in the current chapter to enhance the understanding of the reader.

## 1.1 Background of the Study

Sound management of cash flow is one of the key principles of financial sustainability in public and private organizations. This allows the organization to fulfill its financial commitments, to make investments in areas of priority and achieve the long-term objectives (Brigham &Ehrhardat, 2020). In terms of the public sector, proper cash flow management becomes particularly relevant since it determines the provision of necessary services, the execution of national development programs, as well as the government's credibility. The proper allocation of public finances contributes to the positive image of the government as responsible and accountable (International Monetary Fund, 2019). For the ministries with wide powers, it is critical to be able to forecast, control and monitor their cash flows.

In the world governments have been implementing various mechanisms cash flow management. In more well established public financial management systems, a centralized public is treasury approach, electronic payments, reliable financial information and regular cash flow forecasting.

The World Bank (2020) indicates that sound cash management depends on effective budgeting and execution, comprehensive cash flow forecasts and the inclusion of government revenues and expenditures in forecasting processes.

The Ministry of Lands, Agriculture, Water Fisheries and Rural Development (MLAWFRD) in Zimbabwe is an institution that is very critical in the country's economic and social development. The mandate of the institution includes ensuring food security, land reform, natural resources management and rural development and is therefore fundamental for the country's sustainable development agenda. This institution oversees a sophisticated financial system where the funding is from treasury allocations, internal revenue generation and donor organizations. The funding goes to various activities which include provision of subsidies to farmers, dam construction, extension services and land management that are very important for national food security and rural livelihoods (Government of Zimbabwe 2022). Given the size and complexity of these activities, there is need for advanced financial management systems.

However, there has been a reported increase in worries that many public institutions like Zimbabwe are struggling with cash flow management. The weaknesses include late budget allocations, poor revenue management systems, poor cash flow forecasting, and unnecessary spending in areas not of priority (World Bank, 2021). This will cause shortage of cash, disruptions of critical programs, delays in service provision, and inability to meet organizational goals. In the case of MLAWFRD, this may include delays in the allocation of farm inputs, failure of irrigation program, or poor rural reach, thus undermining the strategic vision of the ministry.

It is against this backdrop that the present research work has been undertaken. Though there is no question about the significance of cash flow globally, the need for empirical studies to ascertain its effectiveness in particular Zimbabwean Ministries such as the MLAWFRD is quite apparent. Most of the existing studies are concerned either with the private sector or with public finance management at a macro fiscal level and not much on micro level organizational based evaluation (Moyo, 2020). This research work seeks to fill this gap by undertaking an evaluation of the cash flow management of the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development and establish its effectiveness.

## 1.2 Statement of Problem

The Ministry of Lands, Agriculture, Water, Fisheries and Rural Development holds a very important position within the state with respect to food security and development of the economy of the country. However, there exist problems that arise regarding the operation of the ministry and its goals. The reasons for such operation problems include insufficient funds. Specifically, there is a gap between the process of managing the cash flow at the Ministry, such as budgeting, disbursement, collection, and forecasting, and the strategic goals of the ministry.

This problem results in poor financial resources, postponed projects and inability to solve arising problems, which reduces the efficiency of providing services and achieving the public purpose. If this problem is not solved, poor performance and low confidence will be the result. Also, further development of the nation will be hindered. Therefore, the justification of this research is the analysis of the effectiveness of the process of cash flow management and its effects on organizational performance.

## 1.3 Purpose of the Study

Purpose of the Research

The main purpose of the research is to evaluate the efficiency of the existing cash flow management strategies employed by the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development in attaining its goals through mixed methodology. The quantitative information will be obtained from the structured questionnaires while qualitative information from the semi-structured interviews.

## 1.4 Research Objectives:

i. To examine the current cash flow management practices currently implemented within the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development.
ii. To assess the effectiveness of budgeting, cash planning, and cash flow control systems in achieving organizational objectives.
iii. To identify major challenges affecting effective cash flow management within the Ministry.
iv. To evaluate the relationship between cash flow management practices and organizational performance within the Ministry.

### 1.6 Research Questions:

i. What cash flow management are currently being implemented within the Ministry of Lands, Agriculture, Water and Rural Development?
ii. How effective are the budgeting ,cash planning and cash flow control system in achieving the ministry's objectives
iii. What are the major challenges affecting effective cash flow management within the ministry
iv. What relationship exist between cash flow management practices and organizational performance within the ministry

### 1.7 Statement of the Hypothesis

$H_0$: There is no statistically significant correlation between the effectiveness of cash flow management practices and the achievement of organizational objectives at the Ministry of Lands, Agriculture, Water, Fisheries and Rural Settlement.

$H_1$: There is a statistically significant positive correlation between the effectiveness of cash flow management practices and the achievement of organizational objectives at the Ministry of Lands, Agriculture, Water, Fisheries and Rural Settlement.

### 1.8 Significance of the Study

#### A) Researcher

This research will improve the researcher's knowledge on cash flow management and its relationship to the realization of organizational goals in the public sector. Through the research process, the researcher will acquire practical and analytical skills on finance management, data collection, analysis, and reporting. In addition, the research will help improve the researcher's knowledge and skills in the field of public finance management systems. The researcher's professional skills in accounting, auditing, and financial administration will be improved through the research process. In addition, the researcher will achieve academic and career development through the fulfillment of the requirements of the degree program at Bindura University of Science Education.

**B) To Bindura University of Science Education**

The research will help to add to the existing knowledge at the university with regard to evidence about the efficiency of cash flow management in public sector institutions in Zimbabwe. The information obtained from the research will form part of the reference material to be used in future by students and researchers conducting studies in accounting, finance, public administration, and public sector management. The research will also help to build up the research base of the university in line with its mission of fostering innovation and problem solving through evidence-based learning.

**C) Ministry of Lands, Agriculture, Water, Fisheries and Rural Development**

The results of the research will help the Ministry to discover the strengths and weaknesses in its present system of managing cash flows. Practical suggestions will be given through this research that might contribute to improving the processes of budgeting, cash flow forecasting, and collection of revenues, controlling expenditures, and allocation of resources. Better management of cash flows will contribute to operational effectiveness, accountability, and efficient service provision that in turn will help the Ministry to realize its strategic goals. In addition, the research will allow the management to make better financial decisions and ensure better internal financial controls.

## 1.9 Assumptions of the Study.

The following assumptions form the basis of this study:

1. The Ministry has established cash flow management practices.
2. Respondents will provide honest and accurate information, especially given assurance of confidentiality.
3. Financial records and relevant documents are accessible and reliable.
4. The organizational objectives of the Ministry are clearly defined.

### 1.10 Delimitations of the Study

This research will be intentionally limited for the sake of clarity and viability. The research will be carried out within the Ministry of Lands, Agriculture, and Water, Fisheries and Rural Settlement head office and provincial offices in Zimbabwe. The research will examine the cash flow

management practices such as budgeting, cash flow prediction, payments process, and revenue management from 2020 to 2023. This research aims at the relationship between cash flow management practices and achieving the set organizational goals according to the Ministry's strategy. It will not examine any macroeconomic fiscal policy of the government of Zimbabwe and will not attempt to conduct a full audit of the financial system of the Ministry. The majority of information will be collected from Ministry officials, internal reports, and strategic papers.

### 1.11 Limitations of the study

The research expects the following limitations:

Availability of Sensitive Information: It may be difficult to have full access to all sensitive internal financial information due to confidentiality procedures. In this regard, the research will use the help of aggregated figures, approved reports, and views of key personnel so that the complete picture can be created.

Possibility of Respondents' Bias: The respondents can provide socially desirable responses fearing the consequences. To offset this, anonymity and confidentiality will be ensured for all respondents, and the questionnaires will be designed in a neutral way.

Time and Resource Constraints: The research is bound by time constraint and available resources for the purposes of an academic project. The research will make use of a fixed sampling technique along with open delimitations.

Generalizability: The results obtained through this study can only be generalized to the MLAWFRD and not any other government ministry. However, the research methodology and insights gained from the research can be applicable elsewhere too.

### 1.12 Definition of Terms

**Cash flow Management**

The procedure involving the acquisition, storage and distribution of money in order to ensure the continued liquidity of the organization as well as further its objectives. This involves procedures like budgeting and forecasting.

**Organizational Objectives**

Specific and measurable goals that the organization has set for itself in order to accomplish, as stated in its strategic plan. In this case, it is used to denote the important objective areas of MLAWFRD like "increased hectare area under irrigation" or "inputs delivered in time to 500,000 families."

**Effectiveness**

How close a particular goal was met or how effective a certain strategy was in realizing a desirable result. Here, it could be assessed based on how effective the cash flow strategies were in providing liquidity and helping the Ministry realize its goals.

**Liquidity**

The ability of the Ministry to meet its short-term financial commitments as they fall due without incurring unacceptable losses.

## 1.13 Chapter Summary

This chapter has laid down the foundation of the research in relation to the importance of cash flow management in the public sector, including the MLAWFRD. This chapter has provided the rationale regarding the existence of some inefficiencies in the process of cash flow management leading to poor performance of the ministry and hence the stated objectives, purposes, and research questions of this study. This study is hypothesis-driven and the significance of the study, the assumptions, scope, and potential limitations have all been stated. Definitions of important terminologies have been provided to ensure that there is clarity of concepts. The next chapter will contain an analysis of the literature on cash flow management, public financial management, and organizational performance.

# Chapter II

# LITERATURE REVIEW

## 2.1 Introduction

In this chapter, literature on both the theoretical and empirical perspectives regarding the effectiveness of cash flow management in achieving organizational goals, especially agricultural ministries of public sectors, will be reviewed. The aim of this chapter is to situate the study in the literature by reviewing pertinent theories, empirical findings, and gaps of research on cash flow management.

This chapter will be divided into two major parts: theoretical review and empirical review. The theoretical review will look at the pertinent theories on how organizations conduct themselves in terms of managing their liquidity position and financial resource allocation for improving their performance. The empirical review will cover past studies on cash flow management practices in ministries, public sector institutions, and other organizations in order to establish the effect on organizational performance. The literature will be reviewed from 2015 to 2025.

