

**RECORD KEEPING AND FINANCIAL PERFORMANCE OF FINCOM, KOLOLO
KAMPALA UGANDA**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF THE BACHELOR OF
BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY**

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**UGANDA CHRISTIAN
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DECLARATION

I, ABDALLAH WAKABENGA, declare that this piece of work is my original work and has never been submitted to any University or Institution of higher learning for any academic award.

Signature...

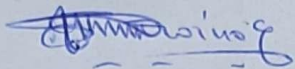


Date ...

1st June 2025.

APPROVAL

This is to certify that this research report has been done under my close supervision and is now ready for submission to the Department of Business Administration for examination with my approval.

Signature : 

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Date : 2nd / 06 / 2025

LIST OF ACRONYMS

SMEs - Small and Medium Enterprises

UGX - Ugandan Shilling (Currency of Uganda)

ROI - Return on Investment

ICT - Information and Communication Technology

GDP - Gross Domestic Product

MSME - Micro, Small, and Medium Enterprises

NGO - Non-Governmental Organization

KPI - Key Performance Indicator

ERP - Enterprise Resource Planning

CRM - Customer Relationship Management

FinTech - Financial Technology

NSSF - National Social Security Fund

URA - Uganda Revenue Authority

ABSTRACT

This study investigated the relationship between record keeping and financial performance at FINCOM, a financial institution located in Kololo, Kampala, and Uganda. The main objectives were to examine the types of record keeping systems used, assess the quality and consistency of financial records, and evaluate how record keeping affects financial performance. A descriptive research design was used, and data was collected through questionnaires from 104 employees across various departments.

The findings showed that most of the employees at FINCOM use computerized systems like accountiThis study investigated the relationship between record keeping and financial performance at FINCOM, a financial institution located in Kololo, Kampala, Uganda. The main objectives were to examine the types of record keeping systems used, assess the quality and consistency of financial records, and evaluate how record keeping affects financial performance. A descriptive research design was used, and data was collected through questionnaires from 104 employees across various departments.

The findings showed that most of the employees at FINCOM use computerized systems like accounting software and Excel spreadsheets, although some still use manual methods. The quality of financial records was rated as generally high, and most respondents agreed that proper record keeping helped improve budgeting, increase profits, and support better decision-making. A Pearson correlation analysis showed a strong and positive relationship between record keeping quality and financial performance, confirming that better records lead to better financial outcomes.

The study concluded that record keeping is a key factor in financial success. It recommended that FINCOM fully transition to digital systems, standardize record keeping practices across all departments, and regularly train staff on proper financial documentation. Limitations of the study included its focus on only one organization and the use of self-reported data.

The research provides useful insights for financial institutions aiming to improve their performance through better record keeping. Future studies could explore the role of employee training, regulatory compliance, and customer satisfaction in relation to financial record management.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study is consisted of the background of the study, problem statement, general objectives, specific objectives, conceptual framework, research questions, and significance of the study and time scope.

1.1 Background of the study

Small and medium enterprises (SMEs) are fundamental to Uganda's economic development, contributing significantly to employment, innovation, and GDP growth. According to Uganda Investment Authority (UIA, 2023), SMEs account for approximately 90% of private sector businesses in the country, employing over 2.5 million people and contributing to over 20% of Uganda's GDP. These enterprises, spanning diverse sectors such as trade, manufacturing, and agriculture, serve as a backbone for grassroots economic activities and provide essential goods and services in both urban and rural areas. Despite their vital role in Uganda's economy, many SMEs face significant challenges, including limited access to capital, poor management practices, and inefficient record-keeping systems.

Record-keeping is an integral aspect of business management and financial planning. It involves maintaining accurate and up-to-date records of business transactions, including income, expenses, assets, liabilities, and other critical financial data. Proper record-keeping enables SMEs to track their financial performance, comply with regulatory requirements, and make informed business decisions. According to the Federation of Small and Medium Enterprises Uganda (FSMEU, 2023), over 70% of SMEs in Uganda struggle with inadequate record-keeping practices, which hampers their ability to access credit and participate effectively in competitive markets.

The financial performance of a business is typically assessed using metrics such as profitability, liquidity, solvency, and efficiency. These indicators provide insights into a firm's ability to generate revenue, meet its financial obligations, and sustain growth over time. For SMEs, robust financial performance is not only critical for survival but also essential for scaling operations and expanding into new markets. In Uganda, however, many SMEs experience stagnation or decline in financial performance due to poor financial management practices, including the lack of effective record-keeping systems (World Bank, 2023).

In Uganda, various structural and systemic challenges hinder the adoption of effective recordkeeping practices among SMEs. These challenges include limited financial literacy, inadequate training on accounting principles, and the high costs associated with modern recordkeeping tools such as accounting software. Research by Katamba and Associates (2022) reveals that approximately 65% of Ugandan SMEs rely on manual record-keeping methods, which are prone to errors and inefficiencies. Furthermore, a lack of awareness about the benefits of record-keeping leads many SME owners to underestimate its importance, further exacerbating their financial vulnerabilities.

Numerous studies underscore the positive correlation between effective record-keeping and improved financial performance in SMEs. Proper record-keeping enhances transparency, facilitates accurate financial reporting, and enables businesses to secure loans from financial institutions. According to a study conducted by the Uganda Bankers Association (UBA, 2022), SMEs with robust record-keeping practices are 40% more likely to access credit facilities than their counterparts with poor record-keeping systems. This access to credit, in turn, allows businesses to invest in growth initiatives, improve operational efficiency, and achieve higher profitability.

Fincom Technologies, a medium-sized enterprise in Uganda, serves as an illustrative case study for examining the impact of record-keeping on financial performance. Established in 2015, Fincom Technologies operates in the ICT sector, providing software solutions, IT consultancy, and digital marketing services. The company has grown steadily over the years, attributed largely to its commitment to adopting modern financial management practices, including the use of accounting software and comprehensive record-keeping systems. However, like many SMEs in Uganda, Fincom Technologies faces challenges related to cash flow management, regulatory compliance, and sustaining profitability in a competitive market environment.

The study on the impact of record-keeping on financial performance is anchored in several theoretical frameworks, including the resource-based view (RBV) and the contingency theory of management. The RBV posits that a firm's resources, including its financial and informational assets, are critical for achieving a sustainable competitive advantage. Effective record-keeping is a valuable resource that provides SMEs with reliable financial data to make strategic decisions. Meanwhile, contingency theory emphasizes the need for businesses to align their management practices, including record-keeping, with their unique operating

environments. For Fincom Technologies, adopting a tailored record-keeping system is essential for navigating Uganda's dynamic business landscape.

Recent statistics highlight the growing recognition of the importance of record-keeping among Ugandan SMEs. A report by the Uganda Bureau of Statistics (UBOS, 2023) shows that SMEs using digital record-keeping tools have experienced an average revenue growth rate of 15% annually, compared to a 5% growth rate for those relying on manual methods. Furthermore, government initiatives such as the "Digital Uganda Vision" aim to promote digital literacy and encourage SMEs to adopt technology-driven solutions for record-keeping and financial management.

Despite the documented benefits of record-keeping, there is limited empirical research on its specific impact on the financial performance of SMEs in Uganda. Existing studies often focus on broader financial management practices without delving into the nuances of record-keeping. This study seeks to address this gap by providing a comprehensive analysis of how recordkeeping practices influence financial performance, with Fincom Technologies serving as a representative case study. The findings of this research will provide valuable insights for policymakers, SME owners, and financial institutions seeking to enhance the sustainability and competitiveness of Uganda's SME sector.

The study's findings have significant implications for policy formulation and implementation. By highlighting the link between record-keeping and financial performance, the research underscores the need for targeted interventions to improve record-keeping practices among SMEs. These interventions may include training programs on financial literacy, subsidized access to accounting software, and the establishment of record-keeping guidelines tailored to the unique needs of SMEs in Uganda.

1.1.1 Historical background

The role of record-keeping in organizational management has evolved significantly over time. Historically, businesses relied on manual processes to track financial activities, which were prone to errors and inefficiencies. These practices often involved ledgers, journals, and receipts that required meticulous attention to detail. In the early 20th century, advancements in accounting principles, such as the introduction of the double-entry bookkeeping system, revolutionized financial record-keeping by providing a structured framework for businesses to manage their finances (Yamey, 1949).

The industrial revolution further spurred the development of record-keeping systems, as businesses grew in size and complexity. During this period, financial records became essential for tracking the cost of goods, managing inventory, and ensuring compliance with emerging tax laws. By the mid-20th century, the advent of computers and software significantly improved record-keeping efficiency. Accounting software like QuickBooks and SAP streamlined processes, reducing human error and improving data accessibility (Heagy & McMickle, 1988).

In Uganda, the evolution of record-keeping practices closely aligns with global trends. SMEs, which form the backbone of Uganda's economy, have historically relied on informal methods to manage financial data. However, the increasing complexity of business operations and regulatory demands have necessitated a shift toward more structured systems. Despite these advancements, many SMEs in Uganda still face challenges in adopting modern record-keeping practices due to limited access to technology and financial literacy (Musinguzi, 2019). This historical context highlights the persistent gap in record-keeping efficiency, which continues to affect the financial performance of SMEs.

