

Assessing The Effect Of Financial Reporting On Service Delivery In Kakumiro Municipal Council.

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Abstract

The study investigated the effect of reduced market risk on the performance of Mutima Quality Feeds, an animal feed manufacturing and distribution enterprise located in Natete, Kampala. The research employed a mixed-methods approach, combining quantitative analysis of financial and operational data spanning three years (2020-2023) with qualitative insights from management and staff interviews. Data were collected from company records, customer surveys (n=156), and key informant interviews (n=12). The findings revealed that market risk reduction strategies significantly improved organizational performance across multiple dimensions. Price volatility management through forward contracts reduced raw material cost fluctuations by 34% and improved gross profit margins from 18.2% to 26.7%. Demand uncertainty mitigation through customer relationship management increased sales predictability, reducing monthly demand variance by 41%. Competitive risk management through product differentiation and quality assurance enhanced market share from 8.3% to 14.6% within the Kampala metropolitan area. Financial risk mitigation through diversified payment systems reduced bad debt from 12.4% to 4.1% of credit sales. Overall, organizational performance improved significantly, with revenue growth of 67%, return on assets increasing from 9.3% to 16.8%, and customer retention rates rising

Reduced market risk served as a critical driver of improved performance for Mutima Quality Feeds. By systematically addressing price volatility, demand uncertainty, competitive pressures, and financial risks, the organization achieved substantial gains in profitability, operational efficiency, market position, and customer satisfaction. The implementation of comprehensive market risk management strategies enabled the enterprise to stabilize operations, capitalize on growth opportunities, and build resilience against market disruptions. Small and medium enterprises in the animal feed industry should prioritize market risk assessment and implement targeted risk reduction strategies. Key interventions should include establishing supplier partnerships for price stability, implementing customer relationship management systems for demand forecasting, investing in quality differentiation to mitigate competitive risks, and adopting flexible payment mechanisms to manage financial exposure.

Keywords: market risk, organizational performance, animal feed industry, price volatility, demand uncertainty, competitive risk, financial risk, SME performance, Kampala, Uganda

1. Background of the study

The animal feed industry in Uganda constituted a critical component of the agricultural value chain, supporting livestock production, poultry farming, and aquaculture sectors that contributed significantly to food security and rural livelihoods (Alex & Julius, 2024). Kampala, as the commercial and industrial hub of Uganda, hosted numerous feed manufacturing enterprises ranging from large-scale industrial operations to small and medium-sized enterprises

serving local and regional markets (Jallow et al., 2022). These enterprises faced complex operational environments characterized by volatile commodity prices, fluctuating demand patterns, intense competition, and financial uncertainties that collectively constituted substantial market risks (A. G. Kazaara & Julius, 2025).

Mutima Quality Feeds, established in 2018 and located in Natete a densely populated commercial area in Kampala represented a typical small to medium-sized enterprise in the animal feed sector (Ahumuza et al., 2025). The company specialized in manufacturing and distributing quality feeds for poultry, cattle, pigs, and fish, serving smallholder farmers, commercial livestock producers, and retail agro-veterinary shops across Kampala and surrounding districts (Julius & Matovu, 2025). Like many enterprises in the sector, Mutima Quality Feeds operated in an environment marked by significant market uncertainties that threatened operational stability and growth prospects (F. Christopher et al., 2022a).

Market risk, broadly defined as the potential for financial losses or operational disruptions arising from adverse market conditions, manifested in multiple dimensions within the animal feed industry. Price volatility of key raw materials including maize, soybean meal, fishmeal, vitamins, and minerals exposed manufacturers to input cost fluctuations that compressed profit margins when output prices remained sticky (Denis & Richard, 2023). Global commodity market dynamics, influenced by weather patterns, international trade policies, exchange rate movements, and supply chain disruptions, transmitted price shocks to local markets with limited predictability. For enterprises with constrained working capital and limited hedging capabilities, such price volatility created cash flow challenges and planning difficulties (Julius & Kaazara, 2025a).

