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A Study on the Impact of Cash Management on the Financial Performance of the Listed Manufacturing Companies from Muscat Securities Market, Sultanate of Oman

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Abstract: Cash is a valuable yet scarce resource that all businesses have in limited quantity. Present research on cash management has focused on its connection with many important areas such as the effect on the liquidity of the business, its financial performance, bankruptcy, and the overall working capital itself. To validate the relationships between cash management and financial performance, 36 companies listed in Muscat Securities Market (MSM) had been chosen over time, starting from 2014 ending to 2019. For this, the study used cash management ratios, which were the Cash Ratio (CR), Operating Cash to Debt Ratio (OC-DR), and the financial performance ratios are Return on Assets (ROA), Return on Equity (ROE) and Net Profit Ratio (NPR). The CR has a statistically significant positive correlation with ROA of 0.176, ROE of 0.103 and NPR of 0.193 values. The OC-DR also has a statistically significant positive relationship with ROA (0.471), ROE (0.133), and NPR (0.422). The *R*-square value was 17.8%, where NPR is a dependent variable. When Return on Asset has been taken as a dependent variable, the *R*-square value was identified as 22.2%. But ROE has a limited impact on the independent variables with 2%. Overall, the main conclusion drawn is that cash management practices used by the Omani manufacturing firms are explaining a significant amount of the financial performance However other relevant factors such as the amount of manufacturing sales contracts received, the social development status of the business, impact of the financial crisis within the economy on the demand of the goods or commodities etc. may influence the cash management practices and draw a better conclusion. The findings can be helpful for policy makers in understanding the main factors that impact cash management and how these factors can be regulated.

Keywords: *Cash management, Omani manufacturing, financial performance, CR, OC-DR*

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INTRODUCTION

Whether large or small, all businesses apply different types of resources to perform their functions and operate. Cash represents one such vital resource that can have multiple effects on the success of the company. Cash is usually represented by all the liquid cash available with the business on hand and its cash deposits in the bank. In financial terms, cash is a component of the business's current assets; therefore, it is a huge component of the business's working capital that is meant to be used for its day-to-day operations (Schroeder & Kacem, 2019).

Cash is a scarce resource, and hence every business must manage it efficiently and effectively, which is often done by the practice of cash management (Constante, Daniel, & Flor, 2019; Oluoch, 2016). The term cash management is usually described as the management of cash and the cash equivalents of the business to ensure that sufficient cash is

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available to sustain its operations, finance investments, and meet all other financial commitments. Cash management invariably involves managing inflows and outflows of cash based on the business's different operations and activities. The main goal is pursued by cash management is to manage the cash resources of the business in a way that ensures an optimal cash balance in hand that is not in excess or short of the requirements (Sinclair & McPherson, 2017; Zunairoh & Fatkhurrohman, 2019).

Present research on cash management has focused on its connection with many important areas such as the effect on the liquidity of the business, its financial performance, bankruptcy, and the overall working capital itself (Sinclair & McPherson, 2017). Among these areas, the connection between cash management and the financial performance of the businesses is an area of immediate concern to the shareholders and the management. Therefore, the specific connection between cash management and financial performance will be attempted to be established through the present study.

Research Objective

To analyze the relationship between cash management and the financial performance of selected manufacturing companies listed in MSM Oman.

Research Hypothesis

H1: *There is a statistically significant positive relationship between CR and NPR.*

H2: *There is a statistically significant positive relationship between CR and ROA ratio.*

H3: *There is a statistically significant positive relationship between CR and ROE ratio.*

H4: *There is a statistically significant positive relationship between OC-DR and NPR.*

H5: *There is a statistically significant positive relationship between OC-DR and ROA ratio.*

H6: *There is a statistically significant positive relationship between OC-DR and ROE ratio.*

LITERATURE REVIEW

Within financial management, the term cash is used to refer to all the liquid cash available with the business on hand and its cash deposits in the bank. Ahmad (2016) writes that cash and cash balances or resources of the business are represented by the term cash and cash equivalents, which refers to all the company's assets that are cash or can be converted into cash immediately. Sinclair and McPherson (2017) writes that cash equivalents are also inclusive of the bank accounts and other marketable securities that are also inclusive of the debt securities or should have a maximum maturity period of 90 days and less than that. Is held as equity or other forms of stockholding are not included in the computation of cash balances.