1.1.2 Theoretical background

This study is grounded in the Resource-Based View (RBV) theory, which posits that an organization's resources, including information systems, are critical for achieving competitive advantage (Barney, 1991). Effective record-keeping is considered a valuable resource that enables better financial management, decision-making, and strategic planning. The RBV theory emphasizes that unique and well-managed resources can differentiate businesses and contribute to long-term success.

In the context of SMEs, record-keeping systems are not merely tools for compliance but strategic assets that enhance organizational efficiency. The theory of Planned Behavior (Ajzen, 1991) also informs this study, as it underscores the role of attitudes, norms, and perceived behavioral control in influencing the adoption of record-keeping practices. For instance, SME owners who recognize the value of accurate financial records are more likely to invest in effective systems, despite constraints. Similarly, the Diffusion of Innovations theory (Rogers, 2003) explains how technological advancements in record-keeping, such as cloud-based solutions, spread across businesses. Understanding these theoretical frameworks provides a foundation for analyzing the factors that influence record-keeping practices and their impact on financial performance.

1.1.3. Conceptual background

Record-keeping refers to the systematic documentation of financial transactions, including income, expenses, assets, and liabilities. This process ensures that businesses maintain accurate and comprehensive records, which are crucial for financial reporting, decision-making, and compliance with tax regulations (Bushman & Smith, 2001). For SMEs, effective recordkeeping is particularly significant, as it directly impacts their ability to access credit, manage cash flow, and evaluate profitability.

In Uganda, SMEs face unique challenges in maintaining proper records. A study by Kyomuhangi and Turyahikayo (2018) revealed that many SME owners lack formal training in accounting, leading to inconsistencies in financial records. Additionally, the reliance on manual systems exposes businesses to errors and inefficiencies. Despite these challenges, the adoption of digital record-keeping solutions remains limited, often due to high costs and limited awareness of available tools (Namiyingo & Ogwang, 2020). This conceptual background underscores the importance of addressing the barriers to effective record-keeping to enhance the financial sustainability of SMEs.

1.1.4 Contextual background

This study focuses on Fincom Technologies, an SME in Uganda, to examine the impact of record-keeping practices on financial performance. Fincom Technologies operates in a competitive market where accurate financial records are critical for making informed decisions and maintaining regulatory compliance. As a case study, Fincom Technologies has provided valuable insights into the practical challenges and opportunities associated with record-keeping in SMEs.

The SME sector in Uganda contributes significantly to the national economy, accounting for over 70% of employment and 50% of GDP (Uganda Investment Authority, 2020). However, the sector faces persistent challenges, including limited access to financing, inadequate infrastructure, and poor record-keeping practices. Fincom Technologies exemplifies these challenges, as it struggles to implement efficient systems despite recognizing their importance. By examining this context, the study aims to provide actionable recommendations that can be applied across the SME sector.

1.2 Problem statement

Small and medium enterprises (SMEs) form the backbone of Uganda's economy, contributing significantly to employment and GDP. Despite their critical role, many SMEs struggle with financial sustainability, which is a key factor in their survival and growth. One of the primary causes of financial instability among SMEs is poor record-keeping practices. The lack of accurate and systematic financial records hinders businesses from tracking income and expenses, evaluating profitability, and ensuring compliance with tax regulations. Consequently, this deficiency often leads to poor financial decision-making, inability to access credit, and eventual business failures.

In Uganda, SMEs face unique challenges that exacerbate poor record-keeping. Limited financial literacy among SME owners means that many lack the skills and knowledge needed to maintain accurate financial records. Furthermore, the reliance on manual record-keeping methods, which are prone to errors and inefficiencies, remains widespread. While digital record-keeping solutions offer significant advantages, their adoption is hindered by high costs, inadequate infrastructure, and low awareness among SME owners. A study by Kyomuhangi and Turyahikayo (2018) highlighted that over 60% of SMEs in Uganda do not maintain formal financial records, which directly affects their ability to secure loans and other financial services.

The impact of poor record-keeping extends beyond individual businesses to the broader economy. Without reliable financial data, SMEs cannot contribute effectively to tax revenues or access government support programs. Additionally, poor record-keeping reduces transparency, increasing the risk of fraud and financial mismanagement. This challenge is particularly pronounced in competitive markets, where businesses like Fincom Technologies struggle to stay afloat due to inefficiencies in financial management.

Despite the availability of modern tools and support systems, there remains a significant gap in the adoption of effective record-keeping practices among SMEs. Government initiatives, such as tax incentives for adopting digital tools, have been introduced to address this issue. However, their impact has been limited due to inadequate implementation and lack of awareness among SME owners (Namiyingo & Ogwang, 2020). Furthermore, financial institutions often require detailed financial records as a prerequisite for accessing credit, placing SMEs with poor recordkeeping at a disadvantage.

Fincom Technologies, the focus of this study, exemplifies the challenges faced by SMEs in Uganda. As a growing enterprise, Fincom struggles with maintaining accurate and timely financial records, which has affected its ability to manage cash flow, evaluate profitability, and secure financing. These challenges underscore the urgent need for actionable solutions to improve record-keeping practices in SMEs. By addressing this gap, the study aims to enhance the financial sustainability of SMEs and contribute to Uganda's economic development.

This research explores the impact of record-keeping on the financial performance of SMEs, using Fincom Technologies as a case study. The findings provide insights into the relationship between effective record-keeping and financial outcomes, identify barriers to adoption, and propose strategies for improvement. Addressing these issues is critical for unlocking the potential of SMEs in Uganda, ensuring their growth, and enhancing their contribution to the national economy.

1.3 Purpose of the study

The purpose of the study was to establish the relationship between record keeping and performance of Fincom, Kampala.

1.4 Objectives of the study

- 1) To determine the different ways of record keeping by Fincom.
- 2) To determine the different ways of evaluating financial performance of Fincom.
- 3) To assess the relationship between record keeping and performance of Fincom.

1.5 Research Questions

- 1) What are the different ways of record keeping by Fincom?
- 2) What are the different ways of evaluating performance of Fincom?
- 3) What is the relationship between record keeping and financial performance of Fincom?

1.6. Scope of the study

1.6.1 Geographical scope,

Fincom is headquartered in Kampala, Lower Kololo Crescent.

1.6.2 Content scope

The study was confined to the effect of record keeping on the financial performance of Fincom.

1.6.3 Time scope

The study covered the period of two (3) years, 2022-2024. This was the right time to get the desired information to be used in research; this is because people were available to deliver information for this period.

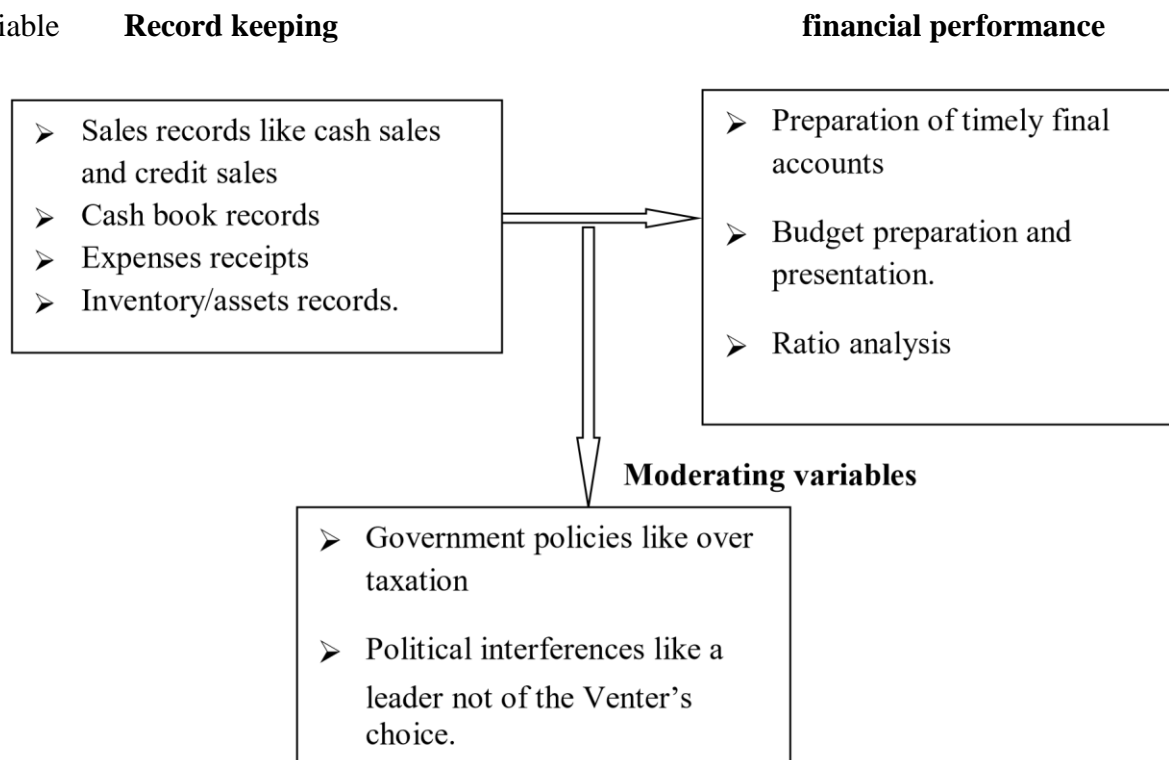
1.7 Conceptual Frame Work

Figure 1.1 illustrates the relationship between the independent and dependent

variable how the moderating variables affect the desirable performance. In this regard, record

keeping is independent variable while selected small scale business is the dependent

variable



Researcher's conceptualization, 2025.

