FINANCIAL MANAGEMENT AND PERFORMANCE OF HEALTH CARE ORGANIZATIONS IN UGANDA
A CASE STUDY OF GGANDA HEALTH CENTRE FOUR IN WAKISO DISTRICT

BY

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OCTOBER 2016
DECLARATION

I, Sambaga Brian Madoi, hereby declare that the work presented in this dissertation entitled **Financial Management and Performance of Health Care organizations in Uganda**, is my original work and has never been presented to any other University or Institution of higher learning for any academic qualification or otherwise. Where it is indebted to the work of others, the acknowledgement has been made.

Signature: 

Date: 20th Oct 2016

SAMBAGA BRIAN MADOI
APPROVAL

This work has been prepared by Sambaga Brian Madoi under my supervision and is now ready to be submitted to Kampala International University with my approval as the university supervisor.

Signature........................................ Date................................

DR. MUTUMBA GODFREY

DEDICATION

To God, my Dad Madoi Charles, then the three pillars:- my mum Muduwa juliet and My Step Mum Nafuna Margret and my Aunt Mrs. Kaiza Beatrice, Negesa Ann and all members of my family for their un comparable assistance that rekindled my dream to come to realization. I greatly appreciate all the love and support you rendered me, May the Lord God bless you profusely.
ACKNOWLEDGEMENT

This study would not have been possible without the assistance of many persons to whom I am deeply indebted to. I must recognize and extend my sincere gratitude to my supervisor Mr. Mutumba Godfrey for his constructive guidance, advice and time given throughout this research report.

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I equally thank all my lecturers, who beyond their core duty of teaching, overwhelmingly imparted wisdom that has remained a guiding stick in my life and my studies at the University.

To my dear friends and colleagues: Mr. Omoit Stephen, Mr. Onyokori Daudi, Mr. Ocan Jimmy, Mr. Kyagondaize Max, Mrs. Usanase Marie Josee, Ms. Tumuhimbise Anyence, Asibazu Queen, Mathias, Baluku Gerald and my brothers, Madoi Bruno, Wanyama Alex and my young sister Madoi Brenda. I thank you very much for whatever assistance you accorded me. May the Almighty God reward you abundantly.

Most importantly, I praise and thank God for the love, grace, strength and providence. I pray that He leads me yet again into the green pastures.
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ABSTRACT

This study examines financial management and the performance of a health care service organization under three basic objectives and these include: financial management, performance of health care service originations and establishing the relationship of the two variables. This study was cross sectional and combined both quantitative and qualitative approaches in data collection and presentation. A sample of 52 respondents was used to achieve the set objective. The study found out that, there is a strong financial management practice at the health care organization as specified under planning, management of assets and management of revenue and expenditure. Regarding performance, the study established that cases of stock outs for drugs was experienced although the same study also found out that the assets of the health service have improved. In addition, patients or care takers agreed that there is follow up on patients by health professionals especially when patients are still at the premises. The study established that, there is a relationship between financial management in health service Organizations and performance evidenced by the strong management system and fairly good performance as reported above. The study therefore recommends that health management committee and other key stakeholders in health sector to strengthen financial management in health organizations so as to achieve good performance in this sector of the economy.
CHAPTER ONE
INTRODUCTION

1.1 Background to the study
Throughout the world, the demand for first class International Health Insurance has never been greater. As social health insurance services that could once be relied upon are no longer able to keep pace with the ever increasing cost of medical treatment, so the need to make alternative arrangements has become of crucial importance. Hospital federation has been commissioned to undertake a review of world Health Organization portfolio of hospital-related activities in order to provide clearer understanding of the resources at the disposal of World Health Organization to assume its role in global governance of hospitals and effectively assist in achieving the Primary Health Care renewal strategy as outlined in the 2008 World Health Report at headquarter level and at regional level, as well as with various stakeholders representing bilateral and multilateral agencies.

The first initiative involved a review of the role of district hospitals and the level of progress made over the last decade. A workshop, organized in Rio de Janeiro, Brazil in November 2009, in conjunction with the International Health Federation 36th World Hospital Congress, created the opportunity to take stock of the current situation across the globe. The major conclusion from the workshop was that over the past decade hospitals have attracted very little interest in the field of research, and that policy makers have made limited progress in the mobilization of the hospital sector.

At the regional level, African Medical and Research Foundation, East Africa was awarded $153,000 over two years for a project entitled, “Supporting Improvement of Quality of Health Laboratory Services in East Africa through Participation in External Quality Assessment under the East African Regional Quality Assessment Scheme”

This project improved the quality of peripheral healthcare services delivery in the countries of East Africa: Kenya, Rwanda, Tanzania, Mainland Zanzibar, Uganda and Burundi through External Quality Assessment of laboratory services. External quality assurance testing is one way of maintaining a high standard of laboratory work. The current grant would be a continuation of an earlier project funded by the Izumi Foundation and through this grant
African Medical and Research Foundation would continue to coordinate the preparation of quality control and validation of standard materials produced by all reference laboratories: prepare questionnaires, answer sheets, and marking keys; receive materials and distributing packages to national or zonal centers; receive, mark, and analyze results; provide advice and guidance for remedial action to individual laboratories and their supervisors at the next level of health care; provide educational materials to participating facilities; and provide summary reports on laboratory performance, including recommendations for policy change to Ministries of Health.

In 2009, Uganda, as part of the Global Initiative for Wound and Lymph edema Care, evaluated the state of wound and lymph edema care to determine the possibility of developing education programs under the direction of Health Volunteers Overseas. It was found that demographic data demonstrate a sharp contrast between Uganda and more developed countries. In Uganda 45% of the population is under the age of 15 years, there is an average of seven children per woman and 80% of the population lives in rural areas with an average life expectancy of 50 years for both sexes. (World Health Organization, 2006).

There is a genuine need for education and training in wound and lymph edema care. There are both perceived and unperceived needs at the national level. At the two hospitals visited, there is a perceived need for improved care for burns, trauma and post-operative wounds. While there is recognition of other types of wounds, for example diabetic foot ulcers exist; these are not seen routinely at this level. However, the Commissioner of Clinical and Health Services in the Ministry of Health does recognize the need for wound and lymph edema care.

1.2 Problem statement

Despite the effort in strengthening financial position in most organizations in Uganda, in internal auditing, segregation of duties amongst the workers, setting up procedures to safeguard assets, record keeping, procedures for raising funds and recruiting qualified employees, planning and budgeting, there is still poor performance in financial management of health care organizations in Uganda, Wakiso district in Uganda. This is evidenced by the delay to put up new structures and replace equipment in Nkozi hospital.

In most organizations, a lot has been done to improve financial management to boost performance, in this, several duties are carried out. Despite this, many health service organizations still find it hard to cope with the hard times as required to properly manage finances. According to the general report of 2007-2008, it was noted that the hospital had
failed to replace an x-ray machine that had been spoiled during the Uganda-Tanzanian war. It was replaced in 2007 through a donation from the Japanese government. Therefore, the researcher set out to investigate the role of financial management on the performance of health services organizations, particularly in Nkozi hospital as the center of focus.

1.3 General Objective
The study sets to investigate the role of financial management on the performance of health care service organizations in Uganda.

1.3.1 Specific Objectives
i. To examine the role of financial management in health care service organizations.
ii. To examine the trend of performance in health care service organizations.
iii. To find out the relationship between financial management and performance in health care service organizations.

