

# Cash Management and Profitability in United Construction Company Limited: A Case Study of United Construction Company Limited

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## Abstract

The goal of the current study was to determine the association between cash management and profitability at United Construction Company Limited, with a focus on determining the several cash management approaches, the company's degree of profitability, and the association between these two factors. A case study research design was used in this study. For the study, a sample of 40 respondents was chosen. To choose respondents in the field, simple random sampling was used. The United Construction Company Ltd. personnel were given the questionnaires, which were appropriately checked. The SPSS (Statistical Package for Social Scientists) was used to code, enter, modify for consistency and ease of use, and analyze the data from the questionnaires. Frequency analysis was utilized to establish the relationship between United Construction Company Limited's cash management and profitability. According to the study's findings, United Construction Company Limited's cash management has an impact on its profitability levels. The results also demonstrated that the United Construction Company Ltd. uses a number of cash management strategies to minimize cash theft within the UCC Ltd. The analysis also demonstrated that United Construction Company Ltd. has significant levels of profitability. According to research on cash management at United Construction Company Limited, the strategies are in place but not very efficient. The United Construction Company Ltd. performs financial planning, creates cash budgets, and makes an effort to keep some cash balance, but these actions are not ideal. The study proposed that a cash management system be implemented, one that combines cooperation and support from numerous departments. Each department should carefully assess the capabilities and features that are necessary for the deployment and use of cash management, which also boosts company's profitability.



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## **Introduction**

One of the main objectives of any kind of business is cash management. In essence, this was a situation where, over the course of a certain period, cash revenues continually outpaced cash payments. In order to gauge an organization's overall current and future performance, one method of measuring business success involved evaluating an individual's performance. However, lack of managerial and experiential capability affects profitability (Zimmer & Scarborough, 1998). The consistent generation of net profit is regarded as a fundamental sign of financial stability. Monitoring cash flow before it turns negative to prevent this from happening. When a negative trend is identified and separated, actions can be made to modify spending in order to make better use of incoming funds and maintain a profitable business. All business endeavors were primarily focused on making a profit. Without a profit, the company won't last very long. So, it was crucial to measure present, previous, and projected profits. Despite the usage of cash management in construction companies, it is clear that the problem of low profit is a factor impeding the development of construction companies; therefore, additional research is required to validate whether cash management is effective.

## **Statement of problem**

The amount of money that a firm generates, receives, and spends overall, as well as any more cash it may get, is known as cash flow. Businesses are evaluated by comparing their costs to revenues, level of staff growth, and asset value. The study is intended to look into how United Construction Company Limited managed its cash and how this affected profitability and, in turn, the company's growth. United Construction Company Limited was a construction company registered with the South Sudanese government in 2005 and has been operating in Juba and other states of South Sudan without increasing its staff.

## **Specific Objectives**

To identify the controls for cash management, to ascertain the profitability level, to identify additional tactics that might be implemented to enhance the cash management and profitability, to determine how profitability and cash flow are related.

## **Research Question**

What is the cash management strategy of United Construction Company Limited? What level of profitability? What further tactics might be implemented to increase profitability? What connection exists between profitability and cash management?

## **Significance of the study**

To enable the United Construction Company Ltd. Managers in identifying improved tactics that can be implemented to increase profitability. To assist the management of the business in establishing stronger cash control practices, to help the business determine its level of profitability, will help scholars better comprehend how united Construction Company Ltd.'s cash management impacts profitability.

## **Literature review**

Within the conceptual framework, the notions of fiscal policy variables and economic development determinants were investigated. This is followed by an examination of the relationship between fiscal policy and economic growth. To identify the research gap, similar studies from both inside and outside South Sudan were presented in the empirical literature. The theoretical framework is based on the endogenous growth theory, which was employed as the theoretical underpinning for this study.

## Conceptual Issues

A conceptual issue is a dispute about a key idea in problem solving (Charles, 2004). Cash management is the process of managing a company's money in order to maximize cash availability. It consists of policies and procedures adopted by an entity's management to help in the fulfillment of the management goal, monetary rules and regulations, the prevention and detection of fraud and error, and the promotion of orderly, efficient operations (Van Horne 1995). According to Pandey (1998), cash is money that a company may spend without constraint. The term "cash" refers to the company's coins, currencies, and checks, as well as the balances in its bank accounts. Near-cash goods such as marketable securities or bank time deposits are sometimes accompanied with cash. Cash management, according to Pandey (1998), is the management of cash flows into and out of the business, cash movements within the firm, and cash balances loaned by the firm during a time of financing deficit excess cash.

### Importance of holding cash.

It is critical for each business unit to hold part of the company's resources in cash, according to Puxty and Dodds (1999). The urge to save cash can be linked to one of three reasons: the transaction motivation, the precautionary motive, or the speculate motive. The transaction motivation recognized that the company must do everyday transactions in order to maintain its profitability. Cash is essential to pay for people, supplies, and utilities to ensure smooth operations (Kakuru 2001). Cash is necessary as a precautionary reason to cushion the corporation against any unforeseen challenges such as failure of emergency work force problems, failure of the electric system, and other problems that have a negative influence on the organization's profitability. As a result, the availability of financial resources mitigates their effects and keeps the organization's profits under control (mantilla et al 1999). The organization holds financial reserves for speculative reasons in order to capitalize on any profitable initiative that may unexpectedly develop, such as a quick decline in the price of academic goods. When the organization's cash is taken. It will be unable to reap these benefits, and any additional money or savings created by such events would be lost (Puxty and Dodds 1999).

