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THE EFFECT OF CASH MANAGEMENT ON FINANCIAL PERFORMANCE OF PUBLIC ENTITIES IN TANZANIA: THE CASE OF TANZANIA POSTAL CORPORATION

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Abstract:
The purpose of this study was to examine and establish the effect of cash management on the public sector financial performance in Tanzania using Tanzania Posts Corporation (TPC) as the case study. Specifically, the study intended to (i) analyze the effects of cash management on financial performance of Tanzania Posts Corporation and (ii) establish the relationship between cash management and public sector financial performance in Tanzania. The study adopted a mixed research method with the use of both quantitative and qualitative approaches. Explanatory survey research design was used and a sample of 200 respondents was selected from among TPC employees who included financial management officers (Accounting and Finance Staff) and Corporation Executives at the Headquarters, Zones and Branches (out of the population of 400 targeted respondents) of which 194 respondents' questionnaires were complete and used in the analysis. The selection followed both a stratified and random sampling methods and by the use of Slovenes formula in arriving at the sample size. Questionnaire and interviews were used to collect primary data while secondary information was collected using documentary review, and the quantitative analysis was undertaken using SPSS Version 22 tool. Findings revealed that cash management affected the financial performance of TPC. Furthermore, findings revealed a positive and significant relationship between cash management which is an important element of working capital management and the public sector financial performance. This study concludes that cash management had more positive effects on the financial performance of TPC and, thus, requires appropriate management. The study also concludes that there is a positive and significant relationship between cash management and public sector financial performance. The study recommends that the management of TPC should strengthen the aspect of appropriate cash management techniques and the Internal Control System (ICS) of the entity so as to keep the entity intact and achieve positive financial performance.

Index Terms (Key Words): Cash, Cash Management, Financial Performance, Public Entities

INTRODUCTION

Contribution/Originality of the Study

This paper's primary contribution is finding out that cash (which is one of most significant elements of firm's working capital) management affected the financial performance of Tanzania Posts Corporation (TPC) in Tanzania. Furthermore, the study revealed a positive and significant relationship between working cash management and the public sector financial performance thereof.

1.1 Introduction and Background to the Study

The elements of working capital involve the most liquid resources of an entity which includes cash and cash equivalents, inventories, trade debtors and other receivables (Ejike, 2018). Most entities do not ensure optimal level of operating liquidity and this has been a major obstacle to their overall profitability and financial performance (Ejike, 2018). Thus, cash, which is among the working capital elements, is the nerve-centre of any business entity operations, hence, it should be managed effectively and efficiently in order to ensure the entity's continued operationalization, growth and sustainable development. Cash management performance is the main provider of critical insight into the state of affairs of an entity's financial position, and, as an important indicator of a firm's financial fitness, the availability of a company's working capital is one of the first items a lender or investor will examine on the firm's Statement of Financial Position (Stubely and Laporsek, 2016). This part of the study explores and evaluates the effects of cash management on financial performance of public entities in Tanzania and provides the assessment of how these firms try to overcome the adverse effects thereof.

Cash Management plays an important role in ensuring continuous wealth maximization and assists in maintaining their stability. Despite the notable significant contribution of the government entities to the Tanzanian economy, the potentials of government entities in Tanzania have not been exploited to their full extent and this is a major concern to the economy and development stakeholders, their financial performance still falls below the required expectation (CAG, 2020; Okonkwo and Obidike, 2016; Kitomo, Likwachala and Swai, 2020). This suggests that despite the existence of many firm-support programmes that provide backing to these organisations, they continue to experience high failure rates (CAG, 2020).

The Resource-based View (RBV) was employed in this study, which proposes that acquiring and deploying superior business-specific tangible and intangible resources is a sure way of achieving an entity's long-term competitive advantage and superior performance. Unfortunately, this has not been the case in Tanzania over the last ten years; the performance of some organizations in the country has been stagnant, with some reports of low or deteriorating performance (CAG, 2020). However, still, the application of Wernerfelt's Resource-based View (RBV) Theory, proposed in 1984 and later updated by Barney in 1991, sees business organizations as having a set of valuable resources at their disposal that can be used to maximize profitability (Barney, 1991). This study adopted the Resource-based View (RBV) which proposes that the possession and subsequent deployment of superior business-specific tangible and intangible resources is a sure means of achieving an organisation's sustainable competitive advantage and a superior performance. Unfortunately, however, this has not been the case in Tanzania in the last ten (10) years; the performance of some organisations in the country has been stagnant and sometimes reported to be low or deteriorating (CAG, 2020).

The elements of current assets and current liabilities have a short life span, they are engaged in current operations of a business and normally used for short-term operations of the firm during an accounting period i.e., within twelve months (Okonkwo and Obidike, 2016). Usman, Shaikh and Khan (2017) carried out a study with a title "The Impact of Working Capital Management on Firm Profitability: Evidence from Scandinavian Countries-Denmark, Norway and Sweden", whereas their study concluded that working capital and the current ratio (CR) are positively related to and affect firms' profitability (ROA). A study conducted by Zariyawati, Hirnissa and Rose (2017) on working capital management and the performance of both small and large entities in Malaysia revealed that the elements of working capital management have a profound significant effect on firm performance. Furthermore, a research undertaken by Zhang, Chen and Yu (2017) examined the trends in working capital management and its impact on firm's performance. This study by Zhang, Chen and Yu (2017) sought to examine the effect of specific components of working capital such as the cash conversion cycle, the average collection period and the inventory holding period on the Return on Assets (ROA) as a measure of profitability of an entity. Data was collected and analyzed by use of regression analysis technique. The study established that the use of working capital management practices such as cash conversion cycle and the inventory holding have a significant impact on the performance of business firms (Zhang, Chen and Yu, 2017).

To-date, the number of government entities in Tanzania has increased dramatically, but their performance has not been that much good (CAG, 2020) and, given their noble role in the economic development of the country, this study had the view that the undesirable performance of these organisations could be well explained by how they manage their working capital, cash management inclusive. Some suggestions have been provided by different researchers for the business firms' financial underperformance such as the failure in working capital management, poor access to finances (World Bank, 2020; Tanzi, 2019) and, generally, lack of strategic resources consistent with the Resource Dependency Theory propounded by Barney (1991). Moreover, other studies (Usman, Shaikh and Khan, 2017; Zhang, Chen and Yu, 2017; Zariyawati, Hirnissa and Rose, 2017) assert that business firms' financial performance trends in Spain, the Scandinavian Countries, Malaysia and elsewhere were predicted by the efficient management of the elements of working capital as the overall indicator of profitability and business firm overall performance.