1.4 Research Questions
i. What is the role of financial management in health care service organizations?
ii. What is the trend of performance of health care service organizations?
iii. What is the relationship between financial management and performance in health care service organizations?

1.5 The research hypothesis
There is no significance relationship between financial management and performance of health care service organizations in Gganda health center four.

1.6 Scope of the Study

1.6.1 Content scope:
The study was limited to finding out the role of financial management to include; planning management of revenues and expenditures management of assets and how this aids in performance of health organizations.

1.6.2 Time scope
The study was carried out between March 2014 and May 2014. This period of time was chosen so as to help the researcher gather enough information concerning the topic.
1.6.3 Geographical scope:
The research was carried out in Gganda health center four Wakiso districts in Uganda as the case study.

1.7 Significance of the study
Health service organizations have been found to perform poorly because of poor financial management. The researcher hoped that information from the study will be utilized by health organizations managers to improve financial management in order to achieve their set objectives. This study is intended to be carried out because tendencies of mismanagement of funds are on increase as evidenced in most private and public health care organizations. This study will improve the quality of services offered and level of profits made.

Good financial management practices will reduce unnecessary delays in the release of funds to public hospitals to enable the managers implement the activities in time and also account in time in order to access more releases. Hospitals would advocate for more funding if there is evidence of good use of what they receive. Such evidence has to include proper utilization and accountability.

The information from this study will also help the supervisors of health organizations to identify areas of weakness where they could concentrate to strengthen the functioning of health care organizations in the areas of financial management.

The public will benefit from the good quality of health services as a result of cost effective benefit resulting from good management of resources. Therefore health services delivery could be improved through effective and efficient use of financial and material resources. This study will also stimulate the readers and researchers to do more research on the same subject for areas that may not be addressed by this study.

Therefore, this study should be done so that the health organizations can benefit from the benefits of the study. The continued poor management of finance in health centers will lead to the reduction in government funding and yet cost of services delivery is increasing every day. This study is aimed at generating information that could contribute significantly to improving the quality of services rendered at the hospital.
The researcher will also benefit by understanding the subject of the study. The study also aids future researchers to know more about the subject and the study aids policy makers in formulating strategies concerning the subject of the study.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
This chapter looks at the work of various researchers and what they say about financial management and performance so as to know more about the study and people’s perception towards it.

The performance of hospitals is so important in terms of dependability, convenience, quality, cost effectiveness and satisfaction. Performance is one of the necessary requirements for health centers; therefore, the need to perform is very important because it distinguishes one hospital from another. According to J3roadbent & Cullen (1997 pg.338), performance can be determined by six dimensions that is competitiveness, Quality of service, flexibility, resource utilization, innovation and financial management. Therefore, managing financial resources is vital for hospitals to perform well. This can be achieved by planning, management of revenue and expenditures and management of assets in health care service organizations.

2.1 Theoretical framework of the study
The study was based on Baumol theory of financial management. Baumol model of financial management helps in determining a firm’s optimum financial (cash) balance under certainty. It is extensively used and highly useful for the purpose of finance management. As per the model, finance (cash) and inventory management problems are one and the same. William J. Baumol developed a model (The transactions Demand for Cash: An Inventory Theoretic Approach) which is usually used in Inventory management & cash management. Baumol model of cash management trades off between opportunity cost or carrying cost or holding cost & the transaction cost. As such firm attempts to minimize the sum of the holding cash & the cost of converting marketable securities to cash.

One of the major reasons why the Baumol theory is preferred is that it enables companies to find out their desirable level of cash balance under certainty. The Baumol model of cash management theory relies on the tradeoff between the liquidity provided by holding money (the ability to carry out transactions) and the interest foregone by holding one’s assets in the form of non-interest bearing money. The key variables of the demand for money are then the
nominal interest rate, the level of real income which corresponds to the amount of desired transactions and to a fixed cost of transferring one's wealth between liquid money and interest bearing assets. The theory however does not allow cash flows to fluctuate. Overdraft is not considered. In addition, there are uncertainties in the pattern of future cash flows.

2.2 Conceptual framework of the study

Figure 1.1 Conceptual framework

<table>
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<td><strong>Financial management</strong></td>
<td><strong>Performance</strong></td>
</tr>
<tr>
<td>- Planning</td>
<td>- Quality (time)</td>
</tr>
<tr>
<td>- Management of revenue and expenditure</td>
<td>- Cost effectiveness</td>
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<tr>
<td>- Management of assets</td>
<td>- Satisfaction</td>
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Moderating Variable

- Millennium Development Goals (MDGs)
- Health care professional
- Government policy
- Health care strategies

Source: Finkler, (2005)

Financial management concerns the acquisition of financing and management of assets with some overall goal in mind (James & John, 1998). It also involves maintenance and creation of economic values or wealth. It deals with making decisions such as when to introduce a
new product, when to invest in a new asset, when to replace existing assets, when to borrow from Banks, when to issue stock or bonds, when to extend credit to customers and how much cash to maintain. The role of the financial manager is to maximize profits by cutting down routine maintenance hence promoting performance (Scott, JR. Martin Pretty & Keown 1999).

2.3 Related literature

The related literature was looked at objective by objective as per financial management and performance of health care organizations.

2.3.1 The role of financial management in health care service organizations

Financial Planning

It is important that a business develops plans for the future. Whatever a business is trying to achieve, it is unlikely to be successful unless the future is mapped out in a systematic manner. Finance lies at the very heart of the planning process. A business has limited financial resources which must be used appropriately if share holders’ wealth is to be maximized. It is therefore important to evaluate carefully the financial implications of each proposed course of action. This involves the following stages: setting the aims and objectives of the business, identifying the options available and evaluating the options and making a selection. Atrill (2009: p.30)

Hampton (1976) argues that, the major role of the financial manager lies in the area of corporate goals and the policies to achieve them in a sense. the task is to identify the firm’s goals and match them with future courses of action. Planning is the specific process of setting goals and developing ways to reach them. The formal planning process will involve the effort of a number of departments. It may be supervised by a department of one or more persons called long range planning. This department will coordinate inputs from marketing, production, finance and other operating areas of the firm. The different departments work together to ensure that they are working towards the same goal and taking actions consistent with the objectives of the firm. The plans are presented to the management committee or chief operating officer of the firm after being agreed upon by the operating units. at this level, the plans will be challenged or approved with possible modifications or returned to the operating units for further analysis.
Van Home & Wachowicz (1995) agree that financial planning involves analyzing the financial flows of a company, forecasting the consequences of various investments and financing decisions, and weighing the effects of various alternatives. The idea is to determine where the firm has been, where it is now and where it is going not only the most likely course of events but deviations from the most likely outcome. If things become unfavorable, the organization should have a backup plan. Plans for the employees like health insurance and retirement must have financial alternatives.

Financial planning is used to anticipate the financial implications of the firm's many operations and financial policies and it represents the final plan of a large planning process. According to Lewellen, Hallora & Lanser (2000) postulate a complete planning system begins with a corporate mission which is a statement of the basic purpose and goals of the firm. To become operational, the mission statement must be converted into strategic operating plans for each of the major functional areas within the firm. From these operating plans, a strategic financial plan is derived which usually consist of the statement comprehensive income and statement of financial position that spans a 3-5 year time period. The first year of the strategic plan is often used as the profit or budget plan which is a detailed forecast of the firm's performance with regard to a specific product or market. It is sufficiently accurate to be used as the benchmark against which actual performance is compared throughout the year. The profit plan is also used to formulate the immediate financial needs of the firm.