Record keeping comprises of sales records, cash book records, expenses receipts, and inventory / assets records. And if there is maximum and efficient application of them, will lead to increased Profits and minimum losses on performance of small-scale businesses.

However, if there is poor and insufficient application of sales records, cash book records, expenses receipts, it results into poor performance thus losses

1.8 Significance of the study

Upon successful completion of the study the following benefits are expected:

The research will be used as one of the requirements for the award of degree in business studies.

The research will enable the small-scale businesses to know the performance of its current records, emphasis and procedures applied.

The research will help other upcoming researchers who might be researching on the similar or related topics as reference to their studies.

The research will enable the policy makers and other policy implementers of Fincom and other small enterprises in finding out the effects of record keeping on performance of small-scale businesses.

Small scale enterprises will use the research findings to improve on their record keeping practices.

The study will add knowledge on the existing literature on the subject examined in colleges And universities.

CHAPTER TWO.

LITERATURE REVIEW.

2.0 Introduction.

This chapter presents a review of the existing literature related to the topic of record keeping and financial performance. The purpose of this chapter is to examine what other researchers and scholars have written about these two areas and how they are connected. Reviewing previous studies helps in identifying gaps in knowledge, understanding key concepts, and providing a foundation for the current research.

The chapter begins by explaining the meaning of record keeping and why it is important for organizations, especially financial institutions like FINCOM. It also discusses the different types of records that businesses keep, such as financial records, customer records, and operational records. After that, the chapter explores the concept of financial performance what it means, how it is measured, and why it matters.

2.1 Theoretical Review.

2.1.1 Objective One: To Determine the Different Ways of Record Keeping by FINCOM

Record keeping refers to the process of creating, storing, managing, and retrieving information related to the activities of a business. FINCOM, like many financial institutions, deals with large volumes of data every day. Therefore, having proper record keeping systems is essential.

There are several methods of record keeping used by organizations like FINCOM:

Manual Record Keeping: This is a traditional way of recording information using books, files, and registers. It is common in smaller organizations or where technology is limited. However, manual records are prone to loss, damage, and human error (Ouma & Odundo, 2016).

Electronic Record Keeping: This involves using computers and software to store financial and operational data. Electronic systems such as QuickBooks, Excel spreadsheets, and banking software help in organizing, securing, and retrieving information more efficiently (Njagi & Wanyoike, 2016).

Cloud-Based Record Keeping: More recently, institutions are turning to cloud storage solutions like Google Drive, Dropbox, and cloud-based accounting software. These systems allow for automatic backups, remote access, and real-time updates (Muchira, 2018).

According to Agency Theory, proper record keeping helps reduce the gap between the management (agents) and the owners (principals) by ensuring transparency and accountability. For example, when FINCOM keeps accurate financial records, shareholders can easily assess how their funds are being used.

Proper record keeping not only ensures legal compliance but also builds trust between stakeholders. It supports internal control systems and helps in detecting errors or fraud. In line with Agency Theory, this increases confidence among investors, regulators, and customers.

2.1.2 Objective Two: To Determine the Different Ways of Evaluating Financial Performance of FINCOM

Financial performance refers to how well an organization uses its assets to generate revenue and profit. It is an important indicator of the health and success of a business. FINCOM can use several methods to evaluate financial performance:

Profitability Ratios: These include net profit margin, return on assets (ROA), and return on equity (ROE). These ratios help FINCOM assess how much profit it makes from its investments and operations (Pandey, 2015).

Liquidity Ratios: These ratios, like the current ratio and quick ratio, show the ability of the organization to meet its short-term obligations. It helps management ensure that the business has enough cash flow to continue operations (Ross et al., 2013).

Efficiency Ratios: These include inventory turnover and receivables turnover, which show how efficiently FINCOM uses its assets to generate revenue.

Financial Statements Analysis: This involves analyzing balance sheets, income statements, and cash flow statements. It gives a clear picture of the organization's performance over a period of time.

Agency Theory suggests that financial performance measures are important for principals (owners) to monitor the agents (management). By evaluating performance regularly, it is easier to identify areas where the company is doing well and areas that need improvement.

For example, if FINCOM shows a drop in its net profit margin over several months, shareholders can question management decisions and ask for explanations based on accurate records.

Moreover, performance evaluations guide decision-making, budgeting, and forecasting. They are essential for planning growth strategies and attracting investors. Transparency in financial reporting ensures that agents act in the best interest of the principals.

2.1.3 Objective Three: To Assess the Relationship between Record Keeping and Performance of FINCOM

There is a strong link between good record keeping and improved financial performance. When an organization keeps proper records, it can track income, monitor expenses, manage cash flow, and make informed financial decisions. Poor record keeping, on the other hand, leads to confusion, mismanagement, and potential losses.

Agency Theory is central to this relationship. It explains that conflicts can arise between owners and managers if records are not properly kept. For instance, without accurate records, managers may misuse funds or provide false reports, leading to mistrust and poor performance (Jensen & Meckling, 1976).

Good record keeping supports the following:

Transparency: Managers are required to provide honest and clear reports to shareholders. This builds trust.

Accountability: Records show how money was spent, and who was responsible. This reduces corruption and fraud.

Decision Making: Accurate data supports better financial decisions.

Performance Tracking: Records make it easier to measure achievements against targets.

For example, if FINCOM keeps detailed records of customer transactions, loan disbursements, and repayments, it becomes easier to identify trends, risks, and opportunities. This supports financial growth and stability.

In a study by Wanyama and Olweny (2013), organizations with strong record keeping systems showed better financial performance over time. They were also more likely to attract investors and loans due to their strong internal controls and trustworthy reports.

Therefore, it is clear that effective record keeping directly contributes to better financial performance. It creates a culture of accountability and efficiency within the organization.

2.2. Empirical review.

2.2.1 Empirical Review for Objective One: To Determine the Different Ways of Record Keeping by FINCOM

Record keeping plays a crucial role in financial management and operational success. It helps organizations track transactions, measure financial health, and ensure compliance with legal and regulatory requirements. Empirical studies have explored various forms of record keeping and their relevance to business operations.

Ouma and Odundo (2016) conducted a study on the influence of financial record keeping practices on the performance of SMEs in Kenya. They found that the use of manual and computerized systems greatly influenced decision-making and financial accountability. The study showed that small enterprises using only manual record keeping often encountered challenges such as misplaced documents and delayed audits, which affected their performance.

In Uganda, Kasozi (2016) explored record keeping practices among microfinance institutions and found that 78% of institutions using structured and computerized record keeping experienced a more streamlined loan recovery process and reduced operational risks. Institutions with poor record keeping practices struggled with debt management and audit preparation.

A study by Waweru and Okello (2017) on financial institutions in Kisumu, Kenya, indicated that 85% of the institutions using electronic record keeping reported better service delivery,

easier data retrieval, and enhanced client trust. This study emphasized the importance of transitioning from manual to automated systems.

Muchira (2018) explored the role of computerized accounting systems in performance and concluded that organizations with automated record keeping tools such as QuickBooks, Sage, or Excel experienced improved accuracy and better financial planning. Additionally, these systems enhanced the organizations' ability to prepare financial statements and ensure transparency.

These findings align with Agency Theory, which emphasizes the need for systems that reduce information asymmetry between agents (managers) and principals (owners). Accurate and accessible records help in verifying reports presented by agents, building trust, and ensuring financial accountability.

In conclusion, the empirical literature suggests that organizations like FINCOM can benefit from adopting and maintaining robust record keeping systems. Whether manual, computerized, or cloud-based, proper record keeping is essential for financial tracking, planning, and building credibility with stakeholders.

2.2.2 Empirical Review for Objective Two: To Determine the Different Ways of Evaluating Financial Performance of FINCOM

Financial performance evaluation is a critical aspect of business management. It involves assessing how well an organization is achieving its financial goals and utilizing resources efficiently. Several empirical studies have examined different methods of evaluating financial performance in organizations.

Muriithi and Waweru (2017) studied the evaluation tools used by commercial banks in Kenya. They found that profitability ratios such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin were the most commonly used indicators. The study revealed that these tools provided valuable insights into the financial health of the institutions and helped guide investment decisions.

In Uganda, Tumwine and Musimenta (2019) investigated how SACCOs assess their financial performance. They found that analyzing financial statements (balance sheets, income statements, and cash flow statements) was the most preferred method. Institutions that

regularly analyzed their financial data were better able to predict trends, manage risks, and allocate resources efficiently.

Kimani and Njiru (2018) examined the impact of using modern financial evaluation tools such as dashboards and financial modeling in Nairobi-based companies. Their study showed that organizations that adopted these tools had a 40% increase in budget accuracy and strategic decision-making. These organizations could forecast revenues and expenditures more effectively, which contributed to better financial performance.

Njagi and Wanyoike (2016) also explored the use of performance evaluation systems in Nakuru SMEs and found that efficiency ratios such as asset turnover and receivables turnover were used to determine how well resources were being utilized. These tools helped businesses improve customer credit management and inventory control.

From the Agency Theory perspective, these empirical findings highlight the importance of performance measurement tools in holding agents accountable. When managers are regularly assessed using transparent financial metrics, they are more likely to align their actions with organizational goals and shareholder interests.

