FINANCIAL LITERACY, CASH MANAGEMENT AND BUSINESS GROWTH IN KAMPALA CITY COUNCIL AUTHORITY, UGANDA

Marus Eton[1], Barige Godfrey[1], Miria Nyangoma[1],
Fabian Mwosi[2], Bernard Patrick Ogwel[3]

[1]Kabale University Kabale Uganda
[2]Uganda College of Commerce-Kabale Uganda
[3]Kampala International University-Kampala Uganda

ABSTRACT

The study sought to establish the relationship between financial literacy, cash management and business growth in Kampala city council authority. The study design used was descriptive and correlation in nature. The study revealed a moderately high level of financial literacy, a moderate level of cash management and a moderately high level of business growth among the businesses investigated. Financial literacy confirmed in adequate knowledge on how to expand and capitalize money in addition to warranting a portion of their regular income saved in assets. It was noted that most businesses grow out of paying their debtors promptly, using loaned capital efficiently and perhaps cash planning practices. In the long run, most businesses end up into bankruptcy associated to using borrowed funds for improving standards of living. It is a common practice in Uganda for one to emerge as a promising investor, live a posh life and registered in bankruptcy within less than a decade of his business career. The study recommended that the Private Sector Uganda, Uganda Manufacturers' Association, Uganda Chamber of Commerce; and other trade organizations should include training business men and women around the country on sound financial management. There is need to further sensitize the public and business owners in particular on the risks associated with borrowed capital. Business owners should further avoid running for credit because it is cheap and available. Business owners should always align their borrowed capital with business objectives lest they divert funds intended for business growth into improving their standards of living by spending lavishly.

KEYWORDS

Financial Literacy, Cash Management, Business Growth

1. INTRODUCTION

This study is premised on several studies which investigated the underlying relationships between financial literacy and business growth; (Dahmen & Rodríguez, 2014) and cash management and business growth (Rehn, 2012; Uwonda, Okello, & Okello, 2013; Mrope & Mhechela, 2015 & Nadiah, 2016). However, a number of studies that have considered the aggregated effect of both financial literacy and cash flow management on business growth, particularly in Uganda. Government's efforts to bring the non-banked rural population to access financial services through financial inclusion has enlightened Ugandans in as far as financial matters are concerned

(Kasekende, 2015). Financial decisions such as how much to save, how much to invest, where to save, what assets to acquire and where to obtain credit necessitate a reasonable level of financial literacy. On the other hand, cash management helps in forecasting cash flows and inflows, which helps businesses to meet their obligations. In addition, planning for excess cash enhances growth of firms through extended investments (Oladejo, Akande O, & Oluwaseun, 2017). In the midst of such financial literacy and a widening scope of financial inclusion, growing businesses struggle with loss of revenue, insufficient cash flow, and excessive debt. While loss of revenue can be associated to factors beyond the owners' control (government policies, competition, business environment, market demand etc.), insufficient cash flow and excessive debt can be controlled by the business owner who is financially literate and exercises prudence in cash management. In this paper, we argue that financial literacy alone in a financial market where financial products are cheap and freely available is not adequate to spur business growth without a right management of cash inflows and cash outflows. An aggregate of financial literacy and cash management is presumed to generate profitability and sustainability business growth in the country. This study will establish the level of influence of financial literacy and cash management on business growth in Kampala city Uganda.

1.1 PROBLEM STATEMENT

Financial literacy educates consumers on how to make informed decisions on financial products. Today every country is struggling for economic prosperity and it's hard for new entrepreneurs who have never learnt how to budget, plan to achieve financial security. A deficiency of financial acquaintance or understanding of how to manage, save and invest money is linked to abuse of credit and living away from one's financial means (Oton & Torrento, 2017;&Lusuardi, Mitchel, & Curto, 2010).In the midst of such financial literacy and a widening scope of financial inclusion, growing businesses struggle with loss of revenue, insufficient cash flow, and excessive debt. (Anokye, Siaw, & Opoku, 2017) showed that a person, who is financially literate, with the knowledge and the ability to utilize that knowledge, may not parade predicted behaviors or increases in financial well-being because of certain influences. While financial literacy and cash management has always been important, the need for financial education has assumed greater urgency in many countries where a wide range of financial products and financial services have been marketed, and Kampala City Council traders are not exceptional and this is to ensure positive cash flow for smooth business operation. These traders handle huge sums of money which needed financial literacy and how to manage it which was not the case as seen most businesses failed in 2015-2016 (UIA, 2017) Cash management centers on how a firm manages its cash flow cycle or operating cycles as this defines the timing of cash inflows and cash outflows and this will impact on business growth (Abioro, 2013). Most business operators in Kampala city Council lacked the basic financial literacy and this made most of them not know how to manage their debts, plan for financial products thus leading to financial distress, low business growth and others could not manage their expanding businesses thus high rate of business failure (UIA, 2017). The study therefore sought to bridge this gap by under taking a study on the relationship between financial literacy, cash management and business growth and advice commercial entrepreneurs on guarding against business failure .