Lewellen, Hallora & Lanser (2000) further state that, the final plans, whether short or long term will become the blue print of the firm’s future operations. Planning involves two major areas for analysis; the external and internal factors. The external factors are the starting points of the planning process which involves planners to evaluate the outlooks for the economy as a whole while the internal factors are those which are under the control of the firm like cash level, inventories, fixed assets and elements that can be varied by the firm. The controllable internal factors; include the market demand for the product line and services, future costs and the source of funds.
Guisti (2003) concur with Lewellen (2000) that even Uganda Catholic Medical Bureau finalized the development and distribution of the charters, code of conduct and manual of employment to UCMB affiliated health facilities. Plans are taken to develop a manual of management of financial and material resources.
However planning and budgeting work hand in hand, budgeting is a process of planning and controlling. It involves resource allocation; efforts are made to keep as close to the plan as possible and then the results are evaluated. “Properly applied budgeting can contribute significantly to a greater efficient, effectiveness and accountability in the overall management of an organization’s financial resource”

According to Brigham & Houston (2004), organizations determine what things they can do and what they cannot when budgeting is done. It provides solutions to possible problems and ideally causes managers, policy makers and legislators to think ahead. The budgeting process involves budget preparation, budget review and adoption, budget implementation and evaluation of results or feedback.

Budgeting involves the use of financial statements like statement of financial position and statement of comprehensive income and other formal statements. Planning and budgeting processes help to control expenditure and the extent to which budgets can be used in a sense of creating responsibility in the heads of various functional areas. A cash budget is a projection of cash receipt and disbursement of the firm over some time period. The purpose is to determine both the amount and the timing of expected inflows and outflows of cash. Generally firms use a monthly cash budget forecasted, plus a more detailed daily and weekly cash budget for the coming month (Brigham & Houston, 2004).

**Management of revenue and Expenditure**

Revenues are resources the organization receives in exchange for providing goods and services. They represent the inflow that an organization has received or is entitled to receive. The types of revenues in hospitals are: user fees, donations, investment incomes, gift shops and cafeteria. (Flinkler, 2005: p.353).

When patients are treated at health organizations, they receive bills for the care provided. Suppose that a patient pays Shillings 50,000 for the care received and the hospital receives it in cash, the organization is said to have earned revenue of shillings 50,000. The revenue measures the amount of resource that has been received in exchange for the services that the hospital provided. (Govindarajan & Anthony, 2004; p.500).
User fee is revenue that would be more reliable source of funding in health centers but may have severe implications on access, efficiency and equity if not properly managed especially on the decisions of how much to levy on a patient (Witter et al. 2003).

Expenditure is the term used instead of expenses and it is the cost of services provided or referred to as expired cost. They are outflows of assets and decreases on owner’s equity resulting from the consumption of assets. They are costs incurred to help the organization generate revenue or to carry out the operating activities of the organization. It represents recognition of the use of resources in the operation of the organization. For example, the cost of nurses and supplies are referred to as expenses. They re resources consumed in the process of providing goods and services. (Finkler, 2005).

Expenses incurred by hospitals include: salaries, supplies and rent which would appear on capital budget and some organizations budgets for revenue and then expense and some do the reverse. In many cases revenues and expenditure budgets are prepared simultaneously for example, government agencies may be preparing their expenditure budget individually while central government administration is estimating total revenue that will be available.

Finkler (2005) asserts that, there are expenditures made under cash, accrual and modified accounting; under cash accounting, resources are considered to show flow out of the organization and an expense is incurred when cash is paid. Under accrual accounting, resources flow out of the organization and an expense is incurred when a resource has been consumed in the process of generating revenue aid in modified accrual accounting; however, organizations become legally obligated to pay for a resource and payments to be made from available resources.

Management of assets
Finkler (2005 p. 328) defines an asset as being anything the entity owns of value or anything the organization owns as a result of past transactions and events that will better enable it to meet its mission. This would include all items that will provide some future benefit or enable the entity to provide services to its clients. Assets are shown on the balance sheet in the order of their liquidity. This refers to how an asset can easily be converted to cash, the more
quickly an asset can become cash available for spending, the more liquid the asset is. Liquid assets are readily available to pay the organization’s obligation.

In addition, Finkler (2005) states that, a list of assets on the balance sheet reflects the valuable resources owned by the organization and some of the assets include the following:
Cash and cash equivalents are always considered to be the most liquid assets, assuming that they are available for use.
Marketable securities, these represent equity securities and non equity instruments that are actively used in trade of stock and bond markets. Marketable securities of the sale made in cash can be bought and sold on any business day.

Accounts receivable, these come in a number of varieties. generally, if we provide goods and services, we use the term accounts receivable like Governments have taxes receivable, research organizations have grants receivables.

Inventory, these represent supplies that have been acquired to be used in the process of marketing goods or providing services for sale. For example, Nkozi hospital must buy bags of saline solution, pharmaceuticals and other supplies that will be used in treating patients.
Prepaid expenses, these are assets that represent prepayments for example, supposed that we paid shillings 100,000 for a one year fire insurance policy on the last day of the year. The cash is gone, but the fire insurance will protect us for whole of next year. We have not reduced our assets; we have merely exchanged one asset for another that is cash for another asset that is fire insurance.

Fixed assets, the most prominent of the long term asset categories for many organizations is fixed asset. The category includes the property (land), plant (building) and equipment including furniture owned by the organization.

Finkler (2005) adds that, a respirator owned by the hospital for ordinary surgery is a valuable resource that qualifies as an asset. The respirator allows the hospital to treat patients and generate revenues. We would clearly want to include the respirator when we tally up the assets and report them on the statement of financial position.
He further says that, the artwork on the wall in the executive director’s office is also an asset, even though one might not view its contribution towards achieving the organization’s mission as being much more indirect. To conduct business and deal with suppliers and possible donors, the executive director must have a presentable office. The painting on the wall contributes to that proper appearance, and it too will appear on the statement of financial position as an asset.

Tangible and intangible assets like an insurance policy to provide protection for its building and equipment. The insurance policy does not have physical substance, and if there is never a fire, the policy will expire without any payment, but the protection that the policy provides is valuable. The policy is either tangible or intangible assets.

However, some intangible assets do not show up on the balance sheet like entity’s good reputation for always paying its bills promptly or the high morale of the entity’s employees unless they are acquired through a specific exchange transaction.

Millichamp & Taylor (2008), concur with Finkler (2005) that assets are categorized into three elements and these are; tangible, intangible and current assets. Tangible assets include: Land and building, plant and equipment, furniture and fittings and motor vehicles. IAS 16 property, plant and equipment, states that assets are held for use in the production or supply of goods and services for rental or other administrative use and are expected to be used in more than one period. Intangible assets include: Development costs, patent, trademarks, licenses, concessions and Good will and current assets includes: stock and work in progress, debtors and cash at bank and loans.

Nkundabanyanga (2010) argues that cash and cash transactions are an important and easy area to understand in accounting and book keeping. Every business and indeed every person receives cash and makes payments. All businesses and many people make a careful record of all receipts and payments in a cash book. It is important to note that although cash is still used, most business receipt and payments are made through the banking system.

Anthony & Marcia (2009; p.568) asserts that, cash flows are generated from three major activities of operating, investing and financing activities. Cash flows from operations are those cash inflows and out flows that results directly from production and selling the firm’s
products. Cash flows from investing activities are cash flows associated with buying or selling of fixed or other long term assets. Cash flows from financing activities are cash flows that result from debts and equity financing transactions.

