



**WORKING CAPITAL MANAGEMENT AND PERFORMANCE  
OF NON GOVERNMENTAL ORGANIZATIONS IN UGANDA  
A CASE STUDY OF SAVE THE CHILD KAMPALA**

**BY**

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AND FINANCE OF KAMPALA  
INTERNATIONAL  
UNIVERSITY**

**JUNE, 2015**

**DECLARATION**

I present this research proposal to the best of my knowledge with high regard to ethical standards and research guidelines of the University; it has not been presented to any other institutions of learning for similar purposes.

SIGNATURE: .....

DATE: .....

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## **DEDICATION**

I Ssempiira William do hereby dedicate this piece of work to my dear parents  
Mr. Bembe Tebandeke Gerald (my uncle) and Mrs. Nankinga Robinah

## APPROVAL

This is to certify that Ssempiira William has carried out a research on the topic Working Capital

Management and Performance of Non-government organization's under my supervision and he is now ready for submission to Kampala International University Authorities with my supervision.

SIGNED:  .....

DATE: 03/06/2015 .....

MR. MASEMBE MUZAMIL

(SUPERVISOR)

## **ACKNOWLEDGEMENT**

I thank the almighty GOD for the breath that I have to this minute, the wisdom and the strength he has given me that has helped me to complete this piece of work successfully.

I feel indebted to the following for their support and positive criticism, financial assistance moral advice to ensure that I complete this research work otherwise I wouldn't have come to this completion.

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I will forever live to remember you.

## **LIST OF ABBREVIATIONS**

WCM	Termed As Working Capital Management
SMES	Represents Small and Medium Enterprises
SSE'S	Represents small scale enterprise
GDP	Represents Gross Domestic Product
NGO	Representing Non-Government Organization
PACHE	This Means Programme for Achievable Health Communication and Education

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## **ABSTRACT**

The study was about the working capital management and performance of non-government organisations in Uganda using save the child as the case study. The study was guided by the following objectives; to find out ways of expanding access to health care and reducing on the spread of HIV /AIDS, to identify the ways of improving the quality and access to primary school education and to examine the ways of exploiting skills and talents in each child.

The research design comprised of a combination of both quantitative and qualitative research design that were employed. Simple random sampling was used to determine the sample size. A sample size of 30 employees was considered, primary data was collected by the use of questionnaires and the interview guide which focused on the research questions. Secondary data was got from journal reports and internet plus text books which are in relation to the study objectives. Data entered into excel was presented by the use of frequency tables. Data analyzed was also presented by use of statistics.

In conclusion, the study assessed the role of working capital management and the performance of non-government organizations using save the child as the case study. The three objectives that guided the study related to finding out ways of expanding access to health care and reducing on the spread of HIV /AIDS, to identify the ways of improving the quality and access to primary school education, and lastly to examine the ways of exploiting skills and talents in each child.

## **Recommendations**

Operators of non-government organizations need to ensure efficiency in their working capital management for essential decision making and organizational growth. This can be ensured by proper or efficient working capital of an organization.

They also need to set yearly objectives for each financial performance indicator so that both the business owners and employees work bearing in mind the yearly objective, to be achieved, business owners and employees will work hard to achieve the yearly set objectives for each indicator.

Owners of small and medium enterprises should prepare budgets for financial performance appraisal, this helps to identify and recognize deviations between actual financial performance and expected financial performance and there after corrective action is taken to correct the deviation.

To non-government organization, more efforts need to be put on working capital management for effective performance of non-government organizations.

## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

This chapter contains: brief background information about the study (working capital management and performance of non-government organizations in Uganda), statement of the problem, objectives of the study, research questions, and the scope of the study and the significance of the study.

### **1.1 Background of the study**

The study establishes the role of working capital management and performance of Non-Governmental Organizations in Uganda, a case study of save the child Kampala. It's located in Mengo, Rubaga division in Kampala P.O.BOX 1124 Kampala Uganda Working capital refers to the capital that is used in day-to-day trading operations, calculated as the current assets minus current liabilities. Working capital is also called operating assets or net current asset ([http://financial-dictionary.com/working capital](http://financial-dictionary.com/working%20capital)). Thus working capital is the net of current assets minus current liabilities.

Samuel, (2006), argues that funds management is the planning, controlling and the effective utilization of funds. Money can be earned not only through manufacture and distribution but also through the management of all its assets that it employees. The best funds management policy is through funds budgets. A company can decide on the funds that it will have available for short-term investment at a particular time depending on the nature of business and season. If a business is seasonal or trade is cyclical, funds budgets will show when the surplus funds that will be available and what length of time will elapse before they are required. Some companies will borrow money in case of deficit spending to satisfy their seasonal needs.

Management of small scale and medium businesses must always prepare funds budgets and books of account such as; funds book, income statement

and the balance sheet in order to ascertain their financial performance and design ways of making improvements Kakuru (2000);

Performance is the availability of the business to operate efficiently, profitability, and survival, grow and react timely to the environmental opportunities and threats (financial report and performance of businesses (1991). In this report Saleemi (1991), performance will be measured in terms of survival and innovation.

Non- Governmental Organizations, these are organizations that are not owned by the government and do not aim at making profits. At times these are normally termed as Non-profit making firms.

Save the child is the world's leading independent organization for children and has programs present in over 120 countries in the world. It was established in the united kingdom on 15<sup>th</sup> April 1919 by a lady called Eglantyne Jebb and her sister Dorothy Buxton in an effort to alleviate starvation of children in German and Austria-Hungary, Also to improve the lives of children through better education, health care, and economic opportunities as well as providing emergency aid in natural disasters, war and other conflicts. Save the Child envisions a Uganda in which every child attains the right to survival, protection, development and participation

The mission of save the child is to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives. We strive to create impact for children by delivering our programs through partnerships, by being innovative, by acting as the voice for the voiceless children, and by achieving results at scale.