**Techniques for managing cash:** Cash management focuses on lowering unproductive cash holdings, strategically investing short-term excess cash, and developing the best feasible arrangements for meeting expected and unforeseen demand on the firm's cash. Cash management must strive to minimize the quantity of cash required while minimizing the risk of being unable to pay claims against the firm when they arise.

**Cash planning:** Cash planning is a technique for planning and regulating the use of cash (Pandey, 2003). It comprises creating cash income and payment estimates to offer an idea of future financial requirements. As a result, the management of the United Construction Company LTD must establish monthly disbursement and creditor collection schedules. The financial needs of the united construction company LTD. will be met with an efficient cash planning system, with a reduced possibility of cash balances that lower the united construction company LTD. Profitability and cash shortages may cause the united construction business LTD to collapse. A cash budget is a description of the time period in which the firm intends to operate. This data supports financial management in forecasting the firm's future cash requirements, arranging for financing, and exerting control over the organization's cash and

liquidity (Kakuru2003). The researcher wonders if United Construction Company LTD truly budgets for financial inflows and outflows.

**Cash collection:** It may be able to save money and minimize the amount of cash it needs, if a United Construction Company LTD can increase its cash collections. To expedite the collecting process, the following methods are available: Increasing the amount of time it takes for customer payments to get in the United Construction Company LTD's account. According to Kakuru (2001), the United Construction Company LTD. may employ a pre-authorized debts system in which clients can have cash transferred from their client accounts to the United Construction Company LTD account at a later date. Reduce the collection float; according to Pandey (2003), the collection float is the total amount of time it takes for a cheque to arrive at the business, from the time it is received by the client to the time it is genuinely available for use in the United Construction Company LTD. The length of time the check spends in transit (mailing float), the amount of time it takes the united construction company LTD to process the checks internally (processing float), and the amount of time it takes the banking system to clear the cheque determine this. This may be effectively managed in two ways: by installing a lock box system and by charging distinct collecting centers. The primary advantages of a lock box system are that the bank handles the remittance prior to deposit at a lower cost, and cheques are deposited immediately upon receipt of remittances, and the collection process begins as soon as possible, rather than later if the united construction company ltd had processed them for internal accounting purposes prior to deposit (Mills 1994).

**Managing cash balance surpluses and deficits:** The purpose of cash balance management, according to van holme (1995), is to avoid having idle cash reserves or deficits that cannot be invested in short-term projects like treasury bills and other types of commercial paper. Because the investments are near cash, the organization's liquidity is not endangered, and profitability is boosted. The investment selected for this purpose must meet the following criteria. They should feel secure in the knowledge that pursuing profitability does not expose them to the risks connected with liquidity. To realize interest and principal payments, the instruments must have a minimal default risk (Kakuru 2001). He also mentions fixed accounts and government treasury bills as examples of such investments in South Sudan. Investments may be simply and rapidly turned into cash with little risk of loss.

**Managing of cash outflows:** Usually, various experts suggest that cash transfers should be postponed as long as feasible without harming the organization's business image or defaulting on its responsibilities. The concept is that payment should be paid only when postponement is no longer necessary, practicable, or helpful (Kakuru 2001, Van Horne 1995, Pandey 2003).

### **Cash management indicators**

**Cash control:** This is the general attitude and conduct of management toward the entity's cash control system. Strict budgetary control on cash received, deposited, and cash checks, as well as effective cash balance and cash brought down management, are all characteristics of a strong control. According to Hamilton (2001), one clear objective of a United Construction Company LTD is to govern and manage its financial affairs in such a way that cash balances are kept to a minimum and surplus cash is invested in investment possibilities.

**Cash allocation:** Cash sources should be appropriately identified, and cash should be distributed in accordance with such identification; for example, cash paid in accordance with the supply of critical needs utilized by the United Construction Company LTD should be used to acquire such requirements or supplies. According to Puxty and Dodds (1999), it is vital to hold a portion of the organization's resources in cash for commonly acknowledged reasons.

The need to hold cash may be attributed to motives such as transaction motive in order to protect United Construction Company LTD profitability positions, precautionary motive in which cash is required to Cashion United Construction Company LTD against any unforeseen problems such as failure of the electric system, emergency work force problems which have a negative impact on United Construction Company LTD profitability, and speculative motive in which the United Construction Company LTD profitability is at stake.

**Profitability:** Profitability is described by Dwivedi (2005) as revenue flowing to equity holders in the same manner as salaries flow to employees, rent to rentable asset owners, and interest to money lenders. Profitability is represented by the Greek symbol  $\pi$  and is defined as the difference between total revenue (TR) and total cost (TC), i.e. profits = total revenue minus total cost. When total revenue is the total amount of money received from the sale of goods and services, and total costs are the whole amount of money spent by the firm to produce these goods/services (Ian Jacques, 2003).

**Measurement of Profitability:** Profitability is a metric used to determine how effective a company is. Profit is defined as the difference between revenues and costs over time. Profit may be measured in a variety of ways, including gross sales profit (Pandey, 2002). Pandey (2002) discovered that utilizing profitability measures, business organizations may readily measure their profitability level. This, he claims, may be measured after generating financial accounts. He went on to say that net profit is calculated after deducting operating expenditures such as interest, taxes, and electricity from gross profit.