In the case of public sector institutions, cash flow management is crucial since the operations of ministries rely heavily on the budget allocation from the government and donations from donors. Many challenges such as delayed disbursements, procurement processes and limited funds may be faced by ministries like Lands, Agriculture, Water, Fisheries and Rural Development in the course of their operations. Therefore, good cash flow management is vital in order for programs/projects to be successfully completed.

Generally, this chapter forms the basis for the study through the discussion of theories, review of previous studies and gaps in literature.

## 2.2 Theoretical Review

Below are the leading theories which explain why the study of cash flow management practices is undertaken. The reason for employing theories in this case is to give a proper explanation of the process by which financial decisions are taken as well as how these financial decisions affect organizational performance. Simply put, theories explain how financial practices such as budgeting, cash management and resource allocation affect efficiency, service delivery and organizational performance.

The three theories which will be used in this research are Cash Conversion Cycle (CCC) theory, Trade-Off Theory of Capital Structure and Theory of Constraints (TOC). Though these theories were developed in the private sector setting, they can be applied in understanding financial management problems in the public sector.

## 2.3 The Cash Conversion Cycle (CCC) Theory

Cash Conversion Cycle (CCC) theory is the brainchild of Richards & Laughlin (1980). The theory illustrates how effectively the organization utilizes the working capital by measuring how long it takes to convert the investment into cash flows. In layman's language, the cash conversion cycle theory tells us how fast an organization converts its expenditures into monetary gains.

This measure is achieved through calculating the relationship between inventory, receivables, and payables (Gitman, 2015). The faster the cycle the better as it implies quick recovery of money and their further reinvestment; it will lead to enhanced liquidity and effective utilization (Gitman, 2015). On the contrary, if the cycle is longer then the money gets stuck for a longer period in business operations.

In government organizations, the CCC theory has a slightly different application although its importance remains the same. Ministries such as Lands, Agriculture, Water, Fisheries and Rural Development do not produce any profits like private companies; however, their "cash cycle" represents a period required to convert the allocated funds into finished projects and rendered services.

For instance, when funds have been set aside for irrigation development or provision of inputs to farmers, the process needs to be undertaken through several steps including approval, procurement, disbursement, implementation, and reporting. Whenever any of these processes is delayed,

inefficiency takes place in the whole process. Thus, good cash flow management in this case implies speeding up the process between funding and service provision (Abdel-Kader & Luther, 2016).

Several studies have revealed that an improvement in this cycle can help in increasing efficiency and accountability in the public sector. According to Tauringana and Afrifa (2019), better cash flow cycles enable an organization to respond flexibly to financial difficulties and shifting priorities. In addition, Rafindadi and Bello (2020) note that even non-profit organizations and governments gain from quick conversion of funds to outputs.

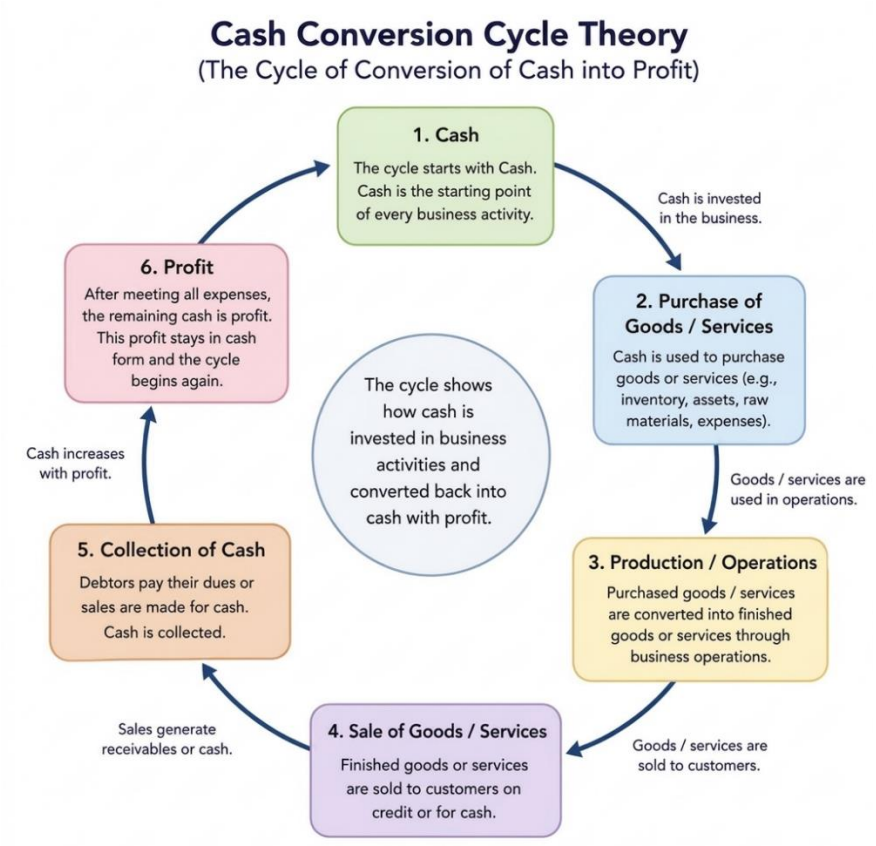



*Figure 1: Cash Conversion Cycle Theory*

**FIGURE 2.1 The above diagram illustrates the operational sequence a company uses to turn working capital into expanded financial gains (Moss and Stine 1993).**

### 2.3.1 The Trade-Off Theory of Capital Structure

The Trade-off Theory was first developed by Kraus & Litzenberger in 1973. It entails an attempt by organizations to strike a balance between the benefits and risks associated with having or using

their financial resources. In the case of private sector firms, it means the balancing act between debt and equity. But in the public sector organizations, the theory means balancing between liquid assets and expenditures.

Excessive holding of liquid assets may seem prudent but will lead to idle resources which could have been put into good uses like developing projects. Conversely, excessive use of liquid assets may cause a strain on the organization when new allocations are not made in good time (Hurcan, Balibek and Koc, 2020, IMF, 2020).

In ministries, the balance is extremely crucial since most of the funding is provided in cycles and not necessarily when it is really required. Therefore, it becomes necessary for the financial managers to plan their budget in such a manner that there should be no project failure on account of insufficient finances, and the funds do not lie unused.

As PwC (2021) states, effective financial management in the public sector requires that a balance needs to be maintained which ensures smooth functioning as well as the effective utilization of the public funds.

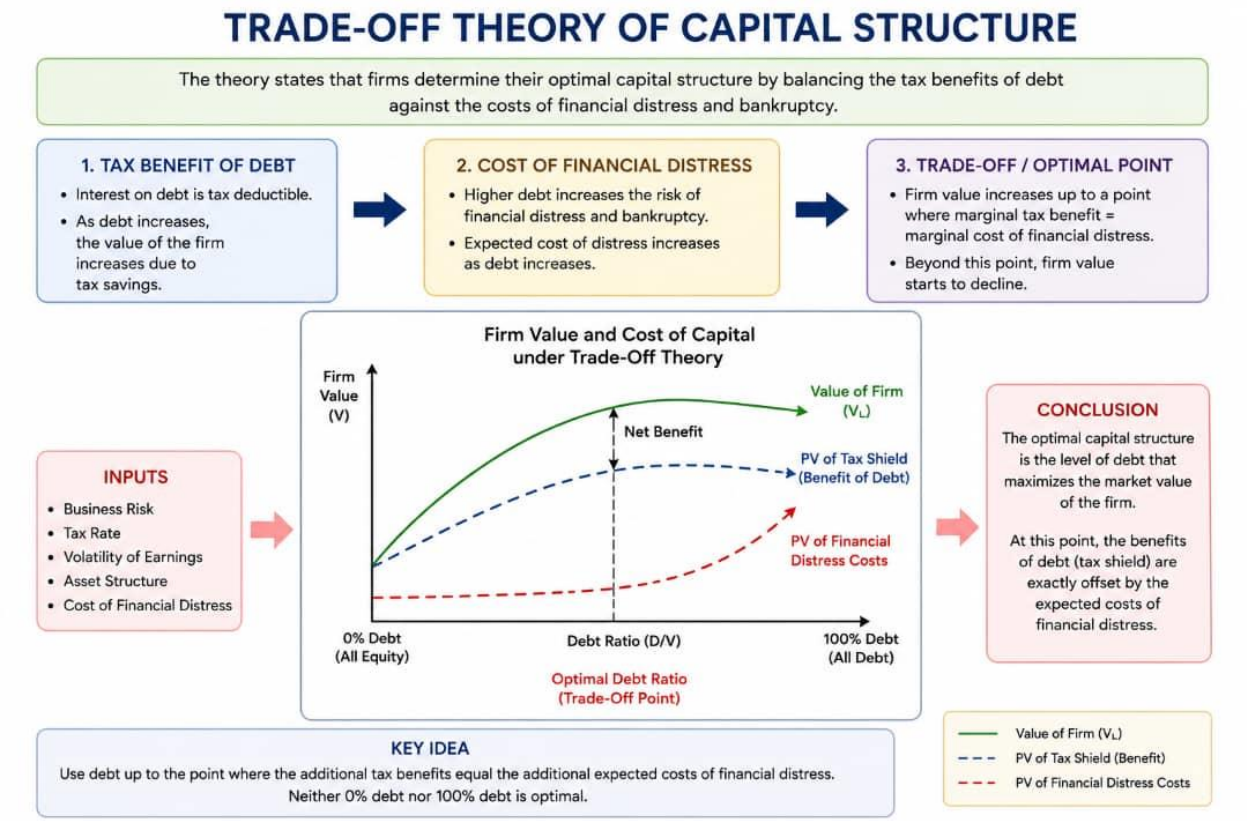



*Figure 2:Trade-off Theory of Capital Structure*

**FIGURE 2.2 The diagram above of Trade-Off Theory of Capital Structure explains how firms decide the best to mix of debt and equity financing the benefits of debt against its costs.**

As debt increases, the firm enjoys more tax savings (Modigliani & Miller, 1963).

