

# Personal cash flow and household investments: A survey among primary school teachers in Lira city, mid-north of Uganda

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**Abstract:** This study sought to determine the effect of personal cash flow on household investments among primary school teachers in Lira City. The study was guided by three objectives, viz.: To determine the level of personal cash flow among primary school teachers in Lira city; to examine the level of household investments among primary school teachers in Lira city; and to determine the effect of personal cash flow on household investments among primary school teachers in Lira city. A cross-sectional survey design with a purely quantitative research approach was adopted using a study population of 168 primary school teachers and a sample size of 118 units. A self-administered questionnaire was used to collect primary data while mean, standard deviation, correlations and regression were helpful in data analysis. The findings indicate a non-significant effect of cash flow on household investments. It is inferred that personal cash flow accounts for a very low effect on household investments among primary school teachers in Lira city. Consequently, primary school teachers should be exposed to financial education so that they can appreciate the significance of developing and using a financial plan to help them to achieve desired household investments which can generate more income, supplementing the salary which is their main source and it is important that among primary school teachers in Lira city prioritize short-term fiscal discipline in order to guarantee a future of financial freedom nurtured by streams of investment income from household investments.

**Keywords:** personal cashflow, household investment, primary school teachers, expences.

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## 1. INTRODUCTION

Personal finance planning denotes how an individual and or households use their income so as to meet their current and impending financial needs. It encompasses taking stock of an individual's existing fiscal locus, predicting a prospective necessity, then finalising a plan that should lead to the achievement of set objectives. Personal finance, for that reason, deals with the use of money. Money is a very significant element of living for every individual and or household. The amounts earned by individuals fluctuate greatly. Notwithstanding the amounts earned, a proper planning and utilization of the money can lead to the attainment of set financial goals, which includes household investments. According to Keynes (1936), a choice to consume or not to consume falls within the power of the individual; so does a choice to invest or not to invest. The amounts of cumulative income and of aggregate saving are the results of the unrestricted choices of individuals whether or not to consume and whether or not to invest.

It has been the work of the man as head of a household to provide for the needs of the household. In the hunter's gatherer period, the man sought out for fruits and animals in forests. According to Hobbes (1651), this state of nature was solitary, poor, horrible, insensitive, and diminutive. It was a survival economy and investments did not matter. Financial planning is a relatively young industry with its roots in America. Prior to 1990, majority of academics gained interest in the subject of personal finance considered themselves to be family economists, consumer economists, consumption economists, household resource management specialists, or consumer educators (Tahira, 2009). The main aim of financial planning is to maximize the use of an employee's current financial resources to create and take care of the future needs or financial

goals. Globally, financial planning is not given the seriousness it deserves by employed workers. In America, NAFPA (2019) found that 56% of Americans do not have a financial plan for their future and that the majority of Americans are stressed about their financial situations and 1 in 3 Americans do not think they will ever retire. Mawos (2015) notes that the recent trend in finance and economics made financial planning not just convenience, but an essential survival tool because of the fact that lack of financial knowledge leads to poor financial choice and decisions, which could result in undesired financial and economic consequences to individual, financial system and entire economy, financial planning on the African continent by the primary school teachers is at best low as research data is very limited.

In Uganda, the NSSF Post-Retirement Survey Report (2018) reveals that over 80% of the members have their NSSF savings as the only financial source to take care of their financial needs after retirement. Yet, the same report points out that 92% of the beneficiaries consume all their life savings within a year and are left broke with no cash left. Although Keynesian theory suggests that increasing income leads to more saving because of a reduced consumption relative to income, which savings can be invested, household investments in Uganda have been the reverse. While poverty levels have fallen from 56.4% in 1993 to 19.7% in 2013 to 21.4% in 2018 (UPAR, 2016, Uganda Bureau of Standards, 2018) owing to increased income and consumption, the UNHS (2016) report indicates that household consumption stands at 96%. It is not clear if this consumption pattern is resulting from a lack of financial planning.