While in recent years authors have started to pay attention to the similar research in emerging countries, they have continued to neglect countries in Asia and Africa (World Bank Group, 2017; Quartey, Turkson, Abor and Iddrisu, 2017; Tanzi, 2019; Trapnell et al. 2017). Substantial variations between countries in Asia and Africa and other types of economies put into question the generalizability and practical application of findings derived from developed countries and underscore the need for a separate analysis focusing on Asia and Africa region. Regrettably, these objectives have remained largely unattained in many African Countries. This study undertook this task.

Realizing the contribution of the efficient and effective public organisations' financial performance, the Government of Tanzania (and other Governments across Africa) as well as other stakeholders in the national development arena have adopted various initiatives towards assisting government entities in this area. Thus, Government venture development programmes are major mechanism required to aggressively stimulate the growth of these organisations. The Government and other institutions are playing a positive role on the performance of parastatals despite the prevailing economic conditions. The Government of Tanzania has also taken a number of measures to reform the public entities and promote adequate performance in these organisations (MoFP/URT, 2017, 2018). Regardless of the reforms by the Government geared at enhancing these organisations' performance, there is still a gap between the operations and the achievements thereof.

Considering the enormous potentials of the government entities and despite the acknowledgement of their immense contribution to the country and the global sustainable economic development at large, their performance still falls below expectation in many developing countries (Okonkwo and Obidike, 2016). This suggests that despite the existence of many firm-support programmes that provide backing to these organisations, they continue to experience high failure rates (Kehinde, Abiodun and Adegbuyi, 2016). This raises questions on whether the management properly manage the working capital elements such as cash and other financial resources at their disposal. The Government, shareholders and lenders have invested heavily in these public companies financially and continue to provide an enabling environment for conducting business, and, hence, these stakeholders have the expectation that such firms should continue to perform to the desired and expected standards. A study in Kenya concluded that various companies have not been performing so well and many have suffered declined performance due to failure to properly manage the working capital resources at their disposal (Tanzi, 2019).

In Tanzania, Kitomo, Likwachala, and Swai (2020) undertook a study on financial management practices among various enterprises in Tanzania. The study recommended that practitioners required to be educated, familiarized and sensitized on the various appropriate working capital management techniques and their implications to their businesses so that they will be able to select and employ appropriate techniques in managing profitability and liquidity in their businesses in order to offset the undesirable effects as outcomes in their entities' operations (Kitomo, Likwachala, and Swai, 2020). Ngomuo and Wang (2015) carried out a study aimed at assessing the performance of Local Government in Tanzania by using a balanced scorecard model as proposed by Kaplan and Norton (1992) to integrate both financial and non-financial performance measures. This study modified the model by adding another performance perspective which is the social perspective. Their study findings revealed that the overall performance of these organisations was poor with a performance level of 39.43% which is much contributed by poor financial management and performance rather than non-financial performance. Working capital management and its effects on firms' financial performance has been studied significantly by different other researchers (Zariyawati, Hirnissa and Rose, 2017; World Bank Group, 2017; Quartey, Turkson, Abor and Iddrisu, 2017.). The research coverage on the area has not specifically covered Tanzania, leaving a gap that needs to be explored further.

1.2 The Statement of the Problem

There has been an ongoing trend for the Government and other stakeholders (both national and international) to engage various efforts including enacting government policies, strategy adoption and research so as to enhance better performance for government entities (MoFP/URT, 2017, 2018; World Bank Group, 2017; Quartey, Turkson, Abor and Iddrisu, 2017). In order to advocate these efforts in the country, the Government initiated the Government/Government entities/Parastatals Development Policy, 2017 targeting strategic moves in this direction (MoFP/URT, 2017). The performance, for instance, of public organisations in Tanzania, has been quite adverse over the years as compared to private entities in the same industry (CAG Reports, 2018-2021, Vodacom Tanzania AGM Presentations, 2018-2021).

Despite the significant contribution of the public sector business organisations to the Tanzanian economy, the potentials of government entities in Tanzania have not been exploited to their fullest extent possible and this is a major concern to stakeholders of the country's economy, growth and development, their financial performance still falls below the required expectation (CAG, 2020; Okonkwo and Obidike, 2016; Kitomo, Likwachala, and Swai, 2020). While in recent years authors have started to pay attention to similar research in emerging countries, they have continued to neglect countries in Asia and Africa (World Bank Group, 2020; Zariyawati, Hirnissa and Rose, 2017; World Bank Group, 2017; Quartey, Turkson, Abor and Iddrisu, 2017; Tanzi, 2019; Trapnell et al. 2017). Substantial variations between countries in Asia and Africa and other types of economies put into question the generalizability and practical application of findings derived from developed countries and underscore the need for a separate analysis focusing on Asia and Africa region. This study undertook this task.

Surprising of the existence of the various capacities for the government entities in Tanzania, much deserves to be explored on their low level of performance. Even those few studies that exist most have not come up with wider theoretical and empirical debate. Although previous studies have attempted to show the effect of various elements of working capital management on the financial profitability of government entities, most of these studies are from the developed nations (Turyahebwa, Sunday and Ssekajugo, 2013; Obazee, 2019; World Bank Group, 2020). However, such studies employed theories that did not link management of working capital elements to business financial performance of business organisations in the public sector in a country specifically like Tanzania. So far, these studies had a string of unresolved contradictions applicable to government sector business organisations, thus, calling for a new study in a developing country setting like Tanzania to be undertaken, using the theory of RBV. This study attempts to bridge this gap by advancing the theory in an advanced setup in order to provide conceptual evidence on how to improve financial business performance by applying the elements of the working capital management practices.

It has been found out that large number of business failures in the past have been blamed on the inability of the managers in planning and control of the working capital elements of their respective firms in Africa (Tanzi, 2019). These reported inadequacies among financial managers are still practiced today in many organizations in the form of inappropriate cash management, high bad debts, high inventory costs etc., which adversely affects their operating performance (Tanzi, 2019).

1.3 Purpose of the Study

The study aimed at examining and establishing the effects of cash management on financial performance of government entities in Tanzania.

1.4 Specific Research Objectives

This study vowed to utilize the following specific research objectives:

i) To find out the effects of cash management on financial performance of government entities in Tanzania.

ii) To determine the relationship between cash management and the financial performance of government entities in Tanzania.

1.5 Scope of the Study

The scope of this study is subdivided into three areas namely geographical, content and theoretical scope.

