

The Effect Of Record Keeping On Organizational Performance. A Case Study Of Sumz Enterprises Nansana

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Abstract

The aim of this study was to examine the effect of record keeping on organizational performance under the guidance of a descriptive research design with a population of 76 respondents. The study aimed at determining the effect of; keeping financial record on organizational productivity, keeping administrative records on business decision making and record keeping on financing and managing business resources and capital. It was observed that all respondents 76 (100%) agreed that administrative records support openness and transparency, 68 (89.4%) of the respondents agreed that administrative records support quality program and services among employees while 2 (2.6%) of the respondents were not sure however 6 (8%) disagreed with the statement and when respondents were asked if administrative records inform decision making and help meet organizational goals, more than half 51 (67.1%) agreed with the statement, 11 (14.5%) were not sure with the statement while 14 (18.4%) disagreed with the statement. It was concluded that with better record keeping system, the management is informed of the past financial experiences, make informed decisions and make vulnerable plans for future investments. If the business cannot combat the ill effects of poor record keeping on its success, such businesses will surely diminish.

Keywords: Record Keeping, Organizational and Performance

Background of the study

According to (Ramadhan et al., 2023), record keeping is the recording of business transactions in a systematic manner so that the financial position of an organization can be determined. However, in a different mode (Winny et al., 2023) defined record keeping as a basic business management tactic. Record keeping includes the identification, classification, storage and application, receipt, transfer, retention and disposal of records for the preparation of financial statements (Christopher, Komunda, et al., 2022). A comprehensive record keeping system enables a business to produce accurate and timely financial statements that show the current state of the business. A financial report produced from a good record keeping system, the performance of the business can be compared from one time to another (Ntirandekura et al., 2022). Accurate recording of the company's financial indicators is a means of monitoring

the performance of all sizes of business entities, whether they are large, small or medium-sized enterprises. As small and medium enterprises (SMEs) are identified as sectors that take a large share in providing employment opportunities, it is vital to examine income generation and their record keeping system (Paul et al., 2023). According to (Turyatamba et al., 2022), SMEs are strategic sectors for supporting the growth and social development of the country. These sectors cover wide areas of economic activity such as agriculture, mining, manufacturing, construction and the service sector and have gained wider recognition for their ability to be a source of employment, income generation, poverty alleviation and regional development (K. Faridah et al., 2023).

The relevance of SMEs cannot be monitored without focusing on their financial performance (Musimenta et

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al., 2017). The importance of small and medium-sized enterprises cannot be emphasized without acknowledging their registration system. These record keeping systems provide appropriate, reliable and timely financial information to decision makers who use it to make effective financial decisions regarding their business entities (Benard, 2023). (Deus, 2023) noted that in order to define the performance of any organization or business, it is important to mention financial indicators that reflect the fulfillment of the economic objectives of businesses in financial terms. Market financial indicators take into account investors' view of cumulative abnormal returns, market-to-book ratio and focus on risk considerations. When all these indicators are combined, they form the concept of business performance (David et al., 2023). According to (Christopher, Moses, Muhindo, & Komunda, 2022) organizational performance is to achieve higher performance or maximization of shareholder wealth and (Nancy & Prudence, 2024) defined performance as the ability of an object to

produce results in a specified priority in relation to a goal or goals (Christopher, Moses, Muhindo, & Nturanabo, 2022). Organizational performance includes strategic planning, operations, financial, legal and organizational development. Sumz as one of the small and medium enterprises in Uganda is a growing enterprise and one of the prosperous enterprises in the central area of Wakiso District in Nansana Municipality. It is one of the companies that employed a number of employees in the country (Christopher, Moses, Muhindo, & Komunda, 2022). The company is engaged in the production of fast and fast food. Raw materials for production are sourced from farmers from different regions of the country and finished products are distributed to all parts of the country. The various resources necessary for the day-to-day activities of this company are important in understanding and helping the company to estimate its future role. This is the reason for studying this business entity (Nancy & Prudence, 2024).

Problem statement

Accounting tools provide enough performance information and other useful information about Sumz to tax authorities (Ramadhan et al., 2023). Accounting tools provide information about the financial situation, performance and changes in the financial position of any business and are useful for managers. However, Sumz is questioned for its poor record keeping system coupled with accounting problems (Moses et al., 2023). It deals with its experience of raising equity capital from a financial institution, which requires perfect record keeping systems. All this leads to insufficient capital to fund processes, which leads to poor funding, which results in poor performance. A large number of SMEs cannot afford the complexity of a detailed accounting system (Musimenta et al., 2017). However, (Winny et al., 2023) prove that most SMEs lack knowledge of record keeping, which is the best tool to improve business performance and ensure survival (Ramadhan et al., 2023). Others do not have time to worry about their business records because they focus on selling products, others keep minimal records of their activities, resources, employees, cash flows among other necessary documents that are relevant in determining business performance (Winny et al. , 2023).