The empirical literature supports the use of profitability, liquidity, efficiency ratios, and financial statement analysis as effective ways to evaluate financial performance. For FINCOM, applying these methods can help improve strategic planning, transparency, and stakeholder confidence.

2.2.3 Empirical Review for Objective Three: To Assess the Relationship between Record Keeping and Financial Performance of FINCOM

There is a substantial body of empirical research showing a strong relationship between effective record keeping and financial performance. Organizations that maintain accurate, up-to-date records are more likely to make informed decisions, manage risks effectively, and achieve their financial goals.

Wanyama and Olweny (2013) conducted a study on youth enterprises in Kenya and found that businesses with proper record keeping practices had a 60% higher profitability rate than those without. The study attributed this difference to better financial control, improved planning, and increased access to funding due to trust in financial reports.

Nalubega and Ssemwanga (2020) explored the relationship between electronic record keeping and financial performance of SACCOs in Uganda. The results showed a significant positive correlation between the use of digital records and improvements in income generation, loan recovery, and operational efficiency. SACCOs that adopted computerized systems reported higher stakeholder confidence and lower audit risks.

Mwangi and Ngugi (2014) examined the impact of record keeping on loan performance in Kenyan financial institutions. Their findings revealed that institutions with accurate financial records had higher loan repayment rates and lower levels of default. This improved their overall financial health and sustainability.

Kamau and Kagiri (2015) assessed the influence of computerized accounting systems on the financial performance of small businesses in Nairobi. They found that businesses that used digital accounting systems showed higher levels of financial transparency, better cost control, and more reliable financial reporting.

These studies support the core argument of Agency Theory that record keeping enhances accountability and reduces information asymmetry. When financial records are accurate and accessible, agents are more likely to act in the best interests of the principals. For FINCOM, strong record keeping practices ensure that financial decisions are based on factual data, which improves performance and reduces the risk of mismanagement.

CHAPTER THREE.

METHODOLOGY.

3.0 Introduction

This chapter explains the methods and procedures that will be used to carry out the study. It will describe the research design, the population and sample size, the data collection tools, and how data will be analyzed. The aim is to ensure that the study is reliable, valid, and can be repeated by others. This chapter also explains why certain methods were chosen and how they helped achieve the study objectives.

3.1 Research Design

This study employed a descriptive research design to examine the relationship between record keeping and financial performance at FINCOM, Kololo, and Kampala. A descriptive research design was chosen because it allowed for the collection of data that described the characteristics of the population, phenomena, or relationships under investigation (Mugenda & Mugenda, 2003). In this case, the design helped the researcher to gather detailed information about the methods of record keeping used by FINCOM, the ways financial performance is evaluated, and how the two variables relate to each other.

The descriptive design was suitable for this study because it enabled the researcher to obtain both quantitative and qualitative data through questionnaires and interviews. This mixed approach offered a broader understanding of the situation on the ground. According to Kothari (2004), descriptive designs are appropriate for studies that seek to describe existing conditions without manipulating any variables. Since the purpose of this research is not to change or control any aspect of FINCOM's operations, but rather to observe and document them, the descriptive approach was appropriate. Descriptive research is considered cost-effective and allows for the collection of data from a larger population in a relatively short time (Sekaran & Bougie, 2016). This made it a practical choice given the limited time and resources that were available for the study.

3.2 Research Population

The research population for this study consisted of employees and management at FINCOM, Kololo, and Kampala. The population included individuals directly involved in the financial operations, record keeping, and performance evaluation processes. This included senior management, accountants, financial analysts, and staff responsible for record-keeping tasks.

The total population of the study was approximately 140 individuals, a sample size that allowed for the gathering of diverse perspectives on the methods of record keeping and financial performance evaluation within the institution. According to Saunders, Lewis, and Thornhill (2019), a sample size of 140 is adequate for ensuring that the findings are statistically significant and representative of the population, especially in descriptive studies.

This diverse group of respondents was selected because they possess valuable insights into the financial operations of FINCOM and provided accurate information on how the institution evaluates its financial performance and maintains its records. The respondents were chosen because of their direct involvement in or influence over financial decisions, record keeping, and performance evaluation practices, ensuring that their responses would contribute meaningfully to the study.

3.3 Sample Size Determination

To determine the appropriate number of respondents for this study, Cochran's formula was used. Cochran's formula is widely used in research to calculate an ideal sample size when the population is known and finite. It provides a statistically valid method for determining how many people should be selected from a larger population to get reliable results (Cochran,

1977). The formula is: $n = \frac{N}{1 + N(e^2)}$

Where:

- n = sample size
- N = population size (140 in this case)
- e = margin of error (let's assume 0.05)

Therefore the sample size is 104 after rounding of 103.70.

This sample is statistically significant and representative of the target population. According to Israel (1992), using such scientific approaches to calculate sample size helps in reducing bias and increasing the reliability of the research results. It ensures that the findings of the study can be generalized to the entire population of FINCOM with reasonable confidence.

3.4 Sampling Techniques

This study used both probability and non-probability sampling techniques to select participants from the target population of FINCOM, Kololo, and Kampala. The choice of sampling methods was guided by the need to ensure that the sample was representative of the different departments and roles involved in record keeping and financial performance assessment.

The probability sampling technique used was stratified random sampling. This method involves dividing the population into different subgroups or “strata” based on characteristics such as job roles or departments such as finance, accounting, operations, and administration. From each stratum, respondents were then randomly selected. This helped ensure that all relevant groups within FINCOM were adequately represented in the sample. According to Kothari (2004), stratified sampling improves the accuracy of results because it ensures that every segment of the population is considered.

After stratification, simple random sampling was applied within each stratum. This gave each member of the group an equal chance of being selected, reducing the risk of bias and improving the reliability of the data collected. Random sampling also allows for easy generalization of findings to the entire population (Saunders et al., 2019).

The random selection process, purposive sampling, a non-probability technique, was used to select key informants such as finance managers, accountants, and auditors. These individuals were selected because of their deep knowledge and direct involvement in financial decisionmaking, record keeping, and policy implementation. Purposive sampling ensured that the study captured expert insights that might not be obtained through random selection alone.

By combining these techniques, the researcher was able to gather data from both general staff and specialized professionals. This approach strengthened the study by ensuring that both broad and in-depth views were included in the analysis.

3.5 Research Methods

For this study, both quantitative and qualitative research methods were employed to gather comprehensive data regarding the record-keeping practices and financial performance at FINCOM, Kololo, and Kampala. The combination of these methods allowed for a rich, multidimensional understanding of the topic.

Quantitative data was collected primarily through the use of structured questionnaires, which was distributed to the sample of respondents at FINCOM. The questionnaires included closed-ended questions with pre-determined response options, making it easier to analyze the data statistically. According to Creswell (2014), quantitative methods are particularly effective when dealing with large datasets and when researchers seek to establish patterns, correlations, or generalizable findings. In this study, the structured questionnaires measured the various aspects of record-keeping practices, financial performance evaluation, and perceptions of their relationship. Respondents were asked to rate statements on a Likert scale, such as how often certain record-keeping practices are followed or how they perceive the effectiveness of performance evaluation systems in improving financial outcomes.

Qualitative data was gathered through semi-structured interviews. A small group of key informants, including finance managers, accountants, and auditors, were selected for these interviews. Semi-structured interviews are appropriate because they allow flexibility for the researcher to probe deeper into responses and explore nuanced perspectives (Bryman, 2016). This method provided valuable insights into the specific challenges and advantages of the current record-keeping systems and how these systems influence financial performance from the viewpoints of professionals who are directly involved in these processes. The qualitative responses will complement the quantitative data by adding depth to the findings.

Both the quantitative and qualitative approaches were triangulated to provide a more comprehensive understanding of the subject matter. This method of combining both data types enhances the validity and reliability of the results, as it allows the researcher to compare and contrast the findings from different data sources (Flick, 2018). The mixedmethods approach thus provided a holistic view of the relationship between record keeping and financial performance at FINCOM.

3.6 Research Instruments

For this study, two primary research instruments were used to collect data: structured questionnaires and interview guides. These instruments are designed to gather both quantitative and qualitative data, which will address the research objectives in a comprehensive manner. Each instrument is chosen to match the specific needs of the research, ensuring that the data collected will be valid, reliable, and appropriate for analyzing the relationship between record keeping and financial performance at FINCOM.

The first instrument, the structured questionnaire, was used for the quantitative data collection. The questionnaire consisted of closed-ended questions, Likert scale items, and multiple-choice questions. These questions were designed to measure various aspects of record keeping practices, financial performance evaluation methods, and the general financial health of FINCOM.

The questionnaire was divided into sections that address the study's three objectives. For example, one section focused on understanding the types of record-keeping systems in place at FINCOM (manual vs. computerized, frequency, and accuracy). Another section will assess the methods used to evaluate financial performance, such as profitability ratios, asset management, and budgeting. The final section examined the relationship between record keeping and financial performance, specifically exploring how effective record-keeping practices may influence decision-making and financial outcomes.

The structured nature of the questionnaire enabled the researcher to collect large amounts of data efficiently. It also ensured consistency across responses, making the data easier to analyze statistically (Creswell, 2014). Given the large number of respondents (103), the questionnaire provided a representative sample, and the results were generalizable to the population.