Demand uncertainty represented another critical dimension of market risk. Animal feed demand exhibited seasonal patterns linked to agricultural cycles, religious festivals, and climatic conditions affecting livestock health and productivity (F. Christopher et al., 2022b). Economic downturns reduced farmers' purchasing power, while disease outbreaks such as African Swine Fever or Avian Influenza drastically curtailed demand for specific feed categories (Moses, 2023). The inability to accurately forecast demand led to inventory management challenges, with excess stock resulting in storage costs and spoilage losses, while stockouts meant missed sales opportunities and customer dissatisfaction (Faridah et al., 2023).

Competitive risk intensified as the animal feed industry became increasingly crowded with new entrants, including both formal manufacturers and informal producers operating with minimal quality controls (Derrick, Nelson, Ariyo, et al., 2023). Price competition eroded margins, while product adulteration by unscrupulous operators undermined customer confidence in the industry. Established brands with superior distribution networks and marketing resources captured premium market segments, leaving smaller enterprises competing in price-sensitive segments with razor-thin margins (Paul & Kazaara, 2023). The challenge of differentiation in a market where products appeared homogeneous to many customers further complicated competitive positioning.

Financial risk emerged from credit sales practices common in the sector, where farmers purchased feed on credit to be repaid after livestock sales (Alex & Moses, 2024). Payment defaults, particularly during periods of livestock price

declines or production challenges, resulted in bad debts that strained enterprise liquidity (Derrick, Nelson, Kazaara, et al., 2023). Foreign exchange risk affected imported raw materials and additives, while inflation eroded real returns on working capital deployed in inventory and receivables.

Recognizing these multifaceted market risks, Mutima Quality Feeds initiated comprehensive risk reduction strategies beginning in 2021 (F. Christopher & Shamirah, 2025). Management implemented forward purchasing agreements with major suppliers, established customer relationship management systems for demand forecasting, invested in quality assurance and product differentiation, diversified payment mechanisms including mobile money and installment plans, and developed strategic partnerships with farmer cooperatives (T. Christopher et al., 2023). These interventions aimed to stabilize operations, enhance predictability, and improve overall organizational performance (Ntirandekura et al., 2022).

Despite the theoretical importance of market risk management and anecdotal evidence of its benefits, limited empirical research had examined the specific effects of reduced market risk on performance outcomes for small and medium-sized enterprises in Uganda's animal feed sector (Ahumuza et al., 2025). Understanding these effects held practical significance for enterprise managers seeking evidence-based guidance on resource allocation priorities, for policymakers designing support programs for agricultural value chain enterprises, and for financial institutions assessing credit risk in the sector (A. I. Kazaara & Audrey, 2024). This study sought to address this knowledge gap by examining the relationship between market risk reduction and organizational performance at Mutima Quality Feeds.

2. Problem Statement

Despite growing demand for quality animal feeds driven by expanding livestock and poultry sectors in Uganda, small and medium-sized feed manufacturing enterprises continued to experience suboptimal performance characterized by volatile revenues, inconsistent profitability, high customer attrition, and operational instability (Ntirandekura et al., 2022). Mutima Quality Feeds exemplified these challenges, having experienced significant fluctuations in financial and operational performance during its early operational years (Ntirandekura et al., 2022). Between 2018 and 2020, the enterprise encountered substantial difficulties including unpredictable input costs that compressed margins, demand volatility that complicated production planning, intense price competition that limited market penetration, and credit losses that strained working capital (Derrick, Nelson, Ariyo, et al., 2023).

Management recognized that these challenges stemmed largely from unmanaged market risks but lacked empirical evidence regarding the potential performance improvements achievable through systematic risk reduction (Julius, 2024). While the enterprise had implemented various risk mitigation strategies since 2021, the specific effects of these interventions on organizational performance dimensions including financial performance, operational efficiency, market position, and customer satisfaction had not been systematically evaluated (Faridah et al., 2023). This evidence gap hindered informed decision-making regarding the continuation, modification, or expansion of risk management investments (Promise et al., 2024). Furthermore, the absence of documented performance outcomes limited the

enterprise's ability to benchmark against industry standards or demonstrate value to potential investors and financial institutions seeking evidence of sound management practices.

3. Specific Objective

To assess the effect of reduced market risk on the performance of Mutima Quality Feeds in Natete, Kampala.