Alshammari (2020) surveyed 286 nonfinancial firms in the Gulf Cooperation Council (GCC) countries and spanned 2012-2018. This study's main objective is to examine the relationship between cash level and corporate performance, as well as the cash-level determinants for all nonfinancial firms. For empirical analysis, various statistical techniques were used, such as panel regression models and the Generalized Methods of Moments (GMM). The research findings were strongly evident that large firms, especially those with less leverage, experience better corporate performance. Furthermore, the results concluded that when using different levels of cash holdings and different levels of firm size, both the magnitude and the significant positive effect of the cash level on corporate performance and firm value are not altered.

Eton, Gilbert, Fabian, Benard, and Dennis (2019), in their research, that cash management has an insignificant effect on financial performance. Used both purposive and stratified random sampling, data collected from 124 respondents sampled from the Lira district, which comprised of Small, Medium and Large business communities dealing in Hotels, wholesale, metal fabrication, and retail business, were chosen to establish the effect of cash management on the financial performance of business entities in Lira district. The same had shown that cash management has an insignificant effect on financial performance; most business owners are incompetent in cash management.

Gołaś (2020) revealed the impact of working capital management on business profitability: Evidence from the Polish dairy industry. This paper's main objective was to examine the link between working capital management and ROA in milk processing companies. The study was based on micro-data for Polish dairy companies from 2008-2017, retrieved from the Emerging Markets Information Service (EMIS) database. Days Sales of Inventory, Days Sales

Outstanding (DSI), Days Payable Outstanding (DPO) and the Cash Conversion Cycle (CCC) were used as working capital management metrics. Based on panel regression models, findings showed that extending the DSI and CCC had an adverse effect on ROA, whereas extending the DSO and DPO had a beneficial impact on ROA in dairy companies.

Jama, Samantar, and Muturi (2017) conducted an empirical investigation on the effect of cash management practices on profitability. The main objective was to determine the effect of Cash Management Practice on Bottled Purified Companies' profitability in Garowe and Bosaso-Puntland Somalia. A sample of 46 was used to collect the data through questionnaire, document analysis and interviews. Correlation and regression analysis were used to analyze the data. Solvene's formula was also used in this study. The study results showed that cash budgeting has a significant impact on the profitability of the selected companies.

Parmar (2019) conducted a research study on a comparative study of cash management practice of Indian corporate sector analysis of selected companies. In his research work, seven different industries out of which five companies from each industry were selected with a convenience sampling procedure with a study period of ten years from 2008-2009 to 2017-2018. To analyse the cash management practices, seven ratios are calculated by the researcher on the basis of data collected and then on that ratios Pearson correlation and Regression is applied to analyze the data. This study showed that the selected samples' cash management practices show more variance industry wise because as per the different industries, many things are changing automatically. Out of all selected companies, some companies have efficient cash management practices, whereas some companies need to improve their cash management practices by taking corrective steps and formulating suitable cash management policies for the company.

Wadesango, Tinarwo, Sitcha, and Machingambi (2019) carry out the study of small and medium enterprises in Zimbabwe to check the impact of cash flow management on profitability and sustainability. The study's main objective was to classify the cash flow management practices currently practised by Zimbabwean SMEs and try to find out the effects of these practices on SMEs' profitability and sustainability. Both qualitative and quantitative research approaches were used, and 50 responses were received. These results were analysed and tested using the chi-square test method, which revealed that most cash management practices that SMEs are exercising significantly affect these businesses' profitability and sustainability. The researcher also found that most SMS are reluctant to apply cash management practices, resulting in success.

Yun, Ahmad, Jebran, and Muhammad (2020) researched how the relationship between cash holdings and firm performance is moderated by several firm-specific factors such as state-ownership, corporate governance attributes, family ownership, and ownership concentration. The researcher considered a sample of 2575 Chinese firms; the study was conducted with firm-level data from the Chinese Stock Market and Accounting Research Database from 2003 to 2016. With the help of a correlation matrix, the study results showed that firm-specific attributes significantly moderate cash holdings and performance association, cash holdings improve firms' performance with strong corporate governance. Overall, the study's findings revealed that firm-specific attributes influence the association between cash holdings and firm performance.