#### **Determinants of profitability in a company**

They have resulted in increased resource productivity, higher levels of deposits, credits, and profitability, as well as a decrease in non-performing assets. However, because of the changing environment of the organization, profitability, which is a key criterion to assess the success of the company in addition to productivity, financial, and operational efficiency, has come under pressure. An effective management of corporate operations aimed at ensuring profit growth and efficiency demands current knowledge of all the factors influencing the firm's profit (Külter, and Demirgüneş, 2007).

#### **Relationship between cash management and profitability.**

A cash management system contains basic safe features such as robbery protection and time delay changing money, as well as bill and coin handling technologies and its own operating system. Cash management systems are now network-connected, enabling for data interchange and remote system administration to improve performance and profitability (Proimos, 2009).

#### **Methodology**

The study examines the strategies and procedures utilized in data processing and analysis as well as the methods employed in data acquisition. The study's limitations were also discussed, along with the research methodology, study region and population, sampling design and sample size 40 respondents, data sources, collection techniques, and tools. Descriptive and case study designs were employed by the researcher to gather the necessary data, with the case study design being utilized to gain a deeper knowledge of the issue rather than generalizing the findings across the community. The research was both qualitative and quantitative.

#### **Data Analysis and Results Interpretation**

The analysis, interpretation, and conclusions of the study were reported in this chapter. It was designed to define the different cash management techniques, determine the company's degree of profitability, and establish the association between cash management and company's profitability.

**Table 1: Sex of respondent**

Gender	Frequency	Valid Percent
Female	11	27.5
Male	29	72.5
Total	40	100

Source: Primary Data 2022

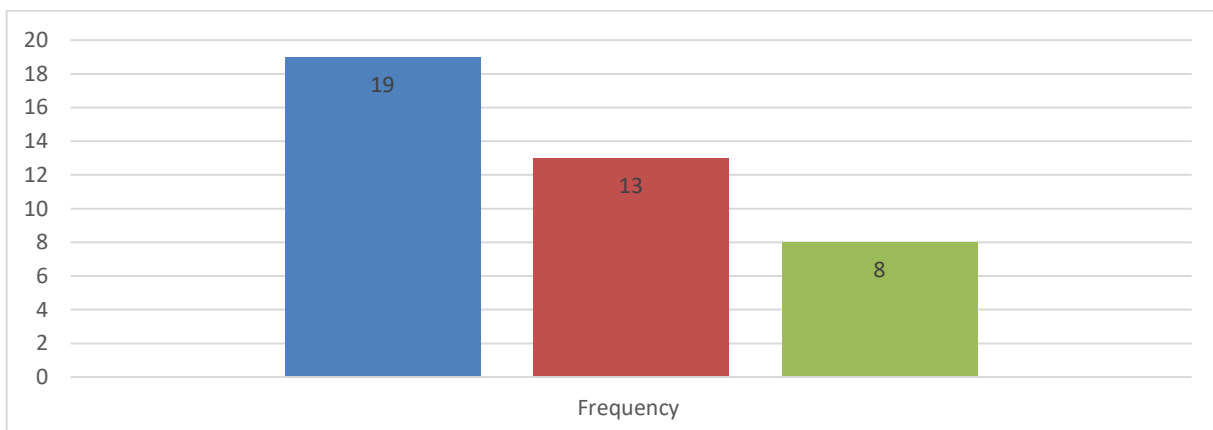
According to the results in the table 1, 27.5% were women and 72.5% of respondents were men, suggesting that men were more inclined and available to take part in the study. Therefore, when United Construction Company LTD's various departments were contacted, there were more men working there than women.

**Table 2: Age of respondents**

Age Group	Frequency	Valid Percent
19-30	19	47.5
31-40	13	32.5
40-60 years	8	20.0
Total	40	100

Source: Primary Data 2022

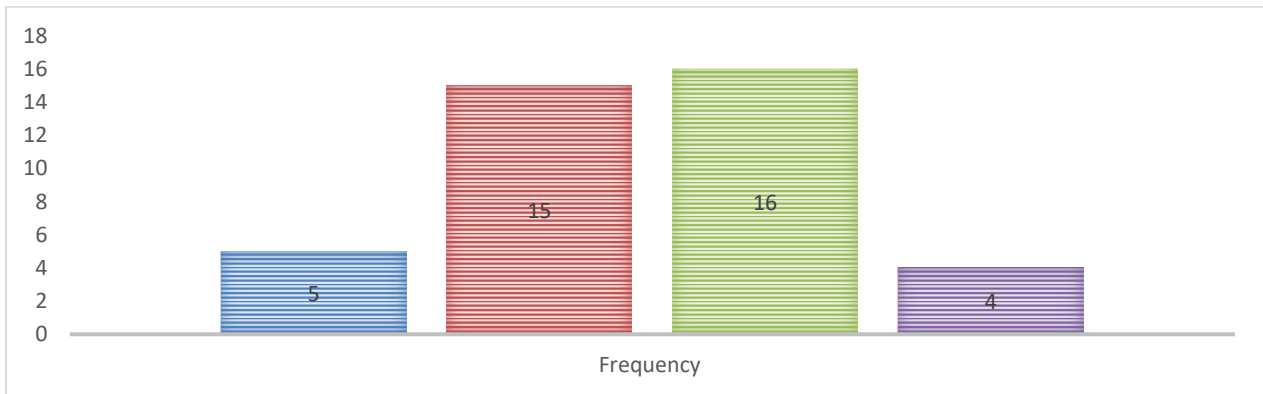
According to the table 2, 20% were between the ages of 41 and 60, 32.5% were between the ages of 31 and 40, and 47.5% of respondents were between the ages of 19 and 30. The study also found that the respondents were of sufficient age to offer the necessary information about the study.