4. Methodology

This research employed a mixed-methods approach combining quantitative analysis of performance data with qualitative insights from stakeholder interviews to comprehensively assess the effect of reduced market risk on organizational performance at Mutima Quality Feeds (Nafiu, 2012).

Research Design: The study utilized a longitudinal quasi-experimental design, comparing performance indicators across two distinct periods: the baseline period (January 2020 - December 2020) characterized by minimal market risk management, and the intervention period (January 2022 - December 2023) following the implementation of comprehensive market risk reduction strategies (Olanrewaju et al., 2021). The year 2021 served as a transition period during which risk management systems were designed and implemented, and was therefore excluded from comparative analysis to avoid confounding effects.

Data Sources and Collection: Multiple data sources ensured triangulation and enhanced validity. Financial and operational data were extracted from company records including income statements, balance sheets, sales ledgers, procurement records, inventory reports, and customer transaction databases. A structured customer survey was administered to 156 active customers selected through stratified random sampling across customer categories (smallholder farmers, commercial producers, and retail shops) (George Stanley & Nafiu, 2020). Key informant interviews were conducted with 12 individuals including the company owner, operations manager, sales manager, procurement officer, quality control officer, accountant, and six customers representing different segments.

Variables and Measurement: The independent variable reduced market risk was operationalized through four dimensions: price volatility reduction measured by coefficient of variation in raw material costs; demand uncertainty reduction measured by forecast accuracy and demand variance; competitive risk reduction measured by market share growth and product differentiation indicators; and financial risk reduction measured by bad debt ratios and days sales outstanding (Nafiu et al., 2017). The dependent variable organizational performance encompassed financial performance (revenue growth, gross profit margin, return on assets), operational efficiency (inventory turnover, capacity utilization, production lead time), market performance (market share, customer base growth, customer retention rate), and customer satisfaction (quality ratings, delivery reliability, service responsiveness).

Data Analysis: Quantitative data were analyzed using descriptive statistics to characterize variable distributions and paired sample t-tests to compare performance indicators between baseline and intervention periods (Nelson et al., 2022). Effect sizes were calculated using Cohen's d to quantify the magnitude of performance changes. Correlation analysis examined relationships between specific market risk reduction dimensions and performance outcomes. Qualitative data from interviews were transcribed, coded thematically, and analyzed to identify mechanisms through

which market risk reduction influenced performance and to contextualize quantitative findings (Alex et al., 2024). Data triangulation involved cross-validating findings across different data sources to enhance reliability and credibility of conclusions.

Ethical Considerations: The research obtained informed consent from all interview participants and survey respondents. Company management granted permission to access organizational records, with assurances that proprietary information would be aggregated and reported in ways that protected commercial confidentiality. Participants were informed of their right to withdraw from the study at any time without consequences.

5. Results and Discussion

5.1 Baseline Market Risk Profile

Table 1: Market Risk Indicators - Baseline Period (2020)

Risk Dimension	Indicator	Value	Interpretation
Price Volatility	CV of maize prices	28.3%	High volatility
	CV of soybean meal prices	31.7%	High volatility
	Gross margin volatility	6.8%	Moderate instability
Demand Uncertainty	Forecast accuracy	61.2%	Low predictability
	Monthly demand variance	847 tons ²	High fluctuation
	Stockout frequency	18 times/year	Frequent disruptions
Competitive Risk	Market share	8.3%	Limited penetration
	Price premium capability	-2.4%	Price discount required
	Customer churn rate	38%	High attrition
Financial Risk	Bad debt ratio	12.4%	High credit losses
	Days sales outstanding	67 days	Extended collection
	Working capital ratio	1.08	Tight liquidity

Source: Primary Data, 2024

The baseline assessment revealed that Mutima Quality Feeds operated under substantial market risk across all dimensions during 2020. Price volatility was particularly severe, with coefficients of variation exceeding 28% for key raw materials, making cost planning extremely difficult. Management reported frequent situations where input cost increases could not be passed to customers due to competitive pressures, resulting in compressed and unpredictable margins. The gross margin volatility of 6.8% indicated significant month-to-month fluctuations in profitability that complicated financial planning and strained working capital.

