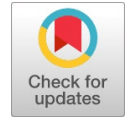


Effects of Reduced Cash Flows on Cash Management for Tourism Companies During COVID-19 Pandemic in Kilimanjaro Region, Tanzania

Samson Chacha Megewa, Nyanjige Mayala, Gileard Minja



Abstract: *The COVID-19 pandemic affected businesses and organizations in their daily operations. Tourism businesses were the most affected, especially in countries whose economies are dependent on the tourism sector. This study sought to assess the effects of reduced cash flows during the COVID-19 Pandemic on cash management as part of the working capital management practices of the tourism companies in the Kilimanjaro region of Tanzania. The study was informed by the Cash conversion cycle (CCC) theory. The population for the study was 67 staff members of the selected three companies (Zara Tours, Asante Tours, and Monkey Adventures) under investigation in the finance and procuring departments. The study used a sample of 67 respondents determined by census techniques as the population was small, commanding the entire population to be a sample size. Both quantitative and qualitative data were collected. Tool validity was ensured using content validity, the literature related to cash flow management, and a discussion with the research supervisor. Reliability was tested using the Cronbach alpha coefficient, where a value of 0.733 was obtained. Data were collected using a structured questionnaire and key informant interview guide. Descriptive statistics and inferential statistics were both used for data analysis. The study found that changes in cash flows affected cash management for the three tour companies in the study area, which were statistically significant at p-values less than 0.05. Specifically, the findings show that the effects of the COVID-19 pandemic such as reduced cash flows complicated cash management in the operations. It is concluded that reduced cash flows during the pandemic were disrupted, resulting in cash management difficulties. It is recommended that; tourism companies enhance their supply cost management strategies as well as maintain healthy cash management.*

Keywords: *COVID-19 Pandemic, Tourism Business, Reduced Cash Flows, Cash management*

I. INTRODUCTION

The COVID-19 pandemic has severely affected the tourism sector worldwide by closing borders, reducing the transportation of tourists, and decreasing tourist demand and tourism has become the hardest-hit sector [6]. Indeed, in 2020, it was predicted that international tourism would fall by 80% [8]. Countries whose tourism sectors contribute a high share to gross domestic product (GDP) were facing considerable economic impact as the tourism sector is an important driver of economic development [7], particularly in transitioning and developing countries [9], [4]. In Africa, the tourism sector contributes around 9% to real GDP and supports approximately 7% of all jobs. Thus, during the last few decades, the tourism sector has received attention from both tourism researchers and development economists alike [11], [15], [5], [13]. In developing countries, where the tourism sector is highly important to the economy, the COVID-19 pandemic has had significant negative effects. First, the pandemic has directly affected the whole economy and society through health consequences and measures against it such as increased hospitalization and many lethal cases, economic lockdown, and closure of schools. The pandemic has affected the tourism sector in particular, which is very important for economic growth and employment [14]. Since tourism is linked to many other economic sectors [15], the negative effects of the COVID-19 pandemic on the tourism sector are channeled to linked sectors from which the tourism entities are also linked to. These effects are therefore of high interest to this study as far as the tourism companies are concerned in terms of working capital management as inclined to reduced cash flows. The differentiated information on these effects is relevant for the design of measures and policy decisions in counteracting the negative economic effects of COVID-19 on tourist companies. Particularly in developing countries, which are vulnerable to any economic shock, such information could help support economic growth and reduce the increase in poverty. Tanzania's tourism sector has been a cornerstone of economic growth, significantly contributing to the nation's GDP and employment. In 2019, tourism accounted for 17% of the GDP and employed 850,000 individuals, making it the third-largest source of employment in the country [24][25][26][27][28][29].

Manuscript received on 27 August 2024 | Revised Manuscript received on 18 September 2024 | Manuscript accepted on 15 November 2024 | Manuscript published on 30 November 2024.

*Correspondence Author(s)

CPA Samson Chacha Megewa, Department of Economics and Business Studies, Researcher and Consultant, Mwenge Catholic University (MWECAU), Tanzania, East Africa. Email ID: samsonchacha9@gmail.com, ORCID ID: [0009-0001-5558-028X](https://orcid.org/0009-0001-5558-028X)

Dr. Nyanjige M. Mayala*, Department of Economics and Business Studies, Senior Lecturer, Researcher and Consultant, Mwenge Catholic University (MWECAU), Tanzania, East Africa. Email ID: nyanjigem@yahoo.co.uk, ORCID ID: [0000-0003-4468-3950](https://orcid.org/0000-0003-4468-3950)

Dr. Gileard Minja, Department of Agriculture, Earth and Environmental Sciences, Researcher and Consultant, Mwenge Catholic University (MWECAU), Tanzania, East Africa. Email ID: gileardminja@gmail.com, ORCID ID: [0000-0003-1310-8988](https://orcid.org/0000-0003-1310-8988)

© The Authors. Published by Lattice Science Publication (LSP). This is an open access article under the CC-BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

Effects of Reduced Cash Flows on Cash Management for Tourism Companies During COVID-19 Pandemic in Kilimanjaro Region, Tanzania