**Table 3: Qualification of respondents**

Educational Qualification	Frequency	Valid Percent
Certificate	5	12.5
Diploma	15	37.5
Degree	16	40.0
Masters	4	10.0
Total	40	100

Source: Primary Data 2022

Regarding qualification as shown by the above table, 40% of the respondent had attained degrees, followed by 37.5% who had attained diploma with only 12.5% who had attained certificates and 10% revealing that they had masters' degrees. As a result, the data demonstrated that the respondents were qualified to engage in the study.

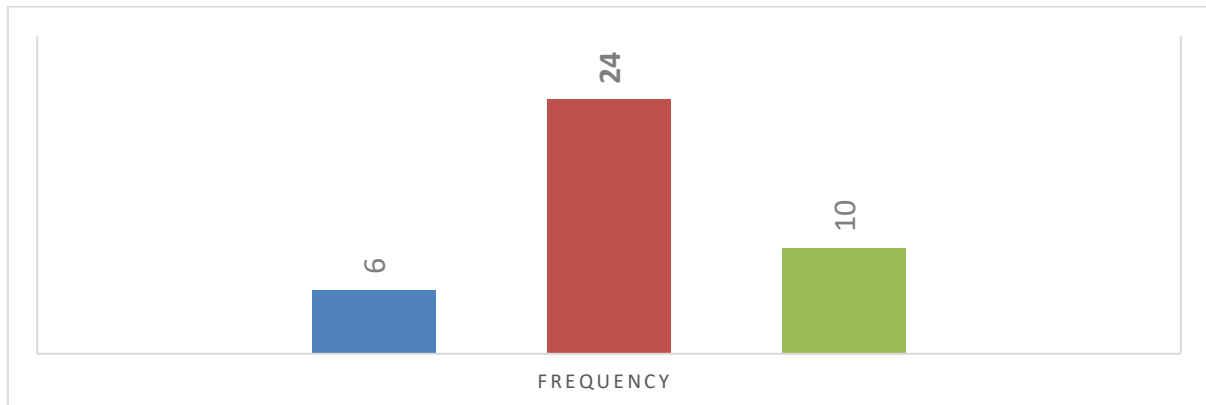


**Table 4: Period of stay in the United Construction Company LTD.**

Period of stay	Frequency	Valid Percent
6 years and above	10	25.0
1-5 years	24	60.0
Less than 1 year	6	15.0
Total	40	100

Source: Primary Data 2022

According to the table above, 60% of respondents worked and stayed with the United Construction Firm LTD for one to five years, followed by 25% who claimed they worked with the company for six or more years, and just 15% stated they worked there for less than a year. This indicated that they were familiar with the United Construction Company LTD's financial management and profitability.



**Table 5 : Shows cash management techniques being used in united construction company LTD**

Response	Frequency	Valid Percent
S.A & A	18	45.0
D & SD	10	25.0
Not sure	12	30.0
Total	40	100

Source: Primary Data 2022

According to the results of the above table, 45% of the respondents believed that cash management techniques existed at United Construction Company LTD, 30% were unsure, and 25% believed that cash management techniques did not exist.

**Table 6: The effectiveness of cash management rating in United Construction Company**

Response	Frequency	Valid Percent
Effective	18	45.0
Ineffective	12	30.0
Don't know	10	25.0
Total	40	100

Source: Primary Data 2022

According to the above data, (40%) of respondents indicated that cash management was effective, (30%) disagreed, and 25% claimed they didn't recognize whether cash management was effective in the UCC Ltd, meaning that cash management was effective.

**Table 7: Shows how the UCC invests its excess cash balances in the marketable securities**

Response	Frequency	Valid Percent
Agree	14	35.0
Strongly agree	11	27.5
Disagree	9	22.5
Strongly disagree	6	15.0
Total	40	100.0

Source: Primary Data 2022

According to the results in the preceding table, 35% of respondents agreed that the United Construction Company LTD invests its surplus cash balances in marketable securities, 27.5% strongly agreed, 22.5% disagreed, 15% strongly disagreed, and 0% were unsure. It was proven that the United Construction Company LTD invests extra funds in marketable securities on occasion, which is not always favorable. This has an impact on the United Construction Company LTD's profitability in some way.

**Table 8: The UCC Ltd sets aside money to cater for speculation and precaution motives**

Response	Frequency	Valid Percent
Agree	12	30.0
Strongly agree	8	20.0
Disagree	10	25.0
Strongly disagree	6	15.0
Not sure	4	10.0
Total	40	100.0

Source: Primary Data 2022

According to the above table, 30% of respondents agreed, were of the opinion that the UCC LTD sets aside money to account for unanticipated events, 20% strongly agreed, 25% disagreed, 15% severely disagreed, and 10% were unsure. Regardless matter how much the majority of people claim the United States puts money away for unanticipated events, it has been established that the amount of money set aside for those things is little, which has an impact on profitability.