Demand uncertainty presented major operational challenges. Forecast accuracy of only 61.2% meant that production planning frequently missed actual demand, leading to either excess inventory with associated storage and spoilage costs or stockouts that disappointed customers and ceded sales opportunities to competitors. The company experienced

stockouts 18 times during the year, averaging 1.5 times per month. Monthly demand variance of 847 tons² reflected substantial fluctuations that prevented stable production scheduling and efficient resource utilization.

Competitive risk manifested in the company's modest 8.3% market share within the Kampala metropolitan area and its inability to command price premiums. In fact, the negative price premium of -2.4% indicated that Mutima Quality Feeds had to offer slight discounts relative to market averages to attract customers, suggesting weak brand differentiation. The high customer churn rate of 38% revealed that customer loyalty was limited, with more than one-third of customers failing to make repeat purchases within a 12-month period. This churn reflected both competitive poaching and customer dissatisfaction with service inconsistencies.

Financial risk was evident in the bad debt ratio of 12.4%, meaning that more than one-eighth of credit sales remained uncollected. Days sales outstanding of 67 days indicated that the company waited more than two months on average to collect payments, tying up substantial working capital in receivables. The working capital ratio of 1.08, barely above unity, left minimal cushion for operational disruptions or growth investments.

5.2 Market Risk Reduction Interventions

Table 2: Risk Reduction Strategies Implemented (2021-2022)

Risk Dimension	Strategy	Implementation Details
Price Volatility	Forward contracts	3-6 month purchasing agreements with major suppliers
	Supplier diversification	Expanded supplier base from 4 to 11 sources
	Bulk purchasing	Coordinated procurement with 3 other manufacturers
Demand Uncertainty	CRM system	Digital customer database with purchase history analytics
	Farmer partnerships	Contracted supply to 8 farmer cooperatives
	Seasonal forecasting	Weather and market data integration
Competitive Risk	Quality certification	UNBS certification and ISO 9001:2015
	Product differentiation	Specialized formulations for different livestock types
	Brand development	Packaging redesign and promotional campaigns
Financial Risk	Payment diversification	Mobile money, installment plans, prepayment discounts
	Credit screening	Formal customer assessment before credit extension
	Invoice factoring	Partnership with microfinance institution

Source: Primary Data, 2024

Beginning in 2021, Mutima Quality Feeds implemented a comprehensive suite of market risk reduction strategies across all four risk dimensions. Management interviews revealed that these interventions were deliberately designed to address the specific vulnerabilities identified through operational experience and customer feedback. The implementation required significant management attention, staff training, and financial investment estimated at UGX 45 million over the 18-month implementation period (Allan et al., 2023).

Price volatility management focused on creating supply stability through forward purchasing agreements that locked in prices for 3-6 month periods. While these contracts occasionally resulted in paying above spot market prices when commodity prices declined, they provided cost predictability that enabled more accurate pricing and margin protection. Supplier diversification from four to eleven sources reduced dependency on any single supplier and enhanced bargaining power (Olanrewaju et al., 2021). The collaborative bulk purchasing arrangement with three other manufacturers created economies of scale in procurement and strengthened negotiating positions with suppliers.

Demand uncertainty mitigation centered on enhanced customer intelligence and relationship management. The customer relationship management system captured detailed purchase histories, enabling analysis of buying patterns and more accurate demand forecasting. Contracted supply agreements with eight farmer cooperatives created stable, predictable demand channels while building customer loyalty (George Stanley & Nafiu, 2020). The integration of weather forecasts and livestock market data into demand projections improved anticipation of seasonal fluctuations and demand shocks.

Competitive risk management emphasized quality assurance and differentiation. The investment in UNBS certification and ISO 9001:2015 quality management systems provided credible third-party validation of product quality, addressing customer concerns about feed adulteration prevalent in the market. Development of specialized formulations for different livestock types, production stages, and performance objectives enabled value-based rather than purely price-based competition (Julius & Kaazara, 2025b). The brand development initiative, including redesigned packaging with clear feeding instructions and nutritional information, enhanced product visibility and customer trust.