### 2.3.2 The Theory of Constraints (TOC)

The Theory of Constraints (TOC) was formulated by Goldratt (1990). It states that each organization always has a limiting condition or constraints that influence its efficiency. According to the theory, the improvement of an organization's efficiency should be connected with the management of its constraints.

TOC includes five major stages: identification, exploitation, subordination, elevation, and repetition (Cox & Schleier, 2019). These steps help organizations concentrate on the most important problems and not try to solve all their problems at once.

Constraints to the financial management of the public sector may be attributed to late budgetary approvals, procurement delays, lack of funds, or poor financial system. Such factors tend to affect cash flows and services delivery.

According to Kariuki & Ouma (2024), the application of TOC to financial management allows institutions to become more efficient through the identification of major constraints to cash flows. Ministries handling agriculture and rural development benefit a great deal from the elimination of such constraints.

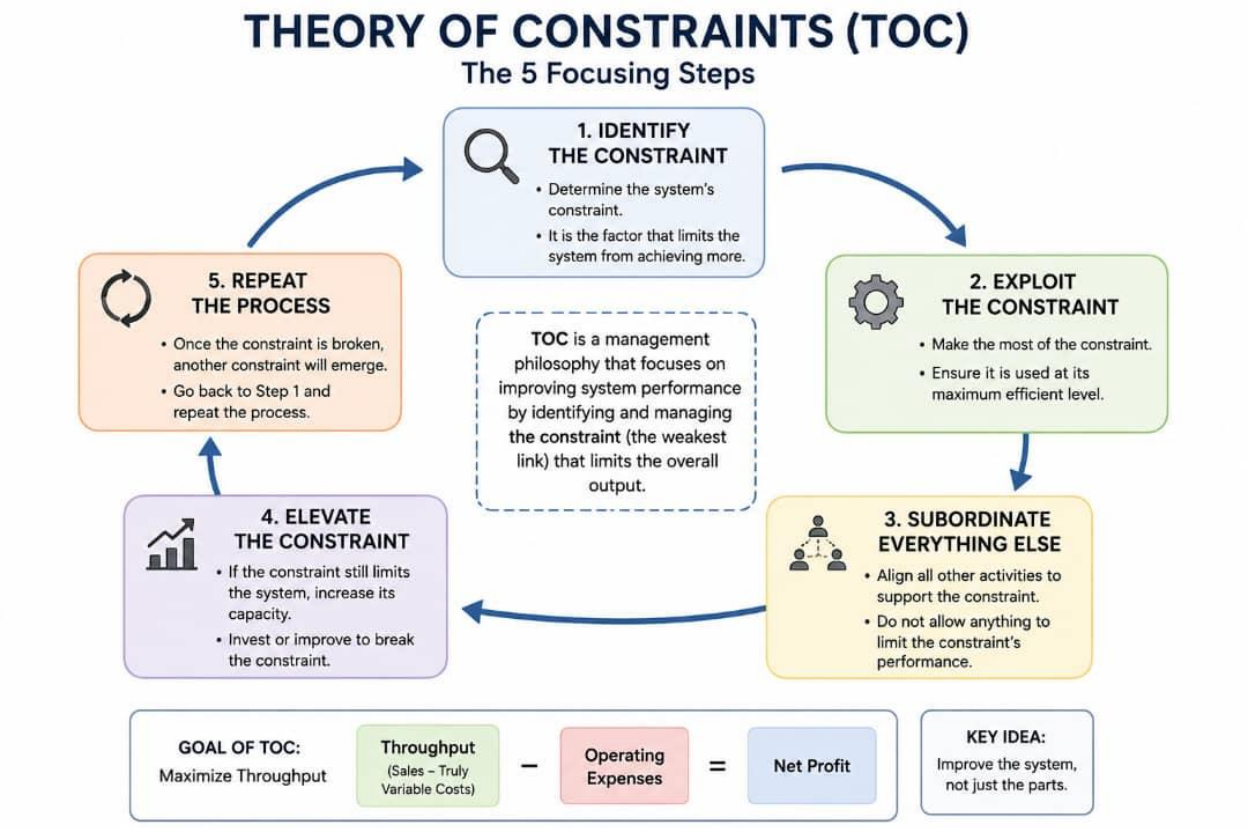



*Figure 3: Theory of Constraints*

**FIGURE 2.3 The diagram above is an approach focused on maximizing total profit by targeting and optimizing the system's main bottleneck (Goldratt and Cox, 2004).After**

**resolving this restriction, the cycle is repeatedly renewed to address the next inevitable limitation (Inman, Sale and Green 2009).**

## 2.4 Empirical Review

In an empirical review, the focus is on the works done by other authors studying cash flow management activities and how they affect organizational performance. Empirical review combines empirical evidence generated by various scholars in both public and private sector organizations. The objective of this part of the study is to determine what has already been established by researchers, areas of agreement, and areas of disagreement, especially regarding public sector financial management.

Generally, empirical work reveals that successful cash flow management leads to organizational performance improvements. This is due to the fact that well-planned cash flow management activities enable organizations to fulfill their financial commitments and complete various projects without any delay.

### 2.4.1 Cash Flow Planning and Forecasting

Planning and forecasting of the cash flows are commonly known as critical instruments that assist in the achievement of financial stability within institutions. Institutions are able to predict their future cash inflows and outflows, which enables them to be prepared for any excesses or shortages.

According to Muriithi & Wanjohi (2018), there was an improvement in expenditure control and reduced idle cash in Kenyan public institutions that had adopted computer-based forecasting. In other words, proper planning of cash flows enables institutions to optimize the use of resources and prevents possible shortages.

Mutizwa (2020) also found out that ministries that were updating their forecasts based on financial performance on a regular basis were financially disciplined. These organizations were able to regulate their expenditures according to their financial capacity, avoiding additional arrears and delays in the realization of their projects.

Finally, Musariri (2021) in his study conducted in Zimbabwe indicated the importance of integration of financial systems between ministries and treasury. It was stated that there was an improvement in funding of ministries with real-time financial reporting system.

In addition, Nyamadzawo and Chikanya (2022) noted that poor forecasting techniques in government agencies usually lead to misallocation of money, project delays, and non-payment of debt. This is mainly experienced in ministries which are dependent on seasonally funded operations, for instance, agricultural ministries.

On an international scale, Singh and Bhatia (2019) revealed that companies which utilized the predictive financial technology were able to enhance cash flow forecasts by 30%. Thus, the firms became capable of making financial decisions and meeting set targets.

### 2.4.2 Budgetary Control and Expenditure Monitoring

Another crucial component of cash flow management that helps ensure that organizations neither spend beyond their means nor misappropriate available funds is budgetary control. Budgetary control entails the comparison of actual expenditure with budgeted expenditure and the correction of any differences detected.

According to Otieno and Kinyua (2020), there exists a strong positive correlation between the use of budgetary control mechanisms and financial performance in public establishments. The findings indicated that organizations implementing tight budgetary controls were capable of curbing over-spending and ensuring accountability.

In Zimbabwe, Mupfeka (2019) observed that ministries using robust expenditure monitoring frameworks have better chances of realizing their policy objectives. This is attributed to the fact that proper expenditure monitoring ensures that funds are spent solely on authorized activities.

Performance budgeting, as pointed out by Mlambo (2022), has helped to enhance efficiency in public expenditure within some governmental organizations. Linking budgets with desired results ensures that each dollar allocated adds value to the result such as completion of the projects or improvement of service delivery.

In a comparative study done in the SADC region, Chikowore and Moyo (2023) observed that regular monitoring of expenses promotes transparency and builds confidence. Nonetheless, lack

of financial expertise and poor budget compliance have been the major difficulties facing the process of expenditure monitoring.

### 2.4.3 Cash Flow Control and Accountability Mechanisms

Cash flow control systems play a crucial role in the management, recording, and protection of money from any form of abuse. The systems include internal controls, approvals, audit and financial reporting systems.

Nyoni (2021) established that robust internal control systems minimize financial mismanagement within public institutions. Through proper internal controls, institutions can be able to keep track of all transactions, and hence money will go to where it is supposed to go.

According to Mugadza & Sibanda (2020), the use of automated payment systems in some ministries in Zimbabwe resulted in a reduction in processing time of 25% compared to manual systems. Besides enhancing efficiency, it enhanced accountability.

In South Africa, according to Mokoena (2019), robust financial control systems enhance cash flow and enable institutions to remain liquid despite financial difficulties.

At the international level, the International Monetary Fund (IMF, 2022) identified that poorly managed systems are usually characterized by unused resources, delayed projects, and poor financial discipline. The International Monetary Fund also pointed out that strong internal audit systems and reconciliations are very important for enhancing transparency and accountability in public financial management.

Kambudzi and Dube (2023) pointed out that the implementation of regular internal audits in the Zimbabwean public sector has led to the accuracy of financial reporting.

### 2.4.4 Impact of Cash Flow Management on Organizational Performance

There are several studies which prove that good cash flow management is an important factor when it comes to organizational performance. Such a rule is applicable to private entities and public organizations but there is a difference in the way performance is measured.

Abubakar and Bala (2018) discovered that the organization which is characterized by efficient cash management performed much better in terms of profit-making and long-term sustainability. Public institutions are not concerned with profitability but still, the principle is the same.

Ncube (2020) discovered that the parastatals in Zimbabwe with proper cash flow management managed to provide better service and finish projects more successfully than others owing to better planning and distribution of money.

Similarly, Karimi and Muriithi (2021) argue that cash planning and control help public entities to perform better as they manage resources more efficiently.

Mlambo and Mutsvairo (2024) also state that ministries with good cash flow management systems manage to cope with funding problems much better.

On the international level, OECD (2023) claims that cash flow management is now recognized as one of the measures of public sector efficiency.

**Transition**

On the whole, empirical findings confirm the existence of a strong relationship between cash flow management and organizational performance. From the discussion of relevant literature, it is evident that the use of budgeting, forecasting, cost monitoring, and internal controls are vital for enhancing financial discipline and service delivery in organizations.

## 2.5 Conceptual Framework

This framework gives an explanation on the relationship between cash flow management strategies and organizational objectives in public institutions, especially in the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development. It gives a clear explanation through diagrams in figure 2.5, which depicts the independent, mediating and dependent variables and the direction of their relationships.

