

# Analysis of the Impact of the Personal Finances of the Promoter on the Cash Flow of His High School: Case of Mali

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## Abstract

The main objective of this study is to analyze the impact of the personal finances of the promoter of a high school on the cash-flow of his establishment. A multiple linear regression model was used to analyze data collected from 53 randomly selected private high schools at the right bank academy in Bamako. Our results show that on the one hand, the promoter's personal expenses and investments have a negative impact on the high school's cash flow, personnel costs and running costs ; on the other hand, the budgetary management, the incomes and the relationship with the promoter's personal bank have a positive impact on them. The results of this study could help high school promoters to find a balance between managing their high school's cash-flow and their personal finances. They could also contribute to the scientific literature on the subject.

**Keywords:** Private high school, Treasury, Personal finance, Promoter

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## I-Introduction

By their number (over 2,900 in 2023) and the quality of the education they provide, private high schools play a very important role in the school system in Mali (Ministry of National Education, 2023). Thanks to these establishments, the Malian state has been able to control the numbers in public high schools and offer training at an acceptable level to young Malians. The role of private high school promoter is lucrative and has become a source of wealth for some entrepreneurs in Mali. The weak financial management of the establishment, as when the personal finances of the promoters interfere with the finances of the establishment, creates serious difficulties in the functioning of the school. Indeed, studies have shown that some promoters give more priority to their personal finances than taking care of staff and settling supplier debts (Traoré et al., 2021).

Some financial difficulties encountered by some private schools could be explained by a lack of financial check-ups, an accounting service and a relationship with banks.

The resources generated by the operation of the school are only slightly reinvested by the promoter in general. This testifies to the lack in term of managerial system shown by some promoters. Lack of rigor in management and other malfunctions largely explain the bankruptcy of the sector.

Since the private high school is a source of income and an essential element of personal finance for the promoter, good cash management is a necessary condition for its survival.

Better cash management requires a good knowledge of the relationship between the promoter's personal finances and the cash flow of his establishment:

What is the impact of the personal finances of the promoter on the cash flow of his establishment?

This general question leads us to the following specific questions:

- What is the impact of the promoter's personal finances on cashing?
- What is the impact of the promoter's personal finances on the staff costs ?
- What is the impact of the promoter's personal finances on the operating expenses ?

The main objective of this study is to analyze the impact of the personal finances of the promoter of a private high school on the cash flow.

This main objective can be divided into the following objectives:

- Analysis of the impact of the promoter's personal finances on cashing.
- Analysis of the impact of the promoter's personal finances on the staff costs.
- Analysis of the impact of the promoter's personal finances on the operating costs.

A consultation of the previous scientific journal and a field research allowed us to put forward the following

hypotheses:

- The promoter's expenses and investments have a negative impact on receipts, while budget management, income and the relationship with the bank have a positive impact on them.
- The promoter's expenses, financial investments and investments have a negative impact on staff costs, while budget management, income and the relationship with the bank have a positive impact on them.
- The promoter's expenses and investments have a negative impact on school's operating costs, while budget management, income and the relationship with the bank have a positive impact on them.

For the verification of our research hypotheses, a multiple linear regression model was used.

The results of this study could help high school promoters to better manage their affairs and contribute to the scientific literature on the subject.

## **1. Definition of key concepts and literature review**

### **1.1. Definition of concepts**

Personal finance focuses on income, budget management, and relationship with bank, investments, borrowing, spending, financial investments and insurance contracts (Tyson, 2013).

Cash is the balance between receipts and disbursements.

The receipts of a private high school are mainly made up of school fees and subsidies. As for disbursements, they are made up of personnel costs and operating costs.

Budget management is a short-term forecast, which aims to achieve the strategic objectives defined by the management of a company (or an institution and a state) (Lochard, 1998). In business, budget management is an absolute necessity. It allows both to achieve its objectives and not to be surprised by possible abuses.