The second instrument was semi-structured interview guides, which were used to gather qualitative data. These interviews will be conducted with key informants, including FINCOM's senior management, financial analysts, and staff directly involved in recordkeeping and financial reporting. The interview guide will include open-ended questions that will explore the respondents' personal experiences, perceptions, and insights about record keeping and financial performance evaluation at FINCOM.

The flexibility of semi-structured interviews allowed for in-depth discussions, enabling the researcher to explore complex issues in more detail. According to Kvale (1996), this type of interview provided an opportunity to capture rich, detailed data, which can help explain the “why” and “how” behind the patterns observed in the quantitative data. Additionally, the qualitative data will help provide context to the numerical data, allowing for a more holistic understanding of the research problem.

The use of both questionnaires and interview guides ensured that the study’s data collection is comprehensive and robust. The structured questionnaire provided standardized, comparable data, while the semi-structured interviews allowed for deeper exploration of individual perspectives. This combination of instruments will help fulfill the study’s research objectives and increase the validity of the results by triangulating findings from different data sources (Tashakkori & Teddlie, 2010).

3.7 Reliability and Validity

Ensuring the reliability and validity of the research was essential for obtaining accurate and trustworthy results. In this study, both the reliability and validity of the research instruments and data were carefully ensured to enhance the credibility of the findings.

Reliability refers to the consistency and stability of the research instruments over time. For this study, reliability will be ensured through the pre-testing of the research instruments. A pilot study was conducted with a small group of respondents who were not part of the main sample. The purpose of the pilot study was to identify any ambiguities in the questions, check the clarity of the wording, and assess whether the instruments effectively capture the intended information. Based on the feedback from the pilot study, necessary revisions will be made to the instruments before they are used in the main data collection process.

The internal consistency of the questionnaires will be measured using Cronbach’s alpha coefficient. This statistical test will help to assess the extent to which the items in the questionnaire are consistently measuring the same concept. A Cronbach's alpha value of 0.7 or higher will be considered acceptable for ensuring reliability (Sekaran & Bougie, 2016).

Validity refers to the extent to which the research instruments accurately measure what they are intended to measure. To ensure the validity of the study, several steps will be taken.

First, content validity will be ensured by having the research instruments reviewed by experts in the fields of financial management and record keeping. These experts will evaluate whether the questions cover all relevant aspects of the study's objectives. Their feedback will be used to refine the instruments and ensure they accurately capture the necessary information.

Construct validity will be ensured by aligning the research instruments with established theoretical frameworks related to record keeping and financial performance. The use of recognized theories and concepts will ensure that the instruments measure the intended constructs. External validity will be maintained by ensuring that the findings can be generalized to the wider population of financial institutions similar to FINCOM.

The study will focus on a representative sample of FINCOM employees, and the findings will be contextualized within similar organizational settings to enhance generalizability.

3.8 Data Analysis

The data collected from both questionnaires and interviews will be analyzed using both quantitative and qualitative methods, in line with the mixed-methods approach of the study. The purpose of this analysis will be to examine the relationship between record keeping and financial performance at FINCOM, Kololo, and Kampala.

For the quantitative data, responses from the structured questionnaires will first be edited, coded, and entered into Statistical Package for Social Sciences (SPSS) version 25.

Descriptive statistics such as frequencies, percentages, and means will be used to summarize the demographic characteristics of respondents and their responses to key variables. To address the second and third objectives of the study, inferential statistics, particularly Pearson's correlation coefficient, will be used to test the relationship between record keeping practices and financial performance. The results will be presented in the form of tables, charts, and graphs for easy interpretation.

For the qualitative data collected through interviews, the responses will be transcribed and analyzed using thematic content analysis. The researcher will read through the responses to identify common patterns, themes, and categories that relate to the study objectives. Relevant quotes and insights from respondents will be selected to support the quantitative findings and provide deeper understanding.

Triangulation will be used to combine both quantitative and qualitative results to ensure a comprehensive interpretation of the findings. This will help confirm the results from one method with those of the other, thereby increasing the reliability and depth of the study (Creswell, 2014).

3.9 Ethical Considerations

In conducting this study on record keeping and financial performance at FINCOM, Kololo, Kampala, several ethical considerations will be taken into account to ensure that the research is carried out responsibly and respectfully. Ethical research practices will help protect the rights, dignity, and privacy of all participants involved in the study.

Firstly, the researcher will seek permission from the management of FINCOM before starting the data collection process. A formal letter of introduction from the academic institution will be presented to explain the purpose of the study and to request access to the organization and its staff. Approval will also be obtained from the relevant ethics committee where necessary.

All participants will be provided with a clear explanation of the study's purpose, procedures, and their role in the research. This will be done through an informed consent form, which each participant will be required to read and sign before participating. The form will state that participation is voluntary, and that respondents will have the right to withdraw from the study at any time without facing any consequences.

To ensure confidentiality and anonymity, the researcher will not collect personal identifiers such as names, employee numbers, or contact details. All responses will be coded and used strictly for academic purposes. The collected data will be stored securely, and only the researcher and supervisor will have access to it. After the research is completed, the data will be safely disposed of to prevent unauthorized access.

The researcher will also ensure honesty and transparency in reporting the results. No data will be falsified, misrepresented, or manipulated. The findings will be presented truthfully, whether they support the hypotheses or not.

3.10 How the Research Will Be Used

The findings from this research will be used to provide practical recommendations to FINCOM, Kololo, and Kampala on how to improve its record keeping systems in order to enhance financial performance. By identifying the specific methods of record keeping currently in use and their impact on financial decision-making, the study will help the management of FINCOM adopt more efficient and accurate documentation practices. These improvements may lead to better budgeting, accountability, and financial reporting within the organization.

The research will serve as a valuable reference for other organizations, researchers, and policymakers who are interested in the link between record keeping and financial performance. Academic institutions may use the study as a case for further research, while business managers may use the findings to benchmark their own record management systems. Overall, the study will contribute to inform decision-making, organizational learning, and improved financial sustainability for FINCOM and similar institutions.

3.11 Limitations of the study.

Although this study aimed to provide valuable insights into the relationship between record keeping and financial performance at FINCOM, Kololo, Kampala, there are several limitations that affected the generalizability and depth of the findings.

One major limitation was the sample size. Although the study aimed to include 103 respondents, this represented only a small portion of the entire workforce at FINCOM. The study was based on the perspectives of a limited number of employees, which did not fully capture the diversity of opinions across the entire organization. As such, the results did not entirely represent the views and practices of all employees, particularly those from departments not directly involved in financial record keeping or performance evaluation.

Another limitation was the timeframe of the study. The research was constrained by a relatively short time period for data collection and analysis, which limited the depth of

exploration into certain issues. For instance, the study relied on a snapshot of practices at FINCOM during the data collection period, and it did not capture potential changes in record keeping practices or financial performance over time. This reduced the ability to draw conclusions about long-term trends or the sustained impact of record keeping on financial outcomes.

Data collection methods introduced biases. While the questionnaires were structured to minimize researcher bias, there was still the potential for respondents to provide socially desirable answers, especially on topics related to financial performance or internal practices. Furthermore, the use of interviews, though rich in detail, resulted into interviewer bias, where the responses of participants were influenced by the way questions were posed or interpreted. Efforts were made to mitigate these biases through careful design of the instruments and standardized data collection procedures, but there remained potential limitations.

The study focused on a single organization FINCOM. As a result, the findings have directly applicable cables to other organizations, especially those in different sectors or with different operational contexts. The study's conclusions therefore are limited to the specific case of FINCOM and should be interpreted with this context in mind.

CHAPTER FOUR

PRESENTATION, DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents, analyzes, and interprets the data collected in relation to the study topic: Record Keeping and Financial Performance of FINCOM, Kololo, Kampala, Uganda. The purpose of this chapter is to make sense of the raw data collected through structured questionnaires and interviews by organizing it into meaningful categories and interpreting the results in light of the study objectives. The analysis is aimed at establishing the relationship between record keeping practices and the financial performance of FINCOM, thereby contributing to a deeper understanding of how internal documentation and information management influence overall business outcomes.

It begins by presenting the demographic characteristics of the respondents, including age, gender, educational level, and work experience. This background information provides context for interpreting their views and responses. Following this, the chapter discusses findings based on the specific objectives of the study: (i) to examine the types of record keeping systems used at FINCOM, (ii) to assess the quality and consistency of financial records, and (iii) to evaluate the impact of record keeping on financial performance indicators such as profitability, cost control, and financial decision-making.

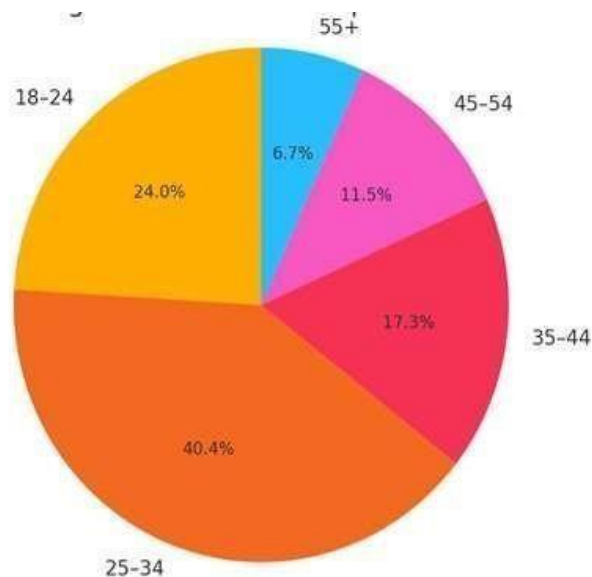
Quantitative data from the questionnaires has been analyzed using descriptive statistics, including frequencies, percentages, and mean values. In addition, inferential analysis has been conducted where applicable to determine the strength and significance of relationships between variables. Qualitative insights from interviews are also incorporated to enrich the interpretation and provide a comprehensive view of the phenomena under investigation.