This sector not only supports direct and indirect jobs for low and unskilled workers but also fosters substantial domestic and foreign investments across related industries including transport, accommodation, and food services [10]. However, the advent of COVID-19 in early 2020 imposed severe disruptions, leading to a decline in GDP growth from 6.9% in 2019 to 4.8% in 2020, primarily due to a contraction in tourism and associated sectors [18]. The effects of the pandemic also extended to financial management practices within the tourism sector, particularly influencing working capital management. Studies indicate that efficient working capital management is crucial for maintaining liquidity and ensuring operational stability, particularly in challenging economic climates [2], [3]. Before the pandemic, many firms preferred an aggressive working capital policy to minimize capital costs [1]. However, the pandemic necessitated a shift towards more conservative approaches, focusing on liquidity enhancement and cost reduction to navigate through the resultant economic turmoil [1]. This strategic shift was evident in Tanzania where tourism companies had to adapt their financial strategies to cope with decreased revenue streams, underlining the vital role of adaptable working capital policies in sustaining business during crises [21], Meenakshi and Singh, 2020). There is a gap in the literature regarding the specific effects of the COVID-19 pandemic on reduced cash flows of tourism companies, particularly in the Kilimanjaro region of Tanzania. Existing studies [3], [21] have focused on the pandemic's impact on different industries, rather than specifically on how tourism companies managed cash flows during the crisis. The specific challenges faced by tourism companies in managing cash flows as part of working capital in Kilimanjaro regions may differ from those in other sectors and regions. This necessitates a focused examination of the situation in this specific context. To address this research gap. This study aimed to assess the effects of the COVID-19 pandemic on reduced cash flows of the selected tourism companies operating in the Kilimanjaro region. It further seeks to enhance understanding of the challenges and adaptations of reduced cash flows within the tourism sector during the crisis.

II. STATEMENT OF THE PROBLEM

The COVID-19 pandemic has profoundly impacted the tourism industry, a sector previously known for its substantial contributions to global GDP and employment. With the onset of the pandemic, strict travel restrictions and border closures were implemented worldwide, leading to a significant decrease in tourist arrivals and revenue. Reports indicate that these disruptions caused a dramatic downturn in the tourism sector, with global tourism experiencing an 80% decline in 2020 compared to the previous year [20]. This decline severely affected cash flows within the industry, leading to increased operational costs and liquidity challenges. The firms struggled to forecast demand accurately, manage inventory levels, and meet their short-term financial obligations (Rogerson and Rogerson, 2020; Tanzania National Bureau of Statistics, 2021). While the impact of COVID-19 on overall working capital management is widely documented, detailed insights into how the pandemic specifically affected the cash management practices of

tourism companies, especially in localized contexts like the Kilimanjaro region of Tanzania, are scarce. Current literature primarily focuses on broader sectoral impacts rather than delving into the nuances of regional challenges faced by these companies [3], [21]. There is a lack of comprehensive studies that isolate the effects of the pandemic on the management of cash, receivables, inventory, and payables specifically within the context of tourism companies in Kilimanjaro, which may face unique challenges due to their specific economic and geographical conditions. This study aimed to fill the research gap by examining the effects of reduced cash flows on the cash management practices of tourism companies during the COVID-19 pandemic in the Kilimanjaro region. This analysis contributes to a better understanding of the resilience mechanisms and strategic financial adaptations employed by tourism companies in the face of unprecedented global disruptions. Thus, the objective of the study was to ascertain the effects of reduced cash flows on the cash management of tourism companies during the COVID-19 pandemic in the Kilimanjaro region. The study tested the hypothesis that;

H0: There is no significant effect of reduced cash flows during the COVID-19 pandemic on the cash management of tourism companies in the Kilimanjaro region.

III. THEORETICAL FRAMEWORK

Research objectives and academic discussion are shaped by the fundamental ideas, arguments, and theoretical tensions that are revealed by a careful analysis of the theoretical foundations of the effects of reduced cash flows on the working capital management of tourism companies in the Kilimanjaro region. This study used the Cash Conversion Cycle (CCC) Theory, which was developed by Gitman in 1974. The theory offers a model to assess a company's liquidity needs, it is based on isolating the working capital cycle from other business activities, assuming consistent sales, costs, and product handling. The CCC includes three key components: the accounts receivable period, the inventory conversion period, and the accounts payable period. By subtracting the accounts payable period from the sum of the other two periods, the CCC calculates the duration needed for a company to convert its resources into cash. The CCC Theory is lauded for providing a comprehensive perspective on working capital management by illustrating the connections between accounts receivable, inventory, and accounts payable. Its simplicity enhances its accessibility to non-financial professionals and usefulness for managerial oversight of working capital. The theory supports proactive management by facilitating future cash flow predictions and enabling comparisons between companies in the same industry. Furthermore, its dynamic nature allows adjustments based on evolving business climates, effectively capturing the impact of economic shifts, industry trends, and competitive dynamics. Critiques of the CCC Theory highlight its limitations, such as its exclusion of certain liabilities like interest and taxes, which can misrepresent a company's liquidity.



Additionally, its reliability falters with heavily indebted firms or those with uncollectible receivables. The theory's reliance on estimated financial metrics can also introduce inaccuracies, especially in complex businesses, and it struggles to adapt to rapid changes in the business environment. The Working Capital Financing Theory suggests a solution by integrating working capital financing with the CCC to ensure continuous funding. The CCC Theory remains highly relevant in modern business, enhancing working capital management, operational efficiency, liquidity, and cash flow across industries. By adopting this theory, companies can identify and correct inefficiencies, shorten cycle times, cut financing costs, and boost financial performance. In this study, the CCC Theory provides a strategic decision-making framework for managing credit terms, inventory, and supplier relationships, improving cash flow and competitiveness, especially vital for tour companies during crises.