In Uganda, save the child implements programs in six thematic programmed areas of Child Protection, Child Rights Governance, Education, Livelihoods and Food Security, Health, Nutrition and HIV/AIDS in development and Emergency contexts. Save the children delivers programs in over 36 districts in the North,

Rwenzori, North-Eastern and Central regions of Uganda, Currently, Save the Children has a staff complement of over 190 persons. We Save the Children's lives, we fight for their rights, and we help them fulfill their potential. In 2012, we reached more than 100 million children around the world.

The case study is important since shall address a problem of mismanagement of funds that existed some years back to identify the various working capital management practices in Save the child.

The Operational frame work or Policy objectives of Save the Child. This is the guiding route to the organization to which it operates, and the following are the study objectives.

- To promote and protect the wellbeing of the child.
- To provide a safe and conducive environment for the children and in an approved residential home.
- To exploit the skills and talents in each child.
- To encourage and counsel the children to become better in all aspects of their lives.
- To encourage reconciliation in broken families for the wellbeing of the child
- To train and bring up a child under the Christian umbrella.
- Expanding access to health care and reducing on the spread of HIV and AIDS.
- Improving the Quality and access to primary school education.
- Child Rights Governance and child protection program, Livelihoods and Food Security, plus Health and Nutrition.



- The current study will focus on the following objectives as spelt above.
- To find out the ways of expanding access to health care and reducing on the spread of HIV/AIDS.
- To identify the ways of improving the quality and access to primary school education.
- To examine the ways of exploiting skills and talents in each child.

## **1.2 Statement of the Problem**

In spite the existence of achievable objectives of Save the Child as outlined in the background above, there is still deficiency in the entire system when it comes to working capital management and performance of save the child Uganda.

Former Minister of Finance Mrs. Saida Bumba (2010) Asserted that financial performance levels exhibited in save the Child was not satisfactory despite the endeavor to maintain a good working capital by management. Problems affecting save the child include: healthy problems, low levels of education and continued spread of HIV/AIDS.

The annual report 2005 presented to the District AIDS Committee (DAC) during the annual HIV/AIDS forum, recited that despite the high level of awareness about HIV, the risk perception is very low among young people. Also save the child's report that was published in 2010 April from the North area revealed that there are still high levels of malnutrition among Ugandan children which reduces their health capacities. This report also explained further that there low levels of education in Uganda especially when it comes to girl education, this continues to hinder save the child's progress in ensuring children's safety and.

### **1.3 Purpose of the study**

The study shall establish the extent to which working capital management practices by Save the Child would impact on the financial performance. The study would subsequently provide recommendations for improving the financial performance in save the child.

### **1.4 Objectives of the Study**

- a) To find out the ways of expanding access to health care and reducing on the spread of HIV/AIDS.
- b) To identify the ways of improving the quality and access to primary school education.
- c) To examine the ways of exploiting skills and talents in each child.

### **1.4 Research Questions**

- i. What are the various ways of expanding access to healthcare and reducing on the spread of HI V/AIDS?
- ii. What are the various ways of improving the quality and access to primary school education?
- iii. What are the ways of exploiting skills and talents in children?

### **1.6 Scope of the Study**

#### **1.6.1Subject scope**

The study will be focusing on working capital management as the independent variable and financial performance as the dependent variable.

### **1.6.2 Geographical scope**

The study shall focus on save the child in Kampala District. Kampala is located in the central region of Uganda sharing boundaries with Wakiso district. The choice of the geographical scope of the study is based on a number of reasons namely:

I felt it would be cheaper and convenient in terms of time and transport to carry out the study in this area than in any other as we have free accommodation, cheap transport, and free meals.

### **1.6.3 Time scope**

The study shall focus on the reports that were conducted for the period of 2008-2010 by save the child.

### **1.7 Significance of the Study**

The study findings helped the management through improving on its working capital management to improve on its decision making on areas of financial performance, prompt settlement of claims and further investment.

The study findings sought to be used by Government to promote investment in NGO's in Uganda.

The study findings will be useful to future researchers to widen their understanding in matters of working capital management as a tool for career development.

The study findings will be useful to students companies and other interested parties who may need to understand more about working capital management.

## **CHAPTER TWO**

### **STUDY LITERATURE**

#### **2.0 Introduction**

This chapter discusses the already existing literature about working capital management and performance of Non-Government Organizations. The literature survey, literature review, the conceptual frame work and the conclusion shall be discussed under this chapter literature shall be obtained from textbooks, and publication, periodical research reports, the company financial documents and Internet among others.

#### **2.1 Literature Survey**

This shall essentially look at the research works conducted locally here in Uganda. It will address what has been covered by other researchers in this area of study. The survey of relevant literature, working capital management and performance of non-government organizations in Uganda shows that inadequate research has been made in this important area of study.

Misihguzi Daniel (2011) carried out a study on working capital management and financial performance of media houses in Uganda using capital FM as the case study. The study used both qualitative and quantitative approaches through the questionnaire to collect data. The findings disclosed a positive and significant relationship between working capital management and financial performance of capital FM. Working capital management and financial performance explain about 25.5% of the variance in the media houses financial performance. This implies that in order to achieve organizational performance, non-government organizations should have efficient working capital management practices. The survey recommends that in the quest for solution for financial performance, these predictors should be given equal attention not ignoring other factors that should also be emphasized which have

an effect on performance of non-government organization. Much as the methods used in that study can be appreciated the study does not reveal the effect of working capital management and performance therefore the current study seeks to fill this important research gap. Key variables in this study like working capital management and performance are included in the study.