Financial planning is a broad concept which applies to both individuals, households and organizations. The causal principles are however the same. Generally financial planning refers to how an entity will achieve its strategic goals and objectives within a given time frame using its available resources. Murali and Subbakrishna (2018) define personal cash flow as the proper planning and implementation of well-coordinated plans to achieve financial objectives. The savings and investment made today should match the future goals. According to NAFPA (2019), personal cash flow is the process of gathering and analysing financial data to develop a set of strategies that form an integral plan to help people achieve their financial goals. While the plan may consist of strategies addressing specific areas of personal finance like the budget, savings, debt, income, investment, taxes, insurance, retirement or estate matters, each strategy is carefully evaluated for its side effects to all other areas of the persons finances. Household investments is a product of personal cash flow. It is the set of assets which provides an income source to meet the household financial goals set in the planning process. At the household level, the major investments are made in land, livestock, houses, furniture, vehicles, motorcycles and financial assets (Munungu, 2013). The portion of the salaries of primary school teachers not consumed is saved, and this saving can be invested into an asset. Unlike salaries, households with substantial levels of net worth/investments may use their assets as collateral to obtain credit for consumption or investment, or more flexibly choose the timing for different types of consumption and investment (UNECE, 2011).

Household investments have the potential to continually generate more wealth for both consumption and investment. The wealth generated from investments can continue to be received even after the mandatory retirement age for primary school teachers in Uganda which is 60 years (MoPS, 2019). Household investments are assets acknowledged as a stock of financial, human, natural, physical or social resources that can be acquired, developed, improved and transferred across generations which can generate flows for consumption, as well as additional stock (Abdelhak, 2012). The National Employment Policy of Uganda (Ministry of gender, labour and social development, 2011) classifies persons in employment as all those of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit. It further defines working 'For pay or profit' for the work done as part of a transaction in exchange for remuneration payable in the form of wages or salaries for time worked or work done, or in the form of profits derived from the goods and services produced through market transactions. Primary school teachers are therefore those household heads engaged in paid employment by the government whose income in the form of wages and salaries are utilized to meet the household ongoing operational needs and portions of which is saved to be invested in profitable household investments. In Uganda therefore, the primary school teachers are employed in state-financed agencies, teaching, medical, judiciary, and local governments (MoPS, 2019).

The working age in Uganda is between 14 -64 years (UNHS , 2017). The working-age population is a measure of the total number of potential workers within an economy. UNHS (2017) puts the working age population at 19,000,000. The number actually engaged in working was 15,000,000 (78.8%). Of those, the number engaged in paid employment was 9,000,000 (60.5%). In Lango, the working age population was 1,119,337, the number engaged in working stood at 83% or 930,337 while the number engaged in paid employment was 424,700 (37.9%). According to MoPS (2019), the total number of primary school teachers on the government payroll is 318,342 with 37.8% female and 62.2% male. However in Uganda, many people lack the knowledge, skills and confidence to properly plan their finances BoU (2013). The issue of

financial planning has been contentious with no standard practice for the management of household resources. A lack of knowledge and no standard practice on financial planning may mean that the earnings of working class households are spent as and when they come without undergoing a financial planning process. Most of the finances realized out of the work done is spent on meeting the ever present daily needs like food, health, education, and clothing, most of which are consumption in nature leaving very little left for investment.

## **2. LITERATURE REVIEW**

Keynes (1936), claims that the amount an individual spends on consumption depends partly on the amount of his income, the other objective attendant circumstances and the subjective needs and the psychological propensities and habits of the individual, and the principles on which the income is divided between them. The theory notes that a decision to consume or not to consume truly lies within the power of the individual; so does a decision to invest or not to invest. According to Keynes, Consumption is obviously much more a function of real income than of money-income. A man's real income will rise and fall with the amount of his command over labour-units. This therefore implies that if the wage-unit changes, the expenditure on consumption corresponding to a given level of employment will change in the same proportion. In many cases, a rising income will often be accompanied by increased saving, and a falling income by decreased saving. However, whether individuals stick to this norm depends on their psychological orientation, for the satisfaction of the immediate primary needs of a man and his family is usually a stronger motive than the motives towards accumulation, which only acquire effective sway when a margin of comfort has been attained. The amount saved is what can be invested in the household.

The decision to consume or to invest is one that depends on the individual. Financial planning may therefore ensure that an individual will save a portion of their income which can be invested in the household. There have been criticisms of the General Theory. Backhouse and Bateman (2010) observed that the General Theory is replete with mathematical language and argumentation, but its use is strictly limited in that it offers an intuitive, informal theoretical account of the main relationships between the marginal propensity to consume, the marginal efficiency of capital, liquidity preference and the determinants of the money wage rate.