1.5.1 Geographical Scope

The study was undertaken within Tanzania Posts Corporation (TPC), covering all its seven (7) Zones of Operations.

1.5.2 Content Scope

This study focused on the effects of the management of cash on the financial performance of government entities in Tanzania. The main constructs under the independent variable, thus, includes measures such as the days of cash conversion cycle among others, as predictors of financial performance of business firms in terms of profitability (measured by the Return on Assets (ROA) and growth, which is the dependent variables.

1.5.3 Theoretical Scope

Theoretically, the study adopted the Resource Based View (RBV) of the Firm. This theory was propounded by Wernerfelt in 1984. The theory advocates that firms have different resources at their disposal, and if used appropriately, they will contribute to unique and competitive performance. This theory is well related to the cash resources management of the government entities in Tanzania in a way that the financial performance of these parastatals lies primarily on how they apply the bundle of such valuable and important resources at their disposal. The cash resources at their disposal in Tanzania was examined to assess their level of management and the effects that they have on these government entities' financial performance.

1.6 Significance of the Study

1.6.1 Theoretical Significance

The study aspired to establish the effects of cash management practices on government entities' financial performance. Relevant theoretical arguments (from the RBV theory) were used in a way as to establish a base on justifying reasons behind better business firms' financial performance. Earlier studies have looked into the causes of business failures, but they have not been able to vividly bring that out, specifically for the firms in Africa, in a way as to expose out the best practices that affect and influence the best business financial performance of business entities in the public sector in Tanzania (World Bank Group, 2020; Zariyawati, Hirnissa and Rose, 2017; World Bank Group, 2017; Quartey, Turkson, Abor and Iddrisu, 2017; Tanzi, 2019; Trapnell et al. 2017). Thus, this study strived to fill the gap that previous such studies have not been able to vividly bring the effect of the independent variables out, specifically for the firms in Africa, in a way as to expose out the best practices that affect and influence the best business financial performance of business entities in the public sector in Tanzania and contribute to the present practice and knowledge by coming up with empirical evidence in order to support theories which are necessary in stimulating business financial performance in a developing country setting like Tanzania.

1.6.2 Policy Implication

The study findings contribute largely on how policy makers can develop policies to optimize the financial performance of government entities. The study intended to have a positive influence in enhancing the implementation of the current policies of both the organizations and of the government by trying to provide solutions to the operational challenges that they are facing and that the study findings will be able to impact the review of these business policies.

1.6.3 Managerial Implications

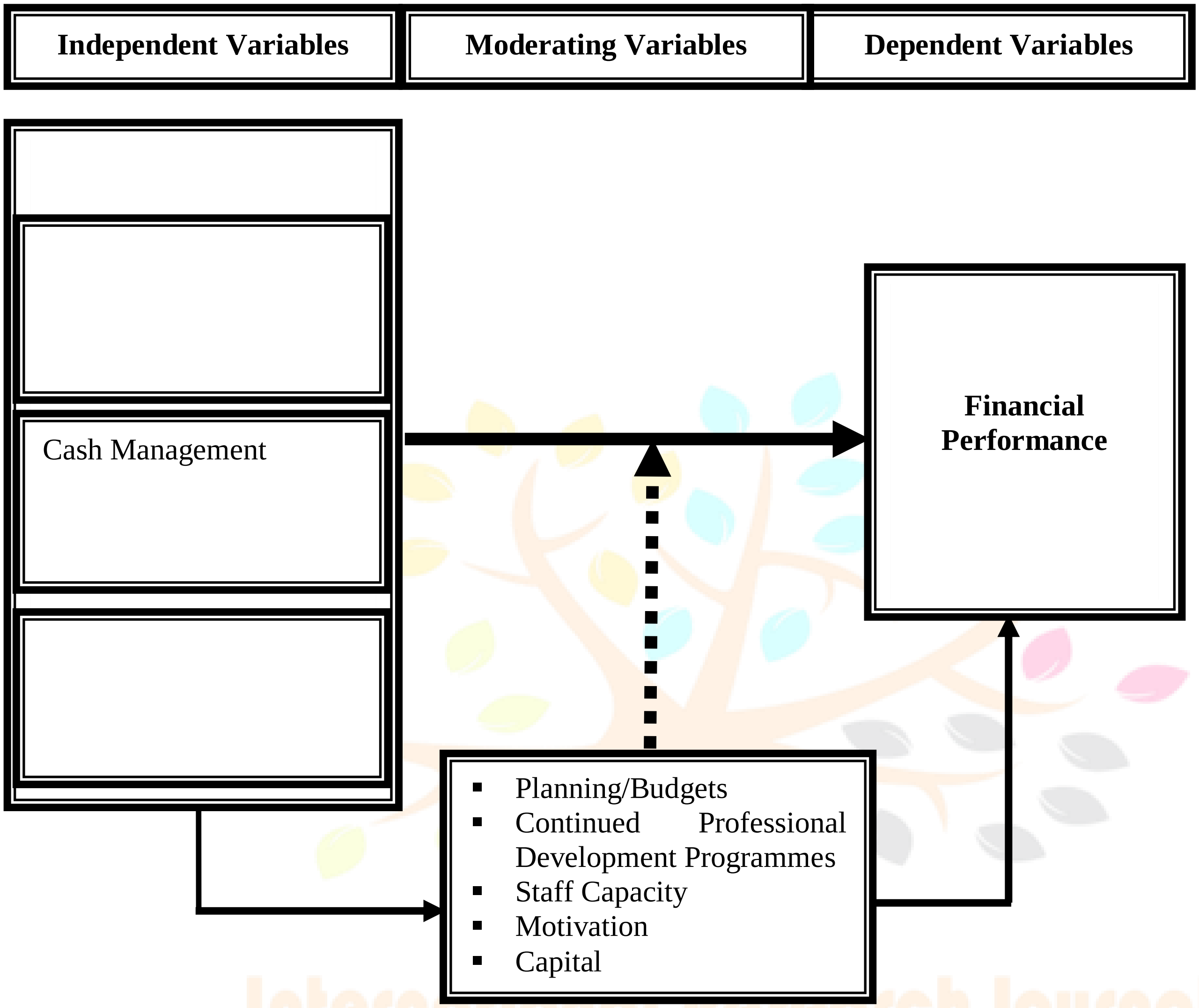
The study intended to advance the knowledge on how government entities can properly be able to utilise good and appropriate management of their working capital elements, including cash, for optimal performance. Either, the findings also provide management skills to business organisations, as a whole, in Tanzania and elsewhere, on how to appropriately manage their financial resources, derived from combined efforts explained through the various models/theories and through the findings thereof.