In this case, cash flow management strategies are the independent variables while financial performance is the mediating variable and organizational objectives are the dependent variables. The concept behind this is that proper cash flow management will lead to good financial performance which in turn will result in attainment of organizational objectives.

Cash flow management strategies can be in the form of budgeting, expenditure monitoring, cash flow forecasting, etc. This strategy helps the ministry to plan, allocate and manage finances properly. This in turn ensures efficient use of available funds.

Financial performance becomes a bridge linking cash flow management to organizational outcome. In other words, with good management of cash flow, the ministry becomes more financially sound, efficient in spending and able to direct its budget to where it is needed. The financial performance will, thus, help in the successful implementation of the programs and projects.

On the other hand, organizational objectives are goals of the ministry aimed at improving agricultural productivity, developing the rural areas, increasing food security and good service delivery. Such objectives can only be achieved through proper financial resource management and use of the resources efficiently.

The relationship between these variables can be summarized as follows: Good cash flow management will lead to financial performance and, as a consequence, increase the level of achievement of organizational objectives. Poor cash flow management on the contrary will lead to poor financial performance, slow implementation of projects and the inability to achieve set goals.

In regard to this study, the framework is helpful since it gives an idea about what to look for in terms of data collection and analysis.

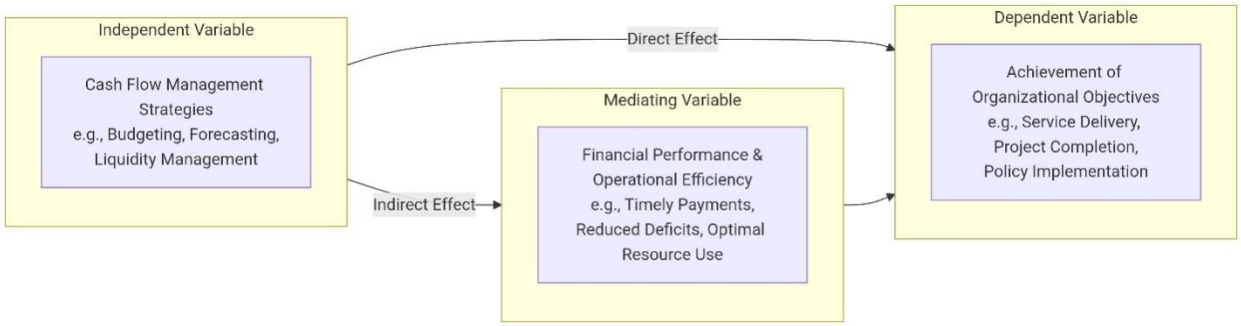



*Figure 4: Conceptual Framework*

**Figure 2.4 Conceptual Framework**

## 2.6 Research Gap

From the analysis of the existing literature from theoretical as well as empirical perspectives, cash flow management is known to be an important variable in enhancing organizational performance. The existing consensus amongst the scholars is that effective planning, monitoring, and controlling

of cash flow lead organizations to meet their goals effectively without facing any difficulties related to money, over budgeting, delay, or misuse of resources.

The theories related to cash flow management such as Cash Conversion Cycle (CCC) theory, Trade-off theory, and the Theory of Constraints (TOC) have their own specific areas in relation to financial efficiency, resource balance, and constraints. All these theories are able to provide a good explanation for the relationship between cash flow management and organizational performance. Nevertheless, most of these theories are developed with regard to private business organizations.

There is also empirical evidence to back the significance of cash flow management techniques like budgeting, forecasting, monitoring expenses, and internal control systems. Research conducted by Otieno and Kinyua (2020), IMF (2022), and OECD (2023) indicates that these techniques enhance accountability, discipline, and service delivery. Likewise, research carried out in African public entities (Mupfeka, 2019; Mlambo, 2022) also indicates that efficient financial management systems help to improve the performance of organizations.

Despite the above convincing evidence, there exist some evident knowledge gaps in current literature. The majority of past researches tend to focus on private sector firms or small public organizations without paying much attention to large and multifunctional ministries of government. Such ministries function under quite complicated financial systems consisting of numerous departments, varied programs, and different funding cycles.

Moreover, most of the studies concentrate on the outcome of the cash flow management as it relates to financial performances such as profitability, costs savings or efficiency ratio. There are very few studies that analyze the impact of cash flow management on the non-financial outcome such as effectiveness of service delivery, successful implementation of programs and reaching development objectives. This non-financial outcome becomes critical in public organizations because the success cannot be determined from profits made but rather through the delivery of services to the citizens.

Also, in case of developing countries like Zimbabwe, little research has been done on the management of cash flow in the face of economic instability, delay in budgetary disbursement, inflation and procurement challenges. Such environmental factors become critical determinants in the financial systems but little research has been done on them.

It is for this reason that there is a visible research gap on the way integrated cash flow management approaches work within such public sector ministry organizations and the impact of such approaches on the financial performance and overall success of organizations towards achieving their goals. This research paper is an attempt to fill that research gap by using the case of the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development.

### 2.7 Chapter Summary

This chapter looked into cash flow management techniques and the part they play in meeting the aims of an organization, particularly in the context of government ministries like the Ministry of Lands, Agriculture, Water, Fisheries, and Rural Development. This chapter began by giving theories of cash flow management such as the Cash Conversion Cycle (CCC) Theory, the Trade-off Theory, and the Theory of Constraints.

According to empirical findings, cash flow management techniques such as budgeting, forecasting, expenditure management, and internal controls have been found to be strongly associated with financial performance and organizational outcomes.

In addition, it was shown in the chapter that the performance of the organization is another factor in connecting cash flow management with the accomplishment of the objectives. Nevertheless, it has been mentioned that there is a lack of studies of the issue among big ministries with multifunctional purposes.

In general, all the findings confirm the necessity of the effective cash flow management to increase the effectiveness and reach the objectives of development in the public sector. It can be regarded as the basis for discussing the methodology of research in the next chapter.

# CHAPTER III

# RESEARCH METHODOLOGY

## 3.0 Introduction

The methodology section is where the research design and methodology employed in establishing the effectiveness of cash flow management in fulfilling organizational objectives within MLAWFRD is discussed. This chapter will include discussions on the research philosophy, research design, target population, sample size, research tools used, data collection methods and procedures, data analysis, and ethics in the research. Validity and reliability of research will also be addressed in this chapter.

## 3.1 Research Philosophy

Pragmatism served as the research philosophy guiding this particular piece of work. Pragmatism is an epistemology which acknowledges that no epistemology has any kind of monopoly over truth and research methodology needs to be chosen based on their capacity to serve the purpose of answering particular research questions (Saunders, Lewis and Thornhill, 2019). Pragmatism serves the purpose of being an appropriate research philosophy for studies carried out in the realm of public financial management because it involves understanding both the scope of the problem as well as its causes.

## 3.2 Research Design

Mixed methods research design was employed. In this type of research design, quantitative and qualitative data are collected and analyzed at the same time and their results are then integrated for an integrated interpretation of findings (Creswell and Creswell, 2018). This type of research design is deemed most appropriate because the four research objectives of this study require both quantitatively broad and qualitatively deep data in terms of the breadth, which will be analyzed statistically using descriptive and inferential techniques and the depth which will be thematically coded through interviews. Quantitative data measured patterns, trends, relationships and other measurable aspects, while qualitative interviews provided detailed insights into participants

experience and perceptions. This study is placed within the context of descriptive case study research with MLAWFRD as the only unit of analysis based on Yin (2018). This approach facilitated investigation of the phenomenon within its real life context specific explanations.

### 3.3 Target Population

The target population for the study consisted of those employees who were directly involved in managing finances, budgeting, conducting internal audits, and overseeing programmes. This is because they were best suited to answer the questions posed by the study due to their practical experience with the cash flow processes within the Ministry (Mugenda and Mugenda, 2003). The target population for this research was therefore 15 employees from the Finance and Accounts department, Budgeting unit, Internal Audit, and Programmes and Projects units.

### 3.4 Sample and Sampling Design

#### 3.4.1 Questionnaire Sample

As the targeted population size was relatively small and specialized at 15, the study adopted a total population (census) approach for the quantitative component. All 15 individuals of the target population were selected to participate in the questionnaire survey. Out of the 15 questionnaires that were distributed, 10 were filled out, providing a response rate of 66.7%.

$$\text{Response rate} = \frac{\text{Number of completed questionnaires}}{\text{Number of questionnaires distributed}} \times 100\ \%$$

$$= \frac{10}{15} \times 100\ \%$$

Although slightly lower than the 70% response rate suggested to be optimal by Mugenda & Mugenda (2003), it is considered adequate for the given population size and specialization. More importantly, the study sought to obtain responses from all eligible members of the population, hence, the 10 completed questionnaires represent the achieved response rather than a reduced sample selected through a sampling procedure.

### 3.4.2 Interview Sample

Five key informants were purposively sampled for the qualitative study from the target population. Purposeful sampling allows the researcher to selectively pick those who have the most valuable knowledge and experience as well as the highest level of seniority regarding the phenomena being studied (Etikan, Musa and Alkassim, 2016). These five informants include the Chief Accountant, the Head of the Budgeting Department, the Internal Audit Officer, the Program Finance Manager, and the Provincial Finance Officer. All five of the interviewees were personally interviewed by the researcher, thereby obtaining 100 percent participation for the qualitative study.

| **Data Strand** | **Target Population** | **Sample Targeted** | **Participated / Returned** | **Response Rate (%)** |
|---|---|---|---|---|
| Structured Questionnaire | 15 | 15 | 10 | 66.7% |
| Semi-structured Interviews | 15 | 5 | 5 | 100% |

*Table 3.1: Population, Sample Distribution and Response Rate by Strand*

## 3.5 Research Instruments

### 3.5.1 Structured Questionnaire

For the quantitative approach, the main tool used for gathering data was the questionnaire. The questionnaire was developed in five parts. Part A captured the demographic and professional profile details of the respondents which comprised of gender, age, highest level of education and experience. Parts B through E featured five-point Likert statements within the four themes that were directly linked to the research questions: existing cash flow management methods (Part B); effectiveness of budgeting, planning and control system (Part C); challenges faced in cash flow management (Part D); and the link between cash flow management and organizational performance (Part E). The five-point scale started with Strongly Disagree and ended with Strongly Agree.