Banyenzaki Rukundo (2011) carried out a study on funds management and performance of non- government organizations using a case study of programme for achievable health communication and education (PACHE) Kampala. His study explained that good funds management and administration with emphasis on accountability and responsiveness to customer needs against the back drop of serious accountability scandals has been seen as an aspect of good governance. The conduct of public affairs has been a major problem in a number of African countries that's why mechanisms of ensuring accountability are necessary. However, the study did not look at other factors affecting performance in areas of working capital.

Kizza Farouk.K (2009) carried out a study on the impact of working capital on the performance of a firm using a case study of petro Kampala road service station. His problem statement reflected that the operations of petrol service station are affected by working capital both long term and short term. The study further showed that high operating expenses, price fluctuations of oil internationally and locally, high employee turnover among others all affect the liquidity of the firm thus reducing the working capital of the station.

Nanyonga Jacqueline, (2011) carried out research of financial accountability and performance of non-government organizations using care Uganda as the case study. She asserted that accountability is an important factor for good management of funds in addition to financial monitory control include, carrying out organizational business in an orderly and efficient way, safe guarding the assets, securing the completeness and accuracy of records and the preparation of reliable financial information. The study's concentration was

mainly on financial accountability leaving out many other factors contributing to good financial Management/ working capital management.

## **2.2 Literature review**

Working capital management is a very important component of corporate finance because it directly affects the liquidity, profitability and growth of a business and is important to the financial health of businesses of all sizes as the amounts invested in working capital are often high in proportion to the total assets employed(Atrill2006).

### **Definition of working capital and working capital management**

The amount of money the company has at hand, or will have, in a given year is referred as working capital. Working capital is got by subtracting the current liabilities from the current assets. That is one takes the value of all debts and obligations from the current year and subtract that from the value, of all cash and assets that might be reasonably converted into cash in the current year. This is a good measure of the short and medium-term financial health of the company, and may indicate by how much it can expand in its operations without resorting to borrowing or another capital raising tactic.

Working capital is also called operating assets or net current asset ([http://financial-dictionary.thefreedictionary.com/working capital](http://financial-dictionary.thefreedictionary.com/working%20capital)). Working capital is the net of current assets minus current liabilities that is working capital is equal to value of raw materials, work in progress, finished goods, inventories and accounts receivable less accounts payable.

Working capital management (WCM) is the administration of current assets in the name of cash, marketable securities, receivables, and inventories, Van Horne (1977) Netherlands. He described (WCM) as the regulation, adjustment, and control of the balance of current assets to current liabilities of a firm such that maturing “- obligations are met and fixed assets are properly serviced. In

order for working capital to be efficient, there must exist two elements necessary components and desirable quantities.

A study carried out in Tanzania by Dr. Mushin Masoud and Said Mbega (2011), asserts that working capital management is an accounting strategy that ensures an adequate supply of cash flow to enable an organization to meet its current obligations and operating expenses, as well as to enable the company to fulfill its long-term obligations in the future. To bring an accurate report of working capital, company assets and liabilities should be efficiently recorded and maintained. Small and Medium Enterprises (SMEs) in Tanzania, as anywhere, generates income and creates employment. It can be easily availed of because requirements for opening this kind of enterprises are not as demanding as in the case of big corporations. This can be opened anywhere, even in rural areas. Aside from alleviating deprivations and poverty.

For SMEs to have a profitable growth, application of a working capital management is essential. In Tanzania, SME entrepreneurs rely on trade credit, short-term bank loans, and owner financing to fund their businesses. Aside from lack of funds, where 60% of SMEs surveyed in a study conducted by De Chazal Du Mee is experiencing cash flow problems, low level of education and experience also contribute to mismanaged or inexistent working capital management.

A study made on Tanzanian SMEs showed that there is a clear-cut connection between profitability and working capital management. Only 25% of SMEs aimed at maximizing growth, only 50% claimed financial health of their businesses are average, and 57% do not have a growth strategy.

For Tanzanians, they prefer to get their funding through a private capital because they believe that is more flexible than other forms of capital funding. This preference is found to be not sufficiently enough for a business to grow.

Finding by Shayo and Temu observed that SMEs in Tanzania rarely grow into large businesses. Most SMEs still only employ only half a dozen employees (of which most are relatives) in over a decade of operations. Survey results found out that 68.8% of SMEs reveal that they do not prepare cash budgets. The results show that cash balance decisions are based on the owners' personal experience. There is only a small percentage of SMEs, around 7%, found applying a form of working capital management on the operation of their enterprises. These suggest that correct cash management procedures have not been discussed to entrepreneurs. Proper implementation practices are also very much lacking as most owners prefer their own personal style of doing accounting based on their own experiences. In addition, 50% of SMEs have always experienced insufficient funds to meet their expenses. Due mainly to Tanzania's underdeveloped financial markets, they do not invest their cash surpluses for purposes of additional profit. Rather, majority of them deposit it in bank accounts for minimal interest partly, this is also due to Tanzania's lack of programs to impart to SME owners the knowledge regarding the available money markets and their usefulness to investors. To boost profitability of Tanzania's SMEs, working capital management must be put into practice. Too little working capital brings cash flow problems. Too much working capital earns a lower rate of return. SME owners should also learn cash and inventory management. SMEs limited knowledge on financial management is the major problem facing SME success in Tanzania. The government can do its work by intensively promoting the application of working capital management skills to SME owners.

A study conducted in Kenya by Alphonse Odondo (2000), The existence of efficient working capital management practices can make a substantial difference between the success and failure of an enterprise and it is of particular importance to the managers of small scale enterprises, because it is they who strives for finances and the opportunity cost of finances, for them is usually on the higher side, as established efficient management of



working capital is vital for success and survival of the SSs which needs to be embraced to enhance performance and contribution to economic growth.