**Table 9: The optimum cash balances of Untied Construction Company Limited**

Response	Frequency	Valid Percent
Not sure	10	25.0
Agree	7	17.5
Strongly agree	6	15.0
Disagree	5	12.5
Strongly disagree	12	30.0
Total	40	100

Source: Primary Data 2022

According to the above data, 30% of respondents strongly agreed that UCC Ltd always maintains optimal cash balances for day-to-day operations, 25% were unsure, and 17.5% agreed, 15% strongly agreed, and 12.5% disagreed. This suggests that UCC Ltd failed to keep optimal cash levels for day-to-day operations. It experienced many shortages as a result of this mistake, as reported by responders in the finance department. This has also had an impact on UCC Ltd's profitability. They hinted that some debtors were in the 120-day maturation stage, which lengthened the average collection duration. This is consistent with Vanhorne (2001), who claims that delaying payments can be expensive to the corporate company and increase



the average collection period. One of the causes was the inefficiency of certain of the collection tactics.

**Table 10: Shows whether UCC Ltd carries out cash planning**

Response	Frequency	Valid Percent
Not sure	3	7.5
Strongly agree	18	45.0
Agree	5	12.5
Disagree	10	25.0
Strongly disagree	4	10.0
Total	40	100

Source: Primary Data 2022

According to the above table, 45% of respondents strongly agreed that the UCC Ltd does cash planning, 25% disagreed, 12.5% agreed, 10% strongly disagreed, and 7.5% were unsure. This suggests that UCC Ltd does cash planning. Cash planning allows for educated decisions on forecasts, budgets, disbursements, allocations, and controls, as well as any other important component advantageous to the United Construction Company limited. The findings were consistent with Pandey's (2003) concept of cash planning as a strategy used to guide and regulate the circulation of money. Having efficient cash management in place will result in proper usage of this cash as per anticipated utilities/investments, resulting in greater profitability.

**Table 11: Shows how often the UCC Ltd carries out the function of cash planning**

Response	Frequency	Valid Percent
Not sure	3	7.5
Strongly agree	18	45.0
Agree	5	12.5
Disagree	10	25.0
Strongly disagree	4	10.0
Total	40	100

Source: Primary Data 2022

According to the table 11, 45% of respondents strongly agreed that the UCC Ltd takes a long time to pay off debts owed to it, 25% disagreed, 12.5% agreed, and 10% highly disagreed. 7.5% were unsure. This indicates that there is cash management strategy, but it is not being used to its maximum potential, which may have an impact on profitability. Letters, phone calls, and personal visits were all mentioned as popular collecting methods. According to Gitman (2008), the most popular tactics for pushing forward financial flows include legal action, letters, phone calls, and personal visits. Respondents alluded to making phone calls to debtors as part of their collection strategies, and that if they did not react on time, the credit controller would conduct physical visits.

**Table 12 : Shows preparation of cash budgets**

Response	Frequency	Valid Percent
Not sure	3	7.5
Strongly agree	18	45.0
Agree	6	15.0
Disagree	9	22.5
Strongly disagree	4	10.0
Total	40	100

Source: Primary Data 2022

According to the results in the table 12, 45% of respondents strongly agreed that the organization created cash budgets, 22.5% disagreed, 15% agreed, 10% strongly disagreed, and

7.5% were unsure. The majority approved that the firm generated cash budgets for its operations; this is the most significant cash management approach that serves as the foundation for other cash management techniques and enables for successful cash planning for both existing cash resources and forecast cash flows. This is congruent with Brealey (2005), who believes that budgets should be developed at the departmental level before being bundled into a master budget. According to responders, these budgets are created based on sales, costs, and the age of debtors and creditors, as suggested by Moffet (2004). Vanhorne (2001) argued that cash budgets, whether yearly, weekly, or monthly, are just forecasts of cash flows.

**Table 13: Shows Cash management techniques in United Construction Company LTD.**

Technique	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
Use of accounts receivable database	9(10%)	20(70%)	0%	11(20%)	0%
Collecting of overdue invoices	21(70%)	10(20%)	9(10%)	0%	0%
Use of credit lines	15(60%)	10(10%)	0%	8(20%)	7(10%)
Tracking of expenses	15(30%)	18(60%)	7(10%)	0%	0%
Maintenance of optimal cash balance	20(50%)	8(20%)	7 (20%)	0%	5(10%)
Cash Collection and Disbursement	10(30%)	9(20%)	15(50%)	0%	6(10%)

