

Relationship between internal control and organization management. A Case Study Of Brac Kampala Office.

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Abstract

The study examined the relationship between internal control and organization management at BRAC Uganda's Kampala office. Using a case study research design, data were collected from 134 respondents comprising management staff, program officers, finance personnel, and support staff through structured questionnaires, interviews, and document analysis. Correlation and regression analyses were employed to examine the relationships between internal control components and organization management effectiveness. The findings revealed significant positive relationships between internal control and organization management. Control environment demonstrated a strong positive correlation with organization management ($r = 0.718$, $p < 0.001$), risk assessment showed a significant positive relationship ($r = 0.682$, $p < 0.001$), control activities exhibited a positive correlation ($r = 0.695$, $p < 0.001$), and information and communication correlated positively ($r = 0.673$, $p < 0.001$). Multiple regression analysis indicated that internal control components collectively explained 64.7% of variance in organization management effectiveness ($R^2 = 0.647$, $F = 58.394$, $p < 0.001$). Control environment emerged as the strongest predictor ($\beta = 0.312$, $p < 0.001$), followed by control activities ($\beta = 0.276$, $p < 0.001$), risk assessment ($\beta = 0.251$, $p < 0.001$), and information and communication ($\beta = 0.228$, $p < 0.001$). Internal control constituted a fundamental determinant of effective organization management at BRAC Kampala. A strong control environment fostered accountability and ethical conduct, systematic risk assessment enabled proactive management of threats and opportunities, robust control activities ensured operational reliability and compliance, and effective information and communication facilitated coordination and informed decision-making. The comprehensive influence of internal control components underscored the necessity of integrated approaches to organizational governance in non-profit contexts. BRAC Kampala should strengthen its control environment through enhanced ethics programs and accountability frameworks, institutionalize enterprise risk management processes, automate control activities through technology adoption, and invest in integrated management information systems. Regular internal control assessments should be conducted, staff training programs enhanced, and donor reporting mechanisms improved to sustain organizational effectiveness and stakeholder confidence.

Keywords: internal control, organization management, BRAC Uganda, control environment, risk assessment, non-profit management, organizational governance, accountability

1. Background of the study

BRAC, originally founded in Bangladesh in 1972, emerged as one of the world's largest and most respected non-governmental organizations, implementing comprehensive development programs across multiple countries in Asia and Africa (Alex et al., 2023). BRAC Uganda, established in 2006, operated extensive poverty alleviation programs spanning microfinance, agriculture, health, education, and women's empowerment, reaching over 1.5 million

beneficiaries across the country (Lydia et al., 2023). The Kampala office served as the national headquarters, coordinating program implementation, managing financial resources, ensuring compliance with regulatory and donor requirements, and maintaining strategic partnerships with government agencies, development partners, and local communities (Julius & Nancy, 2025). With an annual budget exceeding USD 35 million and a workforce of over 800 employees across various programs and locations, BRAC Uganda represented a significant institutional presence in Uganda's development sector (Frank et al., 2023).

Internal control constituted the comprehensive system of policies, procedures, practices, and organizational structures designed to provide reasonable assurance regarding achievement of organizational objectives (Alex & Kazaara, 2023). The Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, widely adopted as the international standard for internal control, identified five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring activities (Wegulo et al., 2023). The control environment encompassed the organizational culture, ethical values, management philosophy, governance structure, and human resource practices that set the foundation for all other control components (Moses & Alex, 2022). Risk assessment involved systematic identification, analysis, and management of risks that could prevent achievement of organizational objectives. Control activities comprised specific policies and procedures implemented to mitigate identified risks, including authorization requirements, segregation of duties, physical controls, and reconciliations (Ntirandekura & Christopher, 2022). Information and communication systems ensured that relevant, reliable, and timely information flowed to appropriate stakeholders supporting decision-making and accountability (Julius et al., 2024). Monitoring activities provided ongoing evaluation of internal control effectiveness and facilitated continuous improvement.