### **Personal Cash flow management**

Cash flow management is critical for the financial health of the household. It is the foundational core of financial planning. The current financial status of an individual or family is always the starting point for determining the financial goal of the individual/family. Cash inflows for primary school teachers are normally fixed and regular. For primary school teachers the salary is normally the only income source (UNHS, 2017). This in part is due to the fact that primary school teachers offer all of their productive work hours from 8:00am to 5:00pm to their employer (MoPS, 2019). Yet money is an integral part of physical personal part of life because it directly affects working, satisfying own desires and incurring mandatory expenses (Gedminiene & Visockaite, 2016). Cash flows is the difference between cash inflows and outflows (Pablo, 2006). In a strict sense, it is the money coming into the household and the money going out of it. In a household, cash flows can come from a number of sources. Cash inflows generally include salaries, interest from savings accounts, dividends from investments, capital gains from the sale of financial securities like stocks and bonds, passive cash inflows from rental houses etc. Cash outflow represents all expenses, regardless of size and these include rent or mortgage payments, utility bills, groceries, fuel, entertainment.

Bodur and Avci (2015), researched on Household Expenditure Patterns: Evidence from Working-Couple Households in Turkey; using Household Budget Surveys interviewed 25,764 households and 107,614 individuals and concluded that the higher the wage rate and non-labor income share are, the more bargaining power each spouse has and thus, he or she is able to direct the household expenditures toward the goods of his or her own individual choices. Household investment decisions are therefore likely dependent on the choices of the income earner, the civil servant. This is where personal cash flow management makes a net effect on household investment. However, it is important to investigate and find if this applies to the Ugandan household situation. A study by UNHS, (2017) covering 17,450 households using a two stage stratified sampling design with the objective of collecting high quality and timely data on demographic, social and economic characteristics of the household population found that one in every four households (25%) reported wage employment as the main source of earnings while one in every five households (20%) reported non-agricultural enterprises as their main source of earnings. Most primary school teachers have only one source of income which is their salary (Bua, 2019). A single cash flow source is then constrained to meet the many expenditure requirements and the

household investment needs. Whether this single source has an effect on household investments is an area that requires academic investigation.

A confused belief on investment could be another factor. The Finscope (2018) report conducted among 3,200 respondents using a three stage stratified sampling approach indicated that of the people who have never invested in any kind of activity, there is a general perception that investment requires a lot of money (28%) with a proportion who mentioned that they do not have money to invest (69%). The same study found that less than half of Ugandan adults (47%) keep track of the money they receive and spend. Ugandan adults are also less likely to seek financial advice mainly because they don't see the need and those who do so, mainly turn to household members and family or friends for advice. This is similar to UNHS (2017) which indicate that for most of the people who earned money but did not invest, the major reason for not investing was lack of money to invest ranging from 88 percent to 93 percent. Though the major income source for primary school teachers is salaries or wages which is supplemented with debt to meet the household expenditures. Studies in Uganda have not documented how primary school teachers go through the financial planning process in using these cash flow sources to finance a heavily consumer lifestyle and how these patterns then affects the household investment decision. This gap needs an in depth investigation which this research shall attempt to fill.

### **Household Investments**

Keynes, (1936) defines investment as the increment of capital equipment, whether it consists of fixed capital, working capital or liquid capital. Investment may therefore be defined as a commitment of funds made in the expectations of future returns (UNHS, 2017). According to Ellis, Lemma, and Rud, (2010), investment is the active redirection of resources by an economic entity (e.g. an individual or a firm) from being consumed today, to creating benefits in the future. The hope is that the investment will yield greater benefits in future than would be yielded by consuming those resources today. These capital commitments are normally invested in assets that have the capacity to generate more wealth. Under Vision 2040, Uganda envisages to transform from a predominantly peasant and low income country to a competitive upper-middle income country. The National Investment Policy (2018) makes a strong observation that investment and its effective management is an imperative for the successful attainment of Vision 2040. This places a huge demand on the working class population to plan to save in the first place, and plan to properly invest the savings into profitable investments that can meet the financial goals of the households in the future.