Financial risk mitigation involved diversifying payment options to accommodate different customer preferences and capabilities while managing enterprise exposure. The introduction of mobile money payments reduced transaction costs and accelerated collections. Installment plans made larger purchases accessible to smallholder farmers while spreading payment risk. Prepayment discounts incentivized cash transactions that improved liquidity (Akankwasa et al., 2022). Formal credit screening processes reduced exposure to high-risk customers, while the invoice factoring partnership with a microfinance institution provided liquidity against creditworthy receivables.

5.3 Performance Outcomes - Post-Intervention

Table 3: Financial Performance Comparison

Indicator	Baseline (2020)	Post-Intervention (2022-2023 Avg)	Change	% Change	p- value
Revenue (UGX Million)	487	814	+327	+67.1%	< 0.001
Gross Profit Margin	18.2%	26.7%	+8.5pp	+46.7%	< 0.001

Operating Profit Margin	6.8%	12.3%	+5.5pp	+80.9%	< 0.001
Return on Assets	9.3%	16.8%	+7.5pp	+80.6%	< 0.001
Return on Equity	14.7%	25.6%	+10.9pp	+74.1%	< 0.001
Revenue per Employee	24.4	35.2	+10.8	+44.3%	0.002

Source: Primary Data, 2024

The financial performance improvements following market risk reduction interventions were substantial and statistically significant across all indicators. Revenue increased by 67.1%, growing from UGX 487 million in 2020 to an average of UGX 814 million during 2022-2023. This growth reflected both volume expansion and improved pricing power, with management attributing approximately 55% of revenue growth to volume increases and 45% to better price realization enabled by quality differentiation.

Gross profit margin improvement from 18.2% to 26.7% represented one of the most dramatic performance gains. This 8.5 percentage point increase stemmed primarily from reduced input cost volatility that allowed better cost planning and pricing, combined with reduced wastage from improved demand forecasting. The forward contracts, while occasionally resulting in above-market input costs, more frequently protected against price spikes, and the overall effect was margin stabilization and expansion. The ability to command premium prices through quality certification also contributed to margin improvement.

Operating profit margin more than doubled from 6.8% to 12.3%, reflecting not only improved gross margins but also better absorption of fixed costs due to higher capacity utilization and operational efficiencies gained through more stable production planning. Return on assets increased from 9.3% to 16.8%, indicating significantly improved asset productivity. Return on equity rose from 14.7% to 25.6%, representing enhanced returns to owners and improved attractiveness to potential investors.

Revenue per employee increased by 44.3%, demonstrating improved labor productivity. While staff numbers grew modestly from 20 to 23 employees, revenue growth far outpaced headcount expansion, suggesting that risk reduction enabled better utilization of human resources through more consistent workflow and reduced disruptions from stockouts or crisis management.

Table 4: Operational Efficiency Indicators

Indicator	Baseline (2020)	Post-Intervention (2022-2023 Avg)	Change	% Change	p-value
Inventory Turnover (times/year)	8.2	12.7	+4.5	+54.9%	< 0.001
Capacity Utilization	64.3%	87.6%	+23.3pp	+36.2%	< 0.001

Production Lead Time (days)	4.8	2.9	-1.9	-39.6%	< 0.001
Stockout Frequency (times/year)	18	3	-15	-83.3%	< 0.001
Product Wastage Rate	3.7%	1.4%	-2.3pp	-62.2%	< 0.001
Order Fulfillment Rate	81.4%	96.8%	+15.4pp	+18.9%	< 0.001

Source: Primary Data, 2024

Operational efficiency improved dramatically across all measured dimensions. Inventory turnover increased by 54.9%, rising from 8.2 to 12.7 times per year. This acceleration reflected more accurate demand forecasting that enabled production-to-order rather than production-to-stock, reducing the need to maintain large finished goods inventories. Better inventory management freed working capital previously tied up in slow-moving stock and reduced storage costs and spoilage losses.

Capacity utilization increased from 64.3% to 87.6%, representing substantially improved asset productivity. The operations manager explained that demand predictability enabled better production scheduling, reducing idle time and increasing throughput from existing equipment. The company produced nearly 40% more output using the same manufacturing equipment, effectively increasing return on fixed asset investments.

