INTERNAL CONTROL SYSTEMS ON OPERATIONAL PERFORMANCE IN AUTOMOTIVE INDUSTRY: A CASE OF MOTOR CARE UGANDA LIMITED (NISSAN)

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UGANDA CHRISTIAN UNIVERSITY

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DECLARATION

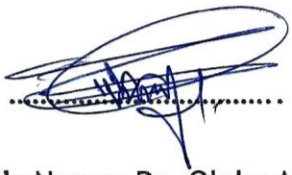
I, Kabahweza Grace, do solemnly declare that this dissertation, Internal Control Systems on Operational Performance in the Automotive Industry, a case of Motor care Uganda Limited (Nissan), is my original work. It has not been submitted for any academic award at Uganda Christian University or any other institution of higher learning. Any information from other sources has been properly cited and acknowledged.

Signature: .....

Date: 25/04/2025.....

APPROVAL

This dissertation, titled Internal Control Systems on Operational Performance in the Automotive Industry, has been submitted for examination with my approval as the assigned supervisor.

Signature:  Date: 24/9/25

Supervisor's Name: Dr. Olobo Maurice

DEDICATION

I dedicate this report to Eng. Gwaidi Mansoor who played a significant role in the accomplishment of this milestone. I can't forget my father Mr. Kasaijja David and mother Mrs. Katusabe Violet for their unending support in this academic journey.

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LIST OF ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
MBA	Masters of Business Administration
MTC	Motor Care Uganda Limited
ICS	Internal Control Systems
COSO	Committee for Sponsoring Organizations
NZSA	New Zealand Standards for Auditing
FCPA	Foreign Corrupt Practices Act
ISA	International Standards on Auditing
LTD	Limited
SPSS	Statistical Package for the Social Sciences
IP	Internet Protocol Address

ABSTRACT

Internal control systems play an essential role in enhancing operational effectiveness, protecting against fraud, and fostering accountability in organizations. While most studies in Uganda and Africa have focused on financial institutions such as banks, insurance companies, and government agencies, limited attention has been given to the automotive industry, despite the prevalence of inefficiencies and fraudulent practices in the sector. This study therefore examined the effect of internal control systems on operational performance in the automotive industry, using Motor Care Uganda Limited (Nissan) as a case study. Specifically, the study analysed the effect of the control environment, control activities, and risk assessment on operational performance. A descriptive research design was adopted, employing both correlation and regression analysis to determine the relationships between the variables. Data was collected from 52 employees across different departments, including purposively selected key informants such as the deputy managing director, departmental heads, an internal auditor, and an accountant. The results revealed strong correlations among the components of internal control systems and operational performance, with risk assessment, control environment, and control activities all significantly related to performance indicators such as service quality, inventory management, cost reduction, financial accountability, and customer satisfaction. Regression analysis further showed that control activities and the control environment significantly and positively influenced operational performance, while risk assessment, although positively correlated, had a weaker predictive effect. The study concludes that internal control systems are a significant driver of operational performance in the automotive industry. It highlights the importance of maintaining robust control activities and a strong control environment, alongside proactive risk assessment practices, to enhance efficiency and accountability in operations.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

In this chapter, the researcher discusses the back ground of the study, problem statement, general objectives, specific objectives, research questions, justification and significance of the study and conceptual frame work.

1.1 Background of the Study

Operational performance in the automobile sector has also grown to become an area of keen interest and research due to the strong and direct link it shares with aspects of efficiency, competitiveness, and profitability in general (Kaydos, 2020a; Buer et al., 2021; Gomez-Conde et al., 2019; Feng et al., 2018). In Uganda, a country whose automobile sector continues to grow significantly, businesses such as Motor Care Uganda Limited face growing operational challenges, which can only be addressed through the introduction of systematized and strategic initiatives meant to eliminate inefficiencies while at the same time aiming to keep abreast of their clientele's growing expectations (Kjaer Group, 2023; Motor Care Uganda Limited, 2020).

Findings conducted in the automobile and production sector also show that excellent operational performance relies solely on various critical parameters, including setting primary and well-defined performance indicators, utilization of productive resources, and agile responses to both technological advances and pressures resulting from regulations (Habidin et al., 2016; Katerinchuk, 2020; Hernandez-Matias et al., 2019; Murata & Katayama, 2009). In this particular sector, operational disturbances in terms of vehicle servicing delays, inadequate spare part management, and poor customer relations both have specific and adverse effects on final market competitiveness in this specific sector of business. Scholars in this field posit that internally installed systems by organizations, particularly control structure-related systems, play a critical role in fighting these numerous risks; however, their actual magnitude of contribution to operational outcomes remains poorly and inadequately investigated

and understood, especially in the case of Sub-Saharan Africa (Mugavu, 2016; Amissah, 2017; Ahmed, 2018; Atugonza, 2023).