2.0 Literature Review

2.1 Theoretical (Conceptual) Framework

In finding answers to the study's problem under investigation, this study put in use a theoretical/conceptual structure represented in form of a model as depicted under Figure 2.1 below. The conceptual framework was developed from the theoretical and empirical literature review related to the study's dependent and independent variables. The independent variable was used as the influencing factor leading into one dependent variable namely the financial performance of government entities. The framework adopts the application of the Resource-based View (RBV) Theory, propounded by Wernerfelt in 1984 and later updated by Barney in 1991, which sees business organisations to have a set of valuable resources at their disposal which can be utilized by these organisations in order to maximize firms' profitability (Wernerfelt, 1984; Barney, 1991). This theoretical/conceptual framework of the study was represented in the following diagram:

Figure 2.1: The Theoretical/Conceptual Framework.



Source: Adapted from Abdulazeez, Baba, Fatima and Abdurrahman (2018). Working Capital Management and Financial Performance of Listed Conglomerate Companies in Nigeria (Pg: 54).

However, the RBV does not take into account some other important constructs such as the knowledge aspect, as well as the optimum levels of, say, working capital elements, therefore, the current study considered the extent to which some of these aspects are put into use in order for the public sector business firms to boost performance. This called for the study to bridge this theoretical gap and supplement the theory appropriately and by use of other complimenting theories, such as the Cost Trade-off Theory (the Liquidity and Illiquidity Cost Trade-off). The study used/employed the multiplicative effect of various constructs of working capital management practices, as a multidimensional construct to provide a relevant assertion for understanding financial performance of public sector business organization in Tanzania. The Framework asserts that, as part of measure of activity and liquidity (ratios), cash conversion cycle has an indirect effect on performance measured by gross operating profit (Nyamweno and Olweny, 2014).

The study established the influence of cash management practices on public business financial performance. The study used different theoretical underpinnings which include the Resource-Based View and the Risk-Return Tradeoff Theory and the Cost Trade-off Theory (the Liquidity and Illiquidity Cost Trade-off). These theories were employed as a steppingstone to establish a baseline in determining the reasons behind better entity financial performance. Thus, the study examined the contribution of cash management construct of the firm's working capital management and how the construct influences business financial performance in terms of profitability and growth for government entities in Tanzania. This was undertaken due to the fact that earlier studies had also attempted to establish the causes of business failures (Nyamweno and Olweny, 2014) but could not determine the optimum level of the constructs of the working capital, and their management practices, that are ideal for driving a desirable financial performance of public sector business organisations, or even bring out the practices that influence better business financial performance of the public sector business entities in Tanzania and elsewhere in Africa.

2.2 Empirical Literature Review

There has been limited research on cash management (as one of the working capital elements) and financial performance challenges and their effect on government entities in Africa. Most studies in the area focused mainly on countries outside Africa (OECD, 2005).

2.2.1 Cash Management of Government Entities

Karidag (2018) examined cash, receivables and inventory management and their associations effect to financial performance and competitiveness of entities. The data for analysis were collected from 188 entities through structured questionnaires and tested four hypotheses using structural equation modelling (SEM). The findings of the regression analyses showed that the higher degree of conduct of receivables and cash management practices is positively associated with financial performance of entities while a weaker degree of association is found for inventory management practices. The influence of working capital management practices on the financial performance of entities indicates that various resources management factors including proper working capital management has a significant positive impact on the financial performance of an enterprise (Kitomo, Likwachala, and Swai, 2020).

It is very important that an entity effectively and efficiently manages its cash balance, if not, the entity will find itself in a position of consistent loss making-this will place doubts on the entity's ability to continue in business as a going concern (Ejike, 2018). A study in Sri Lanka by Anandasayanan (2018), on the effects of working capital management practices on the profitability of Sri Lankan listed firms, for the period of seven (7) years on a trend analysis basis, found out that there is a significant negative effect between net operating profitability and the average collection period, inventory turnover in days and the average cash conversion cycle. This is interpreted to mean that managers can create value by reducing the number of days of accounts receivable and inventories to a reasonable minimum (Anandasayanan, 2018). Further consistent results were obtained from a study by J. Garcia undertaken in 2011 (as cited in Nyamweno and Olweny, 2014) on the 'Impact of Working Capital Management Upon Companies' Profitability: Evidence from European Companies' that used cash conversion cycle to represent working capital and GOP as a measure of company profitability, revealed a significant negative effect of RCP, ICP, Payables Deferral Period and CCC on company profitability. These findings suggest that firms can improve their profitability by reducing the time span during which working capital is tied within the company. T he National Baseline Survey Report (2019) in Tanzania asserts that among the key factors for the adverse performance of government entities is the insufficient working capital elements (cash management inclusive) which contribute largely to their poor performance.

It is asserted that organisations' management can create value by properly managing their cash positions and cash resources, reducing the number of days accounts receivables, increasing their inventories only up to a reasonable level, take long to pay their creditors in as far as they do not strain their relationships with these creditors and carefully reducing the cash conversion cycle to its minimum (Rahman, Rahman and Belas, 2017). It was also determined that, the effects of working capital management on firm's profitability (measured by ROA), using panel data, are with a significant negative relationship especially between profitability and number of days accounts receivables (AR) and the cash conversion cycle (CCC). Financial leverage, sales growth, current ratio and firm size were used as control variables and were found to have a significant effect on the firm's profitability, and, in a similar way, studies in finance and investment show that proper working capital management practices play a great role in business performance and sustainability (Rahman, Rahman and Belas, 2017).

In a similar way, it was further asserted that the Days AR and CCC are indirectly related to the firms' ROA and that the duo of ICP and the Days APP have a direct effect on firms' ROA (Makina and Kenga'ra, 2020). Thus, in their study titled 'Effect of Working Capital Management on Performance of Commercial SMEs in Mombasa County, Kenya, Makina and Kenga'ra (2020) concluded that working capital management affects significantly the financial performance of an organization and that financial managers must treat it with an utmost concern. Their study used questionnaires as their main instrument with 70 respondents drawn from firms from all six (6) sub-counties of Mombasa County, Kenya, and adopted the use of multiple regression and inferential statistics in the analysis. The study identified a notable effect of working capital management constructs such as inventory management, cash conversion cycle and debts management on the performance of such firms in Mombasa County (Makina and Kenga'ra, 2020).