At rill (2006), these is evidence that many small scale enterprises are not very good at managing their working capital despite their high investments in current assets in proportion to their total assets and this has been a major cause of their high failure rates as compared to large businesses.

According to him, majority of the small scale enterprises operate without credit control department implying that both the expertise and the information required to make sound judgments concerning terms of sales may not be available. They also lack proper debt collection procedures, hence, they tend to experience increased risks of late payment and default by debtors who tend to increase where there is an exclusive concern for growth; in this case, small scale enterprises may not be too willing to extend credit to customers who have poor credit risks. Also in a recent study by. In Kenya, small scale enterprises are acknowledged as vital and significant contributors to economic development through their critical role in providing job opportunities, reducing poverty levels, nurturing the culture of entrepreneurship and are a vital link in the economy through their supply chain and intermediary role in trade. According to the Economic Survey of 2006, small scale enterprises contributed over 50% of new jobs created in the year 2005 and over 20% to the GDP of the country. In recognition of this indispensable role, the government has instituted enterprise support programs including the introduction of Women and Youth Enterprise Funds in the years 2006 and 2007 respectively to fuel the development of these enterprises. Also, many micro finance institutions have joined the foray in providing them with microcredit hence, seeing their access to micro credit increase from 7.5% in 2006 to 17.9% in 2009 (FSD Kenya, 2009). However the international Labour Organization (2010) estimates that two thirds of the enterprises were generating income equal to or below the minimum wage, a sobering finding that must temper one's enthusiasm for the

growth of SSE's as a solution to the country's poverty and employment problems. Despite their significance and the increased efforts by the government of Kenya and other stakeholders to ensure the success of small scale enterprises. Therefore efficiency in working capital management as measured by efficiency in cash management; efficiency in receivables management and efficiency in inventory an influence on the growth rate of businesses' sales, market share, profits and total assets.

Reheman et al. (2010) investigated the impact of working capital management on the firm's performance in Pakistan for the period 1998-2007. The results indicate that the cash conversion cycle, net trade significantly affecting the performance of the firm. The study also concludes that firms in Pakistan were following conservative working capital management policies which needed to concentrate and improve their collection and payment policies through efficient working capital management practices.

Oghloo & Jence N.A (2008) conducted a study about the effect of working capital management on cooperate profitability in Tokyo for the period 1998-2007. They used regression method and some accounting variables for evaluating working capital management. Results show that receivable collection period, inventory turnover and leverage had a negative effect on the cooperate profitability but cooperate size effects possibly on profitability. He also studied about the effect of working capital management on cooperate profitability during the years 1990-2008 and found out that current ratio, acid test and receivable turn over had sizable effect on working capital.

Anvar et al 2007) investigated the relationship between working capital management and performance. He used data panel method and companies accepted in Malaysia stock exchange for the period 1996-2006. Also they used cash conversion cycle as the evaluating criterion of working capital management. Research findings show that there was meaningful relationship between cash conversion cycle and cooperate profitability.

Shin and Soenen (1998) affirms working capital results from the time lag between the expenditure for the purchase of raw materials and the collection from the sale of finished goods. According to their submission, this entails various areas of company's operational management that includes receivables, inventories management, management and use of trade credit. He adds that these three components and the way in which they are managed determine some of the company's most vital financial ratios for example the inventory turnover, the coverage collection period and the quick ratio.

Garcia and Martinez (2008) asserts that, working capital management reflects a firm's short term financial performance. Given that the current assets usually account for more than a half of the company's total assets and owing to the fact that this investment tend to be relatively volatile, the management of working capital deserve special attention. He examined the effect of some factors on working capital management for a period of years that's to say 2000-2005. In this study, it's stated that different factors like firm scale, the effect of industry, operating cash flow, growth opportunities, firm size and firm performance can have some effect on working capital management. Results show leverage and operating cash flow had significant relationship with net liquidity balance and working capital.

O'Mara (1999) asserts that performance is taken to be the function of organizational ability to meet its objectives by exploiting the available resources in an effective and efficient way. Performance entails effectiveness which refers to the firm's ability to serve and produce-what the market requires at a particular time and efficiency which means meeting objectives at the lowest possible cost with the highest benefits. He also contends that in order to assess the performance, managers should use actions designed to generate sustainable long term improvements.

Sand berg et al (2002) defines the performance of small business as their ability to contribute to job and wealth creation through business startups, survival and growth. The appropriateness of performance measures will vary with the level of analysis, but in each case, the focus should be on measures that have inherent meaning for a particular research setting.

Shareholder value may very well be an appropriate measure for larger companies with a notion on the stock exchange. But one can doubt its appropriateness for small family owned business. Focusing on the economic finality of small businesses and the central role of their owner, there is needed to study the performance from the owners view and on an organization level. The challenge then is to identify the measure of performance that truly predict the long term success of small enterprises

Horne. J. (2002) argued that profitability has been the most widely used measure of financial performance. According to some scholars Horne (2002), measuring performance of a firm is better obtained from analysis and interpretation of various ratios. The most advocate measure of financial performance is advocated by several authors are stated below. Profitability or income for example defines net income as the sales receipts from goods or services minus variable and fixed costs. Liquidity, this relates to the settlement of short term debts. A company will face financial problems if the funds are not available to pay off these debts. In case of NGO'S, liquidity is a very important indicator of the state of financial health.

Liquidity is a matter of life or death for the small business. In this context, liquidity is considered to be synonymous with the overall level of cash and near cash assets such as stocks and marketable securities referred to collectively as working capital held by an, augmented with un used borrowing power and with the cash inflows and out flows which add to and subtract from the total of these assets.