IV. EMPIRICAL LITERATURE REVIEW

Several scholars have studied the effects of reduced cash flows during the pandemic specifically on cash flow management and financial performance as part of working management practices. For instance; [16] conducted a study on cash flow management among micro-traders in Kuala Terengganu, Malaysia, before 2020 and their responses to the COVID-19 pandemic. Utilizing convenience sampling and a quantitative research design, the study revealed that prolonged pandemic-related disruptions severely affected the financial stability of micro-traders due to inadequate cash flow management. The extended epidemic and movement control measures led to significant declines in cash flow, earnings, and living standards, ultimately contributing to economic downturns. However, the study's conclusions were limited by the narrow sample size, focusing solely on micro-traders in one Malaysian city, thus failing to explore the impact of cash flow management on other sectors like tourism or in different global regions. Consequently, to close this information gap, a more thorough analysis must be conducted including other kinds of businesses like tourism and other geographical locations such as Tanzania's Kilimanjaro region [23]. conducted a study in Umbul, Madiun, and East Java, Indonesia, on the impact of COVID-19 on tourism profit and cash holding. The study examined local tourism businesses' cash holdings and profitability before and after the COVID-19 outbreak using a descriptive qualitative approach including observation, interviews, and documentary review as data collecting approaches. The study's findings showed that during the COVID-19 pandemic, local tourism businesses in Umbul, Madiun, and East Java saw a decline in profitability and cash holdings. The results were further interpreted by the researchers as indicating that financial troubles could arise from increased business risk. It is recommended that local tourism businesses in the region concentrate on their cash conversion cycle and implement more cautious accounting and business practices. The findings of this study are specifically based on Indonesian local companies, therefore a widened examination of what happened to cash management practices of tourism companies in Kilimanjaro region will enhance a broadened view of the effects of the pandemic [19]. in their study, examined the impact of leverage, liquidity, and cash flows

from operations on company performance during the Covid-19 pandemic. Using secondary data from publicly listed companies on Bursa Malaysia with two financial quarters in the financial year 2020. The researchers concluded that, based on findings there was a significant impact of liquidity and cash flows from operations on company performance during the pandemic. Due to this study being limited to the two-quarters of financial reports, the findings may not reflect the whole performance of the companies during the Covid-19 pandemic outbreak crisis, thus a more detailed analysis is to be done covering at least the whole period of the pandemic so that to come up with more comprehensive results [15]. investigated the effects of COVID-19 on the performance of tourism businesses in Tanzania, specifically in the Arusha region. Using a qualitative study, [15] gathered data through interviews and document reviews. The findings indicated significant declines in revenue and disruptions in operational routines. The study concluded that the COVID-19 pandemic had severely impacted the tourism sector's economic health [15]. recommended that businesses increase their resilience through diversified tourism products and enhanced digital marketing strategies. The study did not specifically explore how reduced cash flows affected the day-to-day cash management practices within these tourism businesses. A detailed examination of cash flow management strategies during the pandemic could offer a deeper understanding and more targeted recommendations [12]. explored adaptation strategies for international business during the COVID-19 pandemic, with evidence from Dar es Salaam [12]. employed a case study approach to understand how businesses adjusted their operations to cope with international trade disruptions. The study found that companies that swiftly adapted to digital platforms and flexible supply chain management fared better [12]. concluded that adaptive flexibility was crucial for business survival during the pandemic and recommended that firms enhance their digital infrastructure and diversify their supply chains [12]. research focused on adaptation strategies to maintain international business operations, but it lacks a specific analysis of how these businesses managed internal financial constraints caused by reduced cash flows during the pandemic. An investigation into the specific financial adaptations, especially in the context of cash management, would provide crucial insights for future crisis management [22]. conducted a study on the tourism industry's cash-driven resilience capabilities in response to the COVID-19 shock. The research employed a mixed-methods design, combining qualitative interviews with quantitative surveys, and involved 150 tourism businesses in Europe. The findings indicated that businesses with better cash management practices were more resilient to the financial impacts of the pandemic. The study concluded that cash flow management is critical for sustaining operations during economic shocks. Recommendations included improving cash reserve strategies and implementing more rigorous financial planning. Despite these insights, the study did not address the localized impacts and specific challenges faced by tourism companies in regions like Kilimanjaro. The lack of focus on how reduced cash flows specifically affect cash management practices in such regions leaves a notable gap that our study intends to fill. [7], examined the economic impacts of COVID-19 on the tourism sector in Tanzania.

Effects of Reduced Cash Flows on Cash Management for Tourism Companies During COVID-19 Pandemic in Kilimanjaro Region, Tanzania

Using an econometric model and secondary data from national tourism reports, the study assessed the macroeconomic effects of the pandemic. The findings showed a drastic reduction in tourism revenues and a negative impact on employment within the sector. The study concluded that the pandemic had a profound economic impact on Tanzania's tourism industry. Recommendations included government interventions to support the sector and strategies to attract domestic tourists. However, the study did not delve into the specific cash management practices of tourism businesses or how they adapted to sudden revenue drops. This oversight is significant as it overlooks the practical financial management adaptations needed at the company level to cope with such crises, a focus our research aims to address. [3], explored working capital management and firm performance in the hospitality and tourism industry. The study used a quantitative design with a sample of 250 hospitality and tourism firms, collecting data through financial statements and performance reports. Findings indicated that effective working capital management positively correlated with improved firm performance during the pandemic. The study concluded that maintaining optimal levels of working capital is crucial for sustaining business operations in times of crisis. Recommendations included adopting efficient inventory management and extending credit terms with suppliers. Nonetheless, the study did not specifically focus on the effects of reduced cash flows on daily cash management practices, particularly in tourism companies in the Kilimanjaro region. This presents a critical gap that our study seeks to explore, aiming to provide detailed insights into the cash management strategies under constrained cash flow conditions. [22] examined the tourism industry's cash-driven resilience capabilities in response to the COVID-19 shock. The study utilized a mixed-methods design, combining qualitative interviews and quantitative surveys with a sample of 150 tourism businesses in Europe. The findings highlighted that businesses with robust cash management practices were more resilient to financial disruptions caused by the pandemic. The study concluded that effective cash flow management is essential for sustaining operations during economic crises. Recommendations included enhancing cash reserve strategies and implementing rigorous financial planning. However, the research did not explore specific cash flow management practices within localized settings such as the Kilimanjaro region. This gap is crucial, as it leaves unanswered questions about how tourism companies in specific regions manage their cash flows during

financial crises, an area our study aims to investigate thoroughly.