Source: Primary Data 2022

In the table above, 70% strongly agreed that collection of past-due invoices is used for cash management tactics, whereas 20% agreed, 10% disagreed, 0% strongly agreed, and 0% were unsure. According to their perspectives and opinions, suppliers requested quicker payment, consumers delayed payments, and stakeholders desired increased cash creation and credit reduction. This viewpoint is reinforced by Stowe (2004) and Palom (2001), who stated that suppliers expect earlier payments, and inability to satisfy financial commitments by corporate organizations on time due to cash problems results in the loss of more supplies from harmed suppliers. This is very destructive since some items are critical to the continuation of corporate operations. According to the accounts receivable database, 70% agreed, 20% strongly disagreed, 10% strongly agreed, 0% disagreed, and 0% were unsure. Tracking costs was also proven to be the most often employed cash management approach in UCC Ltd, with 60% agreeing, 30% strongly agreeing, 10% disagreeing, 0% strongly disagreeing, and 0% unsure. Their point of view was that payments to suppliers should be delayed for as long as possible in order to make cash available, which is consistent with Gitman's (2008) assumption that the purpose of cash distribution is to delay payments to suppliers for as long as possible. In terms of credit line usage, 60% strongly agreed, 20% strongly disagreed, 10% agreed, 10% were unsure, and 0% disagreed. Furthermore, 50% disagreed, 30% strongly agreed, 20% agreed, 10% were unsure, and 0% strongly disagreed with cash collection and disbursement. According to McLaney (2006), while prolonging accounts payable may be financially appealing to the corporate company, it creates an essential ethically concern. It may cause the company to breach the agreement it made with the supplier. According to Myers (2004), a supplier would not look kindly on a client who repeatedly and purposefully delays paying for items. Furthermore, the UCC Ltd implemented financial management approaches such as optimum cash management and cash forecasting. The results revealed that 50% strongly agreed, 20% agreed, 20% disagreed, 10% were unsure, and 0% strongly disagreed. According to the data above, the UCC LTD used a variety of cash management approaches to increase profitability. The data clearly demonstrate the theories of Kakuru 2001, Van Holmes 1995, and Pandey 2003 that cash should only be distributed when delaying is no longer required, possible, or advantageous. This indicates that proper cash allocation avoids and decreases fraud and misappropriation of unified money, resulting in a rise in the bank's profit margins.

**Table 14: Shows rating the level of profitability in the UCC Ltd**

Response	Frequency	Valid Percent
I don't know	3	7.5
Very high	20	50.0
High	8	20.0
Low	5	12.5
Very low	4	10.0
Total	40	100

Source: Primary Data 2022

The findings in the above table reveal that the level of profitability at United Construction Company Limited was extremely high, as shown by 50% and 20% high responses, but 12.5% was low, 10% highlighted that the level of profitability was poor, and 7.5% claimed they didn't know about profitability. The data above suggested that the company's earnings were high.

**Table 15: Shows whether the United Construction Company Limited has any policy of controlling expenditure**

Response	Frequency	Valid Percent
Not sure	3	7.5
Strongly agree	18	45.0
Agree	10	25.0
Disagree	5	12.5
Strongly disagree	4	10.0
Total	40	100

Source: Primary Data 2022

According to the data in the table 15, 45% of respondents strongly agreed, 25% agreed, and 12.5% disagreed that the UCC Ltd has a spending control policy. 10% strongly disagreed, and 7.5% were unsure. This suggests that there is a spending policy in place. This suggests that the UCC Ltd has attempted to manage its expenditures, but only to a limited amount, affecting profit levels and, in turn, the united's profitability.

**Table 16: Shows how fraud has affected the profitability of United Construction Company Limited**

Response	Frequency	Valid Percent
Not sure	4	10.0
Strongly agree	15	37.5
Agree	6	15.0
Disagree	5	12.5
Strongly disagree	10	25.0
Total	40	100

Source: Primary Data 2017

According to the data in the table 16, 37.5% of respondents strongly agreed that fraud had a negative impact on the UCC Ltd's profitability. 15% agreed, 25% strongly disagreed, and 12.5% disagreed. However, 10% of those polled were unsure. Furthermore, an interview with one of the administrators revealed that fraud has had a significant impact on the united's profitability. This means that fraud had a significant impact on profitability and hence financial performance. As a result, cash management must be enhanced in order for the union to generate more earnings and improve its financial performance.

**Table 17: Shows the staff of United Construction Company Limited that had left the united due to fraud related cases**

Response	Frequency	Valid Percent
Not sure	14	35.0
Strongly agree	8	20.0
Agree	6	15.0
Disagree	4	10.0

Strongly disagree	8	20.0
Total	40	100

Source: Primary Data 2022

According to the statistics in the table 17, 35% of respondents were unsure, 20% strongly agreed, 15% agreed, and 10% disputed that personnel had departed the United Construction Company Limited owing to fraud-related issues. This implies that the employees who commit fraud continue to work for UCC Ltd. This explains the UCC Ltd's poor financial performance, as seen by its low levels of profitability.

**Table 18: Shows profitability levels of United Construction Company Limited**

Response	Frequency	Valid Percent
Not sure	5	12.5
Strongly agree	18	45.0
Agree	6	15.0
Disagree	3	7.5
Strongly disagree	8	20.0
Total	40	100.0

Source: Primary Data 2022

According to the data in the table 18, 45% of respondents strongly agreed that the United's present profitability is poor, 20% strongly disagreed, 15% agreed, 12.5% were unsure, and 7.5% disagreed. This demonstrates that the majority of respondents stated that the present profitability is low, indicating that the United Construction Company LTD's profitability is poor owing to a lack of effective cash management practices.

**Table 19: Shows how much the UCC Ltd has lost due to fraud related cases**

Response	Frequency	Valid Percent
Not sure	3	7.5
Strongly agree	18	45.0
Agree	6	15.0
Disagree	5	12.5
Strongly disagree	8	20.0
Total	40	100.0

Source: Primary Data 2022

According to the data in the table above, 45% of respondents strongly agreed that the United Construction Company LTD had lost owing to fraud-related incidents, 20% strongly disagreed, 15% agreed, and 12.5% were unsure. This suggests that the united has lost a lot of money owing to fraud, that the cash management tactics were ineffective, and that the united construction business limited's profitability has suffered as a result.