Edminiene and Visockaoite (2016) examined the importance of personal finance for investment. They observed that before starting to invest, a person must assess his financial situation and opportunities i.e. revenue, expenditure, age, family structure, needs of liquid funds and other things that are part of the investment process. Knowing how much money can be invested, what purpose is to be achieved, for what period was decided to invest, can set the degree of tolerable risk, the profit level one wants to achieve, and scan the investment instruments to choose. Mario (2019) makes a distinction between real and financial investments. Real investments generally involve some kind of tangible asset, such as land, machinery, factories, vehicles etc. while financial investments involve contracts in paper or electronic form such as stocks, bonds, TBs, etc. He further differentiates investors into individual investors and institutional investors. Individual investors according to Mario (2019) are individuals who are investing on their own and sometimes they are called retail investors. Institutional investors are entities such as investment companies, commercial banks, insurance companies, pension funds and other financial institutions.

### **Statement of the problem**

Primary school teachers have a steady and predictable stream of monthly income. Whether this income is invested depends entirely on how it is used. Keynes (1936) stated that the decision to consume or not to consume truly lies within the power of the individual; so does a decision to invest or not to invest. With a reliable source of income received throughout the working time up to retirement, it is possible that a portion of the income is invested in household investments. These investments provide an additional income source and can provide a useful cash flow upon retirement. The Ugandan National Household Survey (2017) indicates that Ugandan households spends 96% on consumption of goods and services and only 4% for non-consumption expenditures. This suggests that with a huge portion of the income consumed, very little is left for investing at the household level. Yet household investments have the potential to generate additional income both during the working time and after retirement for the primary school teachers. The NSSF Post Retirement Survey Report 2018 indicated that a massive 92% of households that receive their benefits spend it all in consumption and uninformed investments within a year and remain broke with no cash. And yet 80% of the beneficiaries have only NSSF as their post retirement source of financial income. This, after spending all of their working life on a paid

employment and receiving a monthly income for that service. In line with UNHS (2017) consumption findings, this suggests a significant disconnect between earnings by employed household heads and investments at the household requiring a comprehensive examination to determine the root cause. At the Lira Municipal Council, there is barely any documented report on household investments by primary school teachers for the consumption of government, policy makers and the current primary school teachers. This study seeks to investigate that gap and find out whether financial planning by primary school teachers can enhance household investments. Specifically, the study sought to: (a) To determine the level of cash flow among primary school teachers in Lira central division; (b) to determine the level of household investment among primary school teachers in Lira central division; and (c) to determine the effect of personal cash flow on household investments among primary school teachers in Lira Central Division.

### **3. METHODOLOGY**

The study adopted a cross-sectional survey design which fits in the time allowed to undertake the study that is academic in nature (Ritika, 2015). According to Tavakol and Sanders (2014), quantitative studies are interested in investigating how and why phenomena vary. It relies on the collection and analysis of numerical data to describe, explain, predict and or control variables and phenomena of interest. The study will use a questionnaire to collect primary data from the respondents. A questionnaire is a data collection instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Abawi, 2013; and Cohen, 2013). The questionnaire were structured in line with the objectives of the study. A questionnaire is justified because primary school teachers are literate and can read well and write their opinions. The variables were personal cash flow and household investments. In order to measure the variables, the study used questions to elicit responses regarding the understanding and application of the basic concepts on personal cash flow using constructs employed by Hilgert and Hogarth, (2002) from the University of Michigan. Cash flow was measured using a five point Likert scale with questions ranging from 1-5, where 1 = strongly disagree, 2= Disagree, 3= Not sure, 4= Agree, 5= strongly agree basing the on the personal cash flow statement. The key indicators of household investment, as reported by UNHS 2017 are savings, real estate and commercial agriculture. This was adopted from Hilgert and Hogarth, 2002 in their work on household financial management: the connection between knowledge and behaviour.

#### **Data Quality Control**

Content validity was established by calculating the content validity index (CVI). As a rule of thumb, CVI at 0.70 and above is acceptable. The instrument were pilot tested by administering the questionnaire to 10 primary school teachers. Basing on the result of the outcome, the Cronbach's Alpha Coefficient were used to test for reliability. The Cronbach's alpha is a test reliability technique that requires only a single test administration to provide a unique estimate of the reliability for a given test (Gliem and Gliem, 2003).