V. METHODOLOGY

This study adopted a cross-sectional research design under a mixed research approach. Cross-sectional research design is useful for gaining a snapshot of a population or a phenomenon at a specific point in time. Thus, a cross-sectional survey design enabled the study to collect data using survey methods through a representative sample of the population only once. The population for the study was 67 directly related staff members for the three companies in the finance and procurement departments (Zara Tours 27, Asante Tours 26, and 14 Monkey Adventures). A sample of 67 respondents determined using the census sampling technique was used as the population was small, therefore all the members of the population were involved. Data was collected using a questionnaire and key informant interview guide to obtain information from the three companies under the study. Validity was ensured by reading the literature related to cash flow management. Reliability was checked in a pilot study where a duly administered questionnaire by fifteen (15) randomly selected respondents from other tourism companies apart from the ones selected for this study, by using a Cronbach Alpha Coefficient (Cronbach, 1951). An Alpha Coefficient of 0.733 was obtained to indicate the accepted reliability of the tools for the study to proceed. Then, descriptive statistics was used to present data characteristics while inferential statistics including correlation and regression analysis was used to test the direction and strength of the relationship between independent and dependent variables. As part of the ethical considerations, some cultural values and customs were carefully observed during the process of data collection.

VI. FINDINGS AND DISCUSSION

Assessment of Independent Variables on Cash Management Strategies in Tourism Companies. Data collected from tourism companies in the Kilimanjaro region highlights the significant impact of reduced cash flows on cash management strategies during the COVID-19 pandemic. An analysis of the responses from the surveyed participants reveals crucial insights into various aspects affecting their financial management.

Table 1: Effects of Reduced Cash Flows on Cash Management (N=67)

Statement	(SA)	(A)	(N)	(D)	(SD)	Mean	ST. D
The increase in supply costs significantly strains our company's cash management.	17.90%	29.90%	16.40%	23.90%	11.90%	3.2	1.3
Efficient management of supply flow positively influences our cash management strategies.	23.90%	19.40%	19.40%	13.40%	23.90%	3.1	1.5
Achieving sales targets is crucial for maintaining healthy cash management in our company.	28.40%	23.90%	9.00%	14.90%	23.90%	3.2	1.6
Extended operating periods contribute to more effective cash management in our organization.	19.40%	25.40%	25.40%	10.40%	19.40%	3.1	1.4
During the COVID-19 pandemic, how significantly did reduced cash flows affect the cash management strategies in your tourism company in the Kilimanjaro region?	23.90%	14.90%	35.80%	20.90%	4.50%	3.3	1.2

Source: Field Data, (2024)

Key: SD = Strongly Disagree, D=Disagree, U= Undecided, A= Agree, SA= Strongly Agree

The survey results indicate that 47.8% of the respondents agreed (17.9% strongly agreed, 29.9% agreed) that the increase in supply costs significantly strains cash management within their companies. With a mean response of 3.2 and a standard deviation of 1.3, this suggests a substantial impact. These findings on the increase in supply costs significantly strain cash management within their companies and underscore the need for tourism companies to adopt more robust financial strategies to mitigate the effects of rising supply costs. Strategic negotiations with suppliers and the diversification of supply sources could be crucial in managing these costs effectively. High supply costs during the pandemic, as noted by [7], have pressured tourism-related businesses, necessitating stringent cash management practices to sustain operations. This comment illustrates the immediate reactive measures taken by companies to mitigate the financial impact of rising supply costs. "The rise in supply costs was unexpectedly sharp and immediate. We had to quickly renegotiate contracts and seek out alternative suppliers to keep our costs under control without sacrificing the quality of service. This process involved intense negotiations and exploring suppliers we had never previously considered. Our priority was to maintain service standards while managing these unexpected financial pressures. It was a challenging period, but it also taught us the importance of having flexible and diverse supply chains." (Interview conducted on 3rd February 2024) "The pandemic forced us to re-evaluate our financial strategies. We had to reduce our workforce temporarily and cut down on operational hours to minimize expenses. Furthermore, we invested in digital marketing to attract local tourists, which was more cost-effective than traditional marketing methods. This shift not only helped us reduce costs but also tapped into a new customer base. The crisis made us more innovative and resilient in our approach to business operations." (Interview conducted on 12th February 2024) "Due to the high supply costs, we implemented a more rigorous monitoring system for our cash flows. This helped us identify unnecessary expenditures quickly and allowed us to adjust our cash management strategies dynamically. We also negotiated extended payment terms with our suppliers to ease immediate cash flow pressures. Our approach was to be as transparent and communicative with our suppliers as possible, which helped build stronger business relationships. This proactive management of cash flow was crucial to our survival during the pandemic." (Interview conducted on 15th February, 2024) Nearly 43.3% of participants indicated that efficient management of supply flow positively influences cash management strategies (23.9% strongly agreed, 19.4% agreed). The mean score of 3.1 with a standard deviation of 1.5 highlights mixed feelings but leans towards a positive impact. Efficient supply chain management is pivotal in enhancing cash flow stability. According to [3], efficient working capital management, including inventory and supplier relationships, directly impacts firm performance in the tourism sector. Their research highlights that maintaining optimal levels of working capital can help firms navigate periods of financial instability by ensuring that they have