According to Bridham & Houton (2004) there are different asset management ratios that help to know about the operations of the organization. They measure how effectively the firm is managing its assets. The ratios are designed to answer this question: does the total amount of each type of assets as reported on the balance sheet seem reasonably, too high or too low in view of current and projected sales level. These are: inventory turnover ratio, days sales outstanding inventory and fixed asset turnover.

According to Mazur (2011), there are six critical areas of capital asset management. This is a huge area with $206 billion in direct loans, $653 billion in guaranteed loans, $94 billion in tax and other receivables, and a $2.6 trillion per year cash flow. The Office of Management and Budget plan builds on considerable agency efforts, often coordinated through the Federal Credit Policy Working Group.

The Federal Debt Collection Procedures Act of 1990 requires that an agency determines if an applicant for federal assistance has any judgments entered for non-payment of federal debts. In 1992, with the assistance of Treasury’s Financial Management Service, the Department of Justice implemented the Debt Alert Interactive Voice Response System, a database of information on these judgments that can be accessed, by telephone, by agencies and private lenders before extending federal credit.

Messier (2000), agree that physical examination is a relatively reliable type of evidence that involves the auditor inspecting or counting tangible assets. An audit engagement includes many situations in which the auditor physically examines an entity’s assets. Some examples might be counting cash in hand, examining inventory or makeable securities and examining tangible fixed assets. This type of evidence primarily provides assurance that, the asset exists. However, physical examination provides little or no assurance on the ownership objective.

Once assets have been acquired and appropriately financing provided, these assets must still be managed efficiently. The financial manager is charged with varying degrees of operating responsibility over existing current and fixed assets. A large share of the responsibility for the
management of fixed assets would reside with the operating managers that employ these assets.

2.3.2 The trend of performance in Health Care Service Organizations

Murphy et al (1996) argue that in organizational theory, three fundamental theoretical approaches to measuring organizational effectiveness have been evolved. Goal based approach, systems approach and multiple constituency approach.

Etzion (1964) states that the goal seeking suggests that an organization should be evaluated by the goals that it sets for itself. However, organizations have varied and sometimes contradicting goals making cross firm comparison difficult. The system approach partially compensates for the weakness of the goal-based approach by considering the simultaneous achievement of multiple, genetic performance aspect. Georgopolous & Tannenbaum (1957), Yuchtman & Seashore (1967) and Steers (1975).

The multiple constituency approach factors involve the differences in perspective and examine the extent to which the agenda of various stake holders groups are satisfied. Thomson (1967), Penning & Goodman (1977), Pf eff er & Salanck (1978), Connolly, Conlon & Deutsch (1980).

Venkatraman & Ramanujam (1986) argues that organizational performance measurement in terms of hierarchically construct that is to say organizational effectiveness, operational performance and financial performance. He argues that these three theoretical perspectives are reflecting the writings on organizational effectiveness construct.

Planned performance, the ratios may be compared with the targets that management developed before the start of the period under review. However, the planned levels of performance must be based on realistic assumptions if they are to be useful for comparison purposes. It is likely to be the most valuable benchmark for the managers of their activities. When formulating its plan, a business may carefully take account of its own past performance and that of other business. There is no reason however, why a particular business should seek to achieve either its own previous performance or that of other business neither of these may be seen as an appropriate target. Atrill (2009; p.70-71).

2.3.2.1 Quality of service health care organizations

Dessler (1999 p.408) defines quality as the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs. Or “Quality measures how well a
product or service meets customer needs and expectations." Quality standards today are international. Doing business, firms must show that it complies with the quality required to do so by a customer and the vendor would have to prove that its quality manuals, procedures and job instructions all comply.

Total quality programs are organization’s wide programs that the firm aim to integrate all functions of the business, including design, planning, production, distribution and field are aimed at maximizing customer satisfaction through continuous improvements. This approach is also called continuous improvement or zero defects. W. Edward Denning, who is credited for bringing quality control in the 1950s, is generally regarded as the intellectual father of total quality management. His concept of total quality is based on the 14 points systems must be implemented at all organizational levels as mentioned below:

Create consistency of purpose towards improvement of product and service and translate that into a plan, adopt the new philosophy of quality, cease dependence on inspection to achieve quality. In particular, eliminate the need for inspection on a mass basis by building quality into the product from the beginning, end the practice of choosing suppliers based solely on price. Move towards a single supplier for any one item and toward a long term relationship of loyalty and trust, improve consistently and forever the production and service system in order to improve quality and productivity and thus constantly decrease cost.

Institute extensive training on the job, shift from production numbers to quality, and drive out fear, so that everyone may work effectively for the company. break down barriers between departments. People in research, design, sales and production must work as a team to overcome future problems of production as well as problems that may occur after sale when product or services is actually used, eliminate slogans and targets for the workforce for zero defects and few levels of productivity, particularly where new methods for achieving these targets are not put in place, eliminate standards (quotas) on the factory floor.

Remove barriers that rob employees of their pride of workmanship. Among other things, this means abolishing the annual merit rating and all forms of management by objectives or management by numbers, institute a vigorous program of education and self improvement, and create a structure with top management that will push every day for each of the preceding
13 points. Make sure to put everybody in the company to work to accomplish the transformation.

In 1987, the U.S department of commerce created the Malcom Baldiige Award. In part to recognize organizations that adhere to Denning type quality principles. Dessler (1999). Indicators of quality include, the number of defective units delivered by each supplier, number and frequency of late deliveries, percentage of common versus unique parts in a product, percentage yields, first-pass yields, scrap, rework, machine breakdowns, number and frequency of times when production and delivery schedules are not met, number of employee suggestions, number of customer complaints, level of customer satisfaction, warranty claims, field service expense, number and frequency of product returns and so on. (Govindaran & Anthony, 2004).

Ekmekci (2010 p.21), asserts that “an attempt to construct a temporal conceptualization of organizational identification, it is possible that identity congruence may be affected by how far back or far ahead people tend to look when evaluating how well their own identity fits that of their organization”. This conceptual argument will be constructed by first starting with Jaques (1982) two-dimensional model of time and then progressing to a model where the dynamics of identity congruence may be represented and explored along the axis of intention for any given point on the axis of succession.

Temporal depth is present both at the individual and the organizational levels Bluedom (2002) suggests that individuals and organizations deal with time in two directions past and future. These distinct perspectives of time imply that people can frame their thoughts along an axis of time, based on past events as well as future ones. Furthermore, it is suggested that the social representation of time needs to take into account not just the axis of succession, but also the axis of intention. (Jaques, 1982).

2.3.2.2 Cost effectiveness

Horngren and Foster (2001) argued that, effectiveness relates to whether an organization is accomplishing its mission. If there is a goal to feed 1000 people per month, financial management can assess how effective the organization is in achieving that goal, in other words how many people are being fed. Internal control systems can be simple or elaborate. The more careful we are to ensure that the organization’s systems catch the potential
problems; the more costs systems should be cost-effective. For example, one would not spend shillings 50,000 to prevent someone from possibly stealing shillings 1000. We should also be aware that no matter how careful we are with our control systems, fraud, embezzlements; some inefficiency can still take place.

