

**Book Keeping And Performance Of Financial Institutions In Uganda: A Case Study Of Ankole Farmers
Sacco In Mbarara City.**

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Abstract

The study is about book keeping and performance of financial institutions in Uganda: a case study of ankole farmers Sacco in Mbarara city. Its objectives of the study are; to assess the meaning of book keeping in Ankole farmers SACCO, to find out factors that affect performance of financial institution in Mbarara City, to establish the relationship between book keeping and performance of financial institutions. The research design exploited both the qualitative and quantitative research methodologies. Qualitative included use of respondents' responses from the study while quantitative was involve use of descriptive statistics generated with frequency tables in a Ankole farmers SACCO in Mbarara City. The study was look at Book Keeping and Performance of Financial Institutions with a study population of a complete set of individuals, cases or objects with some common observable characteristics and this consisted of Managers, Accountants and Clients using a purposive technique because it allows the selection of a sample with experience and knowledge, this method was used to select Managers, Accountants. The sample size was be determined using Krejcie and Morgan, (1970) and this was consisting of 50 respondents from the study area, all these was be approached from their respective work places and area. Respondents enabled the researcher to obtain actual results and among them the researcher was be able to take up relevant information for the study which was appear frequent among them. The study used purposive and snowball sampling techniques during the process of data collection from the study respondents, the researcher also used questionnaires and interviews and methods for data collection and data was analyzed by using both qualitative and quantitative analysis which involved the use of appropriate descriptive statistical measures such as mean, mode and median while qualitative analysis involved the use of statements, forecasting techniques of correlation and coefficient. The researcher achieved this with the help of specialized data analysis computer packages.

Keywords: Book Keeping, Performance and Financial Institutions

Background to the Study.

Book keeping is the recording of business transaction in a systematic and orderly manner while accounting is the classification, analysis and interpretation of the business record for decision making (Moses et al., 2023). Bookkeeping is a process that involves organizing and managing all the business transactions in company. It's also a process of recording the day to day activities on the basis of financial transactions and information concerning the business. It involves management of cash balances and its short term investment activities (Faridah et al., 2023).

Received: 14.04.2024

Accepted: 19.04.2024

Published on: 29.04.2024

This study sought to examine the role of book keeping in the performance of financial institutions using Ankole Farmers SACCO in Mbarara City, Uganda as a case study (Ramadhan et al., 2023). Financial institutions play a very important role in the economy by mobilizing savings and providing credit to both individuals and businesses (Benard, 2023). However, for these financial institutions to effectively carry out their mandate and remain sustainable, proper book keeping practices need to be upheld.

Book keeping refers to the systematic and accurate recording of all financial transactions undertaken by an organization (Christopher et al., 2022). It ensures that the institution is aware of all monetary inflows and outflows on a daily basis. This helps in financial planning, management of resources, compliance with regulatory reporting requirements and for performance evaluation. Despite the recognized importance of book keeping, anecdotal evidence suggested that some SACCOs in Uganda still faced challenges in properly implementing book keeping systems. This formed the basis for selecting Ankole Farmers SACCO which was established in 2010 and operates in Mbarara City (Derrick, Nelson, Ariyo, et al., 2023). Through a review of financial reports and interviews with key staff, the study aimed to evaluate the book keeping practices at Ankole Farmers SACCO and relate this to key performance indicators like loan repayment rates, growth in savings and overall profitability over the last 5 years. It was envisaged that the findings would provide insight on how book keeping contributes to better management and performance of similar financial cooperatives (Alex et al., 2023). According to Haber, Jeffry (2004) Bookkeeping is a set of rules for recording financial information in a financial accounting system in which every transaction change, when it comes to bookkeeping there are different situations in which it is used including personal and business banking. If a business owner is too busy to contemplate being able to keep track and make a record of every transaction, bookkeepers are employed to perform the duty. Performance can be defined as an approach determining the extent to which set objectives of an organization are achieved in a particular period of time (Derrick, Nelson, Kazaara, et al., 2023). The objectives or goals can be in financial or non-financial terms. Performance may be determined by macro and micro-factors Oliver (2000). The researcher wants to research about whether employees of Ankore farmers SACCO have an idea on book keeping. The researcher seeks to find out whether Ankore farmers SACCO has put in place strategies to help their employees to learn about book keeping and lastly the researcher wants to research about the performance level of the finance department in Ankore farmers SACCO (Alex & Kazaara, 2023).