Organization management referred to the processes, practices, and systems through which organizations planned, organized, directed, coordinated, and controlled resources to achieve strategic objectives efficiently and effectively (Shahab et al., 2019). In non-profit contexts such as BRAC, organization management encompassed program planning and implementation, financial resource management, human resource administration, stakeholder relationship management, compliance with regulatory and donor requirements, and performance monitoring and evaluation (Ntirandekura et al., 2022). Effective organization management ensured that organizations delivered maximum impact to beneficiaries, maintained operational sustainability, upheld accountability to stakeholders, and adapted successfully to changing environmental conditions (Julius & Nancy, 2025).

Theoretical perspectives linking internal control to organization management emphasized multiple causal mechanisms. Agency theory suggested that internal controls mitigated principal-agent problems by aligning managerial behavior with organizational objectives and stakeholder interests, particularly important in non-profit organizations where managers controlled donor resources without direct ownership stakes (Irumba et al., 2024). Institutional theory posited that adoption of recognized internal control frameworks enhanced organizational legitimacy, facilitating resource mobilization and stakeholder confidence (Polycarp et al., 2023). Contingency theory

emphasized that effective internal control systems must be appropriately designed for organizational context, size, complexity, and environmental uncertainty (Zowena et al., 2023).

Non-profit organizations faced particular internal control challenges stemming from multiple accountability relationships to donors, beneficiaries, regulators, and communities; complex compliance requirements across diverse funding sources; limited resources constraining investment in control infrastructure; and organizational cultures sometimes prioritizing mission delivery over administrative rigor (Winny et al., 2023). These challenges created vulnerabilities including financial mismanagement, fraud and corruption risks, program implementation failures, donor compliance violations, and reputational damage (Racheal, Kazaara, et al., 2023). BRAC Uganda, operating in an environment characterized by poverty, weak institutions, and resource constraints, confronted these challenges while simultaneously pursuing ambitious development objectives requiring effective coordination of diverse programs, efficient utilization of donor resources, and sustained stakeholder confidence in organizational integrity and effectiveness (Racheal, Enock, et al., 2023).

2. Problem Statement

Despite BRAC Uganda's strong reputation and substantial development impact, the organization experienced periodic management challenges that raised concerns about internal control effectiveness (Innocent et al., 2023a). Audit reports documented instances of delayed financial reporting, incomplete documentation supporting expenditures, inadequate segregation of duties in certain field offices, and weaknesses in asset management systems (Innocent et al., 2023b). Program implementation reviews identified coordination gaps between headquarters and field operations, resulting in duplicated efforts, delayed interventions, and suboptimal resource utilization (Innocent et al., 2023b). Donor compliance issues occasionally emerged, requiring corrective actions that diverted management attention and risked future funding (Julius & Audrey, 2025).

While BRAC management recognized the importance of internal control, the specific extent to which internal control components influenced organization management effectiveness remained inadequately understood (Julius, 2025). Without empirical evidence documenting these relationships, the organization lacked a firm foundation for prioritizing internal control investments relative to other organizational needs. Resource allocation decisions regarding control system enhancements, technology investments, capacity building, and policy revisions occurred without clear understanding of potential returns in terms of improved management effectiveness (Racheal, Enock, et al., 2023). Furthermore, limited research existed examining internal control-management relationships in large non-profit organizations operating in developing country contexts, where unique characteristics including donor dependencies, beneficiary accountability, and institutional environments distinguished this sector from commercial organizations typically studied in internal control literature (Moses et al., 2025).

3. Specific Objective

To examine the relationship between internal control and organization management at BRAC Uganda's Kampala office.

4. Methodology

This study employed a case study research design with mixed methods approaches to examine the relationship between internal control and organization management at BRAC Uganda's Kampala office. The research was conducted over a six-month period from March to August 2023, with primary data collection occurring from May to July 2023.