Transitioning to new procedures, replacing existing procedures and modifying the way existing procedures are used, and regular consultation with qualified accountants are some of the ways SMEs can demonstrate their performance in terms of

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financial management and decision-making (David et al., 2023). Therefore, this study investigated the impact of record keeping on Sumz business performance.

Specific objectives

1. To examine the effect of keeping financial record on organizational productivity
2. To examine the effect of keeping administrative records on business decision making
3. To examine the effect of record keeping on financing and managing business resources and capital

Methodology

This study used a descriptive research design incorporating both qualitative and quantitative approaches where people's views and opinions were sought and described accordingly. The study focused on all employees, administrators and some customers of Sumz Enterprise Nansana (Olanrewaju et al., 2021). The study included samples of (3) administrators and (5) managers using a purposive sampling method. Purposive sampling is where a researcher selects participants to participate in a study who have the desired information according to the objectives of the study (Lu et al., 2013). Thus, the sample selected by this method helped to provide vivid information to the researcher. The researcher sampled (12) supervisors using cluster sampling. Cluster sampling was used because it selected a specific group as a case study. This helped screen supervisors to act as representatives of other groups (Rasheed et al., 2022). The researcher sampled (30) on-site manufacturing employees using simple random sampling, (10) drivers using simple random sampling, and (20) sales staff/customer service personnel using simple random sampling. A simple random sample is a sample drawn from a population in such a way that equally sized samples have an equal chance of being selected (A & Ahmed, 2019). Primary data were collected using questionnaires and interview guides that were given to respondents to provide their own perspective on record keeping and organizational performance. Secondary data was obtained from sources like; financial records, accounting books, financial statements, administrative records, employee records, sales day books among others (Nafiu et al., 2017). The study incorporated the use of various methods in the data collection process in an effort to come up with reliable, specific and credible research findings. Therefore, the researcher used questionnaires and interview guides in the primary data collection process. Questionnaires, such as open-ended and closed-ended questionnaires consisting of a series of questions, were designed to collect information in relation to research objectives or questions (A & Ahmed, 2019). The study used a 5-point Likert scale to measure the strength of variable sub-constructs in relation to respondents' responses. The scale ranged from strongly agree to strongly disagree (strongly agree, agree, not sure, disagree, and strongly disagree). Editing of the collected data was done to make the data ready and easier for presentation (Nafiu, 2012). The completed questionnaires were edited one by one to correct errors made by the respondents. Data were edited to check for accuracy, completeness, consistency and uniformity (Jallow et al., 2022). The adjusted data were analyzed quantitatively and qualitatively as follows; Quantitative data were grouped and statistical descriptions were used such as tables showing frequencies, percentages and pie charts as well as graphs for better interpretation (Olanrewaju & Abiodun, 2021). However, qualitative data were analyzed to identify responses from respondents that are relevant to the research problem at hand. Primarily, such data were analyzed by explaining the facts collected from the area within which the researcher was able to quote the responses of the respondents. Data were analyzed by tables, frequencies and percentages using SPSS &

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STATA (Nelson, Christopher, & Milton, 2022)

RESULTS

Table 1: Distribution of respondents by their effect of keeping financial record on organizational productivity

No	Statement	Agree		Not sure		Disagree	
		Freq.	%	Freq.	%	Freq.	%
1.	Record keeping keeps track of income and expenses	66	86.8			10	13.2
2.	Record keeping retains and reproduces financial information relating to financial transaction flows and financial position	76	100				
3.	Record keeping is the foundation on which compliance programs are built upon	53	69.7	8	10.5	15	19.7
4.	Record keeping is essential in conflict resolution.	51	67	6	8	19	25
5.	Record keeping is essential in the management of revenue expenses	43	56.6	19	25	14	18.4
6.	Record keeping is important in marketing of business products	39	51.3	15	19.7	22	29
7.	Record keeping helps managers in making financial decisions.	73	96.1	2	2.6	1	1.3
8.	Managers use records to prove accountability of an organization	69	90.789	1	1.3	6	7.89

Source: Primary source 2023

The data in table 1 clearly shows the respondents responses with respect to the effect of keeping financial record on organizational productivity and the results shows that 66 (86.8%) agreed that record keeping keeps track of income and expenses while 10 (13.2%) disagreed with the statement. When asked about retaining and reproduces financial information related to financial transaction flows and financial position, all respondents 76 (100%) agreed to the statement. With respect to being the foundation on which compliance programs are built upon, 53 (69.7%) agreed to the statement, 8 (10.5%) were not sure however 15 (19.7%) disagreed with the statement (Akankwasa et al., 2022).