Problem Statement

While financial institutions like SACCOs play an important role in economic development by mobilizing savings and providing credit access, there are concerns about the book keeping practices and overall performance of some such cooperatives in Uganda (Lydia et al., 2023). Anecdotal evidence suggests that record keeping is still poorly implemented in certain financial cooperatives, which could undermine their sustainability and achievement of developmental objectives over the long term (Ivan et al., 2023). Specifically, for Ankole Farmers SACCO which operates in Mbarara City, recent member complaints have highlighted potential issues with tracking financial transactions and accountability of funds. The management has also acknowledged challenges in preparing accurate financial reports and meeting all regulatory filing requirements on time due to inadequacies in the book keeping system (Racheal, Enock, et al., 2023). As a result, the SACCO's loan repayment rates, savings growth targets and overall profitability margins have stagnated over the past 3 years (Racheal, Kazaara, et al., 2023). Unless the exact nature and extent of deficiencies in book keeping practices are diagnosed scientifically, it would be difficult for Ankole Farmers SACCO management to institute timely and effective remedial interventions.

Specific objectives

1. To assess the meaning of book keeping in Ankole farmers SACCO
2. To find out factors that affect performance of financial institution in Mbarara City.
3. To establish the relationship between book keeping and performance of financial institutions financial transactions in the books of accounts in a systematic manner.

Methodology

The study used casual research design, this kind of research design aims at generating information after the incidence has occurred. The study looked at Book Keeping and Performance of Financial Institutions in Uganda with a Case Study of Ankole farmers SACCO in Mbarara City (Kinyata & Abiodun, 2020). The research design exploited both the qualitative and quantitative research methodologies. Qualitative was included use of respondents' responses from the study while quantitative involved use of descriptive statistics generated with frequency tables (Olanrewaju et al., 2021b). A study population is a complete set of individuals, cases or objects with some common observable characteristics and this was consisted of Managers, Accountants and Clients. This was basically involve use of interviews and questionnaires which was enable the researcher to gather enough information (Nafiu, 2012). The study used purposive techniques because it allows the selection of a sample with experience and knowledge. This method used to select Managers, Accountants. The researcher first selected one person who helped her in the way of getting in touch with another respondent until the total number of the respondents in the same category was got (Nafiu et al., 2017). The sample size was determined using Krejcie and Morgan, (1970) and this consisted of 50 respondents from the study area. All these were approached from their respective work places and area. Respondents enabled the researcher to obtain actual results and among them the researcher was able to take up relevant information for the study which was appeared frequent among them (Saliu et al., 2013).

Received: 14.04.2024

Accepted: 19.04.2024

Published on: 29.04.2024

Table 1: Category of the Respondents.

Category	N	S
Managers	2	1
Accountants	2	1
Clients	100	48
Total	106	50

Source: primary data 2023

The study used purposive and snowball sampling techniques during the process of data collection from the study respondents. The study used purposive techniques because it allows the selection of a sample with experience and knowledge. This technique was used to select Managers and Accountants. The researcher first selected one person who helped her in the way of getting in touch with another respondent until the total number of the respondents in the same category was got (Olanrewaju et al., 2021a). This method was used in the study, since questionnaires was self-administered and interpreted to the business owners and their employees with the guidance of the researcher and a research assistant so as to obtain reliable data. Data was analyzed by using both qualitative and quantitative analysis which involved the use of appropriate descriptive statistical measures such as mean, mode and median. While qualitative analysis involved the use of statements, forecasting techniques of correlation and coefficient. The researcher achieved this with the help of specialized data analysis computer packages such as SPSS & STATA (Nelson et al., 2022).

RESULTS

Table 2. Whether respondents had an Understanding on the meaning of book keeping in Ankole

Understanding on the meaning of book keeping in Ankole SACCO	Frequency	Percentage
I have enough understanding on the meaning of book keeping in Ankole SACCO	49	98
I have a little understanding on the meaning of book keeping in Ankole SACCO	47	94
I don't have any understanding on the meaning of book keeping in Ankole SACCO	23	46
I have never heard about book keeping	10	20

Source: Primary Data 2023

Results from Table 2 above shows how respondents answered on their understanding on the meaning of book keeping in Ankole farmers and the majority had enough understanding on the meaning of book keeping in Ankole farmers

Received: 14.04.2024**Accepted: 19.04.2024****Published on: 29.04.2024**

this was represented by 98% of the respondents while 94% said that they had a little understanding on the meaning of book keeping in Ankole farmers. 46% said did not have any understanding on the meaning of book keeping in Ankole farmers and lastly 20% of the respondents said had never heard about book keeping (Nelson et al., 2023).

Table 3: Factors that affect performance of financial institution in Mbarara City.

