



**EFFECTS OF CASH MANAGEMENT ON FINANCIAL PERFORMANCE OF SACCOS
IN PALLISA TOWN COUNCIL**

BY

OKIKE JOHN MARTIN

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**A RESEARCH REPORT SUBMITTED TO BUSITEMA UNIVERSITY FACULTY OF
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DECLARATION

I, **OKIKE JOHN MARTIN** do endorse that this research proposal is my own work which has never been submitted for examination in this university for academic qualification.

Signature 

Date..... 27/08/2025

Student Name: OKIKE JOHN MARTIN

Registration No: BU/UP/2023/1357

APPROVAL

This research report is submitted to Busitema University as a partial fulfillment for the award of bachelors in Business Administration with my approval as the academic supervisor.

Signature.....

Date 27/08/2025.....

Mr. Isabirye Richard Katairo

Academic Supervisor

DEDICATION

This work is dedicated to my Dad and Family, who provided moral support, encouragement, and understanding. To all of my friends, classmates, professors, and the Almighty God for His unending blessings, without which this job would not have been possible.

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ACCRONYMNS AND ABBREVIATION

PDTILED	Pallisa District Trade Industry and Local Economic Development
PMVSCCS	Pallisa Market Venders Savings and Credit Cooperative Society
SACCOs	Savings and Credit Cooperatives

ABSTRACT

This study examined the effect of cash management on financial performance of SACCOS in Pallisa town council. The study was directed by the following objectives, which included examining the influence of the cash conversion cycle on financial performance, assessing the effect of cash planning on financial performance, and investigating the effect of cash controls on financial performance. The study utilized a cross-sectional research design and a quantitative technique. Data were gathered from 40 participants in from 10 active SACCOS in Pallisa town council. Data were collected using a closed-ended questionnaire, and data were analyzed using Statistical Packages for Social Sciences, yielding frequency tables, descriptive statistics (mean and standard deviation), reliability, validity, correlation, and regression results. According to the study's findings, the cash conversion cycle has a positive and significant effect on financial performance, as does cash planning and cash controls. The report proposes that efforts to improve financial performance be focused on cash management (cash conversion cycle, cash planning, and cash controls). Finally, the study recommends that, SACCOs should improve their cash conversion cycle (CCC) management by reducing the time required to convert resources into cash flows. This can be accomplished by promptly collecting receivables from members, arranging attractive credit terms with suppliers, and minimizing unnecessary delays in processing member loan repayments. In addition, they should adopt effective cash planning methods that connect predicted inflows and outflows with their strategic and operational goals by precisely estimating member contributions, loan disbursements, and operational expenses. Finally, SACCOs should implement cash budgets as a management tool to track and compare actual and planned cash flows, which allows management to discover deviations, impose financial discipline, and make timely adjustments to spending objectives, as these can ensure the best use of financial resources, resulting in increased profitability and long-term financial stability for the SACCO. The study finally concludes that all the facets of cash management such as cash conversion cycle, cash planning, and cash controls are essential for robust financial performance of SACCOS in Pallisa Town Council.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of study, statement of the problem, purpose of study, research objectives, research questions, scope of the study, significance of the study and the conceptual framework

1.1 Background of the study

Savings and Credit Cooperatives (SACCOs) also referred to as a cooperative financial institution whose ownership and members own control and they operate purposely with the primary objective of providing credits with lower interest rates and providing services to its members (Eton & Basheka, 2020). They are formed to promote financial inclusion, empower communities economically, and improve access to affordable credit (Neema & Nyakundi, 2023). The financial performance of SACCOs is critical to economic development to provide loans, mobilize savings, and sustain operations that support local entrepreneurship and household welfare, as well as fostering business sustainability by enabling members to invest in small businesses, agriculture, and education, which generates employment and reduces poverty (Musiita & Mutung, 2023). It should be noted that financially stable SACCOs can attract more members and savings, enhancing their capital base and resilience. The key financial performance indicators for this study will include profitability, sales growth, liquidity, capital adequacy, and solvency (Oynaka, 2020). In addition many studies have shown that financial performance of SACCOs can be achieved through cash management (Singh et al, 2012). Because cash management is key for timely loan disbursement, liquidity, and ensures the sales growth of the SACCOs. Effective cash management minimizes idle funds, reduces the risk of cash shortages, and enhances operational efficiency to make higher profits, improving investment decisions and interest income through better forecasting and allocation of available funds. This can be done through measurable constructs of cash planning, cash controls, and cash conversion cycle, that supports the long-term growth enhancing financial performance of SACCOs.

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