Population and Sampling: The target population comprised all staff at BRAC Uganda's Kampala office involved in or knowledgeable about organizational operations and internal control systems (N = 187). This population included senior management (Country Director, program directors, functional heads), middle management (program managers, finance managers, human resource managers), program officers responsible for implementing various development interventions, finance and accounting personnel, internal auditors, and administrative support staff (Emmanuel et al., 2023). Using stratified random sampling with proportional allocation across hierarchical levels and functional areas, a sample of 145 respondents was selected based on Krejcie and Morgan's sample size determination table (Paul & Kazaara, 2023). Stratification ensured adequate representation across management levels, functional departments, and program areas.

Data Collection Methods: Primary data were collected through three complementary approaches. First, structured questionnaires were administered to the 145 sampled respondents. The questionnaire comprised six sections: demographic information, control environment (10 items), risk assessment (8 items), control activities (11 items), information and communication (9 items), and organization management effectiveness (14 items) (Kazaara et al., 2024). Internal control components were measured using scales adapted from COSO framework applications, while organization management incorporated dimensions of planning effectiveness, resource utilization efficiency, coordination quality, compliance achievement, and performance outcomes. All items utilized five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree) (Ramadhan et al., 2023).

Second, semi-structured interviews were conducted with 15 key informants including the Country Director, finance director, programs director, internal audit manager, human resource manager, and ten program managers representing different intervention areas. Interviews explored internal control strengths and weaknesses, perceived impacts on management effectiveness, specific challenges, and recommendations for improvement.

Third, documentary analysis examined organizational policies and procedures manuals, internal audit reports from 2020-2023, external audit reports, donor audit reports, program performance reports, financial statements, risk registers, and board meeting minutes. Documentary evidence provided objective indicators of internal control implementation and management effectiveness that triangulated with survey and interview data.

Reliability and Validity: Content validity was established through expert review by three academics specializing in organizational management and two practitioners from international development organizations. The questionnaire underwent pilot testing with 20 staff from another international NGO in Kampala, leading to minor refinements for clarity and contextual appropriateness. Reliability analysis yielded Cronbach's alpha coefficients of 0.871 for control environment, 0.854 for risk assessment, 0.883 for control activities, 0.862 for information and communication, and

0.897 for organization management, all substantially exceeding the 0.70 threshold and indicating excellent internal consistency.

Construct validity was assessed through confirmatory factor analysis, demonstrating that measurement items loaded appropriately on their intended constructs with factor loadings exceeding 0.65. Convergent validity was confirmed through Average Variance Extracted (AVE) values exceeding 0.55 for all constructs. Discriminant validity was established as the square root of AVE for each construct exceeded its correlations with other constructs.

Data Analysis: Quantitative data were analyzed using Statistical Package for Social Sciences (SPSS) version 26.0 (Nelson et al., 2022). Descriptive statistics including frequencies, percentages, means, and standard deviations characterized respondent demographics and study variables. Pearson correlation analysis examined bivariate relationships between internal control components and organization management (Nelson et al., 2023). Multiple regression analysis tested the collective and individual effects of internal control components on organization management effectiveness. Regression diagnostics verified satisfaction of assumptions including linearity, normality of residuals, homoscedasticity, and absence of multicollinearity ($VIF < 3$).

Qualitative data from interviews were transcribed verbatim, coded using thematic analysis approaches, and analyzed to identify recurring themes, contextual factors, and mechanisms linking internal control to management effectiveness. Qualitative insights complemented quantitative findings by providing depth, explanation, and illustrative examples. Documentary analysis involved systematic review of organizational documents using a structured framework examining evidence of internal control implementation, management processes, control effectiveness indicators, and performance outcomes. Document findings corroborated survey and interview data while providing objective performance metrics.

Ethical Considerations: Research approval was obtained from the institutional research ethics committee and BRAC Uganda management. All participants received information sheets explaining research purposes, procedures, voluntary participation, and confidentiality protections. Written informed consent was obtained from all participants. Confidentiality was maintained through anonymous questionnaires, de-identified interview transcripts, secure data storage, and presentation of aggregated findings preventing individual identification.