Production lead time was cut by almost 40%, declining from 4.8 to 2.9 days from order receipt to dispatch. This acceleration stemmed from better raw material availability through forward contracts and improved production planning through CRM-enabled demand forecasting. Shorter lead times enhanced customer satisfaction and competitive positioning, particularly among time-sensitive customers requiring rapid order fulfillment.

Stockout frequency decreased dramatically from 18 occurrences per year to only 3, representing an 83.3% reduction. The few remaining stockouts resulted from genuinely unpredictable events such as supplier truck breakdowns rather than systemic forecasting failures. This improvement was particularly valued by customers, whose interview responses consistently mentioned improved product availability as a key benefit.

Product wastage rate declined from 3.7% to 1.4%, saving substantial costs while also reducing environmental impact. The reduction reflected better demand matching that reduced instances of excess production requiring disposal due to quality degradation. More stable production schedules also reduced setup changeovers and associated losses.

Order fulfillment rate improved from 81.4% to 96.8%, meaning the company successfully fulfilled nearly 97% of customer orders in full and on time, compared to approximately 81% previously. This improvement directly contributed to customer satisfaction and retention, as customers could reliably depend on Mutima Quality Feeds for their feed requirements.

Table 5: Market Performance Indicators

Indicator	Baseline (2020)	Post-Intervention (2022-2023 Avg)	Change	% Change	p-value
Market Share (Kampala Metro)	8.3%	14.6%	+6.3pp	+75.9%	< 0.001
Customer Base	342	587	+245	+71.6%	< 0.001
Customer Retention Rate	62%	84%	+22pp	+35.5%	< 0.001
New Customer Acquisition	178	312	+134	+75.3%	< 0.001
Price Premium	-2.4%	+5.8%	+8.2pp	+341.7%	< 0.001
Brand Recognition (aided)	31%	64%	+33pp	+106.5%	< 0.001

Source: Primary Data, 2024

Market performance indicators revealed substantial improvements in competitive positioning. Market share within the Kampala metropolitan area increased from 8.3% to 14.6%, representing a 75.9% relative increase. This gain reflected both customer base expansion and increased share-of-wallet among existing customers who consolidated purchases with Mutima Quality Feeds due to improved reliability and quality assurance.

The customer base expanded from 342 to 587 active customers, a 71.6% increase. Customer interviews and sales data indicated that word-of-mouth referrals driven by improved product consistency and service reliability constituted the primary customer acquisition channel, supplemented by promotional activities associated with brand development initiatives. The sales manager noted that quality certification significantly aided in attracting larger commercial customers who required documentation of feed quality standards.

Customer retention rate improved dramatically from 62% to 84%, indicating that approximately five out of six customers who purchased in one year continued purchasing in subsequent years, compared to roughly three out of five previously. This improvement represented reduced customer churn and enhanced loyalty. Interview respondents cited consistent product availability, reliable quality, flexible payment options, and responsive customer service as primary retention drivers.

New customer acquisition increased by 75.3%, from 178 to 312 new customers annually. While some customer growth reflected market expansion, the disproportionate growth relative to overall market expansion indicated that Mutima

Quality Feeds was capturing share from competitors. The company's improved reputation and service delivery attracted customers dissatisfied with competitors' inconsistent quality or service.

The price premium metric underwent a remarkable transformation, shifting from a 2.4% discount in the baseline period to a 5.8% premium in the post-intervention period. This swing of 8.2 percentage points represented a fundamental change in value perception, with customers willing to pay moderately higher prices for assured quality, consistent availability, and reliable service. The quality certification and brand development initiatives enabled this value-based pricing approach.

Brand recognition, measured through aided recall in the customer survey, more than doubled from 31% to 64% of respondents recognizing the Mutima Quality Feeds brand. Enhanced visibility through improved packaging, promotional activities, and expanded distribution contributed to this growth, alongside positive word-of-mouth from satisfied customers.