#### **Data Analysis**

The data were edited for completeness and consistence to ensure that the respondent's answers do not have error. SPSS 23 were used to enter and analyse the data. Both descriptive and inferential statistics were used to analyse the data. Descriptive analysis included mean and standard deviation. The mean were used as a measure of central tendency while standard deviation were used as a measure of dispersion to inform how the responses are dispersed from the mean. Inferential statistics namely; Pearson's correlation coefficient, and multiple regression were used to determine the effect of personal cash flow on household investment. The null hypotheses were tested at 95% confidence level, that is, 0.05 probability (p) value.

### **4. RESULTS OF THE STUDY**

#### **Demographic characteristics**

The study targeted about 118 sample units however, the actual participation reflects that 103 of the sample units took part in the study, which is equivalent to a response rate of 87.3%. This response rate is high enough for representation, generalizability and conclusion. The high response rate is attributed to the fact that most teachers were followed by the researcher in their homes where the questionnaires were administered and the researcher collected before leaving. There was therefore a limited number of non-responsive respondents.

**Table 1: Demographic characteristics (N = 103)**

Variable List	Categories	Freq.	Percent
Age	Less than 30 years	24	23.3
	30 - 50 years	51	49.5
	50 and above	28	27.2
	Total	103	100
Marital status	Married	70	68
	Single	28	27.2
	Others	5	4.9
	Total	103	100
Gender	Male	65	63.1
	Female	38	36.9
	Total	103	100
Years in government service	1 - 10 years	46	44.7
	11 - 20 years	36	35
	21 - 30 years	10	9.7
	Above 30 years	11	10.7
	Total	103	100
Highest level of education	Degree	13	12.6
	Diploma	32	31.1
	Certificate	44	42.7
	Others	14	13.6
	Total	103	100

**Source:** *Field data, 2021*

The age differences indicate that 49.5% fell in the group (30 - 50) years' age bracket, 27.2% fell in the 50 years and above age bracket while 23.3% fell in the less than 30 years' age bracket. The statistics suggest that the study was dominated by majorly adults. The high number of adult teachers is possibly a result of a government imposed ceiling on recruitment by the Public service. Most of the teachers on the payroll are those who were recruited earlier. Participation according to marital status indicates that 68% were married, 27.2% were single while only 4.9% indicated the "others" option. The statistics imply that the study was dominated by married participants. This is possibly because teachers are considered role models of their societies. One such societal parameter is the quality of being married. Most primary school teachers are therefore married and maintain their marriages. In terms of gender, 63.1% were male while 36.9% were female. This implies that most of the primary school teachers who took part in the study were men. The findings agree with MoPS (2019) statistical figures, which showed that of the total number of people employed by the Public Service, 37.8% female and 62.2% male. Elaborately, the findings are an indicator that the formal employment sector in Uganda is still majorly dominated by males. The study established that 44.7% had served in local governments for not more than 10 years, 35% had served in local government for more than 10 years but not exceeding 20 years. The statistics imply that most of the participants had worked with local governments for a period between 1 and 10 years. Owing to the phased admission on the government payroll, most of the teachers first work with the Private schools before joining the government payroll. With respect to the highest level of education, the study established that 42.7% had certificate, 31.1% had tertiary diplomas while 12.6% had degree. A significant percentage of participants (13.6%) indicated the 'others' option, which was more of postgraduate diplomas. This agrees with the findings of Earnest and Young (2019) which indicated that 82% of primary school teachers possess O level based national diplomas and certificates.

#### **The level of personal cash flow among primary school teachers in lira city**

In this study, the level of personal cash flow was generally high (mean = 4.139; std. = .922). The chief indicators of this scenario were the salary being the major source of income (mean = 4.466; std. dev. = .739), spending most of the income on meeting operational expenses (mean = 4.379; std. dev. = .794), and spending most of the income on household investments (mean = 4.311; std. dev. = .780). The statistics suggest that a greater part of participants' income comes from salary, and is the basis for both their day-to-day operational expenses and household investments. With the salary as the major source of income split between operational expenses and household investment, the portion of the income invested in households may not be significant. This is because most household investments are capital in nature requiring a reasonable investment outlay. These findings is in agreement with Bua (2019) whose study found that primary school

teachers have the salary as their main source of income. These statistics could not reveal significant deviations on opinions on cash flow. However, (mean = 3.903; std. dev. = 1.142) shows some divergence of opinions regarding the adequacy of participants' income to meet their monthly expenses. This also suggests that participants find it hard to meet their monthly expenses. A difficulty in meeting monthly operational expenses signifies that investing in the household would be limited.