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The fourth statement reads record keeping is essential in conflict resolution and the results shows that 51 (67%) of the study respondents agreed to the statement while 6 (8%) were not sure with the statement, however, 19 (25%) disagreed to the statement. The fifth statement about the first objective in the questionnaire stated record keeping is essential in the management of revenue expenses 43 (56.6%) of them agreed to the statement, 19 (25%) were not sure with the statement however 14 (18.4%) disagreed with the statement. When inquired about being important in marketing of business products, it was found that 39 (51.3%) were affirmative with agree to the statement, 15 (19.7%) were not sure with the statement however 22 (29%) disagreed to the statement (Sophie & Crispus, 2024).

The study also inquired about helping managers in making financial decisions and the results shows that 73 (96.1%) agreed to the statement while 2 (2.6%) of the study's respondents were not sure however 1 (1.3%) of them disagreed with the statement. Lastly it was revealed more than half 69 (91%) of the stud's respondents agreed that keeping financial records help management proves accountability of an organization, 1 (1%) was not sure however 6 (8%) disagreed with the statement.

Table 2: Distribution of respondents by effect of keeping administrative records on business decision making

No.	Statement	Agree		Not sure		Disagree	
		Freq.	%	Freq.	%	Freq.	%
1.	Administrative records support openness and transparency	76	100				
2.	Record keeping support quality program and services	68	89.4	2	2.6	6	8
3.	Administrative records inform decision making, and help meet organizational goals	51	67.105	11	14.47	14	18.4
4.	Administrative financial records enable managers to know the financial positions of their businesses and to take certain control measures to improve corporate performance	73	96	3	4		
5.	Records provide administrative continuity with past operations	61	80.3	7	9.2	8	10.5

6.	Records such as cash flow statements shows how cash was obtained and help managers in deciding either to stay with the same source of funds or to look for other sources to fund business operations	70	92.1	1	1.3	5	6.6
7.	Administrative records check the accuracy of company transactions and help in preventing fraud and embezzlement of funds from the business.	73	96			3	4

Source: Primary source 2023

The data in table 2 clearly shows the effect of keeping administrative records on business decision making. Considering the impact created by administrative records on organizational performance of Sumz enterprises, it was observed that all respondents 76 (100%) agreed that administrative records support openness and transparency (Ronald et al., 2023). 68 (89.4%) of the respondents agreed that administrative records support quality program and services among employees while 2 (2.6%) of the respondents were not sure however 6 (8%) disagreed with the statement. When respondents were asked if administrative records inform decision making and help meet organizational goals, more than half 51 (67.1%) agreed with the statement, 11 (14.5%) were not sure with the statement while 14 (18.4%) disagreed with the statement (Christopher, Moses, Muhindo, & Muhammad, 2022). Furthermore, 73 (96%) of the respondents agreed that administrative financial records enable managers to know the financial positions of their businesses and take certain control measures to improve corporate performance however, 3 (4%) of them disagreed with the statement. With respect to the fifth statement that reads administrative records provide administrative continuity with past operations and the results shows clearly that 61 (80.3%) of the respondents agreed with the statement while 7 (9.2%) were not sure however 8 (10.5%) disagreed with the statement (Winny et al., 2023).

It was registered that of the 76 (100%) study's respondents, 70 (92.1%) of them agreed that administrative records such as cash flow statements shows how cash was obtained and help managers in deciding either to stay with the same source of funds or to look for other sources to fund business operations while 1 (1.3%) was not sure with the statement however, 5 (6.6%) disagreed with the statement. Lastly on the second objective, 73 (96%) of the respondents agreed that administrative records check the accuracy of company transactions and help in preventing fraud and embezzlement of funds from the business and 3 (4%) of the respondents disagreed with the statement.

Conclusion

The performance of Sumz enterprises is affected by its record keeping system. It is imperative to maintaining good record keeping and protects the survival of the business. The increase in the world market, more and more records are necessary to support business decision making capacity. This increase in market has resulted to shortages in resources, misappropriation of funds and poor management. With better record keeping system, the management is informed of the

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past financial experiences, make informed decisions and make vulnerable plans for future investments. If the business cannot combat the ill effects of poor record keeping on its success, such businesses will surely diminish.

Recommendations

The study recommends that, there should be an extra accounting officer responsible for the management of accounts of all sales staffs' vehicles than using the same accountant.

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