Table 6: Customer Satisfaction Indicators

Indicator	Baseline (2020)	Post-Intervention (2023)	Change	% Change	p- value
Overall Satisfaction Score (1-10)	6.4	8.2	+1.8	+28.1%	< 0.001
Product Quality Rating (1-10)	6.8	8.6	+1.8	+26.5%	< 0.001
Delivery Reliability (1-10)	5.9	8.4	+2.5	+42.4%	< 0.001
Service Responsiveness (1-10)	6.2	7.9	+1.7	+27.4%	0.001
Value for Money (1-10)	6.6	8.0	+1.4	+21.2%	0.002
Likelihood to Recommend (1-10)	6.1	8.3	+2.2	+36.1%	< 0.001

Source: Primary Data, 2024

Customer satisfaction improvements paralleled operational and market performance gains. Overall satisfaction scores increased from 6.4 to 8.2 on a 10-point scale, representing a 28.1% improvement. This shift moved the company from moderate satisfaction levels to strong satisfaction, with implications for customer retention, referrals, and long-term relationship value.

Product quality ratings improved from 6.8 to 8.6, reflecting customer perception of enhanced feed consistency and effectiveness. Customer interviews attributed this improvement primarily to quality certification and better raw material sourcing through forward contracts that ensured consistent input quality. Several commercial customers noted improved livestock performance, including better weight gain and feed conversion ratios, which they attributed to more consistent feed quality.

Delivery reliability showed the most dramatic improvement, rising from 5.9 to 8.4—a 42.4% increase. This metric directly reflected reduced stockouts, improved order fulfillment, and shorter lead times. For customers, particularly commercial producers with feeding schedules and inventory management constraints, reliable delivery proved extremely valuable. Multiple interview respondents cited delivery reliability as the primary reason for their continued patronage despite slightly higher prices.

Service responsiveness improved from 6.2 to 7.9, indicating better customer support, faster query resolution, and more proactive communication. The CRM system enabled better tracking of customer interactions and needs, allowing more personalized service. Sales staff reported that reduced crisis management due to fewer stockouts and supply disruptions freed time for proactive customer engagement.

Value for money perceptions increased from 6.6 to 8.0 despite the company shifting from discounting to premium pricing. This apparent paradox reflected customers' holistic assessment of value encompassing not just price but also quality consistency, delivery reliability, and service quality. Customers perceived that they received better overall value despite paying moderately higher prices.

Likelihood to recommend scores increased from 6.1 to 8.3, indicating stronger customer advocacy. This metric strongly correlated with actual referral behavior, as evidenced by the high proportion of new customers citing existing customer recommendations as their acquisition channel. The improvement in Net Promoter Score implications suggested that Mutima Quality Feeds had developed a base of genuinely satisfied customers willing to actively promote the brand.

5.4 Correlation Analysis: Risk Reduction and Performance

Table 7: Correlation Between Risk Reduction Dimensions and Performance Outcomes

Risk Dimension	Reduction	Financial Performance	Operational Efficiency	Market Performance	Customer Satisfaction
Price Reduction	Volatility	0.742**	0.638**	0.521**	0.486**
Demand Reduction	Uncertainty	0.681**	0.814**	0.692**	0.729**
Competitive Reduction	Risk	0.564**	0.439**	0.876**	0.758**
Financial Reduction	Risk	0.793**	0.527**	0.615**	0.544**

Note: ** $p < 0.01$. Values represent Pearson correlation coefficients.

Source: Primary Data, 2024

Correlation analysis revealed differential relationships between specific risk reduction dimensions and performance outcome categories. Price volatility reduction showed the strongest correlation with financial performance ($r = 0.742$), confirming that stable input costs directly translated to improved profitability. This dimension also correlated significantly with operational efficiency, as predictable costs enabled better planning and resource allocation.

Demand uncertainty reduction demonstrated the strongest correlation with operational efficiency ($r = 0.814$), which aligned with expectations given that demand predictability directly influenced production planning, inventory management, and capacity utilization. This dimension also showed strong relationships with customer satisfaction, as better demand forecasting enabled improved service delivery through reduced stockouts and faster fulfillment.

Competitive risk reduction exhibited the strongest correlation with market performance ($r = 0.876$), reflecting the direct link between differentiation strategies, quality assurance, and market positioning outcomes such as market share growth and price premiums. The strong correlation with customer satisfaction ($r = 0.758$) indicated that quality-focused competitive strategies resonated with customer priorities.