Bekaert and Hodrick (2017) claims that the primary tasks under cash management are inclusive of managing the different cash flows that are going into and out of the business so that the gap is sufficient to meet business objectives. Likewise, Njeru Mugambi Duncan, Njeru, Member, and Tirimba (2015) reports that cash management pursues the goal of rendering sufficient cash that matches the business operations and objectives.

According to Chang (2018), free cash flow theory specifies that the management's cash assets need to be held to make the investment decisions that are in the best interests of the shareholders. Importantly, it states that only when the business possesses sufficient cash will it be able to control its investments and take up those investments that can lead to a better or improve financial performance. However, on the downside, excessive cash holding can result in management taking for ineffective cash investment decisions.

Luo and Shang (2015) explain cash management by the CCC theory. He notes that Gitmanin developed this theory in 1974, and the concept argues that cash is required to be retained by the company in conjunction with its CCC as this theory refers to the time in which the company invests in raw resources for output and then to the degree until cash inflows are obtained. Hence, if the CCC is of a shorter duration, it is possible to maintain a small amount of cash compared to those businesses with a very large cash cycle.

Wanguu and Kipkirui (2015) examined a sample of three large cement manufacturers that are based on Nairobi's stock exchange during 2000-2014, a total of 15 years. They examined the entire effect of cash management and different components of working capital using a regression equation. They confirmed that the *R*-Square value was

0.736, which meant 73.6% of variations in the manufacturers' financial performance were directly correlated to how the components such as cash managed. There was a linkage with the other variables for each case, meaning that cash management will affect the debtors and suppliers management and, therefore, the overall effect.

Miller-Orr theory of cash management primarily applies to those businesses that have uncertain cash flows, and therefore he suggests that in such cases, the businesses need to set and then a lower limit within which the cash balance can be managed, and if it falls to either of the limits then it needs to be brought to the target cash balance. Many tools are suggested as part of the Miller-Orr theory that suggests making investments across marketable securities to avoid idle cash balances (Bekaert & Hodrick, 2017).

Several researchers have attempted to examine the factors that are needed to be considered during effective cash management. Ahmad (2016) reports that as a starting point of cash management, businesses need to consider the extent of matching that takes place between the inflows and the outflows of their cash balances because these are collectively responsible for determining the gap as well as the timing of the gap which will be positive or negative requiring borrowing or investments. Also, Schroeder and Kacem (2019) reports that the business's cash policy has significantly affected not only the frequency with which funds will be required but also the amount of volume of funds required at different points of time.

Javed (2019) reports that the business's existing financial status and commitments are essential to its cash management program. Where businesses have already taken a sizeable amount of borrowings, cash will be needed to support the loans' repayments. Likewise, the business's total amount of loans can affect how to position and stand correspondingly impact the ability to receive more cash funds. Luo and Shang (2015) reports that the management's attitude is also important in cash management because the amount of cash is available as a direct bearing on the business's liquidity, and therefore it affects the risks faced by the business. Therefore, depending upon management risk preferences, cash management may also vary.

Oluoch (2016) examined cash management practices for 171 SMEs based in the country of Kenya. Using liquidity ratios based on the current and the quick ratio and the measures of CCC for the SMEs and multiple regressions. They found that SMEs that had efficient cash management practices benefited from saving on transaction costs because they had cash available internally, and therefore, they can avoid the need for external borrowings, thereby saving on interest costs.

Thevaruban (2016) examined a sample of 20 manufacturers based in Sri Lanka during 2010-2015 to study chosen and implemented cash management practices. Using measures of CR, cash turnover along with the ROE & ROA. They identified that the CR is sharing a negative impact with the measures of ROE. Hence, whenever manufacturers were holding the cash and cash equivalents as part of their cash management plan, it resulted in excess cash balance and resulted in idle cash balances that were not producing returns but rather generated opportunity cost of the manufacturers, thereby reducing negative value.