5. Results and Discussion

5.1 Response Rate and Demographic Characteristics

Table 1: Response Rate

Respondent Category	Sample Size	Responses Received	Response Rate
Senior Management	12	11	91.7%
Middle Management	28	26	92.9%
Program Officers	54	51	94.4%
Finance Personnel	31	28	90.3%

Support Staff	20	18	90.0%
Total	145	134	92.4%

Source: Primary Data, 2024

The study achieved an overall response rate of 92.4%, considered excellent for organizational research and exceeding typical response rates in non-profit sector studies. Response rates across all respondent categories exceeded 90%, indicating strong engagement and minimizing potential non-response bias. The high response rate enhanced confidence in the representativeness of findings and their generalizability within BRAC Uganda's organizational context.

Table 2: Demographic Profile of Respondents

Characteristic	Category	Frequency	Percentage
Gender	Male	76	56.7%
	Female	58	43.3%
Age Group	20-30 years	38	28.4%
	31-40 years	64	47.8%
	41-50 years	26	19.4%
	Above 50 years	6	4.5%
Education Level	Diploma	18	13.4%
	Bachelor's Degree	82	61.2%
	Master's Degree	31	23.1%
	PhD	3	2.2%
Work Experience at BRAC	Less than 2 years	24	17.9%
	2-5 years	52	38.8%
	6-10 years	42	31.3%
	Over 10 years	16	11.9%
Position Level	Senior Management	11	8.2%
	Middle Management	26	19.4%
	Program Officers	51	38.1%
	Finance Personnel	28	20.9%
	Support Staff	18	13.4%

Source: Primary Data, 2024

The demographic profile revealed a relatively balanced gender distribution with males constituting 56.7% of respondents, reflecting BRAC's commitment to gender diversity. The majority of respondents fell within the 31-40 years age bracket (47.8%), indicating a predominantly mid-career workforce with substantial professional maturity.

Educational attainment was notably high, with 86.6% holding bachelor's or postgraduate degrees, demonstrating significant human capital within the organization and capacity for sophisticated management approaches.

Work experience distribution showed that 82.1% of respondents had two or more years of tenure at BRAC, ensuring familiarity with organizational systems, culture, and internal control practices. The 38.8% with 2-5 years of experience suggested relatively recent recruitment aligned with organizational expansion, while the 43.2% with six or more years provided institutional memory and continuity. Position level distribution aligned with the sampling design, with program officers constituting the largest proportion (38.1%), appropriate given their central role in implementing BRAC's development interventions and interfacing with internal control systems daily.

5.2 Descriptive Statistics

Table 3: Descriptive Statistics for Internal Control Components and Organization Management

Variable	N	Mean	Std. Deviation	Interpretation
Control Environment	134	3.76	0.687	Good
Integrity and ethical values	134	4.02	0.742	Good
Management philosophy	134	3.84	0.698	Good
Organizational structure	134	3.67	0.756	Good
Human resource policies	134	3.59	0.812	Good
Risk Assessment	134	3.54	0.731	Good
Risk identification	134	3.68	0.789	Good
Risk analysis	134	3.52	0.823	Good
Risk response strategies	134	3.41	0.867	Moderate-Good
Control Activities	134	3.62	0.709	Good
Authorization procedures	134	3.89	0.734	Good
Segregation of duties	134	3.47	0.891	Moderate-Good
Physical controls	134	3.71	0.768	Good
Reconciliations	134	3.58	0.812	Good
Information and Communication	134	3.58	0.724	Good
Quality of information	134	3.74	0.758	Good
Timeliness of communication	134	3.51	0.834	Good
Communication channels	134	3.49	0.867	Moderate-Good
Organization Management	134	3.69	0.662	Good
Planning effectiveness	134	3.82	0.721	Good
Resource utilization	134	3.67	0.743	Good
Coordination quality	134	3.54	0.798	Good