1.2 OBJECTIVE OF THE STUDY

To establish the relationship between financial literacy, cash management and business growth in Kampala city council authority

2. LITERATURE REVIEW

2.1 FINANCIAL LITERACY

Financial literacy is a combination of consumers' and investors' understanding of financial products and their confidence to appreciate the financial risks and opportunities (Mwangi & Kihiu, 2012). Financial literacy educates consumers on how to make informed decisions on financial products. A deficiency of financial acquaintance or understanding of how to manage, save and invest money is linked to abuse of credit and living away from one's financial means (Oton & Torrento, 2017;&Lusuardi, Mitchel, & Curto, 2010). These suggest that financial literacy is the backbone of a healthy financial management. The point is that individuals that have financial literacy discipline themselves to investing a portion, even if it is only 5% or 10% of their regular income, into assets which gives them the opportunity to start building equity or net worth. This means they will own more than they owe. Financial literacy is the capacity to make informed judgments and to take actual decisions concerning the use and management of money (Worthington, 2013). Implied in this definition is the aspect of people being informed and becoming confident decision makers in all aspects of their budgeting, spending and saving. A healthy financial behavior is confirmed by the good activity of financial forecasting, managing, and monitoring (Muizzuddin, Taufik, Ghasarma, Putri, & Adam, 2017). Wisdom in the personal financial management is highly related to the people's ability and knowledge of the concepts in financial literacy. Financial literacy points out how well individuals understand financial concepts that shows their ability to construe financial data correctly (Bahovec, Barbić, & Palić, 2015). Financial literacy mirrors an individual's ability to understand financial concepts, financial products and services and providing an ability to control personal financial resources. These authors provide evidence that financial competence is directly related to the ability to make better decisions regarding loans. Financial literacy rates vary in many ways when it comes to characteristics such as gender, education level, income, and age. Worldwide, 35 percent of men are financially literate, compared with 30 percent of women (Klapper, Lusardi, & Oudheusden, unknowm).Women have low financial skills than men even considering differences in age, country, education, and income. There are four areas that should be promoted in order to improve the financial literacy of investors geared to a positive impact on investing behavior: different types of risk; the fees and costs associated with investing; proactive steps for avoiding fraud; and general investment knowledge, including topics such as compound interest (US Securities and Exchange Commission, 2012). These are essential areas for emphasis in the academic arena. According (Zaiti & Bertea, 2014), financial literacy in the US and Australia is expressed as financial accountability while OECD uses accountability without defining the concept. Monticone, (2010) identified the factors that can determine financial literacy, that is, demographic characteristics (gender, education and cognitive skills); family background; wealth; and time preferences. Many authors have pointed out the relevance of financial education and proved that it is one of the most appropriate tools for avoiding the bad decision´s consequences. For example, (Tóth, Drahoslav, & Radovan, 2015) found that higher level of financial literacy increase the level of living standard while poor financial knowledge leads to negative credit behavior, results into higher indebtedness and debt accumulation. Huston (2010) as reported in (Anokye, Siaw, & Opoku, 2017) showed that a person, who is financially literate, with the knowledge and the ability to utilize that knowledge, may not parade predicted behaviors or increases in financial well-being because of certain influences. Such impacts could come from behavioral or cognitive biases, self-control problems, family, economic, community, and institutional factors. Access to payments systems, new financial technologies, number of savings and deposit accounts, and credit to households is not the main concern of low financial inclusion for households but rather low levels of financial literacy (Babych, Grigolia, & Keshelava, 2018).While financial literacy has always been important, the need for financial education has assumed greater urgency in many countries where a wide range of financial products and financial services have been marketed to consumers. In a financially literate society, (Hall, 2008) point out that borrowers are less likely to take on more debt just because credit is cheaper and freely available, which is likely to minimize bad debt experiences of financial institutions hence bolstering the stability of the financial system. There is urgent need to help not only teenagers or low-income adults learn the basics of financial literacy, but also to provide resources for those adults who may have successful, high-paying careers better plan for their futures.