In contrast, Gitau, Nyangweso, Mwencha, and Onchangwa (2014) examined a sample of 32 farming and agriculture-based listed companies from 2009-2011. Using cash management and liquidity ratios, they found that the efficiency of cash management was directly correlated with liquidity, which is foreign companies' ability to make investments in machinery, land, and other resources. The impact the size of operations and results of the operations that govern the revenue and financial performance.

Bulin, Basit, and Hamza (2016) examined a sample of 50 companies listed on the Malaysian stock exchange during 2011-2015 using ROA, CCC, and Collection Period and included the inventory turnover ratio to get more precise picture effects. CCC and ROA's correlation value was -0.06 confirmed that whenever CCC increased their financial performance of the manufacturers would be lower because for a longer CCC, they will need to have more borrowings that adversely affect ROA. They found that CCC and p-value of 0.007 meant that the Company had a significant relationship with financial performance or ROA.

Jindal, Jain, and Vartika (2017) examined the indirect effect of cash management by applying that management practices within heavy vehicle industries in India during 2009-2016. By studying debtors turnover ratio, profitability, and company growth rate, they identified that a strong correlation of 0.415 existing between debtors management, cash, and indicating that the extent to which a business would grow its revenue depends upon the application of successful cash management.

Vuran and Adiloglu (2018) examined a sample of 168 businesses on the Istanbul stock market to investigate the collective effects of cash management represented by CCC during 2017. Using regression, they determined that cash

management does not occur in isolation, but it is combined to affect the variables and the receivables of the enterprise. They noted that whenever companies face financial difficulties, they tend to focus more on their business receivables, leading to lower sales and, therefore, a lower financial performance due to incorrect management of cash. Importantly, this study also mentioned that the type of operations sector is more related to cash and financial performance because cash shortages in retail sectors have more drastic or negative financial outcomes.

Kumaraswamy (2016) examined a sample of 23 listed manufacturing companies based in the GCC by obtaining data from the website gulfbase.com to know the effects of working capital management on different aspects of financial performance six years 2009-2014. Using the ratios, they found that producers within GCC countries invested heavy cash in their current assets, which in turn was found to affect their financial performance because it was closely linked to cash borrowing, indicating that these dimensions could explain approximately 61.4 percent of operating profits and 34 percent of ROA.

RESEARCH METHODOLOGY

This study used secondary data of 36 manufacturing companies out of 40 manufacturing companies listed in the MSM for the last 6 years Manufacturing companies have full data for the whole study period from 2014 to 2019. The random sampling method was used to collect from published annual reports of the selected manufacturing Companies listed on the MSM web site. The researcher has used SPSS version 23 to analyse the data.

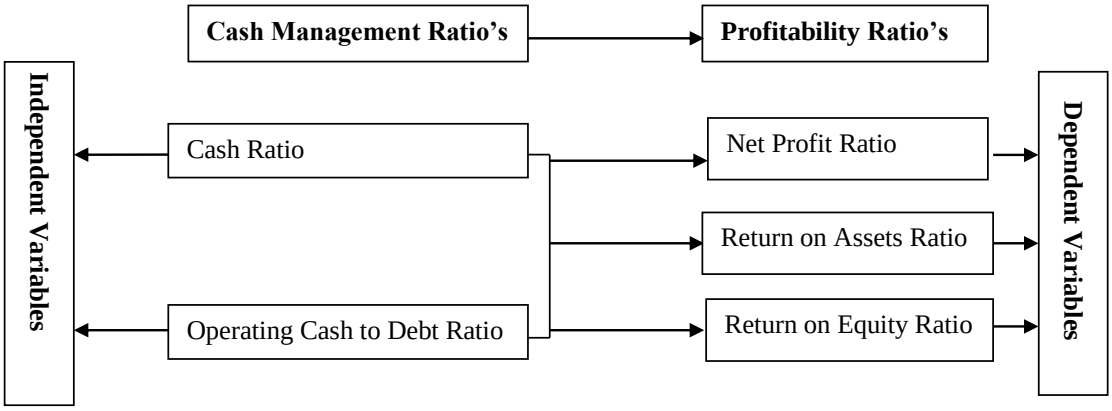

Figure 1 *Conceptual Framework*

Based on the above conceptual framework, the following multiple Regression Model has developed for analysis.