**Figure 1: Conceptual framework.**

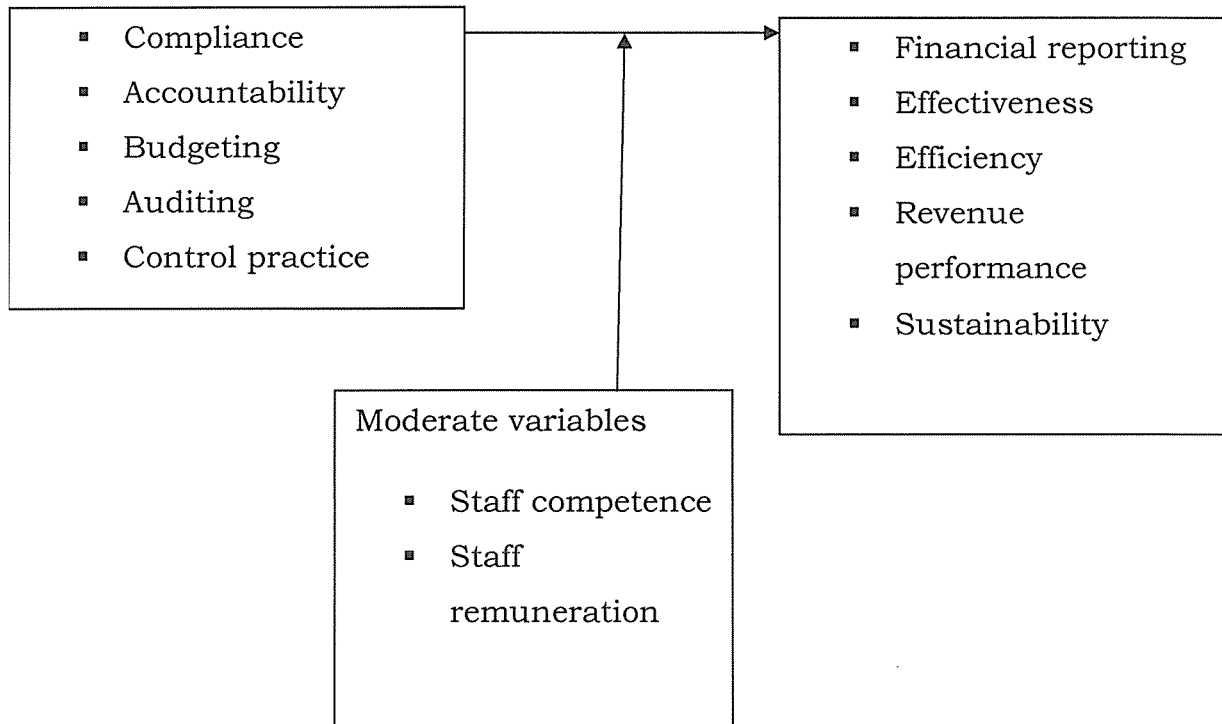
The study reflects two variables, working capital management as the independent and performance of non-government organizations as the dependent variable.

**Independent variable**

**Dependent variables**

**(Working capital management)**

**(Performance)**



**Source:** It was developed using the ideas suggested by Kerlinger (1979) According to Kerlinger (1979) inputs are regarded as raw materials that come into the system upon which the system depends to carry out its activities. The inputs were represented by; compliance, accountability, budgeting, auditing and control procedures that lead to increased financial reporting, effectiveness, efficiency revenue, sustainability as the output at which moderates like staff competence and staff remuneration.

## **Conclusion**

In conclusion, this chapter discussed the various relevant literatures concerning the ways of reducing HI V/AIDS spread, the ways of improving access to primary school education and the road to improving the health conditions of children by save the child thus the literature shall enhance the ways that have used various researchers in ensuring that children's well-being is upheld.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presented the methodology used in the study. It elaborated the entire design of the study and how it will be carried out. It also explains how the study will be conducted, the area of the study, study population sample size and sampling technique. It also indicates how the data will be collected and analyzed as well as the limitations encountered during the study.

#### **3.1 Research Design**

The research involved a cross sectional study using both qualitative and quantitative research centered on working capital management practices. Qualitative research refers to the category of research based on meanings expressed through words. This is significant since it provides the conceptual review of data; it's also significant since it explores ways in which different organizations do things theoretically.

Quantitative research on the other hand refers to the category of research that is based on meanings expressed through or derived from numbers.

#### **3.2 Study population**

The study population 100 targeted respondents shall be carried out among the staff and clients of save the children who are drawn from Health, Stores and accounts department. Management was also targeted for the study research.

#### **3.3 Sample size**

Sample size refers to the act of choosing the number of observations or replicates to include in the statistical sample

Where

$N^a$  = required sample size

$Re\%$  = estimated sample size

$N$  = adjusted sample size

$N^a = n * 100$

$= 22.5 * 100$

75%

**=30**

The study encompasses a representation of a sample of 30 respondents from save the children who among others are the employees from different department who are chosen for the study. This sample size is taken with consideration of time constraints, convenience and funds among others. A special caution is taken to ensure gender equality to avoid or minimize biased results.

**Table 1: Sample Size Distribution**

Department	population study	sample size
Health department	30	4
Stores	10	7
Management	5	2
Accounts	5	2
Clients	50	15
<b>Total</b>	<b>100</b>	<b>30</b>

**Source: Primary Data**



### **3.4 Sampling method**

Simple random sampling technique will be used to select the required respondents so as to minimize bias. Judgmental sampling is used to choose the respondents to form a sample that represents the study population.

#### **Sources of Data**

There are mainly two major sources of data namely;

**Primary data** which is got from selected respondents by use of self-administered questionnaires, interviews and observations.

**Secondary data** is the other source of data which is got from related literature like official reports of Save the Child Uganda, published text books and internet.