A financial investment consists of entrusting one's capital to a financial institution (bank, insurance company, broker) with the aim of lending it or buying securities, in order to obtain income (interest, dividend, etc.) (Bragg, 2010).

The banking relationship refers to a succession of interactions between the customer and the service provider or between the customer and the organization (Vigneron, 2016).

An insurance contract is a random contract by which, in return for a premium, the insurer undertakes to guarantee the subscriber in the event of the occurrence of a risk provided for in the contract (Percin, 2010).

### **1.2. Literature paper**

Studies on the impact of the personal finances of the promoter of a high school on the cash flow of his establishment are almost non-existent in Mali. However, some research has focused on the causes of private high school failures in Mali. These studies show that the lack of knowledge of the basics of the financial management of schools is one of the causes of these bankruptcies (Traoré et al., 2021).

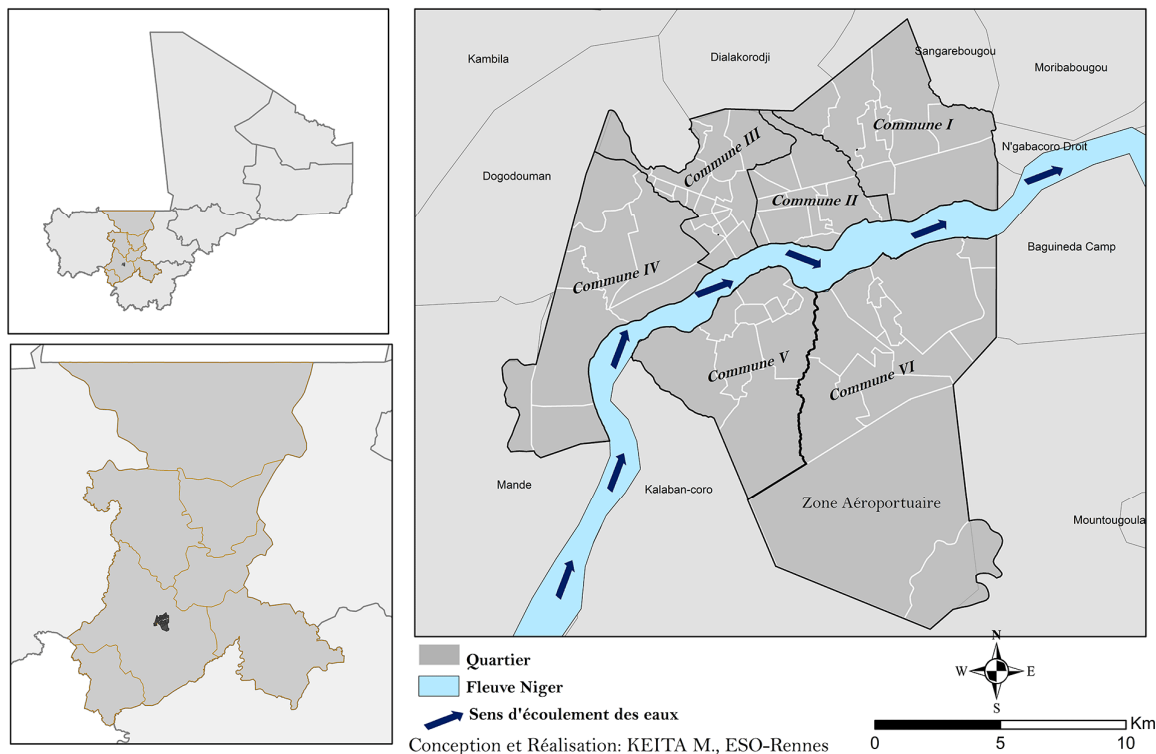
Excessive spending by the promoter in defiance of personnel costs and operating costs is the main cause of the bankruptcy of 82% of private high schools in commune V of Bamako (Diallo, 2014a). High school promoters who scrupulously watch over the payment of personnel costs and operating costs have seen their wealth increase by 15% to 40% (Diallo, 2014b). Some have been able to expand their establishments; others have created new structures (Diallo, 2014a).