2.2 CASH MANAGEMENT

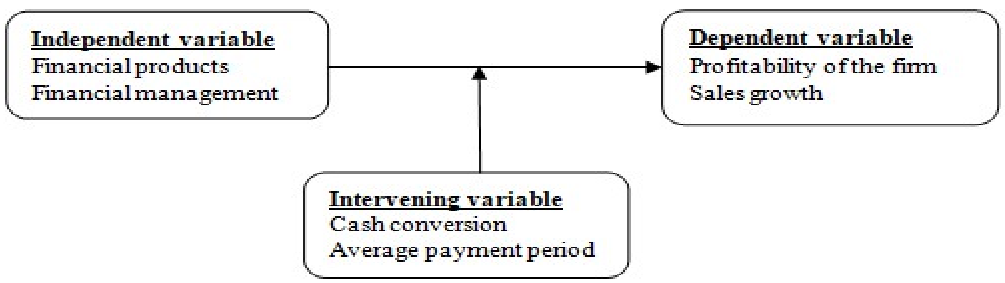
The concept of cash management has attracted increasing attention both in theory and practice due to liberalization of the money market, technological progress and internalization of business operations (Odoyo, Adero, & Chumba, 2014). Cash management assumes more importance than any other current asset and the major aim is to maintain adequate control over cash position to keep the firm with sufficient liquid and use the excess cash in some profitable way (Yousef, 2016). Cash management is the movement of funds through financial institutions to optimize liquidity. It is the management of corporate funds to increase interest income earned by maximizing investments and reducing interest paid by minimizing borrowings (Otieno, 2016). Cash management uses the knowledge of funds movement through the banking system, coupled with banking services and other financial products, to optimize liquidity. The essence of cash management is to ensure positive cash flow for smooth business operation. It centers on how a firm manages its cash flow cycle or operating cycles as this defines the timing of cash inflows and cash outflows (Abioro, 2013). In the manufacturing context, the pattern of the cash and operating cycles involves the provision of cash as capital for firm's initial outlay, the procurement of raw material in manufacturing companies and finished goods in marketing companies, distribution of the finished goods to obtain immediate cash or create debtors when goods are sold on credit term. It should be noted that cash management is not the same as budget execution. Budget execution is the implementation of a plan reflecting the priorities based on the resources currently available and on expected resources in the future while cash management is a set of principles and associated practices to transfer funds efficiently and with certainty (Vajs, 2014). Therefore, the use of appropriate tools and practices to move funds crucial is very essential. Braley and Myers (2005) as cited in (Botelho & Seido, 2012)pointed out four reasons for the maintenance of cash balance:1. Transactions – financial funds held in cash to meet commitments in view of the time lag between the outflow (payment) and inflow (receipt) of cash;2. Precaution – resources held in cash to maintain a safety reserve for contingencies;3. Speculation – funds held in cash to take advantage of opportunities to obtain discounts or favorable applications; and4. Bank reciprocity – resources held in current accounts to meet the requirements of some banks as consideration. Three factors directly influence a firm's access to cash: i) cash from accounts receivables is not available to firms while they are awaiting customer payments for delivered goods; ii) cash invested in goods is tied up and not available while those goods are held in inventory; and iii) cash may be made available to a firm if it chooses to delay payment to suppliers for goods or services rendered (Kroes & Manikas, 2014). These factors influence cash flows and operational decision. An important component of cash management is proper oversight of banking fees. Paying banking fees without adequately determining the validity or reasonableness of the fees is associated to failure to maintain records of the approved agreements with the banks (Office of the Inspector General, 2006). The lack of documentation to monitor bank fees is troubling in light of fee irregularities, which cripples business growth. Cash management is concerned with minimizing unproductive cash balances, investing temporarily excess cash advantageously and to make the best possible arrangements for meeting planned and unexpected demands on the firm's cash. Cash Management must aim to reduce the required level of cash but minimize the risk of being unable to discharge claims against the company as they arise.