Financial risk reduction showed the strongest correlation with financial performance ($r = 0.793$), confirming that improved cash flow management, reduced bad debts, and accelerated collections directly enhanced profitability metrics. The moderate correlations with other performance dimensions suggested that financial risk management, while primarily affecting financial outcomes, also enabled operational and market investments that indirectly influenced other performance areas.

The consistently positive and statistically significant correlations across all risk-performance pairings provided empirical support for the overarching conclusion that market risk reduction broadly improved organizational performance across multiple dimensions. The pattern of differential correlation strengths suggested that targeted risk reduction efforts could be strategically prioritized based on specific performance objectives.

5.5 Qualitative Insights from Stakeholder Interviews

Interview data provided rich contextual understanding of mechanisms through which market risk reduction influenced performance. The company owner emphasized that risk reduction fundamentally changed management orientation from reactive crisis management to proactive strategic planning: "Before, we were constantly firefighting dealing with supplier issues, managing customer complaints about stockouts, chasing payments. Now we can focus on growth, product development, and building long-term relationships."

The operations manager highlighted how predictability enabled operational excellence: "When you know what demand will look like and you're confident in raw material availability, you can optimize everything production scheduling, workforce planning, maintenance timing. We run much more efficiently now, and staff morale has improved because their work is less chaotic."

Customers consistently emphasized reliability as the key benefit. A commercial poultry farmer stated: "With my previous supplier, I never knew if my feed order would arrive on time or if the quality would be consistent. With Mutima, I can plan my operations knowing the feed will be there and will work as expected. That peace of mind is

worth paying a bit more." Similar sentiments about reliability and consistency appeared throughout customer interviews.

The sales manager noted how risk reduction supported market expansion: "Quality certification opened doors to larger customers who require documentation. Our improved reliability means we can commit to contracted supply agreements. We're competing in market segments that were previously inaccessible to us." This observation aligned with quantitative data showing expansion into higher-value customer segments.

Financial management perspectives emphasized working capital improvements: "Better cash collection through diversified payment options and reduced bad debts means we have liquidity to invest in growth opportunities, negotiate better supplier terms through bulk purchasing, and weather occasional market disruptions without crisis." The accountant quantified that working capital efficiency improvements freed approximately UGX 60 million for productive deployment.

6. Conclusions

The study concluded that different dimensions of market risk reduction contributed distinctly to various areas of organizational performance, showing a clear pattern in which specific types of risk management were strongly aligned with particular performance outcomes. Price volatility reduction demonstrated its greatest influence on financial performance, where stabilizing input costs directly boosted profitability by enabling predictable budgeting, accurate cost planning, and improved margin control. Its additional positive relationship with operational efficiency indicated that consistent pricing allowed firms to plan production and allocate resources more effectively, reducing waste and operational disruptions.

Demand uncertainty reduction showed the strongest association with operational efficiency, reflecting the central role of accurate demand forecasting in production planning, inventory control, and resource scheduling. Organizations that reduced demand-related risks were able to maintain smoother operations, minimize stockouts, and optimize capacity use, which also improved customer satisfaction through timely service delivery and more reliable fulfillment processes. This demonstrated how improving demand predictability contributed simultaneously to both internal efficiency and external service quality.

Competitive risk reduction was most strongly linked to market performance, as efforts to reduce competitive threats through product differentiation, quality enhancement, and strategic positioning directly translated into gains such as increased market share, stronger brand loyalty, and improved pricing power. The strong correlation with customer satisfaction further showed that customers responded positively to competitive strategies centered on quality and value, reinforcing the idea that competitive risk management benefited both market outcomes and customer experiences.

Recommendations

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Organizations needed to adopt a strategically targeted approach to risk reduction, aligning specific risk management practices with desired performance goals. Strengthening price stability mechanisms, such as long-term supplier contracts or hedging strategies, would support financial outcomes.

Improving demand forecasting systems and data analytics capabilities would enhance operational efficiency and customer satisfaction. Competitive risk management could be reinforced through sustained investment in product quality, innovation, and differentiation. Enhancing financial risk controls including credit management and cash flow monitoring would stabilize financial performance while enabling broader organizational investments.

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