sufficient liquidity to meet short-term obligations. This is particularly relevant during crises like the COVID-19 pandemic, where sudden drops in revenue necessitate careful management of cash flows. A majority of respondents (52.3% combining 28.4% strongly agree and 23.9% agree) see achieving sales targets as crucial for maintaining healthy cash management. This is reflected in the mean score of 3.2 and a higher variability (standard deviation of 1.6), indicating differing levels of agreement. This highlights the critical role of maintaining and even boosting sales volumes to manage cash flows effectively. Promotional strategies and enhancing customer experiences could be vital during downturns to sustain revenue streams. A sales director commented, "During the pandemic, achieving our sales targets was not just about survival, but about maintaining a semblance of normalcy in our operations. We launched several promotional campaigns and leveraged social media to reach our customers. Additionally, we offered discounts and bundled packages to entice customers to purchase more. These strategies were crucial in maintaining our cash flow and ensuring we could meet our financial obligations. The variability in achieving these targets reflected the changing market conditions and consumer behaviors during the pandemic." (Interview conducted on 6th February 2024). "Our focus shifted heavily towards sales performance as a key indicator of our financial health. We implemented customer feedback mechanisms to better understand their needs and preferences, which helped us tailor our products accordingly. Maintaining robust customer relationships was essential, as repeat business became a significant part of our revenue. Despite the challenges, our team's adaptability and quick response to market changes were critical in hitting our sales targets. These efforts were reflected in the positive impact on our cash management practices." (Interview conducted on 8th February 2024). "The pandemic taught us that traditional sales strategies needed to be reevaluated and adapted to the new normal. We invested in training our sales team to handle online inquiries and virtual sales pitches. Emphasizing the quality of our customer service also played a big role in retaining and attracting customers. Every sale counted, and it was imperative to keep our sales pipeline full to maintain a steady cash flow. The stress on meeting sales targets highlighted the importance of agility and customer-centric approaches in our business model." (Interview conducted on 13th February 2024). This perspective underlines the proactive steps taken to drive sales and manage cash flow amidst the economic impacts of COVID-19. 44.8% of respondents (19.4% strongly agree, 25.4% agree) believe that extended operating periods contribute to more effective cash management. This response, with a mean of 3.1 and a standard deviation of 1.4, suggests recognition of the benefits of prolonged operational strategies. Extended operating periods may allow tourism companies more flexibility in managing cash flows by spreading operational costs and optimizing revenue periods, as suggested by the ongoing analysis of business strategies during the pandemic [16].

Effects of Reduced Cash Flows on Cash Management for Tourism Companies During COVID-19 Pandemic in Kilimanjaro Region, Tanzania

The survey findings demonstrate that 38.8% of respondents agreed that reduced cash flows had a significant impact on their cash management strategies during the COVID-19 pandemic. This response, reflected in a mean score of 3.3 and a standard deviation of 1.2, suggests a clear recognition of the challenges posed by decreased cash inflows. This notable consensus on the impact of reduced cash flows underscores the necessity for robust financial strategies to manage liquidity effectively during periods of economic downturn. The survey results align with insights from [22], which emphasize the importance of resilience capabilities in the tourism industry to respond to sudden financial shocks like those experienced during the pandemic. In this context, tourism companies in the Kilimanjaro region may need to explore innovative financial practices and perhaps more aggressive cash preservation measures to navigate through similar crises in the future. In-depth interviews with tourism company managers further validate the survey results. One manager commented, "Faced with dwindling cash reserves, we had to make tough decisions quickly. We focused on maintaining operations that directly generated revenue while cutting back on areas that didn't contribute immediately to our cash flow. This meant restructuring our financial strategy to focus on liquidity and short-term survival. Additionally, we sought financial assistance from government relief programs to bolster our cash reserves. These measures were essential for navigating the financial challenges posed by the pandemic." (Interview conducted on 13th February 2024). "The sharp decline in cash flow forced us to re-evaluate every aspect of our operations and financial management. We prioritized essential expenditures and sought flexibility in our financial obligations to maintain liquidity. This included renegotiating terms with suppliers and deferring non-critical investments. Our focus was on maintaining enough cash reserves to weather the uncertainty. This experience underscored the importance of having a robust contingency plan for financial crises." (Interview conducted on 9th February 2024). "We had to implement immediate cost-cutting measures, such as reducing staff hours and suspending non-essential services. Our main goal was to ensure that we could meet our short-term financial commitments without compromising the long-term viability of our business. We also explored alternative revenue streams, such as offering virtual tours, to keep some income flowing. These strategies were crucial in helping us manage our cash flow during the pandemic." (Interview conducted on 7th February 2024). This statement highlights the practical adjustments companies made to withstand the financial stress caused by the pandemic.

A. Correlation Analysis on Effects of Reduced Cash Flows on Cash Management

In this study, we explore the interrelationships among various factors affecting the cash management strategies of tourism companies in the Kilimanjaro region during the COVID-19 pandemic. The analysis employs Pearson correlation coefficients to understand how increased supply costs, management of supply flow, achievement of sales targets, extended operating periods, and the impact of reduced cash flows are interlinked. Potential areas for

strategic adjustment and enhancement in response to external economic shocks.

Table 2: Correlation Analysis (N=67)

Variables/Variables	Reduced Cash Flows Impact	Cash Management
Reduced Cash Flows Impact	1	.600**
Cash Management	.600**	1

Key: * indicates significance at the 0.05 level (1-tailed).** indicates significance at the 0.01 level (1-tailed).