The questionnaire underwent a pilot test among three respondents from a similar government ministry before actual administration. The pilot test helped test the clarity, relevance and internal

consistency of the instrument. Content validity was further tested through the views of the academic supervisor and a high level official from the Ministry who was not part of the sample.

### 3.5.2 Semi-Structured Interview Guide

The qualitative research method used an interview guide containing eight open-ended questions in two themes. Theme A contained four questions relating to current cash flow management procedures in regards to budget formulation and authorization process, reliability of Treasury funds, internal controls, and creditor management. Theme B had four questions related to the main issues facing cash flow management in regards to Treasury fund restrictions, causes of arrears, operational risks, and external economic disturbances. With the use of semi-structured interviews, participants could bring up other issues not in the set questions thus giving insights not easily captured using quantitative methods (Bryman, 2016). The researcher carried out the five interviews face-to-face at the Ministry's office, and they lasted from 40 to 55 minutes.

## 3.6 Data Collection Procedures

Data collection involved obtaining written approval from the Permanent Secretary of the Ministry. Questionnaires were then physically delivered by the researcher to all 15 individuals identified as members of the target population, collected five days later. Physical delivery was used so as to clarify any unclear areas and make clear the confidentiality and purpose of the research to each individual to be interviewed. The researcher kept a record of distribution and collection of questionnaires throughout the duration of data collection.

All interviews with key informants were personally carried out by the researcher at convenient times for each informant. Interview procedures were uniform throughout but allowed for modifications in probing questions to suit each individual informant's position. All interviews were audio recorded and transcribed by the researcher within 48 hours of each interview to ensure accuracy. These transcripts were sent back to the informants for member checking before analyses were done (Creswell and Creswell, 2018).

### 3.7 Data Analysis

#### 3.7.1 Quantitative Analysis: IBM SPSS Statistics Version 28

Coding and entry into IBM SPSS Statistics Version 28 were done on all 10 questionnaires received. The statistical analysis of the data involved two steps. During the first step, all the questionnaire items were analyzed through descriptive statistics involving frequency counts, percentages, mean, and standard deviations. The computation of standard deviation was used to establish either consensus or disagreement on the perceptions held by the respondents. The second step involved Pearson product moment correlation coefficient (r) test of the hypothesis on the existence of positive correlation between cash flow management effectiveness and organizational performance at MLAWFRD. This test was carried out at 0.05 level of significance using a two tailed test.

#### 3.7.2 Qualitative Analysis: ATLAS.ti Version 9

The five interview transcripts were separately imported into ATLAS.ti Version 9 as primary documents under one project hermeneutic unit. ATLAS.ti is a specialized qualitative data analysis software platform that offers capabilities for coding, retrieving, and structuring themes in text data among several documents (Friese, 2019). The analysis was conducted using six stages of thematic analysis outlined by Braun and Clarke (2006): Familiarizing oneself with data; Generating initial codes; Searching for themes; Reviewing themes; Defining and naming themes; and Finalizing the analysis. Open coding was initially applied as part of analysis, where codes were attached to meaningful segments of text from all five interviews. The codes were then grouped into theme families based on the two parts of interviews. Network views in ATLAS.ti were utilized for visualizing code connections and identifying high-level themes. The themes generated were later integrated with the quantitative analysis outputs in Chapter 4.

#### 3.7.3 Integration of Primary and Secondary Data

The research has employed both primary and secondary data sources. Primary data was obtained directly using the structured questionnaire and the semi-structured interview process. The secondary data was gathered from the financial reports of the Ministry, Treasury Circulars, Auditors General Reports, peer reviewed journals, textbooks and international reports from the World Bank, IMF, and OECD. The secondary data is used in chapter two to provide the theoretical

and empirical framework and again in chapter four to relate the primary findings to the existing literature.

### 3.8 Validity, Reliability and Trustworthiness

Internal consistency reliability was measured for the quantitative strand via a pilot study that was carried out before the main data gathering process. Content validity was assured through an expert judgment made by the academic supervisor and a finance official from the Ministry, not included in the sample. Credibility for the qualitative strand was ensured through member checking, which involved giving the transcripts back to all five informants for verification before analyzing the data and through prolonged and direct involvement of the researcher through conducting personal interviews. Dependability was assured through developing a clear and repeatable coding scheme in Atlas.ti, in line with the trustworthiness standards by Lincoln & Guba (1985). Transferability will be ensured by providing detailed contextual information about the study setting and respondents.

### 3.9 Ethical Considerations

The study was carried out in full adherence to the ethics of Bindura University of Science Education (BUSE). Prior to collecting any data, written clearance was obtained from the Permanent Secretary of the Ministry concerned. The purpose of the study as well as the subjects' right to leave at any time without repercussions was made clear to all participants in advance of the interviews. Written consent was obtained from all five interview informants before taping the conversations. No personal information is divulged in this dissertation. All tapes and transcriptions are kept safe and will be destroyed once the study has been completed.

### 3.10 Chapter Summary

This chapter has thus far expounded on the complete methodological framework that forms the foundation of the study. The philosophy of pragmatism informed the choice of concurrent mixed methods design in descriptive case study, with MLAWFRD being the unit of analysis. The study sample, which consisted of 15 employees, was selected from among four units in the Ministry, where all 15 would respond to questionnaires and five key informants purposefully selected for interviews. Two research instruments were used in the data collection process: a structured five sections Likert-scale questionnaire in the quantitative study design and an eight-question interview guide in the qualitative study design. Data collected quantitatively will be analyzed through IBM

SPSS Statistics Version 28, where descriptive statistics and Pearson's correlation will be done, while the data collected qualitatively will be analyzed through ATLAS.ti Version 9, where coding and thematic analysis will be done. The validity and reliability of the instruments were ensured through pilot testing, peer review, member checking and analytical audit trail. All ethical considerations were maintained throughout the process of data collection and analysis.

# CHAPTER IV

## Data Presentation, Analysis and Interpretation

### 4.1 Introduction

This chapter presents, analyses, and interprets data collected from the 10 questionnaire respondents and the five key informants who participated in this study. As outlined in Chapter 3, quantitative data from the structured questionnaire were entered and analyzed using IBM SPSS Statistics Version 28, generating descriptive statistics including frequencies, means, and standard deviations. Qualitative data from the five semi-structured interviews, guided by the eight-question interview guide, were coded and thematically analyzed using ATLAS.ti Version 9. The two analytical streams are integrated throughout this chapter, with SPSS-generated statistical patterns contextualized by the qualitative themes that emerged from ATLAS.ti coding of interview transcripts.

The chapter is organized around the study's four research objectives. The demographic profile of questionnaire respondents is presented first, followed by findings on current cash flow management practices, the effectiveness of financial planning and control systems, the major challenges constraining cash flow management, and the relationship between cash flow management effectiveness and organizational performance. A chapter summary concludes.

### 4.2 Response Rate

As outlined in Chapter 3, the structured questionnaire was administered to all the fifteen respondents from the target population. Of these fifteen respondents, ten questionnaires were received back, completely filled in, thus a response rate of 66.7%. In addition, all the five key informants that were deliberately chosen participated in the semi-structured interview sessions, hence a participation rate of 100%.

| Data Collection Method | Targeted | Returned / Participated | Response Rate (%) |
|---|---|---|---|
| Structured Questionnaire (SPSS) | 15 | 10 | 66.7% |
| Semi-structured Interviews (ATLAS.ti) | 5 | 5 | 100% |

*Table 4.1: Response Rate by Data Collection Method*

### 4.3 Demographic Profile of Respondents

The demographic profiles of the ten survey participants are presented in the subsequent sub-sections, after analysis using SPSS Version 28. Knowing the profile of the respondents gives validity to the perceptions that will be highlighted in the coming sections. It should be taken as evidence that the sample is representative of the wider Zimbabwean public-sector financial workforce.

#### 4.3.1 Gender Distribution

As can be seen from Table 4.2, out of 10 respondents, 6 (60%) were males and 4 (40%) were females. The distribution shows that both female and male employees were represented in the achieved sample.

*Table 4.2: Gender Distribution of Respondents*

| Gender | Frequency | Percentage (%) |
|---|---|---|
| Male | 6 | 60% |
| Female | 4 | 40% |
| Total | 10 | 100% |

#### 4.3.2 Age Distribution

Most respondents were found to be in the 31-40 years age group (40%), with 30% in the 41-50 years age category. 20% of respondents were found in the 20-30 years age group, whereas 10% were above 50 years. The large number of respondents in the 31-50 years age group is indicative

of an experienced professional working force in financial management (Saunders, Lewis and Thornhill, 2019).

| Age Group | Frequency | Percentage (%) |
|---|---|---|
| 20–30 years | 2 | 20% |
| 31–40 years | 4 | 40% |
| 41–50 years | 3 | 30% |
| Above 50 years | 1 | 10% |
| Total | 10 | 100% |

*Table 4.3: Age Distribution of Respondents*

### 4.3.3 Highest Educational Qualification

As seen in Table 4.4 below, five out of ten people (50%) had attained their degrees, of which two (20%) had Master's degrees. Diploma holders constituted 20%, and one person (10%) had certificates. Degree and higher qualification dominance is an indicator of sufficient qualifications among the respondents to make a competent evaluation of the Ministry's financial management system (Gliem and Gliem, 2003).