While Frinkler (2005; p.299) argues that “there is no frame work for internal control that is perfect in the sense that it can prevent some shrewd individuals from “being the system” either by outright embezzlement of fraud nor is it implementation of operating perfection; the task is not total prevention of fraud nor is it implementation of operating perfection”. Rather the task is designing a cost-effective tool which will help achieve efficient operating and reduce temptation.

According to Witter et al (2000) user fees payments would be more reliable source of funding in health organizations but may have severe implications on access, efficiency if not properly managed especially on the decision of how much to levy on a patient. Babigumira et al (2009 p.964) states that, in Sub-Saharan Africa, 22.5 million people are living with HIV, comprising 68% of the global total, and 1.7 million new infections occurred in that region in 2007. Although this represents a reduction in new infections, there are indications that prevention may be faltering, only 31% of the 9.7 million people is in need of antiretroviral therapy (ART) received in 2007, and the need for treatment will only increase due to dramatic reductions in AIDS mortality s a result of ART and steady rates of new infections. Healthcare providers, usually government ministries of health, must develop policies aimed at the efficient use of scarce health resources to sustainably meet this increasing demand for ART. (Frinkler, 2005; p.299)

According to the report from the ministry of health (2008). Uganda’s health system is organized on a facility-based care (FBC) referral model in which patients often have to travel long distances to seek services such as ART. In an effort to improve health outcomes, stakeholders have implemented other types of programmes for ART delivery, such as mobile clinic care (MCC) and home based care (HBC). MCC. which has been used by the Rakai Health Sciences Program in Western Uganda, is organized around temporary treatment hubs located near patients’ homes to reduce the distance traveled for ART. In HBC. which has been implemented by a partnership between the AIDS Support Organization and the US
Centers for Disease Control and Prevention in Eastern Uganda, health workers provide ART in patients’ homes, thereby removing the transport barrier to access.

HBC leads to improved adherence and reduced mortality and improved access, given resource availability. MCC would be expected to achieve improved health outcomes compared with FBC but be inferior to HBC. In light of the health outcomes, access and adherence advantages of HBC and MCC over FBC, they would appear to be the best methods for ART provision. However, their implementation involves increased programmatic costs and may be associated with increased overall costs. It is not known whether this potential increase in cost represents good value. Incremental cost effectiveness analysis considers both costs and outcomes in evaluating the efficiency of program interventions. This has helped us to compare the incremental cost effectiveness of FBC, MCC and HBC for provision of ART in Uganda (Report 2000).

Anthony & Marcia (2009) states that, effective annual return is used in the time value of money equations and it is the simple interest rate on the securities. However, if interest is paid or compounded more than once a year, the true annual rate earned or paid will differ from the simple annual rate. The effective annual return is the return earned or paid over 12-month taking into account the compounding interest. Effectiveness is ensuring that the output from any given activity is achieving the desired results, considering whether economically obtained resources are put to efficient use to generate output.

2.3.3 The relationship between financial management and the performance of Health Care Service Organizations.

Mazur (2011), states that, good financial management means successful efforts of financial improvement. Furthermore, eight evaluative criteria for assessing financial management performance developments are suggested and the purposes is to communicate some of the good work that has been going on within the community, and to applaud the tremendous efforts of state and local governments in strengthening their financial management. Our first task in these efforts is to define good financial management which will help to advance by selecting financial performance indicators, and measure our progress against these indicators and these are;
Preparing annual financial statements that routinely receive clean opinions, to consistently paying 95% or more of their bills on time, to collecting what is owed them, and managing that in terms of meaningful standards; if they can track the timeliness and adequacy with which major internal controls are maintained, and with which suspense accounts are cleared, and if they can gradually reduce the number of adverse audit findings, then they will have achieved "good financial management": they will be performing their basic financial functions at an acceptable level.

According to Christopher J. L (the world health report 2000), about health systems: improving performance, ranked US health care system the 37th in the world. The conceptual frame work underlying the ranking proposed that health systems should be assessed by comparing the extent to which investment (financial management) in public health and medical care contribute to critical social objectives: improving health, reducing health disparities, protecting households from impoverishment due to medical expenses and providing responsive services that respect the dignity of patients. Despite the limitations of the available data, those who compiled the report undertook the task of applying this frame work to a quantitative assessment of performance of 191 national, health care systems. These comparisons prompted extensive media coverage and political debate in many countries.
CHAPTER THREE
METHODOLOGY

3.0 Introduction
This chapter shows the research design, target population, sample size, sampling techniques, data sources, research instruments, validity and reliability of the instrument, data gathering procedure, data analysis, ethical considerations, and limitations of the study.

3.1 Research design
The study will use both the quantitative and qualitative research approaches, therefore, the study will take a mixed research approach. The quantitative approach will consist of descriptive designs such as descriptive co-relational and cross sectional design. Cross sectional design will be used because the researcher intends to collect the data and information from the respondents once and that the study will be conducted for a limited time whereas the qualitative approach will consist of case study design.

3.2 Study population
The target population of this study will be 60 workers in Gganda health center 4 Wakiso district consisting for both male and female. According to the DMO Wakiso district, (2015), Gganda health center 4 has a good number of workers in the category of health workers and accountants. The researcher has selected Gganda health center 4 Wakiso district due to proximity to the researcher's residence and access to the required information.

3.3 Sample size
The sample size for this study will be 52 respondents who will be selected from the target population of 60 workers from Gganda health center 4. This sample will be arrived at using Sloven's formula of sample size computation which states that:

\[ n = \frac{N}{1 + N (e^2)} \]

Where, \( n \) is the sample size, \( N \) is the target population, \( e \) is the error, which is 0.05

\[ N = \frac{60}{1 + 60(0.05)^2} \]

\[ n = 52 \]
### Table 1: Showing Target Population and Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Target population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health workers</td>
<td>58</td>
<td>50</td>
</tr>
<tr>
<td>Accountant</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td>Cashier</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>52</strong></td>
</tr>
</tbody>
</table>


#### 3.4 Sampling Procedures

To select the sample of 52 respondents from 60 target population, purposive sampling technique will be used. In this technique the researcher used inclusion and exclusion criteria in coming up with the sample. The inclusion criteria was the willingness to participate in the study whereas the exclusion criteria was unwillingness to participate in the study. The researcher used purposive sampling technique because he wanted to consider the respondents who were willing to participate in the study.

#### 1.5 Data sources

The research will use both primary and secondary sources of data.

1.5.1 Primary data sources

The researcher will obtain primary data by use of questionnaires.

1.5.2 Secondary sources of data

The research will also use data from reports and previous research works from text books and internet.

#### 3.6 Data collection instruments

The data collection instrument in this study will be basically questionnaires and interviews.

3.6.1 Questionnaire

The self-administered questionnaires will be used in this study. The questionnaires will comprise of closed ended questions that will require the respondents to answer all the questions to the best of their knowledge. The questionnaires will comprise of three sections. section A will comprise of the background information of the respondents. section B will
comprise information on the role of financial management, whereas section C will comprise information on the trend of financial performance in health care organizations. The questionnaires will be used because they are cheap, quicker, they cover many respondents, and they are free from interview bias and give accurate information since respondents take their time to answer the questions. However, they have a disadvantage of non-responcence. The scoring system of this instrument is as follows: strongly agree (4); agree (3); disagree (2); strongly disagree (1).