A long-term banking relationship between banks and companies has often been considered to be favorable to economic growth (Eber, 2001). The existence of such a relationship could partly explain the prosperity of firms (Mayer, 1988).

## **2. Methodology**

The target population of this study is made up of private high schools located on the right bank of the Niger River in the city of Bamako in Mali (see map).

## Localisation et découpage administratif du district de Bamako



With a sample of 53 schools, this study uses a quantitative approach based on multiple linear regression to analyze the relationship between the personal finances of the head teacher and the cash flow of his school.

The data was collected using a questionnaire from 53 promoters of private high schools on the right bank.

The study variables are summarized in the table below:

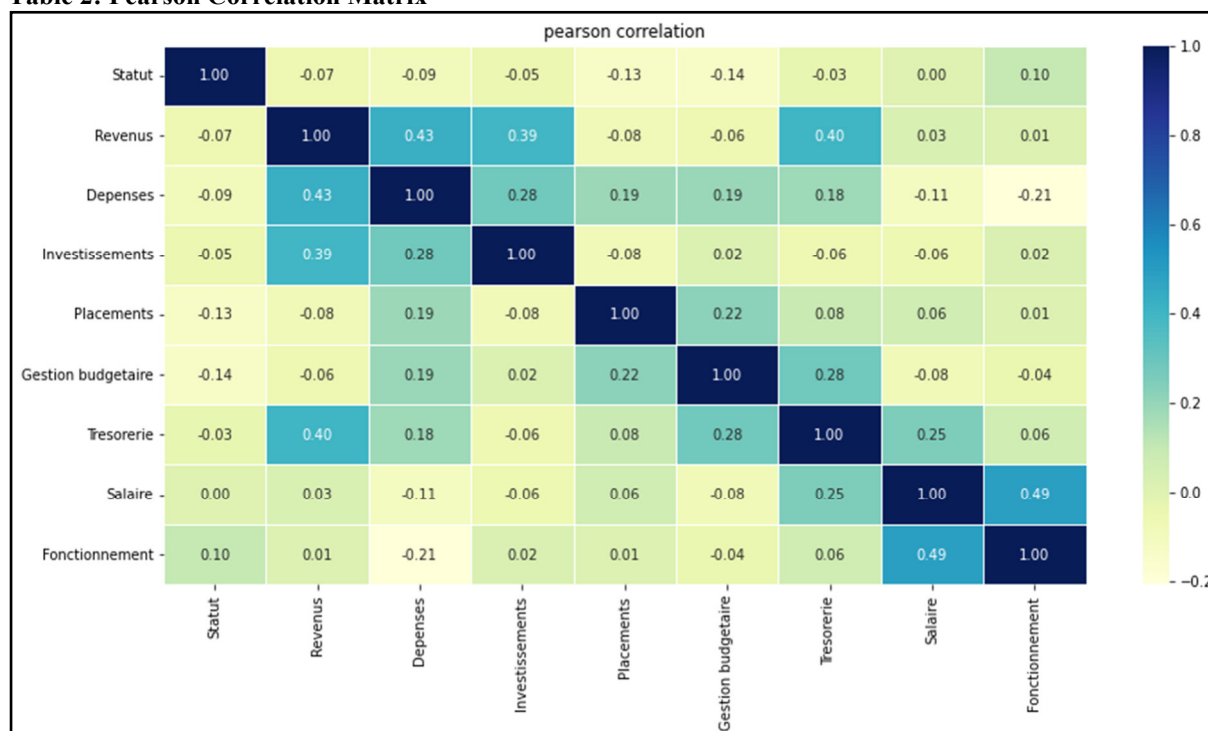
**Table 1 : Study variables**

Variable	Notation	Variable type
<b>Dependents variable</b>		
Cash collection	ENC	Continu
Salary	SAL	Continu
Charges de fonctionnement	CHARF	Continu
<b>Independent Variables</b>		
Relationship with the Bank	RB	Binary
Incomes	REV	Continu
Expense	DEP	Continu
Investments	INV	Continu
Placements	PLA	Continu
Budget Management	GBUD	Binary