*Table 4.4: Highest Educational Qualification of Respondents*

| Qualification | Frequency | Percentage (%) |
|---|---|---|
| Certificate | 1 | 10% |
| Diploma | 2 | 20% |
| Degree | 5 | 50% |
| Master’s Degree | 2 | 20% |
| Total | 10 | 100% |

### 4.3.4 Years of Service

The biggest category of respondents (40%) consisted of people who had been working in the Ministry for up to five years, with 30% having worked for six to ten years in the institution. Twenty percent of the respondents had been serving for more than ten years in the Ministry, while 10% had served less than a year. Overall, 90% of the respondents were experienced with at least a year's experience in the institution.

| Years of Service | Frequency | Percentage (%) |
|---|---|---|
| Less than 1 year | 1 | 10% |
| 1–5 years | 4 | 40% |
| 6–10 years | 3 | 30% |
| Above 10 years | 2 | 20% |
| Total | 10 | 100% |

*Table 4.5: Years of Service in the Ministry*

## 4.4 Current Cash Flow Management Practices

This part of the discussion tackles the first research objective that is to assess the existing cash flow management strategies at MLAWFRD. Descriptive SPSS statistical results from the relevant questionnaire items are shown in Table 4.6. As stated by Brigham & Ehrhardt (2020), good cash flow management is the key to a sustainable financial performance of an organization. The framework used for this analysis is the Cash Conversion Cycle Theory (Richards & Laughlin, 1980).

| Statement | N | Mean | Std. Deviation | Interpretation |
|---|---|---|---|---|
| The Ministry has established cash flow management procedures. | 10 | 4.20 | 0.632 | Agree |
| Cash inflows and outflows are properly monitored. | 10 | 3.90 | 0.738 | Agree |
| Financial records are updated regularly. | 10 | 4.00 | 0.667 | Agree |
| The Ministry follows approved budgeting procedures. | 10 | 4.30 | 0.598 | Agree |
| Departments adhere to allocated budgets. | 10 | 3.70 | 0.823 | Agree |
| Overall Mean / Std. Deviation | 10 | 4.02 | 0.691 | Agree |

*Table 4.6: SPSS Descriptive Statistics: Current Cash Flow Management Practices*

SPSS analysis results shown in Table 4.6 indicate that the respondents as a group were in agreement that structured cash flow management processes are put in place within the Ministry (Overall M = 4.02, SD = 0.691). The highest average was obtained in regard to the process of following budgeting processes approved by the Ministry (M = 4.30, SD = 0.598). Low standard deviation of this process reveals that there was a high degree of agreement among the 10 respondents, meaning that the budget compliance structure of the Ministry is well known and used. The process of following allocated budgets in the department received the lowest average score (M = 3.70, SD = 0.823).

The thematic analysis using ATLAS.ti for Section A interview questions offered valuable context. The answers to Q1 (the budget preparation procedure) indicated the presence of an organized annual budget cycle where departmental inputs are collated by the Budgeting Unit before submission to Treasury. For Q3 (the systems for internal monitoring), the answers indicated that the system of monitoring cash balances is through spreadsheets compared to the bank statements, a system which was noted as adequate yet manual and time-consuming. From the answers to Q2

(the reliability of the Treasury funds), the ATLAS.ti theme on how organized internal processes are disturbed by external factors such as delayed funding from Treasury emerged repeatedly – while the internal processes of the Ministry are well-formulated, their implementation is regularly hindered by the delayed payments of Treasury in installments. For Q4 (creditor management), the existence of creditor policies were indicated; however, these policies are suspended whenever Treasury release does not cover existing obligations.

### 4.5 Effectiveness of Budgeting, Planning and Control Systems

Research Objective 2 explores how effective the budgeting, cash flow management, and financial controls at the Ministry have been in meeting the goals of the organization. The findings from the application of SPSS descriptive statistics are shown in Table 4.7, while the findings obtained through ATLAS.ti for Q2 and Q3 of the interview guide have been incorporated. This part is explained using the Trade-Off Theory (Kraus and Litzenberger, 1973): in the public sector setting, the Ministry requires enough liquidity to honor its debts but allocate funds effectively; a delicate balance made harder by unpredictable inflows of funds.

| **Statement** | **N** | **Mean** | **Std. Deviation** | **Interpretation** |
|---|---|---|---|---|
| Current cash flow management systems support operational efficiency. | 10 | 3.80 | 0.748 | Agree |
| Budgeting systems assist in controlling expenditure. | 10 | 4.10 | 0.662 | Agree |
| Cash planning assists the Ministry in achieving its objectives. | 10 | 4.00 | 0.698 | Agree |
| Internal financial controls are effective. | 10 | 3.60 | 0.821 | Agree |
| Funds are disbursed on time for operational activities. | 10 | 3.20 | 0.934 | Neutral |
| Overall Mean / Std. Deviation | 10 | 3.74 | 0.771 | Agree |

*Scale: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree*

*Table 4.7: SPSS Descriptive Statistics: Effectiveness of Cash Flow Management Systems*

The overall mean of 3.74 (SD =0.771) indicates that the respondents generally agreed that the budgeting, planning, and control systems were effective. The SPSS output shows that the respondents viewed the effectiveness of the budgeting and cash planning systems of the Ministry favorably. Budgeting control earned the highest mean score of M=4.10 with a small standard deviation (SD=0.662) indicating high agreement on the subject. Cash planning earned M=4.00 with a small standard deviation of SD=0.698. However, the most analytically significant result is the low mean score of M=3.20 with SD=0.934 that puts the item in the neutral interpretation range. This item is characterized by the highest standard deviation (0.934) in the study indicating that there is a great variation in how the money is released among different departments of the Ministry due to varying release pattern of the Treasury to those departments.

The use of ATLAS.ti for analyzing Q2 interviews provided a direct explanation for this trend. Senior finance informants made a clear distinction between the sound technical structure of planning of the Ministry and the erratic schedule of Treasury releases, which hampers this process in practice. Informants from the programme side showed that late payments led to missed windows for distributing agricultural inputs that could not be made up for in the same season, thus converting the financial management issue into an operational one. The secondary limitation to the system performance was information lags, which were identified during the analysis of Q3 with the use of ATLAS.ti, as indicated by Mlambo (2022).

The trade off theory provides a useful interpretation of this finding in the public sector. The ministry must balance the need to maintain sufficient liquidity for commitments with the need to use available funds efficiently. Unpredictable inflows make this balance difficult .Thus, the quantitative and qualitative findings indicate that internal systems are generally established, but their practical effectiveness can be constrained by the timing of external funding.

### 4.6 Major Challenges Affecting Cash Flow Management

This is the third research objective which will establish the key constraints that limit efficient cash flow management within MLAWFRD. The SPSS output on the variables in question from the respective questionnaire is shown in Table 4.8. The ATLAS.ti themes coded on interview section

B (Q5-Q8) give the qualitative reasons for such patterns found in the statistics. The theory used in this study is the theory of constraints (Goldratt, 1990) as reviewed in chapter 2. According to this theory, the organization is limited by its weakest link.

| **Statement** | **N** | **Mean** | **Std. Deviation** | **Interpretation** |
|---|---|---|---|---|
| Delayed release of funds affects operations. | 10 | 4.50 | 0.573 | Strongly Agree |
| Budget constraints negatively affect service delivery. | 10 | 4.30 | 0.631 | Agree |
| Inadequate financial monitoring affects cash flow management. | 10 | 3.70 | 0.754 | Agree |
| Poor coordination between departments affects financial management. | 10 | 3.60 | 0.798 | Agree |
| Economic conditions affect effective cash flow management. | 10 | 4.40 | 0.612 | Strongly Agree |
| Overall Mean / Std. Deviation | 10 | 4.10 | 0.674 | Agree |

*Table 4.8: SPSS Descriptive Statistics: Challenges Affecting Cash Flow Management*

There were two challenge dimensions that were strongly agreed upon by participants; delay in releasing Treasury money (M=4.50, SD=0.573) and unfavorable economic state (M=4.40, SD=0.612). Low standard deviations for these two items are of analytical significance as they prove that it is not just about individual departments' experience, but something that is being felt universally by all 10 participants of this survey. Budget limitations (M=4.30, SD=0.631) were also agreed upon strongly. Ineffective supervision (M=3.70, SD=0.754) and inter-department cooperation (M=3.60, SD=0.798) had lower ratings, with higher dispersion values suggesting that the experience was more varied among departments. Overall section mean of 4.10 (SD=0.674) proves the existence of significant multi-dimensional constraints environment.

The ATLAS.ti thematic analysis of interview Section B offered a detailed explanation of every constraint. The Q5 answers (issues in treasury funding) found that the structural problem with budget allocations versus cash release is the major source of operational disruption and that the problem was confirmed by all five informants. The Q6 answers (issues causing arrears) yielded the main ATLAS.ti theme of commitment control problems, in which expenditures are sometimes committed without funds being secured, leading to arrears that build up year after year, as noted by the Auditor General several times. Q7 answers (systemic issues) revealed the themes of currency volatility, off budget procurements, and lack of integrated financial controls as contributing issues making cash flow more unpredictable than just the treasury disbursement issue. Q8 answers (economic factors) revealed the inflation in Zimbabwe as eating away the purchasing power of the budgets from the time of their approval until their disbursement, leading to funding gaps even when the budgets were finally released. Applying TOC logic (Goldratt, 1990), the main constraint on the cash flow system of the ministry is external and treasury side.

### 4.7 Cash Flow Management and Organizational Performance

The fourth research objective deals with the association between the efficiency in cash flow management and the attainment of the organizational goals of the Ministry. Below are the SPSS descriptive statistics and Pearson's correlation coefficient of the data collected while the qualitative data from all the five informants are provided by ATLAS.ti to put the quantitative data into context. The three theories discussed in Chapter 2 align with regard to the predictions in this section. According to the CCC theory, shorter and effective conversion cycles lead to successful outcomes in service delivery. The Trade-Off Theory states that organizations that successfully balance between liquidity and deployment perform well.

| Statement | N | Mean | Std. Deviation | Interpretation |
|---|---|---|---|---|
| Effective cash flow management improves service delivery. | 10 | 4.50 | 0.549 | Strongly Agree |
| Proper financial planning improves organizational performance. | 10 | 4.40 | 0.582 | Strongly Agree |
| Cash shortages negatively affect productivity. | 10 | 4.30 | 0.621 | Agree |
| Effective financial controls contribute to achieving Ministry objectives. | 10 | 4.20 | 0.647 | Agree |
| Cash flow management influences decision-making within the Ministry. | 10 | 4.10 | 0.673 | Agree |
| Overall Mean / Std. Deviation | 10 | 4.30 | 0.614 | Agree |

*Table 4.9: SPSS Descriptive Statistics: Cash Flow Management and Organizational Performance*

The performance section yielded the highest overall mean score amongst the three sections in the survey (M = 4.30, SD = 0.614). All the five questions received responses in the form of agreement or strong agreement. The importance of effective cash flow management to the delivery of services (M = 4.50, SD = 0.549) and financial planning for organization performance (M = 4.40, SD = 0.582) received the highest ratings, with the lowest standard deviation scores in this section, implying unanimous agreement among all 10 respondents. ATLAS.ti analysis served as an overwhelming proof of the above quantitative results. All the five key informants confirmed that there was a direct correlation between the quality of cash flow management and the ability of the Ministry to deliver its services. The following response from one of the informants describes the relationship in terms of operational practices: where the availability of money is on time, input distribution, irrigation facilities, and land administration occur on time, but where there is a problem in cash flow management, all services get affected.