2.3 BUSINESS GROWTH

It is possible that an increased level of financial literacy could lead to more entrepreneurial activity and a decrease in new venture failures (Me & Smit, 2008). They concluded that lack of financial literacy could lead to failure of new venture, as well as personal, financial management, thus limiting new venture success in addition to making sound investment decisions. People in low-income countries rely on micro-enterprises for their livelihood. Therefore, acquiring managerial capital, or business skills and knowledge, is thus a more relevant component of financial capability than for the typical wage-earning worker in a developed country (Worthington, 2013).Cash as an important current asset that needs critically planned for optimal balance to enable business activities take place smoothly. If cash management is maximally ensured in business ventures, holding other factors positive the business must boom and serve the public as expected reflecting better and improved performance with high growth rates (Arihoona, 2011). Companies that do not use free cash flow or invest it to maximize or to balance the best interest of shareholders face agency problems. For example, the manager may choose to invest in an unprofitable project due to his or her self-interest, which may result in position of low growth (Bukit & Iskandar, 2009). Due to personal interests, the manager may overlook the need for preparing predictable cash flow and profit projections. Cash shortage would disrupt the firm's manufacturing operation, while excessive cash would simply remain idle, without contributing anything towards the firm's profitability. Therefore, for its smooth running and maximum profitability proper and effective cash management in a business is of paramount importance. While cash management related issues affect both large and small scale businesses, small scale industries are the most hit. Firms with efficient cash conversion cycles experience increasing levels of corporate profitability. According to (Rehn, 2012), a firm with cash at hand can easily pay their debtor, which reduce her financial costs and has the ability to quickly invest in profitable opportunities. Cash management thus helps firms to invest idle cash without losing out liquidity. Most SMEs use borrowed funds from financial institutions to grow and expand their business, which calls for prudence in loan management. However, due to poor loan management, the impact of these loans on growth and expansion of SMEs businesses has been very low (Mrope & Mhechela, 2015). Due to need for increasing sales volume, SMES are tempted to extend credit to customers, which increases poor credit risks (Anita, 2012). Late repayment and defaulting debtors have been found to exclusively reduce growth rates of SMEs. Poor cash management constrains business operations and customers who are dissatisfied with the services run away, which results in poor performance and growth retardations (Kakeeto, Timbirimu, Kiizah, & Osunsan, 2017)

In Uganda, SMEs have failed to utilize cash flow management due to failure by different actors (government, managers or owners of SMEs, government agencies and private sector) to perform their duties, which has resulted into low growth in SMEs (Uwonda, Okello, & Okello, 2013). In a related view (Nadiah, 2016), noted that proper cash flow management saves firms from bankruptcy, thus ensuring profitability and sustainability. He further notes that cash flow becomes a problem to SMEs when the business deals with customers who cannot be tracked or when the business sells its products due to higher demand than her rivals. Firms which do not generate sufficient internal cash flow find difficulty raising funds to finance growth (Adjapong & Tingbani, unplished). Effective cash management is not only essential for business survival but helps in attracting investors who are able to fund its expansion and sustainability (Tabot & Kamala, 2016).In a related study by (Dahmen & Rodríguez, 2014), growth constraints of SMEs are categorized into loss of revenue, insufficient cash flow, and excessive debt. They further found that insufficient cash flow and excessive debt are both areas that small business owners can manage.

CONCEPTUAL FRAMEWORK



Source: Adopted with modifications from Nadiah, 2016

The increasing financial products by financial institutions have created a high competition in the financial markets and thus most financial institutions have resorted into providing a lot of financial products and services in the market for it's survival and to remain relevant into the market. This products and or financial services are available to those business entrepreneurs who are financially literate to choose the best product for their businesses. The managers and business owners have therefore the responsibility to manage the finances well for business to growth. The financial products at their disposal should be easily convertible to cash since businesses should be liquid enough to meet its daily obligations as it unfolds. The average payment period for these products in terms of short term and long term loans should be fair and cheap so that the firm's profitability is achieved. Sales growth should therefore be maintained

3. METHODOLOGY

The study design used was descriptive and correlation in nature. Ngechu (2004) noted that descriptive studies are more formalized and typically structured in such a way which clearly serves a variety of research objectives such as descriptions of phenomenon or characteristics associated with a subject population, estimates of proportions of a population that have these characteristics and discovery of associations among different variables. Descriptive statistics was used in the study to bring a clear and sensible picture of the sample chosen.

The study sample was made up of 120 registered business operators within Kampala City Council Authority (KCCA). Respondents in this study were selected from commercial entrepreneurs operating in Kampala City Council divisions of Nakawa, Makindye, Rubaga, Kawempe and Central divisions. The respondents were selected from Kampala city council due to the fact that they were better organized under Kampala City Traders Association (KACITA) in the categories of trade, agro processing and small scale manufacturing. A structured questionnaire was designed in a Likert format with responses ranging from strongly agree (5) to strongly disagree (1). A stratified random sampling technique was used to distribute samples to commercial entrepreneurs in KCCA. The questionnaires were administered and delivered by hand by the research assistants. Data was analyzed using software, statistical package for social sciences (SPSS) where correlation and regression analysis were used.