2.2.2 Financial Performance of Government Entities

Studies have shown that business firms with poor cash management positions are prone to failure of such businesses, and that firms that have good and organized working capital management have better financial performance (Makina and Kenga'ra, 2020). They also affirm that Managers can, ultimately, increase firms' profitability (financial performance) by improving the management of working capital components under their jurisdiction. It follows that working capital management is an attempt to manage and control the current assets and the current liabilities so as to rganiza profitability and achieve a proper level of liquidity in the business firm. The study by Usman, Shaikh and Khan (2017) examined the firms' working capital and concluded that it represents between 30% to 40% of an rganization's overall investment. They asserted that the main objective of working capital is to provide a guarantee to an entity that the firm will be or is capable of meeting its short-term obligations at a given period of time. However, it is also asserted that working capital mismanagement may lead to serious losses in any given business firm (Usman, Shaikh and Khan, 2017; Makina and Kenga'ra, 2020).

Lamptey, Frimponj and Morrison (2017) undertook a study on the influence of working capital management on firms' performance in developing countries, focusing on Ghana. The study reviewed the financial statements and annual reports for five (5) years, utilizing convenience sampling technique to select 400 business firms, and the study found out that the cash conversion period (CCP), days accounts receivable and inventory turnover days were had a significantly negative effect and were also negatively correlated to the performance of business firms (Lamptey, Frimponj and Morrison, 2017).

2.2.3 The Effects of Cash Management on the Financial Performance of Government Entities

In accordance with other similar literatures, there is a strong correlation between the components/elements of working capital management and the financial performance of business firms, and, that there are significant effects towards business firms' financial performance as derived from how these firms manage such working capital elements (Kitomo, Likwachala, and Swai, 2020). Poor utilization of current assets leads to tremendous financial cost which leads to the impairment of cash inflows (Kitomo, Likwachala, and Swai, 2020). Thus, the effective management of working capital elements cannot be underestimated for proper liquidity and appropriate financial performance of business entities (Kitomo, Likwachala, and Swai, 2020).

Liquidity (and other aspects of working capital measurement) and profitability (a financial performance variant) are two important and major aspects of corporate business life. The problem becomes that of vowing to increase profits at the cost of liquidity which can bring serious problems to any business firm. Thus, there must be a trade-off between these two most important objectives (liquidity and profitability) of any firm. One objective should not be at the cost of the other because both these objectives have their own value to business firms. If firms do not care about profit, they cannot survive for a longer period, and on the other hand, if they do not care about liquidity, they will face the problem of insolvency or bankruptcy. This situation calls for business managers to give appropriate consideration to the aspect of working capital management as it does ultimately affect the financial performance (including profitability) of the entities.

3.0 Methodology

3.1 Research Design

The study basically adopted a descriptive survey research design. The design was chosen as a means to evaluate the effect of the independent variable on the dependent variable. Primary data was collected using questionnaires. The study used a mixed research method which means that both qualitative and quantitative approaches were employed. The quantitative approach was used because questionnaires were administered to respondents, while the qualitative approach/method was adopted to the senior executives using interviews. Kothari (2004) argues that the quantitative approach involved the generation of data in numerical form which can be subjected to rigorous data analysis in a formal and rigid fashion.

Data was analyzed using various statistical methods which, when used, provide a variety of statistical measures like percentages, mean, standard deviation, variances etc. The study achieved 97% response rate since 194 out of 200 questionnaires administered were filled and returned. Research data for the study was collected using both secondary and primary sources. Secondary data was collected through documentary review of published records and financial statements/reports, journals, textbooks and Government documents, industry and annual reports, while, as already stated earlier, primary data was collected using a self-administered structured questionnaire and interviews. The questionnaires were distributed to the respondents using a drop and pick method and by e-mailing.

3.2 Study Location and Population

According to Brian (2000), a population comprises any entire set of elements or objects that possess at least one common characteristic. Furthermore, a population can be very large or small depending upon the size of the group of the elements or objects from which the researcher plans to draw inferences. Thus, the population refers to that entire set that a researcher has in mind from which information or data can be obtained for the study purpose. The population of this study in terms of the target staff comprised of four hundred (400) out of which two hundred (200) respondents were selected following stratified and simple random sampling methods and by use of Slovenes formula in arriving at the sample size. Burns and Grove (2003) define sampling as a process of selecting a group of people, events or behaviour with which to conduct a study. The data collected described things as they were during the time of the study.

Geographically, this research was conducted in Tanzania Postal Corporation (TPC) from all its Zones in Tanzania. Use of Slovene's formula in arriving at the sample size was made.

3.3 Sampling Plan (Sample Size and Sampling Techniques)

Sampling is a process of selecting sufficient number of elements from the population so that the study of a sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements. This study used both stratified and random sampling techniques. The purposive sampling was used in this study since accounting and finance officers as well as operations officers are directly related to this study basing on their profession and experience in the area that was under study. This is supported by Kombo and Tromp (2013: 82) who argue that a purposive sample is used for people or objects which are believed to be reliable for the study. In addition, Kothari (2004: 17) notes that purposive sampling is more appropriate when the universe is small and known characteristics of it is to be studied intensively. Random sampling was also used in this study in order to give to each category of the target population an equal chance of being selected. Kombo and Tromp (2013:79) support that; random sampling is used to give each unit an equal and independent chance of being selected. Similarly, Kothari (2004: 15) argues that the random sampling is adopted when every item of the universe has an equal chance of inclusion in the sample.

The sample size of the population was calculated using Slovenes formula. Maximiano (2007) pointed out that the Slovene's formula is used to obtain good and reliable sample size. Therefore, using the Slovene's formula, the total sample size for the study was arrived at as:

$$n = \frac{N}{(1+N(e)^2}$$

Whereby:

n = sample size
N = target population
e = level of significance at 0.05 or the error.

Therefore, the study sample size was estimated at:

$$n = \frac{400}{1+400(0.05)^2} = \frac{400}{2.00} = 200 \text{ Respondents.}$$

The Slovene's formula gave the result of 200 respondents among the 400 target respondents.

Sample Size
Thus, the study used a sample size of 200 respondents. The summary for the sample size is shown in Table 3.3 below:

Table 3.3 Sample Size Distribution

S/No.	Respondent Categories	Target Respondents Population	Sample Size Distribution	Percentage
1.	Financial Management Officers	80	40	20%
2.	Operations Officers	240	120	60%
3.	Managers	80	40	20%
Total		**400**	**200**	**100%**

Source: (Field Data, 2021)

Sampling Procedures/Techniques
As hinted earlier above, the study employed both stratified and simple random sampling techniques in picking the respondents. The simple random sampling technique was appropriate in this study since it provided an opportunity for each and every element in the target population or sample to get an equal chance of being selected or included in the final sample and thus increasing the objectivity of the results of the research.