**Table 20: Shows the determinants of profitability in United Construction Company Limited**

Determinants	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
Increasing level of deposits	18(60%)	10(20%)	4(6.7%)	5(10%)	3(3.3%)
Increase in resource productivity	20(50%)	9(30%)	11(20%)	0%	0%
Reduction in costs of operations	18(60%)	7(10%)	15(30%)	0%	0%
Financial and operational efficiency	24(80%)	8(10%)	8(10%)	0%	0%
Financial performance being higher at the end of the financial period	15(60%)	10(20%)	7(10%)	5(6.7%)	3(3.3%)
The revenue is higher than the costs of operation	15(50%)	14(30%)	11(20%)	0%	0%

Source: Primary Data 2022

According to the results in the table above, 50% of respondents strongly agreed that an increase in resource productivity would boost profitability, 30% agreed, 20% disagreed, 0%

strongly disagreed, and 0% were unsure. Deposits increased 60% highly agreed, 20% agreed, 10% strongly disagreed, 6.7% disagreed, and 3.3% were unsure. According to operational efficiency, 80% of respondents strongly agreed, 10% agreed, 10% disagreed, 0% strongly agreed, and 0% were unsure. Reducing operational expenses leads to increased profitability, as 60% of respondents strongly agreed, 30% disagreed, 10% agreed, 0% strongly agreed, and 0% were unsure. 50% of respondents strongly agreed, 30% agreed, 20% disagreed, 0% strongly agreed, and 0% were unsure that income exceeded costs. Higher financial performance in UCC Ltd, according to the results, 60% of respondents highly agreed, 20% agreed, 10% disagreed, 6.7% strongly disagreed, and 3.3% were unsure. The preceding data imply that numerous factors influence profitability, but lower expenses, more revenue, and better financial performance determine the level of profits in UCC Ltd.

**Table 21: Cash management having an effect on profitability in United Construction Company Limited**

Response	Frequency	Valid Percent
I don't know	7	17.5
Yes	18	45.0
No	15	37.5
Total	40	100.0

Source: Primary Data 2022

The findings in the table 21 demonstrate that cash management had an effect on profitability in United Construction Company Limited, as evidenced by 45% of respondents in favor, 37.5% no, and 17.5% not knowing if cash management had an effect on profitability in United Construction Company LTD.

**Table 22: Shows cash management affects profitability of United Construction Company Limited**

Response	Frequency	Valid Percent
Not sure	3	7.5
Strongly agree	17	42.5
Agree	10	25.0
Disagree	6	15.0
Strongly disagree	4	10.0
Total	40	100.0

Source: Primary Data 2022

According to the results in the table 22, 42.5% of respondents strongly agreed that cash management had an impact on profitability, 25% agreed, 15% disagreed, 10% strongly disagreed, and 7.5% were unsure. This means that cash management has a significant impact on the profitability of United Construction Company Limited.

**Table 23: Shows good cash management practices results in high profitability levels**

Response	Frequency	Valid Percent
Not sure	10	25.0
Strongly agree	7	17.5
Agree	15	37.5
Disagree	5	12.5
Strongly disagree	3	7.5
Total	40	100.0

Source: Primary Data 2022

According to the results in the table 23, 37.5% of respondents agreed that effective cash management methods result in high levels of profitability, whereas 25% were unsure, 17.5% strongly agreed, 12.5% disagreed, and 7.5% severely disagreed. This suggests that excellent cash management procedures lead to increased earnings.

**Table 24: Shows whether cash management Practice has affected the profitability of United Construction Company Limited**

Response	Frequency	Valid Percent
Not sure	7	18.0
Strongly agree	14	35.0
Agree	5	12.0
Disagree	4	10.0
Strongly disagree	10	25.0
Total	40	100.0

Source: Primary Data 2022

According to the data in the table 24, 35% of respondents strongly agreed that cash management had an impact on the profitability of United Construction Company Limited, 25% strongly disagreed, 18% were unsure, 12% agreed, and 10% disagreed. This suggests that the UCC LTD's profitability has been impacted by its cash management techniques..

**Table 25: Shows whether delaying payables improves financial performance**

Response	Frequency	Valid Percent
Not sure	10	25.0
Strongly agree	4	10.0
Agree	8	20.0
Disagree	6	15.0
Strongly disagree	12	30.0
Total	40	100.0

Source: Primary Data 2022

According to the findings in the table 25, 30% of respondents strongly disagree that postponing payables enhances profitability, 25% are unsure, and one administrator who was approached claimed that it actually generates terrible relationships with business partners. Based on the facts in the table above, postponing payables does not boost profitability, but rather ruins business relationships with business partners.

**Table 26: Shows whether accelerating receipt collections increases the profitability**

Response	Frequency	Valid Percent
Not sure	6	12.0
Strongly agree	17	45.5
Agree	5	12.5
Disagree	8	20.0
Strongly disagree	4	10.0
Total	40	100

Source: Primary Data 2022

According to the statistics in the table 26, 45.5% of respondents strongly agreed that expediting receipt collections boosts profitability, 20% disagreed, 12.5% agreed, and 12% were unsure, and 10% strongly disagreed. This indicates that through expediting receipt collections, the United Construction Company LTD's profitability will improve.