#### **Data collection methods**

Group discussions mainly were the method used in collecting primary data in this study whereas secondary data was collected through the review of existing literature.

#### **Data collection instruments**

Data was collected by the use of questionnaires, interview instruments.

#### **Questionnaire**

This is the dominant primary data collection method in the study. Here comprehensive self-administered questionnaires were used? Questionnaires were the main instrument in the study. These were designed to gather information and explore the key variables addressed to staff and management. Both open and closed ended questionnaires are used to let the respondents give their own opinion about the research problem.

## **Interviewing**

In interviewing, the study involved face to face contact. It provided the advantage of first hand information as a result of the interaction between the researcher and the interviewer. It shall help the interviewer to evaluate the knowledge and attitude towards the topic.

### **3.5 Data processing**

Upon collecting data, several methods shall be used to process and analyze the data. All the data collected is checked for results on completion of the procedure, the questionnaires shall be handed over to the researcher. This is compiled, sorted, edited, classified and coded.

### **Data analysis**

To ease the interpretation of data, the data will be analyzed using statistical techniques and with help of Excel and Microsoft Word to clearly come up with the relationship between working capital management and financial performance. Analysis is also conducted through use of diagrams and statistics. It's significant in such a way that it summarized the huge amounts of data into simple diagrams.

Micro soft word is important as a powerful application program designed to perform word processing tasks. It also facilitated the basic graphic design, statistical report of documents, spelling and grammar checking tasks.

Micro soft excel is important since it helps companies maximize the value of their data, controlling costs more effectively and obtain business information. It provides a spread sheets that are commonly used across business to display financial information and other data relevant to the running of the business. Lastly, MS excel helps in building great charts.

**Validity.**

Amin (2003) and Crosswell (2003) stated that validity is about accuracy. It measures the extent to which research instruments measure what is intended to measure. All the extent to which the research findings can be generalized to other populations.

In qualitative research, Remenyi et al (2007) identified the importance of open-ended questions in opposition to closed ended questions used in qualitative study. These kinds of questions do not pre-specify the responses and imply a narrative form for the answers moreover, the use of open questions is known by the researchers to be a manner to avoid bias. In addition to open questions and some probing questions have been intended. These questions are usually used when an explanation is needed because the researcher is not sure to understand the answer or when the answer needs to be more explored because it's significant for the study.

**Reliability**

As indicated by Bryman et al (2002), the researcher will use a language that is comprehensive and relevant to the people given the questionnaires. Then the questions will not lead to any specific answer from the respondents.

Finally, general information about the respondent will be asked with background such as name, age, gender, position in the organization, number of years employed among others.

To improve on its accuracy and relevancy: It was tabulated to reveal the frequencies and percentage scores of different study attributes. This was then analyzed by calculating the financial ratios to reveal the financial performance of Save the Child Uganda.

### **3.6 Limitations during the study**

Financial constraints may also be met especially during data collection, transport typing, printing, editing and data processing. However, this will be minimized by the proper use of the available funds as well as appealing to well-wishers to donate some funds to the researcher.

Respondents may be unwilling to reveal some important information as this might be treated private and confidential by them. Nevertheless, the researcher will try to convince and appeal to the respondents by assurance them about how their data will be considered confidential

Inaccessibility of the required data may also be faced especially that on internet websites. However, the researcher will make efforts to look for the required data/literature by reaching a good number of libraries and committing some time to look for data from the internet.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRFTAI1ON OF FINDINCS

#### 4.0 Introduction

This chapter involves data presentation, analysis, and interpretations of the findings of the findings of the study with reference to working capital management and performance. This was done mainly through questionnaire and interview guide to the selected respondents.

#### 4.1 Demographic Characteristics of Respondents

Findings on the demographic characteristics of respondents were considered and responses noted there on as evidenced in tables below.

**Table 2: Gender of Respondents**

Response	Frequency	Percentage
Below 20yrs 3 10	3	10
20 yrs – 24 yrs	7	23
25yrs- 29 yrs	14	47
30 yrs and above	6	20
<b>Total</b>	<b>30</b>	<b>100</b>

**Source: Primary Data**

From the table above 10% of the respondents were below 20 years of age, 23% were between 20- 24 years of age, 47% were 30years and above.

This implies that respondents were enough to answer questions in the questionnaire.

**Table 3: Gender of Respondents**

Response	Frequency	Percentage
Male	17	57
Female	13	43
Total	30	100

**Source: Primary Data**

From the table above. 57% of the respondents were male, and 43% were female. This implies that there was no gender bias in the study.

**Table 4: level of education**

Response	Frequency	Percentage
Certificate	12	40
Diploma	10	33
Degree	8	27
Total	30	100

**Source: Primary Data**

From the table above 40% of the respondents were certificate holder, holders, and 27% degree holders. This implies that respondents had the questions in the questionnaire.

**Table 5: Period spent working in the Organization**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 30 years	9	30
3-5 years	11	37
Above 5 years	10	33
Total	30	100

**Source: Primary Data**

The table above 30% of the respondents had spent less than 3years in the Organization, 37% hid spent 3- 5 years, and 33% had spent above 5years. This implies that respondents have experience with the organization.

**Access on health care and reduction on HIV/A1DS spread**

Are all funds to this organization for Aids and health care improvement recorded by one person?

**Table 6: Funds recorded by one person**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	18	60
No	12	40
Not sure	0	0
Total	30	100

**Source: Primary Data**

From the table above 60% of the respondents all funds in Organization are recorded h one person, 40% disagreed, and 7% were not sure. This implies that all hinds in Organization are recorded by one person.

A question on where expenses are recorded revealed that expenses are recorded in the cashbook, others noted for note book.