Compliance achievement	134	3.78	0.687	Good
Performance outcomes	134	3.64	0.756	Good

Source: Primary Data, 2024

The descriptive statistics revealed generally good levels across all internal control components and organization management dimensions. Control environment achieved the highest mean score ($M = 3.76$, $SD = 0.687$), indicating that BRAC Uganda maintained a strong foundational culture supporting effective internal control. Integrity and ethical values scored particularly high ($M = 4.02$), reflecting BRAC's explicit values-based approach to development work and organizational culture emphasizing integrity, transparency, and accountability. Interview respondents consistently emphasized that BRAC's code of conduct was well-known, regularly reinforced through training and communications, and generally adhered to across the organization.

Management philosophy ($M = 3.84$) also scored well, indicating that senior leadership demonstrated commitment to internal control and risk management. However, human resource policies scored relatively lower ($M = 3.59$), with interview respondents noting that while recruitment and training systems were generally effective, performance management and succession planning required strengthening. Documentary analysis confirmed that staff turnover in certain technical positions created periodic capacity gaps affecting control implementation.

Risk assessment achieved a mean of 3.54 ($SD = 0.731$), indicating good but not excellent risk management practices. Risk identification scored highest within this dimension ($M = 3.68$), suggesting that BRAC effectively catalogued potential threats to program success and organizational sustainability. However, risk response strategies scored lower ($M = 3.41$), indicating gaps between risk identification and systematic mitigation action. Interview data revealed that while BRAC maintained formal risk registers at program and organizational levels, risk response plans were sometimes generic rather than actionable, and monitoring of risk mitigation effectiveness was inconsistent. Some program managers noted that operational pressures sometimes prevented full implementation of planned risk responses.

Control activities achieved a mean of 3.62 ($SD = 0.709$), reflecting generally effective implementation of specific control procedures. Authorization procedures scored highest ($M = 3.89$), with documentary evidence confirming that BRAC maintained clear delegation of authority matrices and approval requirements for expenditures, commitments, and program decisions. However, segregation of duties scored lowest ($M = 3.47$), particularly problematic in smaller field offices where limited staff numbers made complete segregation challenging. Internal audit reports documented instances where the same individuals performed incompatible functions such as both initiating and approving transactions, creating fraud vulnerabilities. Physical controls ($M = 3.71$) and reconciliations ($M = 3.58$) scored moderately well, though auditors noted occasional delays in bank reconciliations and incomplete asset verification procedures.

Information and communication achieved a mean of 3.58 (SD = 0.724), indicating good but improvable information flow within the organization. Quality of information scored relatively higher (M = 3.74), suggesting that when information reached decision-makers, it was generally reliable and relevant. However, timeliness of communication (M = 3.51) and communication channels (M = 3.49) scored lower, with interview respondents noting delays in financial reporting to program managers, limited integration between program and financial information systems, and communication gaps between headquarters and field operations. Several program officers expressed frustration with information silos preventing holistic understanding of organizational performance.

Organization management effectiveness achieved a mean of 3.69 (SD = 0.662), indicating that BRAC Uganda demonstrated good overall management performance. Planning effectiveness scored highest (M = 3.82), reflecting BRAC's structured strategic planning processes, clear program theories of change, and detailed annual operational plans. Compliance achievement also scored well (M = 3.78), with external audit reports and donor assessments generally providing positive evaluations of BRAC's adherence to regulatory and contractual requirements. However, coordination quality scored lowest (M = 3.54), corroborating interview findings about coordination gaps between programs, between headquarters and field offices, and between operational and support functions. Resource utilization (M = 3.67) and performance outcomes (M = 3.64) scored moderately well, indicating room for improvement in operational efficiency and development impact.