**Table 2: level of personal cash flow (N = 103)**

<b>Descending means</b>	<b>Mean</b>	<b>Std. dev.</b>
1. I have the salary as my only source of income	4.466	0.739
2. I spend most of my income for meeting operational expenses like food, clothing, school fees	4.379	0.794
3. I know that it is important to have other income sources	4.320	0.807
4. I spend most of my income on household investments like buying land, doing agriculture, building rental property etc.	4.311	0.780
5. I always determine the risk of extending credit to people	4.214	0.836
6. I always take out a loan from a financial institution to solve my short term cash flow problems	4.000	1.038
7. My income is enough to meet my monthly expense needs	3.903	1.142
8. I have good cash management practice	3.854	1.088
9. I always keep track of how much money is coming into and going out from my income?	3.806	1.076
<b>Average</b>	<b>4.139</b>	<b>0.922</b>

**Source:** Field data, 2021

Basing on the aggregated mean scores, personal cash flow (mean = 4.139; std. dev. = .922), it can be observed that personal cash flow among the primary school teachers in Lira city is apparently high due to personal savings. The relatively high level of savings appears to be stimulated by the numerous saving groups, SACCOS, or saving rounds. This savings should be able to translate into household investments, a finding that concurs with FinScope (2018) survey which discovered that 50% of savers save informally with saving groups or giving it to someone in the community to keep safe. It further agrees with Chalicha (2015) who found that when empowered to save, primary school teachers can convert their salaries into household investments.

#### **Level of household investment among primary school teachers in Lira city**

Descriptive statistics were used to appreciate the level of household investments among selected primary school teachers. To ease the interpretation of mean scores relating to household investments, the researcher used the following range of mean scores to interpret household investments. Consequently, mean scores less than 2.500 were interpreted as 'low level of household investment'. Mean scores ranging from 2.500 through 3.500 were interpreted as 'moderate level of household investment'. Mean scores above 3.500 were interpreted as 'high level of household investment'. The standard deviations close to zero indicated consistence of opinions on household investments while standard deviations far away from zero indicate inconsistency of opinions on household investments.

**Table 3: Level of Household Investment**

<b>Descending means (N = 103)</b>	<b>Mean</b>	<b>Std. dev.</b>
1. I have ever invested in commercial agriculture	4.330	0.797
2. Some of my income is invested for long term benefit and not only for daily needs	4.272	0.982
3. I have developed an action plan to meet that target	4.107	0.896
4. I have set personal investment targets to be met within a particular period e.g. building a 4 door rental within 5 years	4.097	0.798
5. I have ever invested in buying land	4.039	0.816
6. I have ever invested in building a rental unit	3.883	0.953
<b>Average</b>	<b>4.121</b>	<b>0.874</b>

**Source:** Field data, 2021

This study examined the level of household investment among selected primary school teachers in Lira city. Accordingly, the level of household investment was found to be high (mean = 4.121; std. dev. = .874). This was indicated by investments in agriculture (mean = 4.330; std. dev. = .797), investments in long-term benefits (mean = 4.272; std. dev. = .982), and developing action plans to meet their targets (mean = 4.107; std. dev. = .896). These statistics support the assertion that there is high household investment among primary school teachers. Though the researcher found some pockets of disagreements on investments in rental units (mean = 3.883; std. dev. = .953), there weren't any significant deviations in participants opinions on their household investments. This is because most primary school teachers take the building of their personal houses as an investment priority. And because personal houses substitute the place for rental units for the employee, the distinction is often not clear.

### Inferential statistics

To establish the relationship between personal cash flow and household investments, this study adopted correlation tests as illustrated on table 4 below.