Source: Authors

Table 2 shows the very weakly correlated variables (an important condition for performing a good regression)

**Table 2: Pearson Correlation Matrix**



Source: Authors

**Econometric models:**

To establish relationships between a dependent variable and independent variables, the multiple linear regression model seems to be a well-suited tool (Wooldridge, 2018, p 96).

Thus, in the context of this study, the relationships between our variables are formulated as follows:

$$ENC = a_1RB + a_2REV + a_3DEP + a_4INV + a_5PLA + a_6GBUD + \varepsilon$$

$$SAL = b_1RB + b_2REV + b_3DEP + b_4INV + b_5PLA + b_6GBUD + \delta$$

$$CHARF = c_1RB + c_2REV + c_3DEP + c_4INV + c_5PLA + c_6GBUD + \mu$$

où  $a_1, a_2, \dots, a_6$ ;  $b_1, b_2, \dots, b_6$ ;  $c_1, c_2, \dots, c_6$  are the coefficients of the models and  $\varepsilon, \delta$  et  $\mu$  sont des constantes réelles.

Analyzes were performed with a margin of error of 5% using SPSS 25 software.

**3. Results and interpretations**

Looking at the results in Table 2, we notice that:

- Expenses (DEP) and personal investments (INV) of the promoter with negative signs and p-values below 5% have a statistically significant negative impact on cash collection (ENC), personnel expenses (SAL) and operating expenses of the establishment (CHARF).
- The promoter’s cash investments, with a p-value of less than 5%, have a statistically significant negative impact on personnel and operating expenses but have no impact on cash receipts.
- Budget management, income and the relationship with the bank, with p-values of less than 5%, have a statistically significant positive impact on collections, personnel costs and operating costs of the institution.

**Table 3 : Results of linear regressions**

Variables indépendantes	Variables dépendantes					
	ENC		SAL		CHARF	
	Coefficients	P-value	Coefficients	P-value	Coefficients	P-value
CONST	1,243	,000	,966	,002	,754	,032
DEP	-,396	,000	-,250	,000	-,306	,000
INV	-,268	,000	-,289	,000	-,437	,000
PLA	-,068	,082	-,148	,000	-,046	,273
GBUD	3,312	,000	1,240	,000	2,599	,000
REV	1,243	,000	1,769	,000	2,235	,000
RB	,568	,001	,907	,000	,740	,000
R <sup>2</sup>	,97		,99		,99	

The coefficient of determination R2 measures the quality of a regression model to predict the dependent

variable as a function of the independent variables. Its value is between 0 and 1. The closer the R2 value is to 1, the better the regression model. Table 2 reports the values of the correlation coefficients of the different models proposed.

### Conclusion

This study aimed to analyze the impact of the personal finances of the promoter of a high school on the cash flow of his establishment.

The empirical tests (correlation test and multiple linear regression) focused on the data collected from 53 promoters of private high schools randomly selected at the level of the academy of the right bank of Bamako.

Our results show that on the one hand, the expenses and the personal investments of the promoter have a negative impact on the collections, the personnel expenses and the operating expenses of the school, on the other hand, the budgetary management, the personal incomes and the relationship with the promoter's bank have a positive impact on them. These results are in line with those obtained by Traoré et al (2021) as well as those of Diallo (2104).

The results of this study could help high school promoters strike a balance between managing their high school's cash flow and their personal finances. They could also contribute to the scientific literature on the subject.

As a limitation, it should be noted the lack of sufficient data due to a lack of financial means.

For future research, we can suggest expanding the sample to other regions of Mali and integrating other independent variables into the models to better understand the relationship between the personal finances of the promoter and the cash flow of his school. .

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