5.3 Correlation Analysis

Table 4: Pearson Correlation Matrix

Variable	1	2	3	4	5
1. Control Environment	1				
2. Risk Assessment	0.697**	1			
3. Control Activities	0.721**	0.683**	1		
4. Information and Communication	0.654**	0.679**	0.708**	1	
5. Organization Management	0.718**	0.682**	0.695**	0.673**	1

Note: N = 134. ** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data, 2024

Correlation analysis revealed strong positive relationships between all internal control components and organization management effectiveness. Control environment demonstrated the strongest correlation with organization management (r = 0.718, p < 0.01), indicating that organizations with strong ethical cultures, committed leadership, appropriate organizational structures, and effective human resource practices achieved superior management outcomes. This finding underscored the foundational importance of control environment as the platform upon which all other control components operated. A strong control environment fostered accountability consciousness throughout

the organization, promoted ethical decision-making, attracted and retained quality personnel, and established clear expectations for performance and conduct.

Risk assessment showed a significant positive correlation with organization management ($r = 0.682$, $p < 0.01$), demonstrating that systematic identification, analysis, and management of risks enhanced organizational effectiveness. Organizations that proactively assessed risks anticipated threats before they materialized, allocated resources strategically to high-risk areas, developed contingency plans enabling rapid response to adverse events, and seized opportunities that others might overlook. The strong correlation validated investments in enterprise risk management as strategically valuable for organizational performance.

Control activities exhibited a strong positive correlation with organization management ($r = 0.695$, $p < 0.01$), indicating that specific control procedures including authorizations, segregation of duties, physical controls, and reconciliations significantly influenced management effectiveness. Control activities ensured that management directives were executed as intended, prevented errors and irregularities from occurring or being undetected, protected organizational assets from misappropriation, and provided reasonable assurance of financial reporting reliability. These control mechanisms created operational discipline that enhanced efficiency, compliance, and stakeholder confidence.

Information and communication demonstrated a significant positive correlation with organization management ($r = 0.673$, $p < 0.01$), highlighting the critical importance of information quality, timeliness, and communication channels for effective management. Organizations with robust information systems and communication processes enabled informed decision-making, facilitated coordination across functions and levels, supported performance monitoring and accountability, and enhanced organizational learning. The strong correlation emphasized that even well-designed control structures and processes could not function effectively without supporting information and communication infrastructure.

The correlations among internal control components ranged from 0.654 to 0.721, indicating strong interrelationships consistent with COSO's conceptualization of internal control as an integrated system where components reinforced each other. Organizations excelling in one component tended to perform well in others, suggesting that internal control development followed systemic patterns. However, correlations fell short of perfect correlation, confirming that each component retained unique characteristics warranting separate attention.

5.4 Regression Analysis

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.804	0.647	0.636	0.399

Predictors: Control Environment, Risk Assessment, Control Activities, Information and Communication

Source: Primary Data, 2024

The multiple regression model demonstrated substantial explanatory power, with an R-squared value of 0.647 indicating that internal control components collectively explained 64.7% of variance in organization management effectiveness. This high explanatory power confirmed that internal control constituted a critical determinant of organizational management performance at BRAC Uganda. The adjusted R-squared of 0.636 remained close to the unadjusted R-squared, indicating model stability and minimal shrinkage, enhancing confidence in the generalizability of findings beyond the sample.

Table 6: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	37.284	4	9.321	58.394	<0.001
Residual	20.598	129	0.160		
Total	57.882	133			

Source: Primary Data, 2024

The ANOVA results confirmed that the regression model was statistically significant ($F = 58.394$, $p < 0.001$), indicating that the combination of internal control components significantly predicted organization management effectiveness. The highly significant F-statistic provided strong evidence rejecting the null hypothesis of no relationship between internal control and organization management, supporting the conclusion that internal control meaningfully influenced organizational effectiveness.