**Table 27: Shows the association between cash management and company's profitability**

Cash management (X)		Profitability (Y)		X <sup>2</sup>	Y <sup>2</sup>	XY
D	9	D	6	81	36	54
A	21	A	24	441	576	504
D	15	D	11	225	121	165
A	15	A	19	225	361	285
D	20	D	25	400	625	500
A	10	A	5	100	25	50
D	9	D	9	81	81	81
A	21	A	21	441	441	441

D	13	D	12	169	144	156
A	17	A	18	289	324	306
	$\Sigma X=150.00$		$\Sigma Y=150.00$	$\Sigma X^2=2452.00$	$\Sigma Y^2=2734.00$	$\Sigma XY=2542.00$

Source: Primary Data 2022

Here, D= Not sure+ Disagree + strongly disagree

A= strongly agree + Agree

Y= dependent variable (financial performance)

X= independent variable (cash management)

#### 4.5.2 Computation of the correlation

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}}$$

$$r = \frac{(10 * 2542) - (150 * 150)}{\sqrt{[10 * 2452 - (150)^2][10 * 2734 - (150)^2]}}$$

$$r = \frac{25420 - 22500}{\sqrt{[24520 - 22500][27340 - 22500]}}$$

$$r = \frac{2920}{\sqrt{[2020][4840]}}$$

$$r = \frac{2920}{\sqrt{9776800}}$$

$$r = \frac{2920}{3127}$$

$$r = 0.93$$

The study used a correlation analysis, which revealed a positive and significant relationship between cash management and the degree of profitability ( $r = 0.93$ ). Profitability will grow as a result of effective cash management. This is due to the fact that cash management has an impact on profitability; for example, if cash planning, cash collection, cash allocation, and cash budgeting are prioritized while performing cash management, profitability will be favorable. As a result of the above results, UCC LTD's cash management is connected to its degree of profitability.

#### Summary, Conclusion and Recommendations

Putting the many components of this together has been a richness of experiences. The act of creating and distributing the questionnaire was novel, demanding, and fulfilling. This chapter provides an overview of important results and research-based conclusions. The conclusions are drawn, and recommendations are offered. Additional study areas are also recommended.

#### Summary of findings

According to the results of the respondents, Unified Construction Company Limited wants to utilize its cash as a tool to prevent misuse, embezzlement, and fraud involving the united funds. It was also discovered that a sound financial strategy had helped the United Construction Company Limited make wise choices about the rehabilitation of school buildings, the creation of new structures like the main hall and the kitchen, and the fence of the school. It was found that the union allocates its financial resources in accordance with the predetermined goals. For instance, over the course of five years, the United Construction Company Limited has been able to purchase raw materials worth 1.35 million dollars, pay staff salaries and benefits, and give personnel who are worth an average of 1.2 million dollars annually. 100% of respondents agreed that money should be used in accordance with the objectives. The main objective was to educate the nation's citizens about business, with profits coming as a bonus. In addition, The United Construction Company Limited makes use of other resources, such as cash banking. It

was discovered that having money on hand was very alluring, and that anything may happen because the united has both qualified and unqualified employees who come from various backgrounds. Banking and issuing checks are therefore viewed as alternate methods of hedging risk that can affect the combined cash resources. Staff productivity and profitability are inversely proportional, which indicates that the more productive the workforce, the higher the profit margin level, and the inverse is evident. The combined profit and loss account shows the following earnings from 2011 to 2015: 0.8 million, 1.2 million, 1.6 million, 1.98 million, and 2.51 million. For five years, the combined balance sheet was 8m, 9.6m, 11.2m, 13m, and 15.3m. Serious United has begun the process of acquiring and keeping an exceptional team in order to boost the amount of first goals. According to Limpsey, the challenges of changes in demand, pricing of both inputs and outputs like as capital and labor all play important roles in affecting the organization's staff profitability (1993). It was discovered that planning, cash inflows, and cash outflows can all affect an organization's profitability. The three variables were discovered to travel in the same direction, indicating that even a small change in one variable will have an impact on the others. This was discussed in regard to the "market structure" by one of the responders. This suggests that cash inflows, outflows, and cash planning are intricately related to producing a profit.

### **Conclusions**

Cash management and profitability were two of the key issues that received attention, and the overall conclusion is that cash management serves as a control mechanism in a company. Because of the partnership's size and complexity, running a business without cash management would have been a pipe dream. Despite mistakes that could be unavoidable and system kinks that might be experienced often, a lot of good work continues, and the level of worker dedication is crucial. Although there is always opportunity for improvement because learning is a process, the following suggestions are offered.

### **Recommendations**

The company must implement controls to guarantee the security of cash in order to handle cash effectively. The United Construction Company Limited should promote client automobile collections, which will allow for on-time allocations. With regard to United Construction Company Limited surpluses and deficits, the United Construction Company Limited must invest such funds in United-beneficial initiatives, such as growing maize, cassava, and bananas to name a few, which will help the United during periods when it is experiencing deficits. In order to keep the combined liquidity at the ideal level, the United Construction Company Limited should employ accrual basis of cash outflow more frequently than cash basis.

### **Future research directions.**

This study evaluated the role that profitability and cash management play in particular. There is more work to be done in the following areas: I management and professionalism at United Construction Company Limited Individual pay scale, The efficacy and efficiency of United Construction Company Limited's use of resources.

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