3.7 Validity and Reliability of the Instruments

3.7.1 Validity of the instrument

Validity is the degree to which results obtained from the analysis of the data actually represents the phenomenon under study. The study will test three types of validity, face validity, content validity and construct validity. Face validity will be achieved with the guidance of experts in the field of management. The researcher will work hand in hand with his research supervisors to adjust the instruments accordingly. It will measure the content validity of the instruments. In order to test this content validity of the instruments, the researcher will avail the questionnaire to two experts to check each item for language, clarity, relevance, and comprehensiveness of the content. The items will be rated as follows:

- 4 – Very relevant
- 3 – Quite relevant
- 2 – Somewhat relevant
- 1 – Not relevant

The researcher will then put the items in 2 groups, with categories 1 and 2 in one group and the other 3 and 4 in the other group. The researcher will then calculate the Content Validity Index (CVI) using the formula below:

$$CVI = \frac{\text{Items rated as very relevant and relevant (3 and 4)}}{\text{Total number of items}}$$

For the instrument to be valid, the CVI should be within the accepted statistical range of 0.5 to 1. Specifically, the instrument which has the necessary content validity, it should have a CVI of 0.7 and above.
3.7.2 Reliability of the Instruments

Reliability is a measure of the degree to which research instruments yield consistent results or data after repeated trials.

The test-retest technique will be used to assess the reliability (accuracy) of the instruments. The researcher will devise the instruments to ten qualified respondents who are workers from Gganda health center 4 Wakiso district. These respondents will not be included in the actual study. In this test-retest technique, the instruments will be used twice to the same subjects after the appropriate group of the subject are selected, then the initial conditions will be kept constant, the scores will then be correlated from both testing periods to get the coefficient of reliability or stability. The tests and the trait measured if they are stable, will indicate consistent and essentially the same results in both times (Treece and Treece, 1973).

3.8 Data Gathering Procedure

3.8.1. Before the administration of the questionnaires

An introduction letter will be obtained from the college on economics and management for the researcher to solicit approval to conduct the study from respective administration of Gganda health center 4 Wakiso district. When approved, the researcher will establish the respondents to be used in the study and then purposive sampling technique will be used to select respondents until a minimum sample size is reached.

The respondents will be explained about the study and will be requested to sign the Informed Consent Form (Appendix 3).

Reproduce more than enough questionnaires for distribution.

1.8.2. During the administration of the questionnaires

The respondents will be requested to answer completely and not to leave any part of the questionnaires unanswered.

The researcher and assistants will emphasize retrieval of the questionnaires within five days from the date of distribution.

On retrieval, all returned questionnaires will be checked if all questions are answered.

3.8.3 After the administration of the questionnaires

The data gathered will be edited, encoded into the computer and statistically treated using the Statistical Package for Social Sciences (SPSS).
3.9 Data Analysis
The study will use simple tables (frequencies and percentages) to analyze the profile of respondents. Similarly, the descriptive statistics methods will be used to analyze the objectives.

3.10 Ethical Considerations
To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the following activities will be implemented by the researcher:

1. Seek permission to adopt the standardized questionnaire on financial management and performance of health care organizations in a written communication to the author.
2. The respondents and Gganda health center 4 will be coded instead of reflecting the names.
3. Request the respondents to sign in the Informed Consent Form (Appendix 3)
4. Acknowledge the authors quoted in this study and the author of the standardized instrument through citations and referencing.
5. Present the findings in a generalized manner.
CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents results from the analysis of the findings about the background information of respondents and the specific objectives or study variables set out in chapter one to include: examining financial management performance and examining the relationship between financial management and performance in health care service organizations.

4.1 Background information of the respondents

4.1.1 Background information of respondents

The respondents (accounts employees) were given questionnaires about financial management of Gganda health center 4 and the performance was examined by collecting information from the health workers. The background information included: gender, marital status, designation, years worked.

Table 4.1: Gender Characteristics of respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>32</td>
<td>61.5</td>
</tr>
<tr>
<td>Male</td>
<td>20</td>
<td>38.5</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: primary data

From the above table, it was found out that 61.5% of the respondents were females and 38.5% were males. Implying a gender gap in Gganda health center 4 Wakiso district.

Table 4.2: Marital status

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>45</td>
<td>86.5</td>
</tr>
<tr>
<td>Single</td>
<td>07</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Findings from table 2 above show that 86.5% of the respondents were married and only 13.5% were single. Implying workers in Gganda health center 4 Wakiso district are mostly married.
Table 4.3: Designation

<table>
<thead>
<tr>
<th>Designation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>01</td>
<td>1.9</td>
</tr>
<tr>
<td>Cashiers</td>
<td>01</td>
<td>1.9</td>
</tr>
<tr>
<td>Health workers</td>
<td>50</td>
<td>96.2</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

Findings from table 3 above show that all 50 respondents, the same as 96.2% of the respondents were health workers and only 01, the same as 1.9% was an accountant and also 01, the same as 1.9% was a cashier. Implying workers in Gganda health center 4 Wakiso district are mostly health workers and a few are other category of workers.

Table 4.4: Years worked at the health center 4

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-5</td>
<td>20</td>
<td>38.5</td>
</tr>
<tr>
<td>5-10</td>
<td>15</td>
<td>28.8</td>
</tr>
<tr>
<td>10-30</td>
<td>10</td>
<td>19.2</td>
</tr>
<tr>
<td>Months</td>
<td>07</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

The field study shows that 20 respondents, the same as 38.5% had worked for 3-5 years because they are youth who may not work in a place for more than five years due to need for money. 15 respondents, the same as 28.8% had worked for 5-10 years because they are good financial managers, 19.2% had worked for 10-30 years because they were comfortable with the work place while only 07 respondents, the same as 13.5% had worked for months because they had just joined the hospital. When information is given by people who are different in the years they have worked for an organization, their opinions vary due to the diversity in viewing situations. This helped in avoiding subjectivity in judging information.

4.2 The role of financial management

Financial management of the hospital is shown through planning, management of revenue and expenditure, and management of assets as presented in the three variables below:
The role of financial management

<table>
<thead>
<tr>
<th>The role of financial management</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial planning</td>
<td>30</td>
<td>57.7</td>
</tr>
<tr>
<td>Management of assets</td>
<td>15</td>
<td>28.8</td>
</tr>
<tr>
<td>Management of revenue and expenditure</td>
<td>07</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data, (2016).

The figure above shows that, 20 respondents, the same as 38.5% stated that the major role of financial management on performance of health care organization was through financial planning because they participate in the preparation of those budgets. 15 respondents, the same as 28.8% stated that management of assets is a major role of financial management because they review the documents about what was budgeted. whereas only 07 respondents, the same as 13.5% responded that management of revenue and expenditure is a major role of finance management. Whatever a business is trying to achieve, it is unlikely to be successful unless the future is mapped out in a systematic manner (Atrill, 200)

4.3 Performance of health care organizations

The performance of the hospital is characterized by three major variables that include: satisfaction, Quality and cost effectiveness

<table>
<thead>
<tr>
<th>Indicators of performance</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of services</td>
<td>40</td>
<td>76.9</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>12</td>
<td>23.1</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: primary data

The table above shows that all 40 respondents, the same as 76.9% responded that Gganda health center 4 offer quality services at the because there is no suggestion box which would be used by both staff members and patients to comment about the services offered.