$ROA = \beta 0 + \beta CR + \beta OC - DR + e$

$ROE = \beta 0 + \beta CR + \beta OC - DR + e$

$NPR = \beta 0 + \beta CR + \beta OC - DR + e$

Where, ROA = Return on Assets

ROE = Return on Equity

NPR = Net Profit Ratio

CR = Cash Ratio

OC-DR = Operating Cash to Debt Ratio

β = Coefficient of variables

e = Error term

Table 1 *VARIABLES MEASURE AND NOTATION*

Variable Status	Variable Name	Measure	Notation
Dependent Variable	NPR	Net Income after tax/Total Sales	NPR
	ROA Ratio	Net Income after tax/Total Assets	ROA
	ROE Ratio	Net Income after tax/Total Equity	ROE
Independent Variables	CR Cash	Cash equivalents/Current Liability	CR
	OC-DR	Cash from operations/Total Debt	OC-DR

RESULTS & DISCUSSION

Table 2 *DESCRIPTIVE STATISTICS*

	N	Minimum	Maximum	Mean	Std. Deviation
CR	216	0.000	10.79	0.4898	1.149
OC-DR	216	-0.5820	3.378	0.3114	0.5003
ROA	216	-0.9770	0.7990	0.02519	0.1170
ROE	216	-7.867	0.5100	0.02892	0.1637
NPR	216	-1.533	0.5100	0.02892	0.1637

Table 2 observed that the CR ranged from a minimum of 0.000 to 10.79 with a mean of 0.4898, a standard deviation of 1.149. It also showed that OC-DR has a minimum of -0.5820 and a maximum of 3.378. The mean was identified as 0.3114, a standard deviation of 0.5003. It depicts that ROA has a range of -0.9770 to 0.7990 with a mean of 0.02519, a standard deviation of 0.1170. ROE ratio has a range of -7.867 to 0.5100 and a mean of 0.02892 and a standard deviation of 0.1637. NPR ranged from a minimum of -1.533 to 0.5100 with a mean of 0.02892. The standard deviation is 0.1637.

Table 3 *MODEL SUMMARY OF THE REGRESSION ANALYSIS*

Model	*R*	*R* Square	Adjusted *R* Square	Std. error of the Estimate
1	.471[a]	.222	.215	0.104

a. Predictors: (constant) CR, OC-DR

b. Dependent variable: ROA

Table 3 explains that the *R* square of 0.222 indicates only 22.2% of the ROA ratio vary according to the CR, OC-DR. Therefore the remaining 77.8% are affected by other variables.

Table 4 *MODEL SUMMARY OF THE REGRESSION ANALYSIS*

Model	*R*	*R* Square	Adjusted *R* Square	Std. Error of the Estimate
1	.144[a]	.021	.011	0.903

a. Predictors: (constant) CR, OC-DR

b. Dependent variable: ROE

Table 4 implies that the *R* square of 0.021 indicates only 2.1% of the ROE ratio vary according to the CR, OC-DR. Therefore, the remaining 97.9% are affected by other variables.

Table 5 *MODEL SUMMARY OF THE REGRESSION ANALYSIS*

Model	*R*	*R* Square	Adjusted *R* Square	Std. Error of the Estimate
1	.422[a]	.178	.17	0.149

a. Predictors: (constant) CR, OC-DR

b. Dependent variable: NPR

Table 5 indicates that the *R* square of 0.178 indicates only 17.8% of the NPR vary according to the CR, OC-DR. Therefore the remaining 82.2% are affected by other variables.