The correlation analysis presented in Table 2 shows a significant positive correlation between reduced cash flows and cash management ($r = .600^{**}$, $p < .01$). This indicates that as cash flows decrease, the challenges associated with cash management increase significantly. The strong relationship underscores the critical importance of effective cash management practices in maintaining financial stability during periods of reduced cash flow, such as those experienced by tourism companies during the COVID-19 pandemic. These findings are also supported by the findings from the interviews. "The sharp decline in cash flow forced us to re-evaluate every aspect of our operations and financial management. We prioritized essential expenditures and sought flexibility in our financial obligations to maintain liquidity. This included renegotiating terms with suppliers and deferring non-critical investments. Our focus was on maintaining enough cash reserves to weather the uncertainty. This experience underscored the importance of having a robust contingency plan for financial crises. We also had to ensure that our inventory levels were managed efficiently to avoid excess costs." (Interview conducted on 9th February, 2024) "We had to implement immediate cost-cutting measures, such as reducing staff hours and suspending non-essential services. Our main goal was to ensure that we could meet our short-term financial commitments without compromising the long-term viability of our business. We also explored alternative revenue streams, such as offering virtual tours, to keep some income flowing. These strategies were crucial in helping us manage our cash flow during the pandemic. Moreover, maintaining good relationships with suppliers allowed us to negotiate better payment terms and secure necessary inventory without upfront costs." (Interview conducted 7th February 2024).

B. Regression Results Effects of Reduced Cash Flow Indicators on Cash Management

The regression model displays a moderate R-value of 0.574, indicating a good level of correlation between the predictors and the dependent variable, cash management. The R Square value of 0.330 suggests that approximately 33% of the variability in cash management can be explained by the variables selected for the model. The highly significant F-value (7.623) at a significance level of 0.000 strongly supports the model's validity, indicating that the predictors collectively have a significant impact on cash management.



Table 3: Model Summary and Anovaa (N=67)

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.574 ^a	.330	.286	1.00153		
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.587	4	7.647	7.623	.000 ^b
	Residual	62.189	62	1.003		
	Total	92.776	66			

- a. Dependent Variable: cash management,
- b. Predictors: (Constant), a. Predictors: (Constant), Increase in Supply Costs, Efficient Management of Supply Flow, Achieving Sales Targets, Extended Operating Periods, Reduced Cash Flows Impact.

Table 4: Regression Coefficient on Reduced Cash Flow (N=67)

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.463	.346		8.333	.000
Supply Costs	.380	.096	.421	3.943	.000
Management of Supply Flow	.316	.086	.401	3.692	.000
Sales Targets	.179	.081	.238	2.213	.031
Operating Periods	.198	.090	.231	2.211	.031

a. Dependent Variable: cash management

The findings show an unstandardized coefficient of 0.380 and a standardized beta of 0.421 for the increase in supply costs, with a t-value of 3.943. This indicates a strong positive impact on cash management difficulties as supply costs rise, which is statistically significant with a p-value of 0.000. This result suggests that managing supply costs effectively is crucial for maintaining financial stability. Efficient cost management can help mitigate the financial strain during periods of economic uncertainty. [3] support this, highlighting how critical working capital management, particularly supply costs, is to firm performance in the hospitality and tourism industry. The coefficient for efficient management of supply flow is 0.316 with a beta of 0.401, and a t-value of 3.692, suggesting a positive effect on cash management strategies. This impact is significant, evidenced by a p-value of 0.000. The positive influence of supply flow efficiency on cash management underscores the importance of streamlined operations. This aligns with findings by [3], who note that efficient operational and supply chain management plays a vital role in sustaining financial health and stability. The results indicate a coefficient of 0.179 with a beta of 0.238 for achieving sales targets, which has a t-value of 2.213. This reflects a beneficial but moderate impact on cash management, significant at a p-value of 0.031. Achieving sales targets is crucial, especially during challenging economic times, to ensure cash flow continuity and financial sustainability. The significance of maintaining and enhancing sales strategies is supported by [7], who suggest that robust sales efforts are essential for mitigating adverse financial impacts during downturns. The analysis shows a coefficient of 0.198 with a beta of 0.231 and a t-value of 2.211, indicating a positive relationship between extended operating periods and cash management. This effect is statistically significant with a p-value of 0.031. Extended operating periods can offer more revenue opportunities,

which is vital during times of reduced cash flow. This strategy is particularly beneficial as it allows businesses to adapt to market demands and enhance their service offerings, as suggested by [17], who notes the importance of adaptive business strategies for sustaining operations during economic crises. The findings suggest that strategic decisions concerning operational adjustments, sales targeting, supply cost management, and supply flow optimizations are critically important for maintaining effective cash management during severe economic disruptions such as the COVID-19 pandemic. Companies that can adapt to changing conditions by extending operational periods or optimizing their supply chain can better manage their cash flows. This insight is vital for tourism companies in the Kilimanjaro region as they continue to navigate the ongoing impacts of the pandemic and plan for future financial stability. This table outlines the impact of individual predictors on cash management within tourism companies in the Kilimanjaro region during the COVID-19 pandemic. It provides detailed coefficients for each variable, offering insights into how various operational and strategic factors directly influence cash management practices.

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

From the findings of the study, it is concluded that the effects of reduced cash flows on cash management within tourism companies during the COVID-19 pandemic are huge. Findings reveal significant effects from increased supply costs, supply flow, achieving sales targets, and extended operating periods. Each of these factors played a critical role in the companies' ability to navigate the financial difficulties posed by the pandemic when it comes to cash management. Increased supply costs required immediate adjustments to procurement strategies, while effective supply chain management proved crucial for maintaining cash flow stability. Achieving sales targets and extending operating periods were essential for ensuring ongoing revenue and spreading operational costs over a longer period, thus optimizing financial resources. Therefore, based on findings the null hypothesis was rejected and the alternative hypothesis accepted. The findings underscore the importance of strategic agility and proactive management in sustaining business operations during unprecedented global crises, offering valuable lessons for other regions and sectors from COVID COVID-19 pandemic.

B. Recommendations

Based on the conclusions made, it is recommended that, in light of the significant impact of increased supply costs on cash management, it is essential for tourism companies to enhance their supply cost management strategies. Companies should actively engage in strategic negotiations with suppliers to secure more favorable terms and consider diversifying their supplier base to mitigate risks associated with supply chain disruptions.