3.4 Research Instrument
The study used questionnaires and interview as methods of collecting data. Self-designed questionnaires were administered such that they could be filled by the respondents and collected back by the researcher. This method was useful on reducing the problem of non-response, hence, its justification for this study. Sekaran (2006) defined questionnaire as a pre-formulated set of questions which respondents record their answers within rather closely defined alternatives. The questionnaires consisted of a set of questions set by the researcher in relation to the objectives of the study to guide the respondents in responding appropriately to the researcher at the time of the field study; this enabled the respondents to express their opinions and views on the problem under study. The questionnaires consisted of a 5-point Likert Scale which is a considered to be a suitable method widely used due to its convenience to the respondents in agreeing, disagreeing etc. for each question. The questions were created to cover various components of the variables under study. Within each component there was a series of questions that examine or test specific aspects (constructs) of the variables.

The interview method was used to obtain more information about the study. Kothari (2004) states that interview is a method for collecting data through oral verbal stimuli and reply in terms of oral–verbal responses. The study employed structured interview because it provides reliable and systematic information. Kombo & Tromp (2013:94) support this by arguing that structured interview provides reliable, systematic, quantifiable and complete information.

3.5 Instrument (Questionnaire) Validity and Reliability
This study employed construct validity whereby the obtained data through the questionnaires represented a theoretical concept meaningfully and accurately. This method was considered reliable after a pilot study was conducted using test-retest method to same group of respondents yielding consistent results. The test-retest method that was used in testing instrument validity yielded consistent results (100% consistency). The questionnaires were also tested for reliability using test-pre-test method to ensure reliability. Bryman and Cramer (1997) observed that validity is concerned with the question of goodness of fit or concurrence between what the researcher has defined as a characteristic of the phenomenon under study and what the researcher is reporting in terms of measurement. The instrument's validity was further diagnosed as follows:

Internal Validity: Piloting by testing the questionnaires prior to sending them to the selected sample ensured internal validity of the study. The testing was done so that the questionnaires were reviewed and tested as appropriate. This was done to ensure that the questions asked concentrated on the issues essential to the survey. This also ensured that the right questions with proper ingredients were asked. This increased the reliability of answers and their consistency throughout the survey questionnaires. The questions were checked against a set of questions used in similar researches that were undertaken previously.

Face Validity: Face validity is the degree to which the findings correctly map the phenomenon in question. The researcher utilized other professionals, research colleagues and other experts to examine the questionnaires to ensure facial validity and the contents. Their comments and suggestions were used to revise the questionnaires before preparing the final instrument version.

Content Validity: Content validity refers to the representativeness of the item content domain: the manner in which the questionnaire and its items are built to ensure the reasonableness of the claims of content validity. The rigorous procedures used to select the questionnaire constructs to form the initial items, personal interviews with experts, and the iterative procedures of scale purification imply that the instrument had strong content validity.

Instrument Reliability

The researcher calculated the reliability coefficients of the scales using Cronbach's Alpha. In order to calculate Cronbach's Coefficient Alpha, the following Kunder-Richardson (K-R) 20 formulae was used:

$$KR_{20} = \frac{(K)\,(S^2 - \sum s^2)}{(S^2)\,(K-1)}$$

Where:

KR_{20} = Reliability coefficient of internal consistency
K = Number of items used to measure the concept
S^2 = Variance of all scores
s^2 = Variance of individual items

A high coefficient implies that items correlated highly among themselves. This is sometimes referred to as homogeneity of data. The reliability correlation by Cronbach Alpha found the coefficient to be 0.78 which was considered acceptable for this research.

3.6 Plan of Data Analysis (Data Coding, Analysis and Interpretation)

After data had been collected, the task that followed was that of analyzing, thoroughly and carefully, the data for the study. This involved the establishment of categories, the application of the categories to the raw data through coding, tabulation etc, which led to drawing statistical references. In this case, therefore, raw data was classified into some purposeful and usable categories. Tabulation and subsequent analysis of data was made. The researcher employed the use of tables and frequencies and findings represented with the aid of statistical tables. Tabulation, as noted by Kothari (2002, 2004) is the use of tables in analysis and presentations of research data. Tabulation conserves space, reduces explanatory and descriptive statements to a minimum, facilitates comparison and summation of items and provides a basis for various statistical computations. The responses of the subjects were entered into the computer using Statistical Package for Social Science (SPSS) research. The responses from closed ended questions were coded into frequencies and percentages for easy analysis and interpretation. The 5-point Likert Scale and Mean interpretation was made as follows:

Table 3.6a: The 5-Point Likert Scale Interpretation

Rating	*Response Mode*	*Description*	*Interpretation*
5	Strongly Agree	Agree with no doubt at all	Very Satisfactory
4	Agree	Agree with some doubt	Satisfactory
3	Undecided	No idea	Nil
2	Disagree	Disagree with some doubt	Fair
1	Strongly Disagree	Disagree with no doubt at all	Poor

Source: (Field Data, 2021)

The mean score ranges, their description and interpretation are as presented in the Table 3.6b below:

Table 3.6b Mean score interpretation

Mean Score Range	Description (Response Mode)	Mean and Interpretation
4.30 - 5.00	Strongly Agree	Very High-Very Satisfactory
3.50 - 4.29	Agree	High-High
2.70 - 3.49	Neutral	Moderate
1.90 - 2.69	Disagree	Low-Fair
1.00 - 1.89	Strongly Disagree	Very Low-Poor

Source: (Field Data, 2021)

It has been in view of this study that the different approaches of data analysis that were employed have given a better feel and findings that are credible (i.e., findings which are reliable, valid and generalizable). Thus, after the actual data collection had been undertaken, the actual processing and analysis of such data was given an important consideration and hence both quantitative and qualitative procedures were adequately put into use.

4.0 Study (Research) Findings-RESULTS

Research data was analyzed using descriptive and inferential statistics on the effect of the independent variable on the dependent variable. The researcher utilized Statistical Package for Social Sciences (SPSS) Version 22 as the main descriptive and inferential statistical tool to analyze the data and determine the extent of the effects of the independent variable on the dependent variable. The results of the processed data were presented using percentages, means, standard deviations, frequencies, pie charts and tables for easy understanding.

4.1 The effects of cash management on financial performance of Tanzania Posts Corporation

4.1.1 Quantitative Results

This section presents findings from questionnaire on the effects of cash management on financial performance of Tanzania Posts Corporation as indicated in Table 4.1.1.