**Table 7: Money received by the Organization is banked on that same day**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Less strong agree	2	7
Agree	8	27
Not sure	0	0
Disagree	16	53
Strongly disagree	4	13
Total	30	100

**Source: Primary Data**

From the table above, 7% of the respondents strongly agreed that daily money received by the organization is banked on that same day, 27% agreed, 53%



disagreed, and 13% strongly disagreed. This implies that daily money received by the organization is not banked on that same day.

On the question regarding how many people have access to the safe where money is kept for this Organization was considered and respondents said that about 3 people have access to the safe where money is kept, others noted for one person and majority noted for two people who have access to the safe where money is kept.

**Table 8: Purchase order is first issued for all goods bought**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Strongly agree	2	7
Agree	8	17
Not sure	1	3
Disagree	17	57
Strongly disagree	5	16
Total	30	100

**Source: Primary Data**

From the table above, 7% of the respondents strongly agreed that Purchase order is first issued for all goods bought, 7% agreed, 3% were not sure, 57% disagreed, and 16% strongly disagreed. This implies that purchase order is not first issued for all goods bought.

### **Improving access and quality of primary school education**

Findings on improving access and quality of primary school education are evidenced in the tables below.

**Table 9: Did this organization improve the quality of primary school education in the year 2010?**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	19	63
No	11	37
Not sure	0	0
Total	30	100

**Source: Primary Data**

From the table above 63% of the respondents noted that primary school education increased in the year 2010, and 37% disagreed. This implies that primary school education increased in the 2010.

**Table 10: Did the organization borrow funds to support primary school education by the in the year 2010?**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Strongly agree</b>	2	7
Agree	2	7
Not sure	3	10
Disagree	9	30
Strongly disagree	14	46
Total	30	100

**Source: Primary Data.**

From the table above, 7% of the respondents strongly agreed that there were loans borrowed by the Organization in the year 2010, 7% agreed, 10% were not sure, 30% disagreed, and 46% strongly disagreed. This implies that there were no more loans borrowed by the Organization in the year 2010.

The question 14 on the level of technology used in the Organization was considered and respondents said that the technology is high that is used in the organization.

**Table 11: were more expenses made by the Organization in the year 2012?**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	16	53
No	12	40
Not sure	2	7
Total	30	100

**Source: Primary Data**

From the table above 53% of the respondents noted that more expenses were made by the organization in the year 2012, 40% disagreed, and 7% were not sure. This implies that there were more expenses made by the Organization in the year 2012.

**Table 12: The number of funders increased in the year 2012 to the save the child?**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Strongly agree</b>	0	0
Agree	3	10
Not sure	4	13
Disagree	11	37
Strongly disagree	12	40
Total	30	100

**Source: Primary Data**

From the table above 10% of the respondents agreed that the number of funders increased in the year 2010, 10% were not sure, 37% disagreed, and

40% strongly disagreed. This indicates that the number of funders did not increase in the year 2010.

**Table 13: Did the organization receive its objective in the year 2012**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Strongly agree</b>	1	3
Agree	9	30
Not sure	17	57
Disagree	3	10
Strongly disagree	0	0
Total	30	100

**Source: Primary Data**

From the table above 3% of the respondents noted that the organization received its objective in the year 2012 agreed. 30% were not sure, 57% disagreed, and 10% strongly disagreed. This indicates that the organization achieved its objective in the year 2012

Survey question 18 on the rate of the number of clients of the Organization compared to similar organizations in Kampala respondents said that they had more clients and few respondents said that they had fewer clients.

**Table 14: Exploiting skills and talents in each child**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Strongly agree</b>	15	50
Agree	10	33
Not sure	5	17
Disagree	0	0
Strongly disagree	0	0
Total	30	100

**Source: Primary Data**

From the table above, results showed that 50% strongly agreed, 33% agreed that skills and talents in children were exploited, 17% were not sure while the rest never shared anything.

**Survey question 16** on how does save the child build up and develop talents and skills in children? Respondents revealed that the organization offers technical training to the children to appraise their capabilities. Implying that skills of the children were exploited.

Survey question 17, on how the organizations finances the activities intended to develop those children with those talents, respondents revealed that the organization does this through sending those children for further training in academies outside their premises to enhance their capacities.

Also a survey on how funds obtained by save the child for this programme reveal that its spent through financing the children in their daily basic requirement.

## **CHAPTER FIVE**

### **SUMMARY OF CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

These chapters present summary conclusion and recommendations in **relation** to the study objectives

#### **5.1 Summary of the findings**

In conclusion, findings on age revealed that 10% were below 20years of age, 23% were between

20-24years, 47% were between 25-29years of age and 20% were 30years and above.

The gender of the respondents revealed that 57% were male and 43%were female.

According to the level of education40% were certificate holders, 33% were diploma holders and 27% are degree holders.

The period that the workers have spent working for the organization reveal that less than 3years have 30%, 3-5year have 37% and 33% are above 5years.

#### **5.2 Access to health care and reduction on HIV/AIDS**

In concluding this, findings revealed that all funds in Save the Child Uganda are recorded by one person and 3 people have access to the funds of the organization. Also the expenses of the organization are recorded in cash books; money received by the organization is not banked on that same day, also the purchase order is not first issued for all goods bought.

Nevertheless, about 3 people have access to the safe where money is kept, others noted for one person and majority noted for two people who have access to the safe w money is kept, Purchase order is not first issued for all goods bought, the owners are responsible verifying receipts and they constituted the majority.

### **5.3 Improving access and quality of primary school education**

Findings revealed that primary school education increased in the year 2010; also the findings revealed that there were more funds borrowed by the organization in the year 2010. High levels of technology are also used in the organization thus there were also more expenses incurred by the organization in the year 2012. Besides the above the number of shareholders did not increase in the year 2010. Plus increased number of clients.