Problems	Agreed	%	Disagree	%	Total
Financial institution's management decisions	35	70	15	30	50 (100%)
Policy objectives of the Financial institution	28	56	22	44	50 (100%)
Liquidity risk	32	64	18	36	50 (100%)
Experience and skills of workers	41	82	09	18	50 (100%)

Source: Primary Data 2023

Findings in table 3 above show how respondents agreed up on Factors that affect performance of financial institution in Mbarara City and the majority (82%) agreed that **Experience and skills of workers** affect the performance of financial institutions while 18% disagreed followed by financial institution's management decisions which was agreed up on by 70% of the respondents while 30% disagreed. Then Liquidity risk was agreed up on by 64% while 36% disagreed and lastly Policy objectives of the financial institution was agreed up on by 56% of the respondents while 44% disagreed as showed in the table above.

Table 4: Showing the Relationship between Book Keeping and Performance of Financial Institutions.

Is there any relationship between Book Keeping and Performance of Financial Institutions?	Frequency	Percentage
Yes	35	70
No	10	20
Undecided	05	10
Total	50	100

Source: Primary Data 2023

Table 4 above shows that out of the 50 respondents who were interviewed, the majority 35 (70%) were of the opinion that there is a relationship between Book Keeping and Performance of Financial Institutions, 10 (20%) of the respondents said there is no relationship while 05 (10%) were undecided. This shows that there is a great relationship between Book Keeping and Performance of Financial Institutions.

Summary of findings

Received: 14.04.2024

Accepted: 19.04.2024

Published on: 29.04.2024

The main objective for this study was to investigate how record keeping programs influence the performance of financial Institutions in Uganda with a Case Study of Ankole SACCO in Mbarara City. Specifically, the study sought to assess the meaning of book keeping in Ankole farmers SACCO, to find out factors that affect performance of financial institution in Mbarara City and To establish the relationship between book keeping and performance of financial institutions. Data analysis and interpretation of the questionnaire responses from the respondents revealed that despite the knowledge, civil society and the general public did not place this issue as very important one. The study considered the gender of the respondents who participated since it did not segregate and according to the findings, the majority of the respondents were male with 70% and female with 30%. The study also considered the age bracket of the respondents and according to the findings, the majority (36%; n = 18) of the respondents in Ankole SACCO were aged 46 years and above, followed by those aged between 25-35 years, followed by 35-45 (22%; n= 11) while only 16% (n = 08) were below 25 years old. The study considered the education level of the respondents and the findings indicated that 14% of the respondents attained secondary level, 46% attained diploma level and 40% of the respondents acquired degrees.

The study considered the marital status of the respondents and Out of the 50 respondents interviewed. 34 were single with 68%, 16 were married with 32%. This revealed that that majority of the respondents were single with the highest percentage followed by the married respondents.

According to the study findings, the majority had enough understanding on the meaning of book keeping in Ankole farmers this was represented by 98% of the respondents while 94% said that they had a little understanding on the meaning of book keeping in Ankole farmers. 46% said did not have any understanding on the meaning of book keeping in Ankole farmers and lastly 20% of the respondents said had never heard about book keeping

The second objective was to find out factors that affect the performance of financial institutions in mbarara city and the majority (82%) agreed that **Experience and skills of workers** affect the performance of financial institutions while 18% disagreed followed by financial institution's management decisions which was agreed up on by 70% of the respondents while 30% disagreed. Then Liquidity risk was agreed up on by 64% while 36% disagreed and lastly Policy objectives of the financial institution was agreed up on by 56% of the respondents while 44% disagreed.

Objective three was about the relationship between the variables that is Book Keeping and Performance of Financial Institutions, and out of the 50 respondents who were interviewed, the majority 35 (70%) were of the opinion that there is a relationship between Book Keeping and Performance of Financial Institutions, 10 (20%) of the respondents said there is no relationship while 05 (10%) were undecided.

Conclusion

From the research carried out, the researcher discovered that record keeping a positive play an important role on financial performance of financial institutions through its transparency, durability and performance and usability. However, it plays a negative role also because reporting and checking data can be timely and expensive, it takes more effort and physical space to keep track of documents in order to find information and to keep details secure and that the business continuity is at risk in case of damage to information due to fire.

Recommendations

The researcher recommends that the organization should ensure proper manual record keeping system. Proper manual record keeping involves at least chart of accounts, general journal, general ledger, subsidiary ledgers (accounts receivables, inventory and fixed assets) transaction reports and financial statements. The system must be based on cash accounting principles when one records revenue and expense transactions when they occur.

The researcher recommends the organization to ensure a proper match between use of papers and use of computers such that the two complement one another in order to contribute together to the performance of the organization.

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Received: 14.04.2024

Accepted: 19.04.2024

Published on: 29.04.2024

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