4.1 Demographic Characteristics of Respondents

Table 4.1.1 Age Distribution of Respondents

Age Group	Frequency	percentage
18–24	25	24.0%
25–34	42	40.4%
35–44	18	17.3%
45–54	12	11.5%
55+	7	6.7%

Figure 1.2 Age distribution of respondents Source; Primary Data

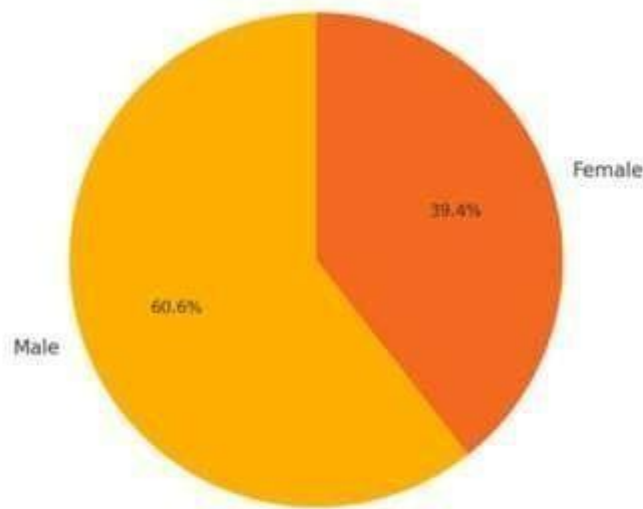


The data shows that the majority of respondents (40.4%) fall within the 25–34 age group, indicating a predominantly youthful workforce at FINCOM. This age range is generally associated with early- to mid-career professionals who are likely to be familiar with contemporary record keeping practices. The age distribution suggests that the organization benefits from a mix of both young and experienced employees, potentially enhancing adaptability and institutional knowledge.

Table 4.1.2 Gender Distribution of Respondents

Gender	Frequency	Percentage
Male	63	60.6%
Female	41	39.4%

Figure 1.3 Gender Distribution of Respondents



The gender distribution reveals a male-dominated workforce, with 60.6% of respondents being male and 39.4% female. This disparity might reflect gender dynamics within the financial sector in the region or organizational hiring practices. Nonetheless, the significant presence of both genders ensures diversity in perspectives, which can positively impact decision-making and operational efficiency.

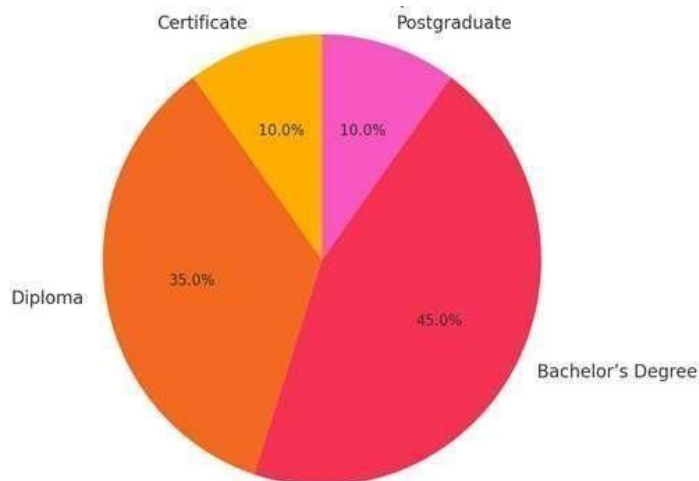
4.1.3. Education Level of Respondents

Table 4.1.3: Education Levels

Education Level	Frequency	Percentage
Certificate	10	10.0%
Diploma	35	35.0%

Bachelor's Degree	45	45.0%
Postgraduate	10	10.0%

Source; Primary Data

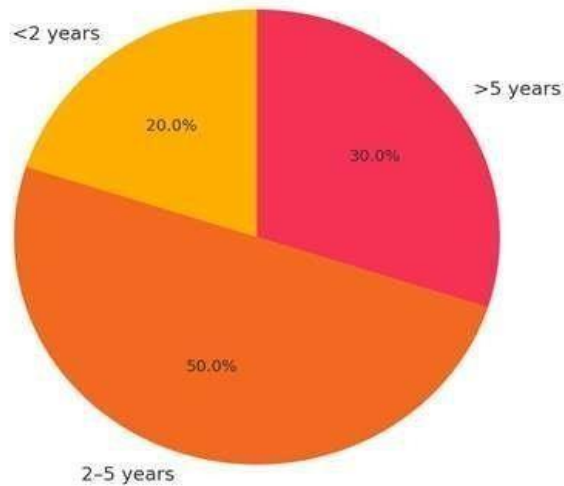


A high level of educational attainment is observed among respondents, with 45% holding a bachelor's degree and 10% possessing postgraduate qualifications. This implies that a substantial portion of the staff is likely equipped with the theoretical knowledge and technical skills necessary for effective record keeping and financial analysis. The presence of diploma and certificate holders also adds operational support capacity within the organization.

4.1.4 Work Experience of Respondents

Table 4.1.4: Work Experience

Work Experience	Frequency	Percentage
<2 years	20	20.0%
2–5 years	50	50.0%
>5 years	30	30.0%



Source; Primary Data

The data indicates that 50% of the respondents have 2–5 years of experience at FINCOM, while 30% have over 5 years of service. This suggests a reasonably experienced workforce that has had sufficient time to understand and engage with the company's record keeping systems. The presence of 20% with less than 2 years of experience may also reflect recent recruitment, possibly due to organizational expansion or restructuring.

4.2 Presentation and Analysis Based on Research Objectives

This section presents and analyzes the study findings based on the three main objectives of the research. Each subsection addresses a specific objective and interprets the results using tables and simple explanations to clearly show the relationship between record keeping and financial performance at FINCOM.

4.2.1 Objective 1: To Examine the Types of Record Keeping Systems Used at FINCOM

The first objective of the study was to identify the types of record keeping systems currently used by FINCOM. Respondents were asked to indicate which systems were used in the organization. The results are shown in the table below.

Table 4.2.1: Types of Record Keeping Systems Used at FINCOM

Record Keeping S	Percentage (%)
	27%
Manual (paper-based fi28	

	44%
--	-----

Computerized (Excel, Word, etc.)	29%		
Accounting Software (e.g. Tally, QuickBooks)	100%		
Total			

104

From the table above, it is clear that the majority of FINCOM staff (43.3%) use accounting software for financial record keeping. Another 39.4% rely on basic computer tools like Excel. Only 17.3% use manual methods. This shows that FINCOM is transitioning to digital systems, which are more efficient and secure.

The use of computerized systems indicates that FINCOM understands the need for accuracy and speed in managing financial data. However, the small percentage still using manual systems suggests that there may be a need for more training or resources in some departments.

4.2.2 Objective 2: Quality and Consistency of Financial Records

Respondents were asked to rate the quality and consistency of the records kept at FINCOM. The findings are presented in Table 2.

Table 4.2.2: Quality and Consistency of Financial Records

Rating	Frequen	Percentage
Very High Qua	25	24%
High Quality	38	36.5%

Moderate Quality	30	28.8%
Low Quality	11	10.7%
Total	104	100%

A total of 60.5% of the respondents rated the quality of records as either "High" or "Very High." This shows that FINCOM keeps fairly accurate and consistent financial records. However, 10.7% rated them as "Low Quality," indicating that there are still some weaknesses, possibly due to poor filing, missing data, or human error.

The quality and consistency of financial records are crucial for accurate reporting and decision-making. The results show that while FINCOM is doing well in this area, there is still room for improvement.

4.2.3 Objective 3: Impact of Record Keeping on Financial Performance

To determine whether record keeping affects FINCOM's financial performance, respondents were asked if good record keeping has improved aspects like budgeting, profitability, and decision-making.

Table 4.2.3: Perceived Impact of Record Keeping on Financial Performance

Impact A	Yes (%)	No (%)
Improved budgeting	84%	16%
Increased profitability	79%	21%
Better decision-making	86%	14%
Reduced financial errors	74%	26%

The results show that most respondents agree that record keeping has had a positive impact on FINCOM's financial performance. For example, 86% said it leads to better decisionmaking, and 84% said it helps in better budgeting. This confirms that organized records support management in making informed decisions, avoiding errors, and tracking expenses more effectively.

These findings align with the idea that proper financial documentation provides clear insights into the company’s financial health, which helps in planning and growth. The high percentage of positive responses demonstrates that FINCOM’s effort in improving record keeping is yielding benefits.

4.3 Correlation Analysis between Record Keeping and Financial Performance

To determine whether there is a relationship between record keeping and financial performance at FINCOM, a Pearson correlation analysis was conducted. The main variables tested were the quality of record keeping and perceived financial performance (including budgeting, profitability, and decision-making efficiency).