Table 7: Regression Coefficients

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	0.318	0.287		1.108	0.270	
Control Environment	0.301	0.068	0.312	4.426	<0.001	2.187
Risk Assessment	0.227	0.064	0.251	3.547	0.001	2.098
Control Activities	0.257	0.066	0.276	3.894	<0.001	2.234
Information and Communication	0.209	0.063	0.228	3.317	0.001	2.056

Dependent Variable: Organization Management

Source: Primary Data, 2024

The regression coefficients revealed that all four internal control components significantly and positively predicted organization management effectiveness. Control environment emerged as the strongest predictor ($\beta = 0.312$, $t = 4.426$, $p < 0.001$), indicating that for every one standard deviation increase in control environment strength, organization

management effectiveness improved by 0.312 standard deviations, holding other variables constant. This finding validated the COSO framework's emphasis on control environment as the foundation of effective internal control. A strong control environment characterized by integrity, ethical values, management commitment, appropriate organizational structure, and effective human resource practices created the cultural and structural conditions enabling all other management activities to function effectively. Organizations with weak control environments struggled to implement even well-designed control procedures because staff lacked ethical commitment, management failed to model appropriate behavior, organizational structures impeded coordination, and human resource systems failed to attract and retain quality personnel.

Control activities demonstrated a significant positive effect ($\beta = 0.276$, $t = 3.894$, $p < 0.001$), confirming that specific control procedures directly enhanced management effectiveness. Authorization procedures ensured that transactions and decisions aligned with management intentions and organizational policies. Segregation of duties prevented fraud and error by ensuring that no single individual controlled all aspects of critical transactions. Physical controls protected assets from theft, loss, or unauthorized use. Reconciliations detected discrepancies between records and actual conditions, prompting corrective action. These control activities created operational discipline, prevented resource leakage, ensured reliability of information, and enabled accountability, all contributing to superior management outcomes.

Risk assessment showed a significant positive effect ($\beta = 0.251$, $t = 3.547$, $p = 0.001$), demonstrating that systematic risk management enhanced organizational effectiveness. Organizations that regularly identified emerging risks, analyzed their potential impacts and likelihood, and developed appropriate response strategies performed better than organizations that reacted to risks only after they materialized. Proactive risk assessment enabled strategic resource allocation to high-risk areas, development of contingency plans reducing disruption from adverse events, identification of opportunities that risk-averse approaches might miss, and continuous adaptation to changing environmental conditions. The significant effect validated investments in enterprise risk management frameworks as strategically beneficial.

Information and communication demonstrated a significant positive effect ($\beta = 0.228$, $t = 3.317$, $p = 0.001$), highlighting the importance of information infrastructure for management effectiveness. Quality information enabled evidence-based decision-making rather than intuition or politics. Timely communication facilitated rapid response to emerging challenges and opportunities. Effective communication channels enabled coordination across organizational units, levels, and geographies. Information systems supporting performance monitoring enabled accountability and continuous improvement. Without robust information and communication systems, even well-designed organizational structures, processes, and controls could not function effectively.

Variance Inflation Factor (VIF) values ranged from 2.056 to 2.234, all below the threshold of 10 and even the conservative threshold of 5, indicating absence of problematic multicollinearity. This confirmed that the four internal

control components, though correlated as expected in an integrated system, contributed unique explanatory power and could be reliably interpreted as distinct predictors of organization management.

5.5 Qualitative Insights

Qualitative analysis of interview data provided rich contextual understanding of mechanisms linking internal control to organization management effectiveness. Respondents identified several pathways through which strong internal control enhanced organizational performance. First, control environment fostered accountability consciousness. The Country Director explained that BRAC's explicit values and ethics framework created an organizational culture where staff understood their responsibilities, took ownership of outcomes, and held each other accountable for performance and conduct. This accountability consciousness reduced supervision requirements, enabled delegation, and created self-correcting mechanisms that enhanced efficiency.