This means that accounting officers he informed about the quality to create awareness. While only 12, the same as 23.1% responded that Gganda health center 4 is cost effective.
4.4 The relationship between financial management and performance of health care organizations

<table>
<thead>
<tr>
<th>Nature of the relationship</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves performance through Quality of services</td>
<td>32</td>
<td>61.5</td>
</tr>
<tr>
<td>Improves performance through Cost effectiveness</td>
<td>20</td>
<td>38.5</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>100.0</td>
</tr>
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The table above shows that all 40 respondents, the same as 76.9% responded that Gganda health center 4 offer quality services because there is no suggestion box which would be used by both staff members and patients to comment about the services offered. This means that accounting officers informed about the quality to create awareness. While only 12, the same as 23.1% responded that Gganda health center 4 is cost effective.
CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of findings, conclusions and recommendations that can be implemented to improve the financial management of Gganda health center 4 Wakiso district and other health service organizations.

5.1 Findings on background information of the respondents

From the above table, it was found out that 61.5% of the respondents were females and 38.5% were males. Implying a gender gap in Gganda health center 4 Wakiso district.

Findings from table 2 above show that 86.5% of the respondents were married and only 13.5% were single. Implying workers in Gganda health center 4 Wakiso district are mostly married.

Findings from table 3 above show that all 50 respondents, the same as 96.2% of the respondents were health workers and only 01, the same as 1.9% was an accountant and also 01, the same as 1.9% was a cashier. Implying workers in Gganda health center 4 Wakiso district are mostly health workers and a few are other category of worker.

The field study shows that 20 respondents, the same as 38.5% had worked for 3-5 years because they are youth who may not work in a place for more than five years due to need for money. 15 respondents, the same as 28.8% had worked for 5-10 years because they are good financial managers. 19.2% had worked for 10-30 years because they were comfortable with the work place while only 07 respondents, the same as 13.5% had worked for months because they had just joined the hospital. When information is given by people who are different in the years they have worked for an organization, their opinions vary due to the diversity in viewing situations. This helped in avoiding subjectivity in judging information.

5.1.2 Findings on the role of financial management on performance of health care organizations

The figure above shows that, 20 respondents, the same as 38.5% stated that the major role of financial management on performance of health care organization was through financial planning because they participate in the preparation of those budgets. 15 respondents, the
same as 28.8% stated that management of assets is a major role of financial management because they review the documents about what was budgeted, whereas only 07 respondents, the same as 13.5% responded that management of revenue and expenditure is a major role of finance management. The above findings are in agreement with Atrill, (2009) who stated that Whatever a business is trying to achieve, it is unlikely to be successful unless the future is mapped out in a systematic manner.

Hampton (1976) asserts that the major role of a financial manager lies in the area of corporate goals and the policies to achieve them in a sense, the task is to identify the firm’s goals and match them with future courses of action. Planning is a specific process of setting goals and developing ways to reach them. The departments coordinate inputs from marketing, production, finance and other operating areas of the firm, to ensure that they work together towards the same goals and taking actions consistent with the objectives of the firm.

5.1.3 Findings on the trend of performance of health care organizations

The table above shows that all 40 respondents, the same as 76.9% responded that Gganda health center 4 offer quality services at the because there is no suggestion box which would be used by both staff members and patients to comment about the services offered. This means that accounting officers he informed about the quality to create awareness. While only 12, the same as 23.1% responded that Gganda health center 4 is cost effective.

According to MSH (1997), drugs save lives and improve health, promote trust and participation and therefore they have to be of good quality. WHO (1994) also confirms that drugs are very important as far as provision of good health services is concerned. Indicators of quality include: the number of defective units delivered by each supplier, number and frequency of late deliveries, percentage yields, first-pass yields, scrap, rework, machine breakdowns, number and frequency of time the production and delivery schedules were not met, number of employee suggestions, number of customer complaints, level of customer satisfaction, warranty claims, field service expense, number and frequency of product returns and so on. (Govindaran & Anthony: 2004).

5.1.4 Findings of the relationship between financial management and performance of health care organizations

Findings from table 8 showed that, the same as 76.9% responded that Gganda health center 4 offer quality services at the because there is no suggestion box which would be used by both staff members and patients to comment about the services offered.
This means that accounting officers he informed about the quality to create awareness. While only 12, the same as 23.1% responded that Gganda health center 4 is cost effective.

5.2 Conclusion

5.2.1 Conclusion on financial management

It can be concluded that the major role of financial management on performance of health care organization was through financial planning because they participate in the preparation of those budgets, 15 respondents, the same as 28.8% stated that management of assets is a major role of financial management because they review the documents about what was budgeted, whereas only 07 respondents, the same as 13.5% responded that management of revenue and expenditure is a major role of finance management.

5.2.2 Conclusion of the trend of performance of healthcare organizations

It can also be conclude that Gganda health center 4 offer quality services at the because there is no suggestion box which would be used by both staff members and patients to comment about the services offered. This means that accounting officers he informed about the quality to create awareness.

5.2.3 Conclusion on the relationship between financial management and performance of health care organizations

It can be concluded that Gganda health center 4 offer quality services at the because there is no suggestion box which would be used by both staff members and patients to comment about the services offered.

5.3 Recommendations

A number of recommendations have been drawn from this study about financial management and performance at Gganda health center 4, Wakiso district.

The hospital management should put in effort to improve on the planning system to include all the aspects that are necessary for effective and efficient management like employing a planner to do all the necessary planning.

Under management of revenue and expenditure, it was shown that the presence of cash
books, bank books, receipt books contributed to the effort of having a good financial management system in place. But it should be noted that a number of important documents and accounts books which are vital in good financial management were missing for example vouchers, attendance register and others which could be used by the accountants thus they should be acquired.

They should decide on the minimum number of essential accounting tools like vote books, goods received note, ledger books, cash analysis book and others which must never miss in an organization like a hospital.

Funding sources for the hospital should be increased like setting up small businesses for example poultry farming so as to generate more money for the hospital expenditures like increase in salary to motivate the employees. They should generate cash flows from operating, investing and financing activities of the hospital.

From the study findings, it was established that hygiene was not up to the patients' standards. It is therefore recommended that they should try to improve to avoid other dangerous diseases like cholera which may greatly affect the performance of the hospital and health of the patients.

Because of the fact that accounting or financial principles and policies can change, the staff and management of the hospital especially in the finance department need to keep abreast with current practices, policies and procedures. Therefore, they should organize short training courses in financial management for the officers in charge of finances to widen their knowledge.

Due to the fact that the hospital serves a peasant community and is located in a rural area, the charges have to match the population standards. It was reported that the hospital gets funds from the government and donations from the well wishers, these funds should be used to leverage the financial position of the hospital.

For proper planning, financial workers should be involved in meetings concerning financial management for recognition and work towards achieving the goals and objectives of the Hospital.
5.4 Suggestions for further research

The researcher suggests that there are very many financial issues that are not researched due to limited time, for example analysis of wages and salaries in health centers, budgeting process and other aspect which are vital in financial management. Therefore other researchers are encouraged to do research on such issues so as to improve on the performance of health sector.

Other researchers are also advised to carry out more research on quality of health care organizations under contemporary issues like efficiency and satisfaction. They are also encouraged to research about information technology like sun systems which can be used in financial management of health care service Organizations to promote efficiency.

Lastly researchers should research about the auditing systems and supervision used in health organizations to reduce on bureaucracy or embezzlement funds.
REFERENCES


Dear Sir/ Madam

I am Bieve Lozamo, a student of Kampala International University currently in my final year pursuing a Bachelors Degree in Business Administration. I am carrying out a research project entitled “Financial Management and the Performance of Health care organizations in Uganda” and the case study is Nkozi Hospital.