Table 4.1.1: The effects of cash management on financial performance (N=194)

Items	Mean	Std. Deviation	Interpretation
The financial statements are audited by the CAG Annually	4.7732	.55766	Very high
TPC can access short-term financing easily	4.4691	.78296	Very high
There are new innovations in TPC's practices and services	4.454	.7552	Very high
There are follow-up actions to monitor compliance on International Financial Reporting Standards (IFRS)	4.4330	3.79912	Very high
Good corporate governance is practiced in the Corporation	4.4021	.82273	Very high
There is efficient financial risk management	4.3969	.78337	Very high
There is a high Cash Conversion Cycle-CCC	4.3866	.57588	Very high
TPC has profits before taxes annually	4.2938	.80880	High
Income is increasing quarterly and annually	4.0567	.83442	High
TPC has proper strategies for dealing with delaying payments for credit	3.6907	1.22885	High
There are follow-up actions to monitor compliance on International Accounting Standards (IAS)	3.5258	1.25581	High
TPC does not hold cash balances for a long time	3.2732	.82236	Moderate
TPC has enough cash balances to discharge debt obligations when they fall due	3.2474	1.35073	Moderate
Profits are increasing quarterly and annually in a positive trend	3.1443	.56659	Moderate
Return on assets is more than 16%	3.1392	.82463	Moderate
TPC repay short term loans easily	3.0412	.89231	Moderate
TPC has a working capital policy	2.8660	.96174	Moderate
TPC has proper strategies for collection of debt owe to firm	2.7010	.94034	Moderate

Source: (Field Data, 2021)

Results in Table 4.1.1 indicate that cash management had both positive and negative effects on the financial performance of TPC. The results indicate rating ranging from moderate, high to very high, this imply that the items that received a moderate rating indicate an average effect of cash management on financial performance of TPC, the items that received a high and very high ratings indicate a positive effect of cash management towards financial performance of TPC. The standard deviation values show the extent of how respondents agreed or did not agree to the attributes-small values of the standard deviations indicate small deviations from the mean scores showing that the mean scores were close to each other for most responses and vice versa.

Findings in Table 4.1.1 indicated eleven items with high and very high ratings. These items imply that cash management has positive effects on the financial performance of TPC. Firstly, results show that the financial statements were audited by the CAG Annually (mean score of 4.7732 and std. deviation of .55766). This implies that the CAG annual auditing makes TPC management more careful in financial management. Hence, this creates a good foundation for good financial performance of TPC. Secondly, results show that TPC could access short-term financing easily (mean score of 4.4691 and std. deviation of .78296). This implies that easy access to short-term financing helps TPC to meet urgent financial needs and hence ensures good financial performance. Thirdly, findings show that there were new innovations in TPC's practices and services (mean score of 4.454 and std. deviation of .7552). These findings imply that new innovations practices and services make TPC more interesting and therefore attract more customers who ensure good financial performance.

Moreover, the fourth results show that there were follow-up actions to monitor compliance on International Financial Reporting Standards (IFRS) (mean score of 4.4330 and std. deviation of 3.79912). The results imply that the follow up actions helps TPC to remain on track with IFRS, therefore, its financial performance adhere to the IFRS system. Fifth, results reveal that good corporate governance was practiced at TPC (mean score of 4.4021 and std. deviation of .82273). This imply that good governance practices promote good practices which makes TPC financial performance free of bad practices like corruption. Sixth, results revealed that there was efficient financial risk management (mean score of 4.3969 and std. deviation of .78337). This implies that the risk management helped TPC to maintain its financial performance position. Seventh, there was a high cash conversion cycle (CCC) (mean score of 4.3866 and std. deviation of .57588). This implies that TPC business has no greater liquidity. Eighth, findings reveal that TPC had profits before taxes annually (mean score of 4.2938 and std. deviation of .80880). This clearly implies that TPC makes profit. Ninth, findings show that TPC income was increasing quarterly and annually (mean score of 4.0567 and std. deviation of .83442). Tenth, results show that TPC had proper strategies for dealing with delaying payments for credit (mean score of 3.6907 and std. deviation of 1.22885). This implies that TPC effectively dealt with delaying payments for credit. Lastly, findings reveal that there were follow-up actions to monitor compliance on International Accounting Standards (IAS) (mean score of 3.5258 and std. deviation of 1.25581). This implies that TPC financial performance meets IAS.

Furthermore, results in Table 4.8 show that cash management had average effects of the financial performance of TPC. Findings indicate that TPC did not hold cash balances moderately for a long time (mean score of 3.2732 and std. deviation of .82236). This implies that TPC business was stable since the cash was in circulation. In addition, results reveal that TPC had moderate enough cash balances to discharge debt obligations when they fall (mean score of 3.2474 and std. deviation of 1.35073). This implies that TPC fulfils its debt obligations and avoids default. Moreover, findings show that profits were moderately increasing quarterly and annually in a positive trend (mean score of 3.1443 and std. deviation of .56659).

Nevertheless, results indicate that return on assets was more than 16% (mean score of 3.1392 and std. deviation of .82463). This implies that the return on assets of TPC was good. Findings also reveal that TPC moderately repay short term loans easily (mean score of 3.0412 and std. deviation of .89231). Nonetheless, findings show that TPC had a moderate working capital policy (mean score of 2.8660 and std. deviation of .96174.). This implies that TPC had guiding frameworks for working capital management. Lastly, results reveal that TPC had proper strategies for collection of debt owe to firm (mean score of 2.7010 and std. deviation of .94034). This implies that TPC debt collection helps to stabilize the financial performance.

The results are consistent with the findings from other researchers (Anandasayanan, 2018; Karidag, 2018, Ejike, 2018; Kitomo, Likwachala and Swai, 2020; Rahman, Rahman and Belas, 2017; Makina and Keng'ara, 2020).

4.2 The relationship between working capital management and financial performance of public sector business organisations in Tanzania.

This section is composed of two parts: the model validation, the analysis of path coefficient and correlation analysis as described below

4.2.1 Model Validation

The aim of model validation was to check if the proposed factor structures are indeed consistent with the actual data collected from the field. Mode validation was necessary because at the beginning of the study, the researcher had developed the conceptual framework without data. It was necessary to check if the constructs are aligned with their underlined measures or indicator variables.