**Table 4: Correlations**

		Cash flow	Household investment
Cash flow	Pearson Correlation	1	
	Sig. (2-tailed)		
	Sig. (2-tailed)	.000	
Household investment	Pearson Correlation	-.037	1
	Sig. (2-tailed)	.711	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The correlation shows that the relationship between cash flow and household investment is very weak and negative ( $r = -.037$ ;  $p\text{-value} = .711$ ). These statistics suggest that primary school teachers who tend to increase their cash flow are likely to realize some reductions in their level of household investments. It is possible that increases in cash flow is used to offset operational expenses and acquisition of other assets which may not necessarily be household investments. The findings agree with Sawsdpeera and Pandey (2012) who found that a higher income meant not only a higher amount of saving but also a higher amount of expenses for their living standard or additional social expenses that they had to pay for their status in society. As a result, the saving amount could be higher but the proportion of saving to income might not necessarily be higher. To determine the role of personal cash flow on household investments, a regression analysis was applied in which the R Square was used to measure the aggregated effect of personal cash flow on household investments while beta coefficients were used to measure the effect of a unit change in constructs on personal cash flow leads to change in household investments; the results are shown on table 5 below.

**Table 5: Regression Coefficients**

Variable List	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.148	0.354		11.714	0.000
Personal cash flow	-0.085	0.145	-0.115	-0.585	0.560
R	0.206				
R Square	0.043				
Adjusted R Square	0.014				
Std. Error of the Estimate	0.439				

Predictor: (Constant) Personal cash flow

Dependent Variable: Household investment

From the (R Square = .043), the researcher found that personal cash flow accounts for only 4.3% of the variations in household investments among the primary school teachers investigated. The effect of personal cash flow on household investments is indeed very small. This is possibly because there are many areas that primary school teachers plan to spend

their money on. Household investments is just one of them. This suggests that there are other factors that are likely to account for the remaining 95.7%. This finding concurs with UNHS (2017) which found that primary school teachers borrow to acquire assets like houses, vehicles, motorcycles, businesses etc. but they also borrow for education financing and other consumption activities like weddings, vacations and partying. The different constructs of personal cash flow indicate non-significant effects on household investments. For example, ( $\beta = -.115$ ;  $p\text{-value} = .560$ ) indicate that a unit-change in personal cash flow, among primary school teachers in Lira city, has a likelihood of reducing the level of household investments by 11.5%.

Looking at the significant values (probability estimates), the researcher found that all the constructs used to measure personal cash flow generated ( $p\text{-values} > .05$ ). This means that cash flow does not have a statistically significant relationship with household investments. The statistics indicate that out of every 100 primary school teachers in the sample study, less than 95% are likely to confirm that their current level of household investments is not due to cash flow management. Moreover, (Constant = 4.148), shows that when personal cash flow = zero, primary school teachers will showcase a household investment level that is above the average. The statistics suggest that household investments among the primary school teachers investigated is not due to changes in cash flow. Primary school teachers can as well increase their household investments without any contribution of the construct investigated. This observation is due to the fact that most primary school teachers undertake their investment decisions without any set long term plan. When the operational household expenses have declined, they will invest the income not used on household investments.

Basing on the probability values ( $p\text{-value} > .05$ ), this study accepted the null hypothesis that personal cash flow does not have a significant effect on household investments among primary school teachers in Lira city. The acceptance of the claim suggests that the changes in households' investments among primary school teachers are not due to their personal cash flow. There could be other factors that rightly account for their stand in household investments. Just like with the rest of the society, primary school teachers do not invest in households because of personal cash flow. They just invest on impulse. A finding which agrees with Matewos (2015) who found that the recent trend in finance and economics made financial planning not just convenience, but an essential survival tool because of the fact that lack of financial knowledge leads to poor financial choice and decisions, which could result in undesired financial and economic consequences to individual, financial system and entire economy, and yet financial planning on the African continent by the primary school teachers is at best low. This is in agreement with NAFPA (2019) which found that 56% of Americans do not have a financial plan for their future and that the majority of Americans are stressed about their financial situations and 1 in 3 Americans do not think they will ever retire.

### Testing of the Hypothesis

The researcher tested the null hypotheses using the 5% level of significance. The researcher rejected the null hypothesis when the level of significance was less than 5%, and accepted the null hypothesis when the level of significance was greater than 5%.