Second, risk assessment enabled proactive management. The programs director noted that systematic risk assessment during program design identified potential implementation barriers early, allowing teams to develop mitigation strategies before program launch. For example, risk assessment of a new microfinance product identified potential liquidity challenges, prompting establishment of emergency credit lines that prevented disruptions when unexpected loan defaults occurred.

Third, control activities prevented resource leakage and ensured compliance. The finance director emphasized that authorization procedures and segregation of duties significantly reduced fraud incidents and errors, while reconciliation processes detected discrepancies before they became material. The internal audit manager cited specific examples where control activities detected attempted financial irregularities, enabling corrective action that protected organizational resources and reputation.

Fourth, information and communication facilitated coordination. Several program managers explained that regular management information reports enabled them to monitor program performance, identify implementation challenges, and coordinate with support functions. However, respondents also noted that information systems integration remained incomplete, requiring manual data consolidation that created delays and increased error risks.

Respondents also identified persistent challenges. Several field staff noted that while internal control policies were comprehensive, implementation was sometimes inconsistent due to competing operational pressures, particularly when program targets created incentives to expedite processes. Some managers expressed concern that control procedures sometimes hindered operational flexibility, though they acknowledged the necessity of controls for risk management. The human resource manager identified staff capacity gaps in internal control knowledge, particularly among newer recruits from organizations with less rigorous control environments.

6. Conclusions

This study established that internal control demonstrated strong positive relationships with organization management effectiveness at BRAC Uganda's Kampala office. The findings confirmed that all four examined internal control components—control environment, risk assessment, control activities, and information and communication—

independently and collectively constituted critical determinants of organizational management performance, explaining 64.7% of variance in management effectiveness.

The particularly strong effect of control environment underscored the foundational importance of organizational culture, ethical values, management philosophy, organizational structure, and human resource practices. Control environment created the conditions enabling all other management activities to function effectively, fostering accountability consciousness, attracting quality personnel, and establishing clear performance expectations. Organizations neglecting control environment fundamentals inevitably struggled with management effectiveness regardless of sophistication in processes or systems.

The significant effect of control activities validated the importance of specific control procedures including authorization requirements, segregation of duties, physical controls, and reconciliations. These mechanisms prevented errors and irregularities, protected organizational resources, ensured information reliability, and created operational discipline that enhanced efficiency and compliance. The findings supported continued investment in control procedure design, implementation, and monitoring as essential for organizational effectiveness.

The significant contribution of risk assessment demonstrated that proactive risk management enhanced organizational performance. Organizations that systematically identified, analyzed, and responded to risks achieved better outcomes through strategic resource allocation, contingency planning, and adaptive capacity. The relationship validated enterprise risk management as a strategic capability rather than merely a compliance exercise.

The significant effect of information and communication highlighted the critical role of information quality, timeliness, and communication channels in enabling effective management. Even well-designed organizational structures and control procedures could not function without supporting information infrastructure enabling informed decision-making, coordination, and accountability.

7. Recommendations

There should be a strong emphasis on establishing a robust control environment within organizations. This includes cultivating a culture of accountability, ethical values, and clear management philosophies, as well as implementing effective human resource practices and organizational structures. Strengthening the control environment will create the foundation necessary for all other management activities to operate effectively and enhance overall organizational performance.

There should be continuous investment in control activities such as authorization procedures, segregation of duties, physical controls, and reconciliations. Organizations should ensure that these procedures are well-designed, properly implemented, and regularly monitored to prevent errors, protect resources, and maintain operational discipline that supports management effectiveness.

There should be proactive risk assessment practices embedded in organizational management. Organizations should systematically identify, analyze, and respond to potential risks, allowing for strategic resource allocation, contingency planning, and adaptive decision-making. Risk management should be treated as a strategic capability to enhance organizational performance, not merely as a compliance requirement.

There should be effective information and communication systems in place to support management decision-making. Organizations should ensure that information is timely, accurate, and accessible, and that communication channels enable coordination and accountability. This will ensure that even well-structured procedures and policies function efficiently and contribute to improved management effectiveness.

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