### **5.4 Exploiting skills and talents in each child**

Findings revealed that skills and talents of children are exploited by save the child, emphasizing technical training to those children, sending those children to other institutions outside their confines for further training plus financing of children in their daily basic requirements

### **5.5 Conclusion**

From the findings, the researcher concluded that in order to ensure efficient working capital management and performance of non-government, organizations should be aware of the need to follow their set objectives and should be in line with those objectives if they are to ensure their success in their day-day running of the business. Therefore Save the Child Uganda needs to ensure that all objectives and funds in the organization should be highly managed to avoid fourth comings. Save the Child Uganda need to ensure that Daily money received by the NGO is banked on that same day, to reduce on unnecessarily withdrawal of money from the enterprise plus the expected levels



of frauds in the organization. Much effort and a lot of control need to be emphasized on the funds management to improve on the growth of NGO's.

### **5.6 Recommendations**

Operators of non-government organizations need to ensure efficiency in their working capital management for essential decision making and organizational growth. This can be ensured by proper or efficient working capital of an organization.

They also need to set yearly objectives for each financial performance indicator so that both the business owners and employees work bearing in mind the yearly objective, to be achieved, business owners and employees will work hard to achieve the yearly set objectives for each indicator.

Owners of small and medium enterprises should prepare budgets for financial performance appraisal, this helps to identify and recognize deviations between actual financial performance and expected financial performance and there after corrective action is taken to correct the deviation.

To non-government organizations, more efforts need to be put on working capital management for effective performance of non-government organizations.

### **5.7 Areas for further research**

Further research need to be carried out on the effect of total quality management on the financial performance of NGO's. Putting more emphasis on working capital management techniques that shall increase on their performance.

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**APPENDIX I:**

**QUESTIONNAIRE FOR STAFF MEMBERS**

Dear respondents

This questionnaire is intended purely for academic purposes. It is for study under the topic 'Working Capital Management and Performance of non-government organizations a case study of Save the child Kampala Uganda. The findings of the study will be highly treated with confidentiality and can be availed on request.

Please kindly answer those questions either in the space provided or tick the right choice. Thank you for your cooperation.

Section A: Personal Data

(Tick as Appropriate)

1. Your Age

Below 20 yrs     20yrs-24yrs     25yrs-29yrs     30yrs and above

2. Gender

Male     Female

3. Highest Level of education

Certificate     Diploma     Degree     PHD Others (specify).....

4. For how long have you been working with save the child?

Less than 3yrs     3-5 yrs     above 5 yrs

**Section B: Access to health care and reduction on HIV/AIDS**

5. Are all funds to this Organization donated for AIDS and health care improvement recorded by one person?

Yes  No  not sure

If yes, who are those responsible for recording funds in this enterprise?

.....  
.....

6. Where do you record the expenses of the organization in fighting HI V/AIDS?

.....  
.....

7. Money received by this NGO for health care and HIV/AIDS reduction banked on that same day?

Strongly agree

Agree

Not sure

Disagree

Strongly disagree

8. Is the money received HI V/AIDS reduction this NGO recorded in the books of accounts?

Strongly agree

Agree

Not sure

Disagree

Strongly disagree

9. How many people have access to those funds in this organization?

.....  
.....

10. Purchase order is first issued for all goods bought

Strongly agree

Agree

Not sure

Disagree

Strongly disagree

11. Who is responsible for verifying receipts for save the child Uganda?

.....  
.....

16. The number of funders increases in the year 2012 to save the child?

Strongly agree

Agree

Not sure

Disagree

Strongly disagree

17. Did the organization achieve its objectives by the year 2012?

Strongly agree

Agree

Not sure

Disagree

Strongly disagree

18. How do you rate the number of Clients of this organization compared to similar organizations in Uganda?

.....  
.....

19. This organization is the largest NGO in Uganda?

Strongly agree

Agree

**APPENDIX 2**

**INTER VIEW GUIDE**

Dear respondents

I am Ssempiira William; a student of Kampala International University pursuing a course leading to the award of a Bachelor's Degree in Business Administration.

1. What is the level of technology used in this organization to achieve your objective?

.....

2. What are some of the requirements needed to be possessed by the people who are employed by this organization?

.....

3. Does save the child administration manage its finances in accordance with financial accounting principles?

.....

4. Who is responsible with all financial management decisions made in this organization?

.....

5. How are funds received for health care and AIDS spent in order to achieve the objectives of the organization?

.....



**SCHOOL OF BUSINESS AND MANAGEMENT**

**MARKING GUIDE FOR THESIS**

Student Name: SSEMPIIDA WILLIAM Reg. No. BRA/3783/123/DU

Course/Program: BANKING AND FINANCE

Main Supervisor/Second Examiner MR. MACEMBE. M

Title of dissertation: WORKING CAPITAL MANAGEMENT AND THE

PERFORMANCE OF SOME GOVERNMENT ORGANISATIONS.

A CASE STUDY OF SAVE THE CHILD KAMPALA UGANDA

- 1, The title and problem formulation/objective statement and definition/ articulation/English language. (15 marks) -----
- 2, Organization of materials and logical Presentation/Sequence. (10 marks) -----
- 3, Methodology used in data collection (10 marks) -----
- 4, Analysis of issues (10 marks) -----
- 5, Content and Relevance to course/Program Subject (15 marks) -----
- 6, Application and/or theoretical linkage (15 marks) -----
- 7, Findings/observations/comments/conclusions/limitations (20 marks) -----
- 8, Suggestions and or Recommendations (5 marks) -----

Total (out of 100%) -----

Signed ----- Date -----

10% will be deducted for late submission of the dissertation/thesis