**Table 6: Chi-Square Tests**

Linear association	Pearson Chi-Square	Asymp. Sig. (2-sided)	Decision
Cash flow and Household investment	230.933(a)	.095	Accept

Source: *Field data, 2021*

a: assuming the null hypothesis

The researchers accepted the null hypothesis that personal cash flow has no significant effect on household investment among primary school teachers in Lira city (Asymp. Sig.  $> .05$ ). The above statistics imply that personal cash flow does not affect household investments. This is possibly because most of the primary school teachers have inadequate incomes and unable to meet their financial needs. They have no other alternative than to rely on loans to meet their short-term investments. The study established that cash flow has a very low effect on household investments among primary school teachers in Lira central division. The findings agree with (UNHS, 2017) who established that cash inflows for primary school teachers are normally fixed and regular. For primary school teachers the salary is normally the only income source. Based on this fact, it becomes difficult for them to realize any cash to meet their household investments. A single, regular and fixed salary which changes only minimally in the short and long run cannot significantly affect household investments. Its effect is only felt when the level of the operational expenses is reduced to free some money which can

then be invested in the household. In a related view (Bua, 2019) also confirms that most primary school teachers have only one source of income which is their salary. The findings equally agree with (Finscope, 2018), which reported that a single cash flow source is constrained to meet the many expenditure requirements and the household investment needs. This explains the 69% of the Ugandans who cannot make any investments, and the 47% who cannot keep track of the money they earn and spend. While these studies do not suggest total illiteracy on financial matters among primary school teachers, they paint the picture that primary school teachers' cash inflows are too low to stimulate the desired level of household investments.

The findings however, appear to disagree with Syed, Nigar and Ullah (2017) who found that the investment behaviour of urban households was influenced by a number of demographic variables like household size, type, education and employment status of the household head, earning members in the household, the number of dependents and household income. Whether the primary school teachers' income was invested in households is therefore not only dependent on the income but a host of other factors. The low effect of savings on household investments in Lira city, is in line with (Ahimbisibwe & Mafabi, 2017) who reported that the saving culture in Uganda is poor. Countries like China have high savings, which surpasses their investment share in GDP (Cristadoro & Marconi, 2012). While the study scope for the two studies might differ, the level of savings in Uganda is very low to spur the level of investments needed to guarantee some quality of life among primary school teachers. Importantly however, is the fact that the salaries earned by primary school teachers are very meagre to support savings and investments. The findings further disagree with Keynes (1936). According to Keynes, the amount that an individual spends on consumption depends partly on the amount of his income, the other objective attendant circumstances and the subjective needs and the psychological propensities and habits of the individual, and the principles on which the income is divided between them. He notes that a decision to consume or not to consume truly lies within the power of the individual; so does a decision to invest or not to invest. The decision by primary school teachers to invest their income is therefore not a product of their income alone. It is tied to other societal demands like the need for fun, luxury and happiness right here and now. According to the study, a unit-change in primary school teachers' cash flow reduces the level of household investments by 11.5%, according to ( $\beta = -.115$ ; p-value = .560). Lastly, a unit change in cash flow reduces the level of household investments by 21.4%, according to ( $\beta = -.214$ ; p-value = .241). Importantly, cash flow has a non-significant effect on household investments, based on (p-value >.05).

## 5. CONCLUSION

The study was about personal cash flow and household investments in Lira Central Division. Basing on sample results from 103 primary school teachers who took part in the study, personal cash flow accounts for a very low effect on household investments among primary school teachers in Lira City. The non-significant effect of cash flow on household investments is evidence to this. Cash flow among primary school teachers in Lira city appeared high but does not produce generate positive effects on household investments. Rather than increasing household investments, the study established that cash flow is likely to reduce household investments. Consequently, these cash flow challenges cannot help primary school teachers to build up strong household investments.

### Limitations of the Study

The researchers faced challenges in movement to some areas due to restriction in movement imposed by the government of Uganda as a result of Covid-19 pandemic but were able to access a good number of them through personal networks.

## 6. RECOMMENDATIONS

1. Primary school teachers should be organized and trained in financial literacy so that the handling of their finances is planned to meet their asset investment targets.
2. There is still need for further research for primary school teachers and the entire populace to appreciate this very fundamental component of personal and financial wealth and health.

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