4. Results And Interpretations

Background characteristics

The study investigated the background characteristics: gender, age, marital status, level of education, number of years in business, nature of business, and a previous training in business management.

Table 1: Background characteristics

Variable	Categories	Frequency	Percent
Male or Female	Male	83	65.9
	Female	43	34.1
	Total	126	100
Age in complete years	20-29	48	38.1
	30-39	42	33.3
	40-49	16	12.7
	50 and above	20	15.9
	Total	126	100
Marital status	Single	76	60.3
	Married	41	32.5
	Others	9	7.1
	Total	126	100
Highest level of education	Primary	28	22.2
	Secondary	42	33.3
	Tertiary	43	34.1
	University	13	10.3
	Total	126	100
Number of years in business	Below 5 years	93	73.8
	5 – 9 years	18	14.3
	10 and above	15	11.9
	Total	126	100
Nature of business	Merchandize	44	34.9
	Services	39	31
	Manufacturing	20	15.9
	Production	23	18.3
	Total	126	100
Training in business management	Yes		46.8
	No	59	38.1
	Not Sure	48	15.1
	Total	19	100
		126	

The study intended to establish the demographic characteristics of the participants. From the findings, 65.9% were male while 34.1% were female. This actually indicates that male participants dominated the study, perhaps stemming from the societal expectation of working women, which has created a dependency of women on their male husbands. In view of the age distribution, 71.4% were below 40 years of age while 28.6% were 40 years and above. This indicates that most of our participants were in their middle working age, which suggests that they are still strong enough to take their businesses high. Considering the variation in marital status, 60.3% claimed to be single, 32.5% claimed to be married while only 7.15 indicated the “others” option, where specifics pointed to being separated and widowed. The findings on marital status indicate that few participants were carrying additional roles in their families.

The study was also interested in understanding the level of education of the participants. The findings indicate that 55.5% had either primary or secondary education while 44.4% had some qualification from either a tertiary institution or university. This could suggest that any cases of business failure among the participants could least be linked to unschooled background. In relation to the number of years they had been in the business environment, 73.8% indicated to have been in business for not more than 5 years, 14.3% had been in business for more than 5 years but not exceeding 10 years, while 11.9% had a business experience of 10 years and above. This indicates that most of the participants did not have a stretched experience in business, which could perhaps explain why they were not performing so well. It can observe that most of the participants (65.9%) operated either merchandize or service businesses, 18.3% operated production while 15.9% operated manufacturing businesses. In view of training in business management, 46.8% claimed to have had business management training, 38.1% had not while 15.1% were indecisive.

Of the participants who confirmed to have had at least training in business management, 35.6% were female while 64.4% were male. Of those who had received at least training in business management, 39.0% were operating service businesses while 27.1% were operating merchandize businesses. Comparing the level of education and the nature of businesses, 96.4% of the participants with a primary level education operated service businesses. On the other hand, 61.5% of those with university education operated merchandize while 38.5% operated manufacturing businesses, perhaps due to the low level of innovation and development.

FACTOR ANALYSIS

Factor analysis was used to identify a few factors that explain most of the variance in the observed variables. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy, which indicates the proportion of variance in the extracted factors was used, while Bartlett's test of sphericity indicates whether the variables are unrelated or not was used.

Table 2: Factor Analysis – Financial Literacy

	Components		
	1	2	3
I have adequate ability to monitor business activities			0.618
I rarely go for credit even when it is freely available		0.650	
I feel my standard of living has increased due to my knowledge on finances		0.559	
I find financial literacy is very necessary for low-income earners only		0.553	
I always ensure to save a certain percentage of my regular income into assets	0.700		
I have acquired adequate knowledge on how to spend my money	0.658		
I have acquired adequate knowledge on how to invest my money	0.651		
Total	**4.757**	**2.285**	**1.577**
% of Variance	**23.785**	**11.424**	**7.883**
Cumulative %	**23.785**	**35.209**	**43.093**
KMO Measure of Sampling Adequacy.		0.751	
Bartlett's Test of Sphericity	Approx. Chi-Square	741.535	
	Df	190	
	Sig.	0.000	

KMO measure of sampling adequacy (KMO > .50) indicates that running a factor analysis is relevant for analyzing the behavioral indicators of financial literacy. Bartlett's test of sphericity (sig. <.05) indicates that the variable indicators have significant relationships amongst themselves. This points to the suitability of the extracted data for factor analysis. It should be observed that the extracted variables can account for 43.1% of the original data items. High factor loading are evident in the businesses saving a certain percentage of their regular income into assets (r = .700), rarely going for credit because it is freely available (r = .650) and adequately monitoring business activities (r = .618).