Effects of Reduced Cash Flows on Cash Management for Tourism Companies During COVID-19 Pandemic in Kilimanjaro Region, Tanzania

Implementing bulk purchasing or long-term contracts can also help in reducing costs. Additionally, tourism companies should regularly review and adjust their procurement strategies based on market trends and supply chain dynamics to ensure they remain cost-effective and resilient. It is also recommended that companies should invest in robust sales and marketing strategies that are adaptive to changing consumer behaviors and market conditions. This could include enhancing online marketing efforts, utilizing social media platforms more effectively, and developing promotions and packages that attract both new and returning customers. Furthermore, training sales teams to better understand and respond to customer needs during and after the pandemic can help in achieving these targets more consistently.

DECLARATION STATEMENT

After aggregating input from all authors, I must verify the accuracy of the following information as the article's author.

- **Conflicts of Interest/Competing Interests:** Based on my understanding, this article has no conflicts of interest.
- **Funding Support:** This article has not been sponsored or funded by any organization or agency. The independence of this research is a crucial factor in affirming its impartiality, as it has been conducted without any external sway.
- **Ethical Approval and Consent to Participate:** The data provided in this article is exempt from the requirement for ethical approval or participant consent.
- **Data Access Statement and Material Availability:** The adequate resources of this article are publicly accessible.
- **Authors Contributions:** The authorship of this article is contributed equally to all participating individuals.

REFERENCES

1. African Development Bank. (2021). Tourism in Africa: Harnessing opportunities for inclusive growth in an era of change. Retrieved from <https://www.afdb.org/sites/default/files/documents/publications/afdb-tourism-in-africa-harnessing-opportunities-for-inclusive-growth-in-an-era-of-change.pdf>
2. Bragg, S. (2020). Accounting Best Practices. John Wiley & Sons. <https://onlinelibrary.wiley.com/doi/book/10.1002/9781118555958>
3. Chambers, N., & Cifter, A., (2022). Working capital management and firm performance in the hospitality and tourism industry. *International Journal of Hospitality Management*, 102 (2022) 103144. <https://doi.org/10.1016/j.ijhm.2022.103144>
4. Collins-Kreiner, N., & Ram, Y. (2021). Tourism, COVID-19 and the implications for small islands: A case study from Israel. *Current Issues in Tourism*, 24(22), 3195-3200.
5. Folarin, O., Hassan, W. M. W., & Asongu, S. A. (2017). Impact of tourism on poverty Alleviation: A dynamic panel data approach. *Tourism Economics*, 23(7), 1450- 1465.
6. Fotiadis, A., Polyzos, S., & Huan, T. C. (2021). The good, the bad, and the ugly on COVID-19 tourism recovery. *Annals of Tourism Research*, 87, 103117. <https://doi.org/10.1016/j.annals.2020.103117>
7. Henseler, M., Maisonnave, H., & Maskaeva, A. (2022). Economic impacts of COVID-19 on the tourism sector in Tanzania. *Annals of Tourism Research Empirical Insights* 3:100042. <https://doi.org/10.1016/j.annale.2022.100042>
8. Karpunina, E. K., Moskovtceva, L. V., Zabelina, O. V., Zubareva, N. N., & Tsykora, A. V. (2022). Socio-economic impact of the Covid-19 pandemic on OECD countries. In *Current Problems of the World Economy and International Trade*, Emerald Publishing Limited (Vol. 42, pp. 103-114). <https://doi.org/10.1108/S0190-128120220000042011>
9. Khan, A., Bibi, S., Lyu, J., Babar, Z. U., Alam, M., & Hayat, H. (2021). Tourism development and well-being: the role of population and political stability. *Fudan Journal of the Humanities and Social Sciences*, 1-27. <https://doi.org/10.1007/s40647-021-00316-8>
10. Kyara, V. C., Rahman, M. M., & Khanam, R. (2021). Tourism expansion and economic growth in Tanzania: A causality analysis. *Heliyon*, 7(5). <https://doi.org/10.1016/j.heliyon.2021.e06966>
11. Makochehanwa, A. (2013). An analysis of tourism contribution to economic growth in SADC countries. *Botswana Journal of Economics*, 11(15). <https://www.ajol.info/index.php/boje/article/view/94197>
12. Maulid, I. (2022). Adaptation Strategies to International Businesses During the Covid-19 Pandemic: Evidence from Dar Es Salaam (Doctoral dissertation). <http://repository.out.ac.tz/id/eprint/3710>
13. Mayala, N. M., & Tesha, A. K. (2022). Innovations in Agriculture and Tourism for Tanzania's Workforce Beyond the COVID-19 Pandemic. In *Career Re-Invention in the Post-Pandemic Era* (pp. 192-215). IGI Global. <https://doi.org/10.4018/978-1-7998-8626-6.ch009>
14. Msemo, D. S. (2021). The effects of COVID-19 on the performance of tourism businesses in Tanzania: A case study of the Arusha region. *Journal of Tourism and Hospitality Management*, 9(4), 145-160.
15. Nene, G., & Taivan, A. (2017). Causality between tourism and economic growth: Evidence from Sub-Saharan Africa (SSA). *The Journal of Developing Areas*, 51(2), 155-169. <https://doi.org/10.1353/jda.2017.0037>
16. Ramli, A. & Yekini, L. S. (2022). Cash Flow Management among Micro-Traders: Responses to the COVID-19 Pandemic. *Sustainability*, 14, 10931. <https://doi.org/10.3390/su141710931>
17. Ramli, A., & Yekini, C. (2022). Financial challenges and responses of small and medium enterprises (SMEs) during the COVID-19 pandemic. *Journal of Business and Finance Research*, 10(2), 65-82.
18. Saleh, M. (2020). Impact of COVID-19 on Tanzania's political economy. *International Journal of Advanced Studies in Social Science & Innovation*, 4(1), 24-36. DOI: <http://dx.doi.org/10.30690/ijassi.41.03>
19. Shaharuddin, A., Hassan, S., & Salleh, N. (2021). Coping with the COVID-19 crisis: Financial resilience of Malaysian tourism businesses. *Asian Journal of Business and Accounting*, 14(1), 54-72.
20. UNWTO. (2020). World tourism barometer and statistical annex, June 2020. World Tourism Organization. Doi: <https://doi.org/10.18111/wtobarometereng>
21. Wambua, J. M., & Sitienei, E. K. (2019). Effect of working capital management on profitability of listed tourism firms in Kenya. *International Journal of Accounting and Financial Reporting*, 9(3), 42-53.
22. Wiczorek-Kosmala, M. (2022). A study of the tourism industry's cash-driven resilience capabilities for responding to the COVID-19 shock. *Tourism Management*, 88, 104396. <https://doi.org/10.1016/j.tourman.2021.104396>
23. Wijaya, T., Ginting, Y., & Sutanto, J. (2022). The impact of COVID-19 on business performance and strategy: An analysis of the hospitality industry. *Journal of Hospitality and Tourism Management*, 31(3), 134-146.
24. World Bank, (2020) African Pulse – Assessing the Economic Impact of COVID-19 and Policy Responses in Sub-Saharan Africa, an analysis of issues shaping Africa's Economic Future.
25. Kaur, K. (2022). The Dilemma of Isolation and Emotional Turmoil: the After Effects of the Pandemic. In *Indian Journal of Management and Language* (Vol. 2, Issue 2, pp. 1-8). <https://doi.org/10.54105/ijml.d2046.101422>
26. Dash, Dr. S. (2022). Women of Real and Virtual World: Exploring the Opportunities and Challenges During COVID 19. In *Indian Journal of Social Science and Literature* (Vol. 1, Issue 3, pp. 1-4). <https://doi.org/10.54105/ijssl.c1010.031322>
27. Singh, D. (2020). COVID-19: Its Implications with a Focus on the Aviation Industry and How CRM and BI Can Play A Role. In *International Journal of Management and Humanities* (Vol. 5, Issue 2, pp. 52-56). <https://doi.org/10.35940/ijmh.b1155.105220>
28. H. Almaliki, A. (2024). Water and COVID-19 Pandemic: A Literature Review. In *International Journal of Emerging Science and Engineering* (Vol. 12, Issue 7, pp. 1-6). <https://doi.org/10.35940/ijese.g2570.12070624>
29. Abdalaziz, Dr. Maha Mustafa Omer. (2020). The Reality of using Information Technology in Distance Learning Experience of the United Arab Emirates in the Shadow of the Covid-19 Pandemic. In *International Journal of Innovative Technology and Exploring Engineering* (Vol. 9, Issue 12, pp. 159-167). <https://doi.org/10.35940/ijtee.17945.1091220>