Table 4.2.1: Summary of One-Way ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	11.651	3	3.884	6.927	.023[b]
1	Residual	42.876	190	.561		
	Total	54.527	193			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Cash Management, Account Receivable & Payable Management, Inventory Management

Source: (Field Data, 2021)

The Analysis of Variances (ANOVA) is a tool of analysis that splits an observed aggregate variability found inside a data set into two important parts to the study which are the Systematic Factors and Random Factors (Makina and Keng'ara, 2020). In this study, this tool (ANOVA) was used to determine the impact that the independent variables have on the dependent variable of the study (financial performance of TPC) in a regressional setup.

For this study, the regression model yielded a sum of squares of 11.651 and a residual of 42.876 whereas the mean square was 3.884 and 3 degrees of freedom. The probability value of 0.023 indicates that the regression relationship was highly significant in predicting how cash management, account receivable & payable management, inventory management affected the financial performance in TPC. The F calculated at 5% level of significance was 6.92 since F calculated is greater than the F critical (value = 2.8387), this shows that the overall model was significant.

4.2.2 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences to code, enter and compute the measurements of the linear regression. The purpose of this analysis was to determine the extent to which the (three) independent variables (cash management, account receivable & payable management, inventory management) affect the financial performance of TPC. The summary model with a regression of 0.864a, an R square of 0. 750, adjusted R square of 0.690 with a standard error of estimate of 0.7325.

Table 4.10 Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.86662	0.7503	0.6902	0.7325

a. Predictors: (Constant), Cash management, Account Receivable & Payable Management, Inventory Management

Source: (Field Data, 2021)

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. This means that 69.02% of the changes in the financial performance at TPC could be attributed to the combined effect of the predictor variables.

5.0 Discussion of the Findings

5.1 To find out the effects of cash management on financial performance of TPC

Findings on high cash conversion cycle (CCC) agree with those of Ani et al. (2012) who conducted a survey in top five top bear manufacturing companies and found that working capital management, as reflected by the cash conversion cycle, sales growth, and a shorter debtors' collection term, all have an impact on the profitability of beer brewery companies. On the other hand, their findings further revealed that the turnover ratios for inventory, payables, and receivables have a direct impact on financial performance of the surveyed top five bear companies. In addition, the findings agree with those of Abbasali and Milad (2012) in Tehran who looked at a group of companies that were listed on the Tehran Stock Exchange from 2006 to 2010 and found that cash conversion cycle, current ratio, current assets to total assets ratio, current liabilities to total assets ratio, and total debt to total assets ratio had positive effects on financial performance of the firms.

Similar study of Le, Vu, Du and Tran (2018) in Vietnam using data obtained from listed enterprises on the Ho Chi Minh Stock Exchange, complements this study findings as they used Cash Conversion Cycle as a measure of Working Capital Management and found out that it had an impact on firm performance. In addition, their study revealed that Return on Assets (ROA), Return on Equity (ROE) and Return on Sales were working capital management variables that affected financial performance of the companies positively.

Moreover, findings on TPC had proper strategies for dealing with delaying payments for credit agree with those of Kitomo, Likwachala, and Swai (2020) who found out that efficient cash management and short-term investment in marketable securities are two key working capital management practices that are critical in ensuring the entity's liquidity and, as a result, a sustained good financial performance.

In another similar perspective, the results on TPC could access short-term financing easily agree with those of Kitomo, Likwachala, and Swai (2020) who established that some of the primary working capital management methods that are crucial in ensuring liquidity to the firm and, thus, a sustained high financial performance include effective management of cash proceeds, short-term investment in marketable securities as well as accessibility to short-term financing.

5.2. To establish the relationship between cash management and public sector business financial performance

The findings on the relationship between cash management and financial performance concur with those of Makina and Keng'ara (2020) in Kenya who found that there was a significant positive effect and relationship between cash management and other aspects/elements of working capital management components to the financial performance of Kenyan business firms. On the other hand, the findings echo those of Gorondutse, Abass, Abubakar and Naala (2018) in Malaysia who undertook a study on the effect of the elements of the working capital management on entity's financial performance and revealed that there was a significant positive effect of cash management and the days account payable on firms Return on Assets (ROA) and the Return of Equity (ROE).

The findings of this study are also consistent with and reflect the findings of a similar study conducted in Tanzania by Swai (2020), which concluded that there is a strong significant effect and correlation between cash management and business firm financial performance, and that there are significant effects on business firms' financial performance as a result of how they manage their working capital elements. In a similar vein, Waweru and Ngugi (2014) investigated the impact of adequate working capital elements management methods on the performance of Kenyan businesses and discovered that proper working capital management had a considerable positive impact on business performance. However, findings from this study disagree with those of Ha, Thuhn, and Hang (2016) who conducted a study in Vietnam on the impact of the elements of the working capital on firm financial performance and found that receivables and working capital turnover have a negative impact on enterprise financial performance, cash, accounts payable and inventory conversion periods have a direct relationship with cooperative financial performance, and enterprise growth rate and age have an impact on corporate financial performance, according to the study.

6.0 Conclusions

The study concludes that cash management had more positive effects on financial performance of TPC since the financial statements were audited by the CAG Annually, TPC could access short-term financing easily, there were new innovations in TPC's practices and services, there were follow-up actions to monitor compliance on International Financial Reporting Standards (IFRS), good corporate governance was practiced in the Corporation, there was efficient financial risk management, there was a low Cash Conversion Cycle-CCC, TPC had profits before taxes annually, income was increasing quarterly and annually, TPC had proper strategies for dealing with delaying payments for credit, and lastly, there were follow-up actions to monitor compliance on International Accounting Standards (IAS).

7.0 Recommendations

Based on the conclusions of this study, the following recommendations have been made to various stakeholders of business and for future research:

The government should strengthen TPC Internal Control System so as to keep the company on track to meet its profitability targets and achieve its mission while minimizing undesired surprises. When in place, internal controls give management the flexibility to deal with a quickly changing economic and competitive environment and therefore, contribute highly in the financial performance of the organization.

Since TPC is a public business organization, then the government should provide financial assistance so as to help TPC get enough cash balances to discharge debt obligations when they fall, to help TPC invest more so that its profits can be increasing quarterly and annually in a positive trend, to help TPC get high return on assets and repay short term loans and other obligations easily.

8.0 Related Future Studies

As for future related studies, this work recommends that the current study may be repeated using a complex and more precise instruments for measuring the variables. The existence of moderating factors or variables should be investigated as well in the relationship between independent and dependent variables are recommended to be included in future studies by including more government entities in other sectors of the economy. Comparison between the implications of this study with the outcome of investigation of the same effect/impact or relationship in other sectors, and to increase the sample size by involving other public entities in order to enhance the precision of findings are also recommended.

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