Table 3: Factor Analysis – Cash Management

	Components		
	1	2	3
My cash flow allows for the smooth operations of my business			0.553
I understand the advantages of investing excess cash temporarily		0.559	
I understand the risks associated to holding a lot of cash in excess		0.540	
I take much time to examine the fees I pay for bank services		0.533	
This business maintains adequate liquidity to easily meet her obligations	0.677		
This business is always using excess cash in ways that are profitable	0.663		
This business has adequate control over her cash position	0.609		
This business has an operational bank account	0.590		
Total	**2.534**	**1.793**	**1.532**
% of Variance	**15.838**	**11.204**	**9.573**
Cumulative %	**15.838**	**27.042**	**36.615**
KMO Measure of Sampling Adequacy.		0.634	
Bartlett's Test of Sphericity	Approx. Chi-Square	249.653	
	Df	120	
	Sig.	0.000	

KMO measure of sampling adequacy (KMO > .50) indicates that running a factor analysis is relevant for analyzing the behavioral indicators of cash management. Bartlett's test of sphericity (sig. <.05) indicates that the variable indicators have significant relationships amongst themselves. This points to the suitability of the extracted data for factor analysis. It should be observed that the extracted variables can account for 36.6% of the original data items. High factor loading are evident in the businesses maintaining adequate liquidity to easily meet their obligations (r = .677), investing excess cash temporarily (r = .559) and having cash flow that allows for the smooth operation (r = .533).

Table 4: Factor Analysis – Business Growth

	Components		
	1	2	3
This business is rarely disrupted due cash shortage			0.500
This business always holds cash to easily pay her debtors		0.750	
The more people are informed on money matters the less the failure of new business ventures		0.583	
This business has never fallen into a state of bankruptcy	0.710		
This business has expanded out of loaned capital	0.603		
This business has grown out of ensuring smooth cash planning	0.592		
This business has expanded out of proper loan management	0.580		
Total	**3.312**	**1.946**	**1.713**
% of Variance	**19.483**	**11.448**	**10.076**
Cumulative %	**19.483**	**30.931**	**41.007**
KMO Measure of Sampling Adequacy.		0.654	
Bartlett's Test of Sphericity	Approx. Chi-Square	439.1	
	Df	136	
	Sig.	0.000	

KMO measure of sampling adequacy (KMO > .50) indicates that running a factor analysis is relevant for analyzing the behavioral indicators of business growth. Bartlett's test of sphericity (sig. <.05) indicates that the variable indicators have significant relationships amongst themselves. This points to the suitability of the extracted data for factor analysis. It should be observed that the extracted variables can account for 41.0% of the original data items. High factor loading are evident in the businesses never having fallen in states of bankruptcy (r = .710), holding cash to easily pay debtors (r = .750) and rare disruptions due to cash shortage (r = .500).

DESCRIPTIVE STATISTICS

Descriptive statistics were run to establish the levels of financial literacy, cash management and business growth in the businesses investigated. Descriptive measures for mean and standard deviation were used in the analysis.

Table 5: Descriptive Statistics – Financial Literacy

Variable list	Mean	Std. Deviation
I have acquired adequate knowledge on how to spend my money	3.944	1.126
I have acquired adequate knowledge on how to invest my money	3.849	1.089
I always ensure to save a certain percentage of my regular income into assets	3.611	1.058
I have adequate ability to monitor business activities	3.540	1.282
I rarely go for credit even when it is freely available	3.532	1.150
I find financial literacy is very necessary for low-income earners only	3.238	1.268
I feel my standard of living has increased due to my knowledge on finances	2.857	1.288
Mean	**3.510**	**1.180**

The level of financial literacy in the businesses investigated was moderately high (mean = 3.510; Std.= 1.180). Explicitly, financial literacy is rather demonstrated in adequate knowledge on how to spend money(mean = 3.944; Std.= 1.126), adequate knowledge on how to invest money (mean = 3.849; Std.= 1.089) and ensuring a certain percentage of regular income is saved into assets (mean = 3.611; Std.= 1.058) than in feelings of improved standard of living due to knowledge of finances (mean = 2.857; Std.= 1.288). while there are no significant differences demonstrated in spending money, investing money and saving a portion of the regular income in assets, an examination of standard deviations indicate rather uniform expressions of financial literacy on the part of saving a certain percentage of the regular income assets and very dissimilar expressions on the feelings of improved standard of living associated to knowledge of finances.

