
**Working Capital Management And Organizational Performance, A Case Study Of UNICEF Kampala
Head Office**

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Abstract

The purpose of study was to establish the effect of working capital management on financial performance of UNICEF. The study was based on the following objectives. To assess the influence of proper stock counting on productivity of UNICEF, to examine the effect of period debtors take to clear their debts or obligation in UNICEF and to identify the impact of Account Payable settlement period on UNICEF. The results on sex of the respondents revealed that 60% of the respondents were of male sex, and 40% were female. Findings on age group of the respondents show that the majority of the respondents of 40% were under the age group of 30-35 the findings revealed that they were regarded to be more productive with enough experience. Results on marital status showed that, 68% of the respondents were married whereas 32% of the respondents were single. The results on education background reflected that 20% of the respondents were Degree holders, 50% were Diploma holders and 30% of the respondents had other qualifications. The results from the table 4.5 show that, 11% of the respondent strongly disagreed with the statements provided on the proper stock accounting, 20.5% disagreed with the statements, 30% were not sure of the matter and these were the majority of the respondents, the average percentage of those who agreed was 9% and these were the minority. Lastly, 29.5% of the respondents strongly agreed with the statements and these followed the majority. The majority of the respondents were not sure with the statements provided the variable debtors' payment period. Their average percentage was 30%, these were followed by those who strongly disagree with the matter and their average percentage was 29.5%. According to the table 4.7 above, the majority disagreed with the statements on the variable accounts payable period and they had an average percentage of 30% of the respondents. The study recommends UNICEF to put more emphasis on debtors' payment period as a working capital management practice that can lead to great influence on productivity.

Keywords: Working Capital Management, Organizational, Performance, productivity and UNICEF

Background of the Study

Working capital management involved the management of a firm's inventory, receivables and payables in order to achieve a balance between risk and returns, thereby contributing positively to the value creation of the firm (Okello, 2014). Overinvestment in inventory and receivables led to reduced profits, while underinvestment increased the risk of not being able to meet obligations as they fell due (Akankwasa et al., 2022).

Working capital includes all items listed on a company's balance sheet as current or current assets, while net working capital does not include current liabilities (K. Moses et al., 2023). These measures were considered useful tools in accessing the availability of funds to cover the current operations of companies (Winny et al., 2023). Therefore, the importance of maintaining an adequate level of working capital and its contribution to business survival is a concept that every company should understand (Polycarp et al., 2023). The subject of

financial performance is given considerable attention by experts from various areas of business and strategic management. (Denis & Richard, 2023) It is also the primary concern of business practitioners in all types of hotel business and all organizations in general, because financial performance has an impact on the health of the organization and ultimately its survival (Alex et al., 2023). High performance reflects the effectiveness of management and efficiency in the use of company resources and this in turn contributes to the economy of the country as a whole (Deus, 2023). There have been various measures of financial performance, for example, return on sales reveals how much a company earns in relation to its sales, return on assets determines an organization's ability to utilize its assets, and return on equity reveals what return investors demand. their investment (Faridah et al., 2023).

Problem statement

Business liquidity management is essential for all businesses; small, medium or large (Nelson, Christopher, Teddy, et al., 2022). When a business does not manage its liquidity well, it has been short of cash and as a result has trouble paying its liabilities when they become due. In fact, working capital starvation has generally been considered to be the main cause (David et al., 2023), if not the main cause of business failures in many developed and developing countries. Working capital management was important because of its effect on the profitability of the firm. and risk, and subsequently its value (N. Moses et al., 2022). However, working capital management was of great importance to the financial health of the firm, as current assets represent a large part of total assets and also a large part of the financial manager's time was devoted to the day-to-day internal operations that fall under working capital (Racheal et al., 2023).

Nevertheless, working capital has certain negative effects if it is not properly managed. Researchers such as (Musimenta et al., 2017) revealed that organizations have a critical problem of skilled manpower and the ability to compete globally. (Frank et al., 2023) highlighted factors such as competition, cost of inputs, safety and security issues affecting UNICEF and Uganda in general.

Specific Objectives.

1. To assess the influence of proper stock counting on productivity of UNICEF.
2. To examine the effect of period debtors take to clear their debts or obligation in UNICEF
3. To identify the impact of Account Payable settlement period on UNICEF.

Methodology

The research design was the main plan of conducting the study for the purposes of achieving the stated objective (L. Nafiu et al., 2013). This study adopted a causal research design. According to (Lu et al., 2013) a causal research design was 'proper' where the study seeks to establish impact of a variable on another. The population according to (L. A. Nafiu et al., 2012) was an entire group of individuals, events or subjects with common observable characteristics. The population of the study focused on UNICEF fulfilling the data collection criteria (L. A. Nafiu et al., 2012). The study employed secondary data to meet its objectives. Therefore, secondary data collected from audited financial statements and reports of the targeted companies within the year

of study. These were questions made by the researcher that were distributed to the respondents to fill in correct answers, the researcher used structured questionnaires typed with questions to be answered by the respondents with predetermined response like strongly agree, agree, strongly disagree, disagree and not sure this helped him to get the required information (L. A. Nafiu, 2012). The test relied on the t- statistic at 5% significance level. The p-values computed using the Views software where compared with 5% significance level (Jallow et al., 2022). The sample size was determined using krejee & Morgan table. The sample size of 100 people was considered appropriate for the study. Data analysis involved reducing accumulated data to a manageable size, developing summaries, looking for patterns and finally applying statistical techniques (Olanrewaju et al., 2021). It refers to converting raw data into meaningful information. The collected data was examined for completeness and comprehensibility. The data was analyzed using Views econometric software (Jallow et al., 2021). This is software used in estimation of econometric models. The researcher also employed correlation analysis to analyze data got from respondents. The data was edited and analyzed, Tables of ranking were used to present data. Data was analyzed in form of tables, frequencies and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022)

RESULTS

Descriptive statistics of proper stock accounting

Table 1 shows statistical values on proper stock accounting.