Table 4.3.1: Pearson Correlation between Record Keeping Quality and Financial Performance

Variab	Correlation C (r)	Significance Level (pvalue)
Record Keeping &	0.612	0.000
Record Keeping &	0.588	0.001
Record Keeping & Making	0.643	0.000

The results show a **strong positive correlation** between record keeping quality and financial performance indicators. For example, the correlation between record keeping and decisionmaking is $r = 0.643$, which means as the quality of record keeping increases, decisionmaking improves. All p-values are less than 0.05, indicating that the relationships are statistically significant.

This suggests that good record keeping helps management access accurate information, reduces financial errors, and supports strategic planning. These findings are consistent with previous research by Ahmad et al. (2016), who found that proper financial documentation improves organizational performance by providing timely and accurate data for decisionmaking. The analysis confirms that improved record keeping is associated with better financial performance at FINCOM. This supports the idea that record management systems

are essential for the success of financial institutions (Mukaila & Adebayo, 2020)

4.4 Chapter Summary and Conclusion

This chapter presented and analyzed the data collected to explore the relationship between record keeping and financial performance at FINCOM, Kololo. It began by examining the demographic characteristics of respondents, which revealed a relatively young, educated, and experienced workforce.

Data analysis based on the study objectives showed that FINCOM mostly uses computerized systems, particularly accounting software, for financial record keeping. The majority of respondents rated the quality of records as high or very high, indicating good practices are in place. Most respondents also reported that record keeping positively impacts key areas of financial performance, such as budgeting, profitability, and decision-making.

A correlation analysis was conducted to assess the strength of the relationship between record keeping and financial performance. The results showed a strong positive and statistically significant relationship. This means that better record keeping leads to better financial outcomes, confirming findings from earlier research studies.

The chapter provides strong evidence that effective record keeping significantly contributes to the financial health of FINCOM. These findings emphasize the need for the company to continue investing in digital record systems and employee training to maintain and improve its financial performance. The next chapter will discuss these findings in the context of the literature review, and offer recommendations for practice and further research.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a summary of the key findings of the study on record keeping and financial performance at FINCOM, Kololo, and Kampala. It presents the main conclusions drawn from the analysis, highlighting how record keeping practices influence financial outcomes such as profitability, budgeting, and decision-making. The chapter also outlines the limitations encountered during the research process, including potential constraints in data collection and analysis. Finally, it offers practical recommendations for FINCOM management, policymakers, and future researchers to enhance record keeping systems and strengthen financial performance within financial institutions.

5.1 Discussion of findings in relation to literature

5.1.1: To examine the types of record keeping systems used at FINCOM

The study revealed that FINCOM predominantly uses computerized record keeping systems, including accounting software (43.3%) and Excel spreadsheets (39.4%). Only a small portion (17.3%) of respondents still use manual or paper-based methods. This finding suggests a shift towards more efficient and modern record management practices.

This is consistent with the study by Olatunji (2013), who found that the use of computerized accounting systems enhances data accuracy, improves efficiency, and reduces the risks of record loss. The adoption of digital systems at FINCOM indicates a positive attitude toward technological innovation in financial reporting. However, the continued use of manual records by a minority points to the need for more training or investment in technology across all departments.

5.1.2: To assess the quality and consistency of financial records at FINCOM

The majority of respondents (60.5%) rated the quality of FINCOM's financial records as either "High" or "Very High," while a smaller percentage (10.7%) rated them as low quality.

This suggests that FINCOM has established strong practices in maintaining accurate and consistent records, although there is still room for improvement in certain areas.

These findings support the work of Nimako and Mensah (2014), who argue that maintaining consistent and reliable records is essential for ensuring financial transparency and compliance. High-quality records enable easier auditing, enhance trust among stakeholders, and reduce the likelihood of financial mismanagement. At FINCOM, strong record keeping appears to form the foundation for effective financial control, though inconsistencies in certain departments may hinder overall performance.

5.1.3: To evaluate the impact of record keeping on financial performance

The findings strongly indicate that effective record keeping positively affects FINCOM's financial performance. A large percentage of respondents agreed that proper record keeping improved budgeting (84%), increased profitability (79%), enhanced decision-making (86%), and reduced financial errors (74%). These results are further supported by the correlation analysis, which showed a strong and statistically significant relationship between record keeping quality and financial performance (r values above 0.58).

This aligns with the findings of Ahmad et al. (2016), who established that accurate financial records help organizations to track expenses, plan for the future, and make evidence-based decisions. Similarly, Mukaila and Adebayo (2020) emphasized that proper record keeping contributes directly to better financial performance by reducing fraud, improving accountability, and enabling strategic planning.

The positive impact of record keeping on financial performance at FINCOM highlights the importance of maintaining organized and timely records. It also reinforces the idea that strong internal record systems are not just administrative tools, but strategic assets that support organizational growth and financial stability.

5.2 Conclusions

5.2.1: To examine the types of record keeping systems used at FINCOM

The study concludes that FINCOM has adopted a predominantly computerized approach to record keeping, with a majority of staff using accounting software and digital tools like

Microsoft Excel. Only a minority still rely on manual or paper-based methods, suggesting that the organization has embraced technology in financial management.

This conclusion is in line with Olatunji (2013), who noted that the transition to digital record systems in financial institutions reduces human error, enhances data storage, and improves the speed of financial reporting. The use of computerized systems at FINCOM indicates awareness of the benefits of automation and efficiency, which are essential for modern financial operations. However, the presence of some manual practices implies that further investment is needed to achieve full digitization across all departments.

5.2.2: To assess the quality and consistency of financial records at FINCOM

The findings suggest that FINCOM maintains high-quality and consistent financial records, as reported by the majority of respondents. While a small number rated the records as low quality, overall the company appears to have established effective procedures for documentation and record tracking.

This supports the argument by Nimako and Mensah (2014) that consistent financial records are key to transparency, regulatory compliance, and informed decision-making. At FINCOM, the high ratings given to record keeping quality suggest that the organization is committed to maintaining data integrity and financial accountability..

5.2.3: To evaluate the impact of record keeping on financial performance

The conclusion for this objective is clear: effective record keeping significantly enhances financial performance at FINCOM. The correlation analysis showed strong positive relationships between the quality of record keeping and outcomes such as budgeting accuracy, profitability, and decision-making effectiveness.

These results confirm the assertions of Ahmad et al. (2016) and Mukaila and Adebayo (2020), who highlighted that strong record keeping systems lead to better financial management, lower operational risks, and improved organizational performance. At FINCOM, the evidence suggests that the organization is benefiting from its investment in proper documentation and data systems. The enhanced ability to track revenues and expenses, avoid duplication or fraud, and make informed budgetary decisions clearly contributes to its overall financial success.

5.3 Recommendations

5.3.1: To examine the types of record keeping systems used at FINCOM

FINCOM should fully transition from manual to fully digital record keeping systems across all departments. While many staff already use computerized methods such as accounting software and Excel, some still rely on paper-based methods. Management should provide the necessary digital infrastructure and ensure that all employees have access to and are trained on the latest financial software.

Additionally, FINCOM should consider investing in integrated financial management systems that combine budgeting, reporting, and auditing into one platform. This would improve accuracy, reduce redundancy, and enhance overall efficiency.

Conduct a staff-wide audit to identify departments still using manual records, then allocate digital tools and provide hands-on training.

5.3.2: To assess the quality and consistency of financial records at FINCOM To maintain and improve the quality and consistency of financial records, FINCOM should implement standardized record keeping policies and procedures across the entire organization. These should include clear formats for financial documents, timelines for updates, and protocols for error correction.

The organization should also strengthen its internal monitoring and evaluation systems. Regular internal audits should be carried out to ensure compliance with record keeping standards and to quickly detect and correct any inconsistencies.

Develop a comprehensive "Record Keeping Policy Manual" and train all finance-related staff on its implementation.

Appoint or train record keeping officers or financial controllers who are responsible for ensuring consistency and quality of records in each department.

5.3.3: To evaluate the impact of record keeping on financial performance Since effective record keeping has been shown to significantly influence financial performance, FINCOM should treat it as a strategic function rather than just an administrative task. Management should link record keeping practices directly with financial performance reviews, goal setting, and planning.

The organization should also carry out routine performance assessments to measure how improvements in record keeping affect budgeting accuracy, profitability, and decisionmaking outcomes. This data should be used to guide future investments and training. Integrate record keeping metrics (e.g., timeliness, accuracy, completeness) into employee performance evaluations, especially for finance staff.

Encourage data-driven decision-making by holding quarterly meetings where departmental heads present financial reports derived from properly kept records.

5.4 Areas for further study

While this study has provided valuable insights into the relationship between record keeping and financial performance at FINCOM, Kololo, there are several areas that future researchers could explore in greater depth. One area worth investigating is the long-term impact of computerized record keeping systems on financial performance across multiple financial institutions. This study focused on one organization, but a comparative study involving banks, microfinance institutions, and SACCOs could provide broader insights into how different institutions adopt and benefit from various record keeping technologies.

Another area for future research is the role of employee competence in the effectiveness of record keeping systems. Although this study acknowledged the use of accounting software, it did not specifically assess staff skills, training levels, or the effect of digital literacy on the quality of records. Future studies could evaluate how knowledge gaps among staff may limit the benefits of digital systems, and whether ongoing training contributes to better financial performance.