Table 6: Descriptive Statistics – Cash Management

Variable list	Mean	Std. Deviation
This business has an operational bank account	3.325	1.276
This business has adequate control over her cash position	3.103	1.295
This business is always using excess cash in ways that are profitable	3.373	1.115
This business maintains adequate liquidity to easily meet her obligations	3.127	1.284
My cash flow allows for the smooth operations of my business	3.452	1.211
I always maintain adequate cash to meet unforeseen events	3.738	1.201
I take much time to examine the fees I pay for bank services	3.381	1.225
I understand the risks associated to holding a lot of cash in excess	3.278	1.418
I understand the advantages of investing excess cash temporarily	2.976	1.405
Mean	**3.306**	**1.270**

The level of cash management in the businesses investigated appeared to be moderate(mean=3.303;Std.=1.270). Explicitly, cash management was rather demonstrated in maintaining adequate cash that meets unforeseen events (mean=3.738;Std.=1.201) and cash flow that allows for smooth operations (mean=3.452;Std.=1.211) than in temporary investment of excess cash (mean=2.976;Std.=1.405). An examination of the standard deviations however, indicates that participants appeared to consistently agree on using excess cash in profitable ways (Std.=1.115) than maintaining adequate cash for smooth operations and meeting unforeseen events. The study further highlighted very high disagreements on the part of understanding the risks associated to holding a lot cash in excess (Std.=1.418) than understanding the advantages of investing excess cash temporarily.

Table 7: Descriptive Statistics – Business growth

Variable list	Mean	Std. Deviation
This business always holds cash to easily pay her debtors	3.881	1.129
The more people are informed on money matters the less the failure of new business ventures	3.730	1.280
This business has expanded out of proper loan management	3.722	1.281
This business is rarely disrupted due cash shortage	3.381	1.264
This business has expanded out of loaned capital	3.373	1.401
This business has never fallen into a state of bankruptcy	3.357	1.353
This business has grown out of ensuring smooth cash planning	3.175	1.380
Mean	**3.517**	**1.298**

The level of business growth in the businesses investigated appeared to be moderately high (mean=3.517;Std.=1.298). Overtly, high growth was associated to the ability to pay debtors (mean=3.881;Std.=1.129), awareness of the fact that the more information a business has on money matters the less its failure (mean=3.730;Std.=1.280) and proper loan management (mean=3.722;Std.=1.281) than ensuring smooth cash planning (mean=3.175;Std.=1.380). A critical exploration of the standard deviations further proves that the businesses investigated associated their growth to paying their debtors and to the least using loaned capital (Std.=1.401) and smooth cash planning.

Table 8: Regression model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2.11	0.43		4.91	0
	Financial Literacy	-0.069	0.081	-0.075	-0.851	0.396
	Cash Management	0.51	0.118	0.378	4.312	0
	R	0.364				
	R Square	0.132				
	Adjusted R Square	0.118				
	Std. Error of the Estimate	0.45814				

Predictors: (Constant), Cash Management, Financial Literacy
Dependent Variable: Business Growth

The regression model above indicates a weak association of both financial literacy and cash management on business growth ($r = .364$). The Adjusted R Square = .118 indicates that both financial literacy and cash management can account for only 11.8% of the level of business growth of the firms that were investigated. This therefore suggests a number of factors that explains the level of business growth. In particular, financial literacy ($\beta = -.075$; sig. $>.05$) appears to vary business growth negatively, which is characteristic of businesses in growing economies. This statistic points to the fact that due to financial literacy, most business owners know where to access credit, but this has not promoted business growth. Most of the sources of credit appear to be cheap surface wise yet embedded are unbearable costs associated to debt management and recovery. On the other hand, cash management ($\beta = .378$; sig. $<.05$) appears to vary business growth positively. It is indicative that a variation in cash management is capable of varying the level of business growth by about 37.8%.

5. DISCUSSION

The study established a weak association of both financial literacy and cash management on business growth. The findings agree with (Hall, 2008) who noted that in a financially literate society, borrowers are less likely to take on debt just because credit is cheap or freely available. Minimizing bad debt experiences bolsters the stability of the financial system but not business growth. Financial literacy and cash management may not bring about business growth due to poor loan management. Mrope & Mhechela (2015) once noted that due to poor loan management, the impact of loans on growth and expansion of SMEs businesses is very low. In addition, (Kakeeto, Timbirimu, Kiizah, & Osunsan, 2017) established that poor cash management constrains business operations and customers who are dissatisfied with the services run away, which results into poor performance and growth retardations. Some businesses tend to suffocate their own growth due to wrongly aligning business goals. For example, (Anita, 2012) noted that with the desire to achieve increasing sales volume SMEs are tempted to extend credit to customers, which reduce their growth rates. The lack of personal savings and shortage of financial knowledge could contribute to low incidence of venture creation and high failure rate of entrepreneurs (Me & Smit, 2008). Many profitable businesses have been killed by cash flow problems, often at the startup phase (Stice, Stice, & Stice, 2017).