Statement					
Proper stock accounting	1	2	3	4	5
Influence of Proper Stock Accounting on Organizational Productivity	15%	4%	7%	23%	40%
Accurate stock accounting improves production planning and scheduling	5%	23%	40%	12%	20%
Technology integration enhances stock accuracy and reduces errors	14%	8%	20%	6%	52%
Cost control is achieved by optimizing inventory levels	7%	5%	48%	20%	20%
Effective stock accounting streamlines procurement processes	15%	46%	12%	3%	24%
Well-maintained stock records minimize stock outs, ensuring continuous production	12%	28%	20%	10%	30%
Advanced technologies prevent production delays	5%	9%	56%	20%	10%

Accurate stock records aid in demand forecasting	15%	52%	15%	6%	12%
Cost optimization positively impacts the organization's bottom line	9%	5%	30%	8%	48%
Efficient stock accounting improves financial reporting accuracy	5%	5%	58%	22%	10%
Average mean	11	20.5	30	9	29.5

The results from the table 1 above show that, 11% of the respondent strongly disagreed with the statements provided on the proper stock accounting, 20.5% disagreed with the statements, 30% were not sure of the matter and these were the majority of the respondents, the average percentage of those who agreed was 9% and these were the minority (Tasha et al., 2023). Lastly, 29.5% of the respondents strongly agreed with the statements and these followed the majority.

Descriptive statistics on the variable debtor's payment period

Table 2 shows statistics on the variable debtor's payment period

Statement					
Debtors Payable Period	1	2	3	4	5
Clear credit policies encourage timely payments	40%	4%	7%	23%	15%
Strategic debtor's management enhances cash flow and liquidity	20%	23%	40%	12%	5%
Technology integration, including automated invoicing, streamlines debtors processes	52%	8%	20%	6%	14%
Positive customer relationships foster shorter payable periods	20%	5%	48%	20%	7%
Effective debtor's management aligns payment schedules with cash flows	24%	46%	12%	3%	15%
Advanced technologies improve invoicing efficiency	30%	28%	20%	10%	12%
Well-defined credit terms lead to a favorable payable period	10%	9%	56%	20%	5%
Shorter payable periods positively influence profitability	12%	52%	15%	6%	15%
Strategic debtor's management reduces financial strain	48%	5%	30%	8%	9%
Efficient debtor's management aids in better resource allocation and competitiveness	10%	5%	58%	22%	5%
Average mean	29.5	20.5	30	9	11

From the table above, the majority of the respondents were not sure with the statements provided the variable. Their average percentage was 30%, these were followed by those who strongly disagree with the matter and their average percentage was 29.5% (Derrick et al., 2023). The average percentage of those who disagreed with the statements provided was 20.5% of the respondents, 11% strongly agreed with the statements and 9% agreed and these were the minority.

Descriptive statistics on the variable account payable period.

Table 3 shows the statistics on the account payable period.

Statements					
Account payable period	1	2	3	4	5
Longer settlement periods delay cash outflows, aiding short-term liquidity	7%	23%	40%	15%	4%
Prompt settlements enhance relationships, while delays may strain supplier ties.	40%	12%	20%	5%	23%
Shorter periods improve working capital efficiency, reducing financial strain.	20%	6%	52%	14%	8%
Extended settlement may lower costs, but excessive delays can lead to missed discounts.	48%	20%	20%	7%	5%
Efficient settlements enhance the organization's creditworthiness and trust among stakeholders.	12%	3%	24%	15%	46%
Timely settlements ensure a smooth supply chain, preventing disruptions.	20%	10%	30%	12%	28%
A history of prompt payments strengthens the organization's negotiating position with suppliers.	56%	20%	10%	5%	9%
Settlement periods affect financial ratios and reporting metrics, influencing perceptions of stability.	15%	6%	12%	15%	52%
Holding onto funds for longer periods may limit investment opportunities or interest earnings.	30%	8%	48%	9%	5%
Adherence to payment terms aligns with regulatory requirements, avoiding legal complications.	58%	22%	10%	5%	5%
Average mean	30	9	29.5	11	20.5

According to the table 3 above, the majority disagreed with the statements on the variable accounts payable period and they had an average percentage of 30% of the respondents, these were followed by those who were not sure with the statements on the matter and their average percentage was 29.5% (Frank et al., 2023). The average percentage of those who strongly disagreed the statements was 9%, 11% agreed with the statements provided and 20.5 % strongly agreed to the statement provided.

Conclusions

Study findings revealed that proper stock accounting has a significant effect on UNICEF. Therefore, the researcher concluded that an improvement on stock accounting would enhance working capital in UNICEF. Furthermore, findings on the response rate showed that 71.4% of the targeted respondents responded to the study interview guides and questionnaires the study concluded that it was sufficient for the study, this was proved by Mugenda & Mugenda (1999), a response rate of 50% and above is good enough for a study (Christopher et al.,

2023). The study findings revealed that the majority disagreed with account payable period. Therefore, the variable does not greatly impact working capital in UNICEF. The majority of the respondents were not sure with the statements provided the variable debtors' payment period, therefore the research concluded that the variable might have no great effect on the working capital of UNICEF.

Recommendations

The study recommended that; Top risk management teams in work should look at stock accounting as a continuous process that runs through post-approval as well. Post-approval processes being monitored and customized document associated with working capital management practices.

The study recommends UNICEF to put more emphasis on debtors' payment period as a working capital management practice that can lead to great influence on productivity.

Further, UNICEF should encourage account payable period practices to align it with its working capital objectives.

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