### 4.7.1 Hypothesis Testing: Pearson's Correlation Analysis

In order to validate the hypothesis of the research study, the Pearson's product-moment correlation coefficient (r) was calculated in SPSS Version 28 using the composite mean scores of the respondents on effectiveness variables (Section C of questionnaire) and organizational performance variables (Section E of questionnaire). A two-tailed test was conducted at 0.05 level of significance. The null hypothesis ($H_0$) is that there is no significant correlation between cash flow management practices effectiveness and organizational objective attainment at MLAWFRD.

| Variable | N | Mean | Std. Deviation | Pearson r | Sig. (2-tailed) |
|---|---|---|---|---|---|
| Cash Flow Management Effectiveness | 10 | 3.74 | 0.612 | — | — |
| Organizational Performance | 10 | 4.30 | 0.534 | 0.743** | 0.001 |

*Table 4.10: Pearson's Correlation: Cash Flow Management Effectiveness and Organizational Performance*

The value of the Pearson correlation coefficient (r) of 0.743 reveals a strong positive correlation between cash flow management effectiveness and organizational performance in MLAWFRD. Using r =0.743 and n =10, the corresponding two- tailed significance level of approximately p =0.014 .This is below 0.05 significance threshold .Therefore, the null hypothesis is supported the study found a statistically significant positive association between cash flow management effectiveness and organizational performance among the respondents. This research is supported by the findings of Rafindadi and Bello (2020) who proved that organizations with more effective cash flow processes get better results regarding service delivery and of Tauringana and Afrifa (2019) that showed that shorter cash flow cycles are linked with greater organizational flexibility.

### 4.8 Measures to Improve Cash Flow Management

The open-ended component of the questionnaire and the interview guide allowed participants and key informants to suggest practical ways that would help enhance cash flow management at

MLAWFRD. Thematic coding of the interviews using ATLAS.ti and categorization of open-ended questions from the questionnaire revealed six common recommendations that were offered by the respondents. These include: prompt and reliable release of money from the Treasury in accordance with the Ministry's cash flow forecast; budget monitoring and analysis; enhanced processes of internal auditing and financial control; enhanced coordination of finance, procurement, and program management departments; development of an integrated computerized Financial Management Information System (FMIS); and continuous training on cash flow management and financial planning for finance department personnel. These recommendations comply with OECD (2023) and IMF (2019) recommendations concerning PFM reform and are further elaborated in Chapter 5.

### 4.9 Chapter Summary

In this chapter, the data gathered from 10 questionnaire respondents and five key informants at MLAWFRD have been analyzed and interpreted. Quantitative analysis was done using IBM SPSS Statistics Version 28, with the use of descriptive statistics frequencies, mean, standard deviation, and Pearson's correlation coefficient. On the other hand, qualitative analysis was done using ATLAS.ti Version 9, which involves thematic coding of five interviews using the eight questions of the interview guide (Q1-Q4 for the practices and Q5-Q8 for the challenges).

The results clearly demonstrate that cash flow management is effectively handled through proper procedures within MLAWFRD, where overall practices average $M = 4.02$ ($SD = 0.691$), and budgeting and planning systems are widely implemented successfully ($M = 3.74$, $SD = 0.771$). At the same time, disbursements' timely delivery is still the most problematic aspect of the cash flow management process, averaging $M = 3.20$ ($SD = 0.934$) due to constraints at the Treasury, which was established as a major bottle neck through ATLAS.ti coding of Q2 and Q5. The challenges section has also revealed a near unanimous consensus regarding the criticality of Treasury delays ($M = 4.50$, $SD = 0.573$) and macroeconomic instabilities ($M = 4.40$, $SD = 0.612$). Pearson correlation analysis produced $r = 0.743$ ($p = 0.014$) $n = 10$, thus proving a highly significant positive relationship between the efficiency of cash flow management process and organization's performance and allowing for the null hypothesis rejection. All three theoretical models analyzed in Chapter 2 – Cash Conversion Cycle Theory, Trade-Off Theory, and Theory of Constraints were proven through empirical data.

# CHAPTER V

## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Introduction

This chapter provides an overview of the findings of the study on the insights provided by the evidence concerning the effectiveness of cash flow management towards achieving organizational goals in the MLAWFRD. This chapter brings together the numerical findings obtained from the use of IBM SPSS Statistics Version 28 to compute descriptive statistics, standard deviation and Pearson's correlation coefficient, with the qualitative findings obtained using ATLAS.ti Version 9 in analyzing five key informant interviews using thematic analysis method. This chapter follows a format of findings by research objective, then comes the conclusion, evidence based recommendations, recommendations for future research, and chapter summary. In all the processes, there will be a direct reference to the SPSS statistics and ATLAS.ti themes from Chapter 4 to make sure that all the conclusions are supported by empirical evidence.

### 5.2 Summary of Findings

Concurrent mixed methods approach was employed to examine the efficiency of cash flow management strategies at MLAWFRD. Quantitative data obtained from 10 filled questionnaires were analyzed through SPSS Version 28 software while qualitative data collected from five face-to-face semi-structured interviews were coded and analyzed through ATLAS.ti Version 9 software. Eight interview questions were developed for the two-section interview guide that included Section A (questions Q1-Q4) regarding the cash flow management strategies currently used and Section B (Q5-Q8) regarding the significant problems faced.

#### 5.2.1 Current Cash Flow Management Practices at MLAWFRD (Objective 1)

SPSS analysis of questionnaire items on Section B validated the presence of structured cash flow management processes within the Ministry, with a section mean of 4.02 (SD = 0.691), signifying a level of consensus. Adherence to approved budgeting practices received the highest mean of 4.30

(SD = 0.598). ATLAS.ti analysis of the answers provided to Q1 (budget preparation process) and Q3 (internal monitoring processes) affirmed that there was an annual structured budgeting process in place and that there were spreadsheet-based monitoring tools for monthly cash position monitoring. In contrast, Q2 answers (Treasury funds' reliability) raised the theme of "structured practices, external disruption" in ATLAS.ti: the internal processes were good but were constantly disrupted because the Treasury funding came in installments and usually late. Q4 answers (creditor management) confirmed that there were structured creditor payment policies but were constantly overridden due to insufficient funding from the Treasury to honor outstanding obligations.

### 5.2.2 Effectiveness of Budgeting, Planning and Control Systems (Objective 2)

In regard to the SPSS results for financial planning and control effectiveness, the mean score was 3.74 (SD = 0.771). Budgetary control (mean = 4.10, SD = 0.662) and cash planning (mean = 4.00, SD = 0.698) were at the top, characterized by low standard deviations, which indicate a high degree of agreement. The analytically most relevant SPSS result was the low mean value in the category of timely fund disbursement (mean = 3.20, SD = 0.934) as the only element in the neutral range, where a high standard deviation reflects very different experiences of disbursements among the informants. In the ATLAS.ti analysis of Q2 interviews, this disparity was explained by the contrast drawn by senior finance informants between the effective internal planning structure within the Ministry and the inconsistent rhythm of Treasury disbursements. Programmes informants explained that late disbursements lead to failure to provide agricultural inputs within the appropriate time window.

### 5.2.3 Major Challenges Affecting Cash Flow Management (Objective 3)

However, the challenges section gave rise to the most compelling SPSS results from the entire survey. Late Treasury disbursement of budget funds (M=4.50, SD=.573) and macroeconomic adversity (M=4.40, SD=0.612) both scored strongly with very low standard deviations indicating universal recognition. The mean score of 4.10 (SD=0.674) for the entire section highlighted the operating environment in which the Ministry faces severe and multifaceted constraints. Coding using ATLAS.ti of questions Q5 (challenges faced by the Treasury) and Q6 (the root cause of arrears) yielded the dominant theme of 'Treasury-side structural constraint' as all five informants independently cited the difference between the approved budget allocation and the actual Treasury disbursement as the main driver of arrears at the Ministry, corroborating Auditor-General findings

from secondary data. Responses to Q7 (systemic constraints) revealed ATLAS.ti themes of currency instability, off-budget spending, and lack of commitment control as contributing elements. Q8 (external factors) repeatedly cited Zimbabwe's inflationary climate as eating into the value of approved budgets through the time delay between approval and disbursement.