Table 6 *CORRELATION ANALYSIS*

		CR	OC-DR	ROA	ROE	NPR
CR	Pearson	–				
	p-Value	—				
OC- DR	Pearson	0.419	–			
	p- Value	<.001	—			
ROA	Pearson	0.176**	0.471***	—-		
	p- Value	0.01	< .001	—-		
ROE	Pearson	0.103	0.133*	0.392	—-	
	p- Value	0.131	0.051	< .001	—-	
NPR	Pearson	0.193**	0.422***	0.908	0.457	—-
	p- Value	< .001	< .001	< .001	< .001	—-

* $p < .05$, ** $p < .01$, *** $p < .001$

From the above correlation analysis under Table 6 shows a significant positive relationship (19.3) between CR and NPR. It was significant at 1 percent. This interprets that when the CR increased, the NPR will be increased. It also shows a significant positive relationship between CR and ROA (17.6). It was significant at 10 percent. This also interprets as the CR increased, the NPR will be increased. On the other side, a significant positive relationship (47.1) has been registered between OC-DR and ROA.

Furthermore, OC-DR and ROE has also registered a significant positive relationship (13.3). The relationship between OC-DR and NPR (42.2) showed a significant positive relationship. OC-DR versus ROE was significant at 5 percent, but the other two were significant at 10 percent.

Table 7 *COEFFICIENT ANALYSIS- INDEPENDENT VARIABLES (CR AND OC-DR) AND DEPENDENT VARIABLE (NPR)*

	Model	Unstandardized Coefficient		Standardized	*t*	Sig
		p	Standard Error	Beta		
1	(Intercept)	-0.015	0.012		-1.204	0.23
	CR	0.003	0.01	0.02	0.298	0.766
	OC-DR	0.135	0.022	0.413	6.038	< .001

Table 7 explains the coefficients, according to the above model. Here Operating Cash-Debt Ratio was positively significant at 1%. The probability of *t* test of Operating Cash -Debt Ratio was less than 1%. *t* test value was 0.001 < 0.05 which illustrated that there was a positive relationship between Operating Cash - Debt Ratio and NPR (βo= -0.413, t = –6.038, p = <.001). This means Operating Cash - Debt Ratio increased, at that time financial performance has increased. Although CR shows a positive relationship (βo= 0.02) it is not significant (p = 0.766) in this model, due to the fact that it is a multiple regression.

Table 8 *COEFFICIENT ANALYSIS- INDEPENDENT VARIABLES (CR, OC-DR) AND DEPENDENT VARIABLE (ROA)*

	Model	Unstandardized Coefficient		Standardized	*t*	Sig
		p	Standard Error	Beta		
1	(Intercept)	-0.009	0.008		-1.023	0.308
	CR	-0.003	0.007	-0.026	-0.384	0.702
	OC-DR	0.103	0.016	0.482	7.237	< .001

Table 8 describes the coefficients according to the above model. Here OC-DR was positively significant at 1%. The probability of *t* test of OC-DR was less than 1%. *t* test value was 0.001 < 0.05 which illustrated that there was a positive relationship between OC-DR and ROA Ratio (βo = 0.482, t = 7.237, p = 0.001).This means OC-DR increased at that same time financial performance had shown an increase. Under this model, CR do not show any relationship.

Table 9 *COEFFICIENTS ANALYSIS - INDEPENDENT VARIABLE (CR AND OC-DR) AND DEPENDENT VARIABLE (ROE RATIO)*

	Model	Unstandardized Coefficient		Standardized	*t*	Sig
		p	Standard Error	Beta		
1	(Intercept)	-0.222	0.073		-3.04	0.003
	CR	0.045	0.059	0.057	0.768	0.443
	OC-DR	0.198	0.135	0.109	1.463	0.146

Table 9 defines the coefficients, according to the above model. Here OC-DR was significant. The probability of *t* test of Debt Ratio was more than 10%. *t* test value was 0.146 > 0.10 which illustrated that there was no relationship between OC-DR and ROE Ratio (βo = 0.109, t = 1.463, p = 0.146). This indicates OC-DR has no relationship with financial performance.