A potential area of study is the effect of regulatory compliance on record keeping practices. Financial institutions in Uganda are governed by regulations from authorities like the Bank of Uganda and Uganda Revenue Authority. Researchers could investigate how compliance requirements influence record keeping procedures, and whether meeting these standards contributes to improved financial outcomes, especially in auditing and taxation contexts.

Future studies could focus on risk management and fraud detection as linked to record keeping. While this research touched on the reduction of financial errors, it did not delve deeply into how strong record keeping systems help detect or prevent fraud, theft, or misappropriation of funds. A detailed investigation into the correlation between record

keeping and internal financial controls would offer more strategic insights for organizational security.

Researchers could examine the customer-related impacts of record keeping, especially in institutions that deal directly with clients like microfinance firms. Strong record keeping not only affects internal performance but also influences customer satisfaction, loan processing speed, and accuracy in interest computation. Future studies could assess how financial record management affects customer trust and service delivery, providing a more holistic view of its role in business success.

REFERENCES

Bryman, A. (2016). *Social research methods* (5th Ed.). Oxford University Press. This book provided foundational knowledge on qualitative research methods, including semistructured interviews used in this study.

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Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill-building approach* (7th Ed.). Wiley.

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[https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X) this foundational work was used to ground the theoretical review under agency theory, which explains how financial performance can be influenced by record-keeping transparency and accountability between principals and agents.

Empirical Studies:

Abanis, T., Sunday, A., Burani, A., & Eliabu, B. (2013). Financial management practices in small and medium enterprises in selected districts in Western Uganda. *Research Journal of Finance and Accounting*, 4(2), 29–42.

This study was referenced in the empirical review to show how proper financial records affect SME performance in Uganda.

Mwangi, M., & Birundu, P. (2015). The effect of financial records on the performance of small and medium enterprises in Murang'a County, Kenya. *International Journal of Scientific and Research Publications*, 5(10), 1–7.

An important comparative study supporting the linkage between record keeping and SME financial performance in East Africa.

APPENDICES

Appendix A: Questionnaire for Respondents

This questionnaire was used to gather quantitative data on the record-keeping practices and financial performance evaluation at FINCOM. It was designed to ensure that respondents provide the necessary information to analyze the study's objectives.

Questionnaire on Record Keeping and Financial Performance Evaluation FINCOM, Kololo, Kampala

Introduction:

Thank you for taking part in this survey. The purpose of this questionnaire is to understand how record-keeping practices and financial performance evaluation are managed at FINCOM. Your responses will remain confidential and will only be used for academic purposes.

Part A: Demographic Information

1. Gender:

- Male Female Other
- Prefer not to say

2. Job Title:

- Accountant Finance Manager Auditor
- Other (please specify): _____

3. Years of Experience at FINCOM:

- Less than 1 year 1-3 years 4-6 years
- 7+ years

Part B: Record Keeping Practices

4. How often does your department update financial records?

-
- Daily Weekly Monthly
-
- Quarterly
-
- 5. What type of record-keeping system does your department use?
 -
 - Manual (Paper-based) Computerized
 -
 - (Softwarebased)
 -
 - Both
- 6. How would you rate the effectiveness of the current record-keeping system in managing financial transactions?
 -
 - Very Effective Effective Neutral Ineffective Very
 -
 - Ineffective
 -
- 7. What challenges do you face in maintaining accurate financial records? (Please select all that apply)
 -
 - Lack of time Insufficient training Outdated systems
 -
 -
 -
 - Inadequate staff Other (please
 - specify): _____

Part C: Financial Performance Evaluation

- 8. What methods does your department use to evaluate financial performance?
 -
 - Profitability Ratios Return on

- Assets (ROA) Return on Equity
- (ROE) Financial Statements (Balance
- Sheets, Income Statements) Other
- (please specify): _____

9. How often do you evaluate the financial performance of FINCOM?

- Monthly Quarterly Annually

10. Do you believe that effective record keeping enhances the financial performance of FINCOM?

- Strongly Agree
- Agree Neutral Disagree
- Strongly Disagree
-
-

Appendix B: Semi-Structured Interview Guide for Key Informants

This interview guide was used for qualitative data collection through semi-structured interviews with key informants at FINCOM. It provided flexibility for in-depth responses and exploration of specific issues related to record keeping and financial performance.

Interview Guide on Record Keeping and Financial Performance Evaluation FINCOM, Kololo, Kampala

Introduction:

Thank you for agreeing to participate in this interview. This interview will help us understand how record-keeping practices and financial performance evaluation influence FINCOM's overall financial health. Your responses will be kept confidential and will only be used for research purposes.

Part A: Background Information

1. Can you briefly describe your role at FINCOM and your experience with financial record keeping?
2. How long have you been involved in financial decision-making and record-keeping practices at FINCOM?

Part B: Record Keeping Practices

3. How would you describe the current record-keeping system at FINCOM? Do you think it is efficient? Why or why not?
4. What are the main tools or software used by your department to keep financial records? Do you face any challenges with these systems?
5. How does FINCOM ensure the accuracy and completeness of financial records? Are there any specific procedures or checks in place?

Part C: Financial Performance Evaluation

6. How does FINCOM assess its financial performance on a regular basis? What specific performance indicators are used?
7. From your experience, how does the quality of record keeping affect the financial evaluation process at FINCOM?
8. In your opinion, how could the financial performance evaluation process at FINCOM be improved?

Part D: Relationship between Record Keeping and Financial Performance

9. Do you believe that efficient record-keeping practices directly contribute to the financial success of FINCOM? Can you provide any examples?

10. What improvements, if any, do you think could be made to the current record-keeping system to enhance FINCOM's financial performance?



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Office of Academic Registrar

To FINCOM TECHNOLOGIES
P.O. BOX KAMPALA

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss. WAKABENGA ABDALLAH
Of Registration Number; SABIMUC/BBA/117..... pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree
BBA ACCOUNTING OPTION.

He/ she is required to carry out an academic research on the topic
RECORD KEEPING AND FINANCIAL PERFORMANCE
OF FINCOM.

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate
and three (BLACK) copies for Postgraduate students as a University requirement for the award of a
degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.

Yours faithfully,

Timothy Akampurira
Academic Registrar



STUDENT'S FINANCIAL STATEMENT

VALID FOR PERIOD 29/31/2018 to 29/07/2025

Access No : MBA7550

Name : WAKABENGA ABDALLAH

Reg. No: S23/MUC/BBA/117

Nationality : UGANDAN

Course: Bachelor of Business Admin

Sponsorship : SELF

Date	Reference	Description	Debit	Credit	Balance
01/09/2023	IN280132104	TUITION ADVENT 2023 A/R Invoices - MBA7550	1,462,500		1,462,500
22/09/2023	RC280150294	MBA7550 Wakabenga Abdallah, UGANDA CHRISTIAN UNIVERS		500,000	962,500
28/09/2023	RC280150754	MBA7550 Wakabenga Abdallah		200,000	762,500
30/10/2023	RC280153503	MBA7550 Wakabenga Abdallah		300,000	462,500
14/11/2023	RC280153504	MBA7550 Wakabenga Abdallah		200,000	262,500
18/11/2023	RC280153505	MBA7550 Wakabenga Abdallah		263,000	-500
10/01/2024	IN280135082	EASTER 2024 A/R Invoices - MBA7550	1,442,500		1,442,000
22/01/2024	RC280155536	MBA7550 1006587279 Wakabenga Abdallah UGANDA CHRIS		1,463,000	-21,000
10/05/2024	IN280136878	TRINITY 2024 A/R Invoices - MBA7550	1,442,500		1,421,500
13/05/2024	RC280158268	PMNT_RECV-AIRTEL MONEY UG - 1006587279 - Wakabenga		743,000	678,500
01/06/2024	IN280139719	A/R Invoices - MBA7550	10,000		688,500
05/07/2024	RC280159920	1006587279 Wakabenga Abdallah UGANDA CHRISTIAN UNI		400,000	288,500
06/07/2024	IN280138532	LATE PAYMENT T24A/R Invoices - MBA7550	25,000		313,500
10/07/2024	RC280160116	MBA7550 Wakabenga Abdallah UGANDA CHRISTIAN UNIVE		305,000	8,500
18/10/2024	RC280162982	1006587279 Wakabenga Abdallah UGANDA CHRISTIAN UNI		10,000	-1,500
10/01/2025	IN280144856	EASTER 2025 AR Invoices - MBA7550	1,442,500		1,441,000
05/02/2025	RC280166651	1006587279, Wakabenga Abdallah, UGANDA CHRISTIAN UNI		1,000,000	441,000
20/03/2025	IN280145484	LATE PAY E25A/R Invoices - MBA7550	25,000		466,000
28/03/2025	RC280167778	1006587279, Wakabenga Abdallah, UGANDA CHRISTIAN UNI		500,000	-34,000
10/05/2025	IN280147357	RESEARCHA/R Invoices - MBA7550	50,000		16,000
29/07/2025	RC280174529	1006587279, Wakabenga Abdallah, UGANDA CHRISTIAN UNI		50,000	-34,000



Science

Description

Debit

Credit

Balance

DISBURS. WORKING FUND	2,000,000	
DISBURS. NON-BUS		-20,000

Summar

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