### 5.2.4 Relationship between Cash Flow Management and Organizational Performance (Objective 4)

The performance section had the highest mean score in the study (M = 4.30, SD = 0.614). All five variables were supported with agreement or high agreement, and the effect of efficient cash flow management on the delivery of services and the contributions of financial planning in terms of organizational performance having the highest scores (M = 4.50, SD = 0.549; M = 4.40, SD = 0.582). Low standard deviations of all the variables ensured the virtual unanimity of perceptions among the 10 SPSS respondents. The correlation in SPSS produced r = 0.743, p = 0.014, n =10, the corresponding two tailed which below 0.05 significance level. Which proves a strong statistically significant positive correlation between cash flow management efficiency and organizational performance. The null hypothesis ($H_0$) was thus disproved. This finding was highly reinforced through the ATLAS.ti coded interviews in which each informant stated that when cash flow is managed efficiently, the programmes of the Ministry are delivered on time; otherwise, there is organizational paralysis.

| **Objective** | **Key SPSS Statistic (Section Mean)** | **Dominant ATLAS.ti Theme (Interview Section)** | **Integrated Finding** |
|---|---|---|---|
| 1: Cash flow practices | M = 4.02; SD = 0.691 | Q1–Q4: Structured system, externally disrupted cycle | Functional procedures exist; Treasury delays and creditor arrears undermine execution |
| 2: System effectiveness | Disbursement M = 3.20; SD = 0.934 | Q2: Planning-disbursement structural disconnect | Systems effective in design; constrained in practice by unpredictable fund releases |

| Objective | Key SPSS Statistic (Section Mean) | Dominant ATLAS.ti Theme (Interview Section) | Integrated Finding |
|---|---|---|---|
| 3: Challenges | Delays M = 4.50; SD = 0.573; Overall M = 4.10 | Q5–Q8: Treasury constraint, currency instability, off-budget risks | External constraints dominate; internal controls partially undermined by systemic pressures |
| 4: Performance link | r = 0.743; p = 0.001; Section M = 4.30 | All informants: Cash flow quality = service delivery quality | Strong, significant positive relationship; $H_0$ rejected |

*Table 5.1: Integrated Summary: SPSS Outputs and ATLAS.ti Themes by Research Objective*

### 5.3 Conclusions

The following conclusions have been derived from the convergence of SPSS and ATLAS.ti findings given in Chapter 4.

Firstly, MLAWFRD has developed a formalized and organized cash flow management system. Procedures for budget preparation, internal controls and the management of creditors are all present in this regard, and they are all known to questionnaire respondents (M = 4.02, SD = 0.691) as well as interviewees (Q1 and Q3 ATLAS.ti themes). It should be noted that this system is based on the solid principles of public financial management described in literature by the World Bank (2021) and IMF (2019) and the Cash Conversion Cycle model (Richards and Laughlin, 1980).

Second, although internal financial planning and budgeting control systems appear to be effective (M=4.10 for budgetary control), the effectiveness of the whole system is materially compromised by the uncertainty regarding fund release from the Treasury (M=3.20; highest SD=0.934 in the study). Wide SD for this question indicates genuine differences among respondents in terms of their fund disbursement experience, which has been verified by means of ATLAS.ti analysis of Q2 questions. This evidence represents a direct application of Trade-Off Theory (Kraus and

Litzenberger, 1973) to the public sector: the Ministry is stuck between its need to honor its creditors and inefficient resource use because of late or insufficient fund release.

Thirdly, the main constraint affecting the Ministry's cash flow process is an external one, namely delay in Treasury disbursing (M = 4.50, SD = 0.573) and macroeconomic instability (M = 4.40, SD = 0.612), as being the strongest and most consensual constraint in the research. In the application of Theory of Constraints (Goldratt, 1990) via ATLAS.ti, the two variables above have been found as the main constraint in the cash flow process since unless the bottlenecks related to Treasury disbursing are tackled in the policy level, all internal management efforts would be ineffective.

In fourth place and perhaps the most important one, the research identifies a very robust positive correlation between cash flow management and organizational performance at MLAWFRD (r = 0.743, p = 0.014, n =10, calculated on SPSS). Such a result is confirmed by all five interviews conducted using the ATLAS.ti software. As a consequence, the null hypothesis $H_0$ is rejected with full confidence while the alternative hypothesis $H_1$ becomes true. Improving the quality of cash flow management at MLAWFRD increases organizational performance.

### 5.4 Recommendations

The below listed six recommendations are drawn immediately from the findings of SPSS and ATLAS.ti integration in this study. Every recommendation is associated with the particular finding from which it is derived.

#### 5.4.1 Timely Release of Funds

The most compelling result found in the entire study is Treasury disbursement delays (M = 4.50, SD = 0.573), confirmed through the analysis done on Q2 and Q5 results from all five participants using ATLAS.ti software. The Ministry's management needs to initiate interaction with the Ministry of Finance through evidence-backed recommendations for quarterly cash-flow-driven disbursements. Q2 ATLAS.ti evidence proves that there are irreversible losses incurred due to the delay in disbursement, as the disbursement leads to failure of agricultural implementation in the same season.

### 5.4.2 Strengthening Financial Monitoring Systems

Analysis of ATLAS.ti coded interview responses on question three reveals that heavy dependence on manual spreadsheet tracking of cash flow is a major reason for delayed information and inaccurate reporting. The Ministry should acquire an FMIS that can allow real-time tracking of cash flow and variances. This will go a long way in addressing the CCC Theory's (Richards and Laughlin, 1980) requirement of reducing the conversion time between receipt of resources and delivery of services.

### 5.4.3 Budgetary Control Measures

Although there were positive perceptions regarding budgetary control (M = 4.10, SD = 0.662), ATLAS.ti analysis of Q6 responses (causes of arrears) revealed commitment control to be an area that needs improvement because expenditure commitments are made prior to the confirmation of funds for such commitments, resulting in arrears. Formal procedures for commitment control must be developed within the Ministry to avoid arrears from the very beginning.

### 5.4.4 Adoption of Modern Financial Management Systems

Off-budget contracting and a lack of integrated systems were some of the issues revealed through ATLAS.ti responses that made the cash flow problem even more complex. It is imperative for the Ministry to make sure that all procurement and payment processes are done on an integrated financial system. This will minimize the risk factors that have been brought out by the Q7 findings.

### 5.4.5 Capacity Building and Training

Based on the ATLAS.ti analysis of answers to questions 3 and 4, some lack of coherence in the management of creditor management policies and processes might be caused by insufficient capacity among staff in managing the financial systems. Training programs on such areas as cash flow forecast, commitment control, FMIS and financial reporting should be undertaken by the Ministry, as per OECD (2023).

### 5.4.6 Economic Risk Management Strategies

Q8 Responses from ATLAS.ti indicate that Zimbabwe's inflationary climate diminishes the actual value of the approved budget funding from the time of approval until disbursement of such funds. SPSS shows significant agreement regarding the macroeconomic implication of this risk (M = 4.40, SD = 0.612). The ministry is thus advised to put in place proper economic risk management

policies that include making budget adjustments for inflation and procuring important inputs ahead of time where market conditions allow.

### 5.5 Areas for Further Study

There are some findings and questions that have emerged from this study to guide future studies on the topic. First, a longitudinal study can be conducted to establish causal relationships between the effects of IT and cash flow management effectiveness of MLAWFRD prior to and after implementing an FMIS. Second, a comparative mixed methods study can be conducted using similar SPSS and ATLAS.ti frameworks to analyze the disbursement decision making process of other Zimbabwean government ministries. Third, there is need to conduct a study that focuses on the Treasury disbursement decision making process to understand the key determinant factors of disbursements timing and adequacy the key binding constraint in this study. Lastly, future research can focus on the effects of currency instability in Zimbabwe on commitment accounting of government ministries, which will benefit from Q7 ATLAS.ti results of this study.

### 5.6 Chapter Summary

This chapter has synthesized the entire mixed methods evidence base of this research into conclusions and practical recommendations. Based on the output of IBM SPSS Statistics Version 28 in terms of descriptive statistics (means, standard deviation, frequency distribution) and correlation ($r = 0.743$, $p = 0.014$, $n = 10$ ), together with the output of ATLAS.ti Version 9 in terms of thematic analysis of five key informant interviews regarding eight interview questions, this chapter has proven that MLAWFRD has a structured, yet externally-constrained cash flow management process; that Treasury disbursement delay and macroeconomic instability are the constraints of this process; and that the existence of a statistically-significant positive correlation between cash flow management process efficiency and organizational performance has been proven, with the null hypothesis rejected. Six recommendations are made based on the evidence base, which can be traced back to specific SPSS and ATLAS.ti outputs, and four directions of future research are identified.

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**APPENDIX 1**

**QUESTIONNAIRE**

SEMI-STRUCTURED INTERVIEW GUIDE

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

Interview Guide

Research Title:

The Effectiveness of Cash Flow Management in Achieving Organizational Objectives: A Case Study of the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development.

Introduction

Good day. My name is Talent R. King, a final-year Bachelor of Accountancy Honors student at Bindura University of Science Education. I am conducting this interview as part of my dissertation. Your participation is voluntary, and all information provided will be treated with the utmost confidentiality and used strictly for academic purposes.

**Section A: Current Cash Flow Management Practices**

1. Can you explain how the Ministry prepares and approves its annual budget?

2. How reliable are Treasury fund disbursements in supporting the Ministry's planned activities?

3. What systems or procedures are used to monitor cash inflows, cash outflows, and budget performance?

4. How does the Ministry manage payments to suppliers and other creditors when funds are limited?

**Section B: Challenges Affecting Cash Flow Management**

5. What are the major challenges affecting effective cash flow management within the Ministry?

6. In your opinion, what are the main causes of delayed payments or expenditure arrears?

7. How do internal operational processes affect cash flow management and financial performance?

8. What measures would you recommend to improve cash flow management and enhance the achievement of the Ministry's organizational objectives?

Thank you very much for your valuable time and participation. Your responses will make an

Important contribution to this research.

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**CHAIRPERSON, ACCOUNTANCY DEPARTMENT**

**Private Bag 1020**
**BINDURA, Zimbabwe**
**Tel: 0271 – 7531-6, 7615**
**Mr**
**O.Manyani:0772357174**

04 June 2026

**RE: REQUEST FOR DATA COLLECTION.**

**PERMISSION TO CARRY OUT RESEARCH- (King Talent R B221742B)**

The department of Accountancy at Bindura University of Science Education we acknowledge receipt for **(King Talent R B221742B)** to carry out academic research in fulfilment of her studies. Her research topic is **"The effectiveness of Cash flow management in achieving organizational objectives. A case study of Ministry of Lands, Agriculture, Water, Fisheries and Rural Development".**

We undertake to assist her in every way possible. Through our assistance all information provided shall be used solely for purposes of academic research. Should you require any clarification please do not hesitate to contact the undersigned?

Yours faithfully

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**O. Manyani (Mr), Chairperson**

BINDURA UNIVERSITY OF SCIENCE EDUCATION
DEPARTMENT OF ACCOUNTANCY
CHAIRPERSON

FACULTY OF COMMERCE
PRIVATE BAG 1020, BINDURA, ZIMBABWE