Table 10 *HYPOTHESIS TESTING*

Hypothesis	Result	Tool	*p*-value
H1: There is a statistically significant positive relationship between CR and NPR	Accept	Pearson Correlation (0.193)	0.004
H2: There is a statistically significant positive relationship between CR and ROA ratio.	Accept	Pearson Correlation (0.176)	0.01
H3: There is a statistically significant positive relationship between CR and ROE ratio.	Reject	Pearson Correlation (0.103)	0.131
H4: There is a statistically significant positive relationship between OC-DR and NPR.	Accept	Pearson Correlation (0.422)	< .001
H5: There is a statistically significant positive relationship between OC-DR and ROA ratio.	Accept	Pearson Correlation (0.471)	< .001
H6: There is a statistically significant positive relationship between OC-DR and ROE ratio.	Accept	Pearson Correlation (0.133)	0.051

Table 10 shows that H3 (CR and ROE) the null hypothesis has been accepted and the alternative hypothesis is rejected, since *p*-vale is more than 10%. Whereas for H1, H2, H4, H5 and H6 the null hypothesis has been rejected and the alternative hypothesis is accepted as the *p*-value is less than 0.05 in all the itemized hypothesis.

Findings

The study under the correlation matrix has revealed a positive relationship between the CR and the Sultanate of Oman's financial performance from MSM. It is observed that the CR's mean of 47% has surpassed the Industry Averages. It shows that chosen manufacturing firms of the sultanate of Oman can repay the current liabilities. Hence, companies can borrow loans as and when needed from the creditors since the healthy CR signal indicates their ability to repay loans. On the other hand, the study revealed that a positive relationship exists between OC-DR and the financial performance of the Sultanate of Oman manufacturing companies. The mean of OC-DR has observed as 32.5%. It indicates that the firms can meet their current liability with the available cash from operations. This study had revealed that other than cash management income of the Sultanate of manufacturing companies, the financial performance of the manufacturing companies is determined by other factors such as the amount of manufacturing sales contracts received, the social development status of the business, impact of the financial crisis within the economy on the demand of the goods or commodities and so on.

RECOMMENDATIONS AND SUGGESTIONS

Financial managers of the Sultanate of Oman's manufacturing Companies should focus on cash position at all time. A stable cash position should be maintained by the Sultanate of Oman manufacturing companies that can easily meet its current liabilities with cash or cash equivalents it has on hand. Additionally, effective cash management programs should be constituted, by which the finance manager should prepare a cash budget and cash flow statement for effective cash planning and control (Thevaruban, 2016). The cash management process should agree with appropriate laws, regulations and professional, ethical standards to follow that going concern of business firms will be attained. More qualified accounting professionals should be recruited to get adequate support in managing cash to augment further and maintain the consistent financial performance of Sultanate of Oman's manufacturing companies.

The ultimate goal of any firm is to balance cash inflow and outflow to safeguard the firm against the liquidity crisis. A key feature of liquidity management is the effective management of cash. The researcher analyzes cash management practices of thirty-six companies selected from the manufacturing sector, and the period of study is six years. To fulfil the research's objective, NPR, ROA and ROE is taken as a dependent variable and CR, OC-DR are taken as an independent variable. The conclusion drawn by the researcher is limited to only manufacturing companies of MSM. Therefore, the researcher found a large scope available to analyze the cash management practices because in Oman, very few studies are available for this topic.

LIMITATIONS OF THE STUDY

In this study, five ratios were used to analyse the impact of cash management on financial performance. There is further scope in this area like cash flow, receipts and payment techniques etc. can be used to analyse the impact of cash management on financial performance to draw better conclusions. The present study from the only manufacturing sector and selected thirty-six companies from MSM, Oman and here there is wide scope for future study regarding sample size and sector of study. Further research can be done by selecting more companies from the manufacturing sector and the service sector.

CONCLUSION

Cash management has been identified as one of the most important aspects to be effectively managed. A business firm with a sound set of policies regarding liquidity management will certainly improve the returns and reduce bankruptcy chances. This study outcome has revealed that the Sultanate of Oman manufacturing companies CR and financial performance have a positive relationship. In continuation to that, Debt Ratio and financial performance have a negative relationship with each other. CCC Ratio and financial performance do not have any relationship with each other. All the alternative hypotheses have been accepted as the statistical tools indicate one hypothesis where the null has been accepted, and the alternative is rejected. Therefore management of Sultanate of Oman manufacturing companies needs to confirm an adequate cash management control to ensure that there is optimal cash where there are strategies to be in place during minimal cash in hand and surplus cash in hand.

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