The findings are however, in disagreement with (Oladejo, Akande O, & Oluwaseun, 2017)who found out that financial decisions such as how much to save, how much to invest, where to save, enhance growth of firms, while cash management helps in forecasting cash flows and inflows, which help businesses to meet their obligations. In a related view, (Me & Smit, 2008) found out that an increasing the level of financial literacy leads to increased entrepreneurial activity and a decrease in the failure of new ventures as well as business growth. The results also contradict (Arihoona, 2011) who asserted that cash management ensures business ventures boom with improved performance and high growth rates. The study found out that cash management positively influences business growth, financial literacy negatively influences business growth. This agrees with (Toth, Lancaric, & Savov, 2015) who showed that low financial literacy and level of education are responsible for the many mistakes and wrong investing decisions made in the private sector. The positive influence of cash management on business growth agrees with (Yousef & Smirat, 2016). He investigated cash management practices and their influence on financial performance and found that lack of knowledge about financial control procedures impedes the growth and survival of small and medium enterprise.

The study also established that business growth is associated to ability to pay debtors, aware of the fact that the more information a business has on money matters the less likely its failure and proper loan management. The findings agree with (Rehn, 2012) who found that firms with cash at hand can easily pay their debtors, which reduces their financial costs and have the ability to quickly invest in profitable opportunities. The study found a close link between business growth and cash management is attributed to maintaining adequate cash to meet unforeseen events and to smoothen operations. The findings support (Abioro, 2013) who examined the impact of cash management on manufacturing firms in Nigeria and found that cash management ensures positive cash flow for smooth business operations. The study further noted the lack of understanding of the risks associated to holding excess cash. This disagrees with (Mwangi & Kihiu, 2012) who pointed out that understanding financial products gives investors confidence to appreciate the financial risks and opportunities involved. Similarly, (Anita, 2012) further observed that the tendency to give credits with the intention of increasing sales volume increases credit risks while reducing growth of firms.

6. CONCLUSION

The study revealed a moderately high level of financial literacy, a moderate level of cash management and a moderately high level of business growth among the businesses investigated. Financial literacy was confirmed in adequate knowledge on how to expand and capitalize money in addition to warranting a portion of their regular income is saved in assets. However, this experience could scarcely be sustained with such moods that knowledge on finances improves standard of living. The likelihoods that money meant for investment is sidetracked to refining standard of living are much conceivable. Participants indicated prudence in upholding adequate cash to cater for starting events and to ensure smooth flow of business maneuvers. Though there was indication of using surplus cash in gainful ways, particularly temporary hoards, the participants seemed to lack full understanding of the hazards linked to holding a lot of cash in excess. No wonder financial literacy adversely affected business growth while cash management discreetly influenced business growth. The weak association between financial literacy and cash management on business growth cannot be explained away from business speculations. It was noted that most businesses grow out of paying their debtors promptly, using loaned capital efficiently and perhaps cash planning practices. The ability to pay debtors could be in view of suppliers, however, in view of paying the financial institutions, there remains a big challenge. This can be explained to the availability of free and cheap credit, which is sometimes picked without aligning it to business objectives. In the long run, most businesses end up into bankruptcy associated to using borrowed funds for improving standards of living. It is a common practice in Uganda for one to emerge as a promising investor, live a posh life and registered bankrupt within less than a decade of his business career.

7. Recommendation

There remains a dire need for educating the public, particularly business owners on financial matters, particularly spending behaviors and credit. The Private Sector Uganda, Uganda Manufacturers' Association, Uganda Chamber of Commerce; and other trade organizations should include training business men and women around the country on sound financial management. The findings indicated that most businesses grew out paying their debtors and properly using loaned capital. There is need to further sensitize the public and business owners in particular on the risks associated with borrowed capital. This will save many business owners from running into states of bankruptcy. Business owners should further avoid running for credit because it is cheap and available.

Businesses owners always should align their borrowed capital with business objectives lest they divert funds intended for business growth into improving their standards of living by spending lavishly.

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