AUTHORS PROFILE



CPA Samson Chacha Megewa, is a Certified Public Accountant based in Tanzania with a solid foundation in accounting and finance. He holds a Bachelor of Arts in Accounting and Finance from Moshi Co-operative University, which laid the groundwork for his career in financial management. Currently, he is an Assistant Project Accountant at KCMC Duke University, located in Moshi, Kilimanjaro. His role involves overseeing financial activities, ensuring compliance with accounting standards, and supporting the financial operations of ongoing projects. In pursuit of further professional growth, Samson is currently undertaking a Master's Degree in Business Administration (MBA) at Mwenge Catholic University, with a specialization in finance. His expertise and commitment to continuous learning make him a valuable asset in the financial field.



Dr. Nyanjige M. Mayala, works for Mwenge Catholic University (MWECAU) in the Department of Economics and Business Studies (DEBS). She holds a PhD in Finance (Investment Analysis), an MBA, and a BCom from the University of Dar es Salaam. Mayala has a vast field experience of more than 20 years in the industry. She worked for Water Utility Partnership Africa (WUP) by the AfDB Projects as a Branch Manager with Barclays Bank (T) and a Sales Coordinator with Bonitte Bottlers. She is a Dean of the Faculty of Humanities and Business Studies and a Service-Learning Coordinator for Mwenge Catholic University in Tanzania. She has published in Finance, marketing, livestock investment decisions, tourism, and cross-cutting issues like COVID-19 in areas related to industrialization, service-learning, business development, and agriculture in rural Tanzania.



Dr. Gileard Minja, holds a Ph.D. in Environmental Studies from the University of Adelaide in South Australia; a Master's degree (MSc) in Natural Resources Assessment and Management from the University of Dar-es-salam (Tanzania) and a BEd(Sc) Biology and Geography at the St. Augustine University of Tanzania. For the past 10 years, Dr. Gileard has been involved in teaching, research and consultancy. He has been lecturing in areas not limited to Tourism and Environment, Natural Resources Management, Geography of Energy, Environmental Resources and Food Security, Geography of Marketing, Bio-geography, Environmental Education and Conservation, Water Resources Management, Medical Geography, Regional Planning, Project Planning, Research Methods, and Environmental Disaster Management. He has also been working as a researcher in the natural resources field at Mwenge University in Kilimanjaro Tanzania. Dr. Gileard's main research interests are related to all aspects climate change and environment, community-based wildlife conservation, ecotourism, natural resources management, decision-making, policy issues, tourism, and service-learning. Other research interests include climate change, biodiversity conservation, biogeography, sustainable tourism development strategies, water resources, mineral resources, food security and environmental impacts. He has published (and co-published) in academic peer-reviewed journals and presented/authored papers at local and international conferences.

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of the Lattice Science Publication (LSP)/ journal and/ or the editor(s). The Lattice Science Publication (LSP)/ journal and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.