I humbly request you to answer the following questions with all your cooperation. The research is purely academic and the responses sought to these questions will be treated with confidentiality. The research is expected to improve on the Health care sector’s knowledge on Financial Management and its contribution to performance.

SECTION: 1

Name: ................................................................. (optional)

Sex: Female [ ] Male [ ]

Marital status: Married [ ] Single [ ]

Designation e.g. Accountant, Cashier .................................................................
SECTION: II

1. How long have you worked with the hospital?

2. Please state briefly where most of your patients come from.

3. Comment on the patient’s opinion about the services provided by the hospital.

4. What are the different ways of recording financial information at the hospital?

5. Do you think record keeping is important? Give reasons for your answer.

6. What are the different ways how you get revenue for the hospital?

7. What are some of the areas that make up the hospital expenditure?

8. Do you participate in the planning process of the hospital?
9. What is the importance of planning in Nkozi hospital?

SECTION III

For Questions below, please tick the answer that corresponds to your level of agreement or disagreement with each item: (1. Strongly agree, 2. Disagree, 3. Not sure, 4. Agree, 5. Strongly agree)

Financial Management

<table>
<thead>
<tr>
<th>Planning</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Annual plans and budgets requirement has been prepared</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Annual plans and budgets have been sent to managers in time.</td>
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<tr>
<td>3. Advance outstanding for more than six months and it has been brought to the notice of the management.</td>
<td></td>
<td></td>
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<tr>
<td>4. Tax is being deducted at source in respect of contractual payments, including contractual remuneration, as per the law.</td>
<td></td>
<td></td>
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<tr>
<td>5. Delegation of financial powers in the hospital for approval of the work plan and expenditure is made.</td>
<td></td>
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</tr>
<tr>
<td>6. The organization carries out a number of meetings of the Governing body and management.</td>
<td></td>
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<tr>
<td>7. Losses and Frauds, if any, are noticed by management.</td>
<td></td>
<td></td>
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<tr>
<td>8. The organization has signatories for the health care funds.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Our organization has bank accounts separate for different funds.

Our organization trains employees about financial management.

Management of Revenue and Expenditure

1. The cash book and bank book written up to date and authorized by the accounting officer.
2. All revenues are recorded and filed properly.
3. All expenses are serially numbered and filed properly.
4. The stock register for consumables, drugs and printed materials are up to date.
5. There are any pre-signed bank cheques.
6. Petty cash book is being maintained by the finance department.
7. Receipts and utilization of funds from other sources, if any has been clearly indicated.
8. Delay, if any, in payment of contract is experienced in the organization.
9. Our organization has a guideline for the use of funds.

Management of assets

1. The asset register is up to date and entries authenticated by the medical director.
2. Physical verification of assets is being carried out at least once a year.
3 There are different ways of managing assets at the hospital.
4 The hospital buildings and other equipments are repaired periodically to improve the hygiene.
5 The hospital gets some equipments through donations
6 Hospital has more fixed assets
7 Inventory of property is carried out at the hospital.

Performance
Quality (Time)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There are qualified staff at Nkozi Hospital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Training of accountants was done during last year</td>
<td></td>
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<tr>
<td>3</td>
<td>Our organization offers quality services than other hospitals around Nkozi.</td>
<td></td>
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<tr>
<td>4</td>
<td>Flexibility is practiced at the hospital which helps to improve on our quality.</td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Training of workers is done every year improve on the ways of handling patients.</td>
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<tr>
<td>6</td>
<td>The hospital encourages financial workers to go for further studies so as to improve the organization.</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Quality drugs are purchased by the financial managers at the hospital.</td>
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<tr>
<td>8</td>
<td>The drugs are managed at every stage (ordering, purchase, requisition, authorization and others)</td>
<td></td>
<td></td>
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<tr>
<td>9</td>
<td>The medical workers give time to the patients at the hospital</td>
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<td></td>
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</tr>
</tbody>
</table>
### Cost Effectiveness

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The cost charged for the treatment of patients in our organization is fair to everyone.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2</td>
<td>Our organization has a fair payroll which helps to reduce on costs.</td>
<td></td>
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<tr>
<td>3</td>
<td>The organization approximately handles 60 patients every day.</td>
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<tr>
<td>4</td>
<td>Laid down procedure for procurement are being followed.</td>
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<tr>
<td>5</td>
<td>The hospital incurs costs in the training of the financial and medical workers.</td>
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<tr>
<td>6</td>
<td>The percentage of the money spent on the general maintenance of the hospital is low.</td>
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<tr>
<td>7</td>
<td>The money spent on drugs, staff salary, allowances for outreach and general administration each year is high.</td>
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</tbody>
</table>

### Satisfaction

<table>
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<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preparation and maintenance of books of accounts and records is at satisfactory level.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>There are strategies used to maintain employees at the hospital.</td>
<td></td>
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<tr>
<td>3</td>
<td>The financial workers face problems when serving patients.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>There is an excellent customer care service at the hospital</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Peoples’ perception towards the hospital services is satisfactory.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Strategies have been put in place to improve on the satisfactory levels of patients.</td>
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<td>--------------------------------------------------------------------------------------------</td>
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<tr>
<td>7</td>
<td>The books of accounts are audited often which creates satisfaction to management.</td>
<td></td>
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<tr>
<td>8</td>
<td>The internal control mechanisms are in place to safeguard the hospital funds.</td>
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</tr>
<tr>
<td>9</td>
<td>There is support supervision carried out by the higher officers.</td>
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</tr>
</tbody>
</table>

Thank you for your and cooperation
APPENDIX II
INTERVIEW GUIDE

Satisfaction
1. How long do they take to deliver services to patients?
2. How is the service environment in terms of cleanliness and well being of the patients?
3. Are the doctors and nurses friendly when delivering services to the patients?

Quality
1. Are drugs needed by the patients available all the time?
2. Is there care in terms of timing the patients to take their drugs?
3. Do they make follow ups to patients?
4. Are there enough facilities like beddings for all patients received at the hospital?

Cost effectiveness
1. How are the costs of the services provided?
2. Are there enough medical personnel to attend to the patients?
3. How do you pay for the services at the hospital?
## OBSERVATION CHECK LIST

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Availability of enough employees</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Availability of drugs</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Patients are handled well</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Procedures for treatment are followed</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Availability of equipments for all patients</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Co-operation among staff members</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Availability of financial documents and facilities like computers and receipts</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Good general cleanliness at the hospital</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Security at the hospital</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Competence of staff</td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX III

#### TIME FRAME

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>TIME FRAME IN WEEKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature review</td>
<td>3</td>
</tr>
<tr>
<td>Questionnaire formation</td>
<td>2</td>
</tr>
<tr>
<td>Questionnaire pre-testing</td>
<td>1</td>
</tr>
<tr>
<td>Data collection</td>
<td>4</td>
</tr>
<tr>
<td>Data analysis, Interpretation and Presentation</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>
## APPENDIX IV
### BUDGET

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>NUMBER OF ITEMS NEEDED</th>
<th>COST PER ITEM</th>
<th>TOTAL AMOUNT (SHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pens</td>
<td>14</td>
<td>300</td>
<td>4,200</td>
</tr>
<tr>
<td>Reams of paper</td>
<td>2</td>
<td>10,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Printing and binding</td>
<td>-</td>
<td>-</td>
<td>150,000</td>
</tr>
<tr>
<td>Flash Disk</td>
<td>2 GB</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>274,200</strong></td>
</tr>
</tbody>
</table>