Systems of internal control have been subject to an abundance of research regarding financial institutions, and there is extensive evidence to show that these systems do much to promote compliance with regulations and to support the accuracy of financial reporting (Cheng et al., 2018; Institute of Internal Auditors, 2017; Sarens et al., 2016; Sharma & Senan, 2019). The study of their role in improving operational performance in non-financial industries, such as those in the automobile industry, in comparison, has not been subject to anything comparable in terms of studies and research. In practice, it remains critical that controls be constructed to safeguard both tangible resources, including vehicles and other types of equipment, as well as intangible assets, including elements such as corporate reputation and intellectual property rights (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2013; Norton, 1959; Akhmetova et al., 2018; Cherdantseva et al., 2016). The value of these internal control systems would be highly related to the degree to which these systems interface with day-to-day operational results and operational performance measures.

Theory as much as evidence empirically suggests that organizations having strong control environments themselves have significantly better management of operational risks, more stable outcomes of their processes, and better capability to absorb exogenous shocks or disruptions (Araz et al., 2020; Pieket & Spruit, 2018; Paltrinieri et al., 2019; Shi et al., 2020). In relation to automotive businesses, there is an essential point to recognize here, i.e., operational failures often arise due to gaps or omissions in process monitoring and not due to innate technical weaknesses. This specific finding raises an important inquiry as to whether internal control systems, initially developed keeping in view financial reliability above all, have an equally strong role to play in structuring service delivery, efficiency, and overall productivity in this very sector. In Uganda's transportation industry, there is also a critical shortage of in-depth research focused on targeting dimensions of operational performance, which essentially run to overall organizational efficiency in this sector. Most of these

studies have rather narrowly focused instead on financial outcomes resulting from having implemented systems of internal control in an enterprise. This narrowness means there is an extensive knowledge gap in terms of understanding how such systems of internal control can have bearing and impact on various dimensions of operational performance indicators, which include as being comprised in efficiency in service, satisfaction in terms of client, and good practices in cost management strategies (Atugonza, 2023; Mugavu, 2016; Ahmed, 2018; Kjaer Group, 2023). It's critical to fill this knowledge gap, especially in relation to businesses such as Motor Care Uganda Limited, as their future performance in this aspect depends significantly on linking their internal control systems to their operational priorities and targets effectively.

1.2 Problem Statement

Operating performance remains a critical concern of Motor Care Uganda Limited despite the existence of documented internal controls such as cash authorization procedures, physical inventories count, account reconciliations, and segregation of duties (Atugonza, 2023; motor Care Uganda Limited, 2020). Despite their existence, performance levels depict incessant gaps. Audit findings reveal increasing cases of fraud—6% in 2019, 3% in 2020, 8% in 2021, and 10% in 2022—combined with delayed reporting of finances and ineffective use of resources (Kjaer Group, 2023). The findings suggest controls could be operating formally but not delivering concrete operational benefits.

The research underscores that operational effectiveness in the automotive sector depends on the delivery of standardized services, minimized leakages, and the integration of risk management in day-to-day activities (Cheng et al., 2018; Habidin et al., 2016; Buer et al., 2021; Feng et al., 2018). Poor operating performance, such as poor accountability and reporting delay, is a direct contradiction to competitiveness and customer satisfaction (Hernandez-Matias et al., 2019; Gomez-Conde et al., 2019; Araz et al., 2020; Akhmetova et al., 2018). In Uganda, the available research has at least concentrated on internal controls in the context of

financial performance with limited evidence of how they affect operating performance indicators (Mugavu, 2016; Ahmed, 2018; Amissah, 2017).

This theoretical gap underlies the current study, which investigates the effects of internal control systems on the operational performance of Motor Care Uganda Limited in terms of efficiency, accountability, and outcome of services.

1.3 Purpose of the Study

The purpose of the study was to assess the relationship between Internal Control Systems and operational performance

1.4 Specific Objectives of the Study

The study was guided by the following specific objectives

1. To examine the effect of the control environment on operational performance at Motor Care Uganda Limited.
2. To evaluate the effect of control activities on operational performance at Motor Care Uganda Limited.
3. To analyse the effect of risk assessment practices on operational performance at Motor Care Uganda Limited.

1.5 Research Questions

The study was guided by the following research questions

1. What is the effect of the control environment on operational performance at Motor Care Uganda Limited?
2. How do control activities affect operational performance at Motor Care Uganda Limited?

3. What is the effect of risk assessment practices on operational performance at Motor Care Uganda Limited?

1.6 Hypotheses

1. H_1: The control environment significantly affects operational performance at Motor Care Uganda Limited.

2. H_2: Control activities significantly affect operational performance at Motor Care Uganda Limited.

3. H_3: Risk assessment significantly affects operational performance at Motor Care Uganda Limited.

1.7 Scope of the Study

This section presented Content, geographical and time scope of the study

1.7.1 Content Scope

The study assessed the effects of internal control systems on the operational performance of Motor care Uganda limited. Specifically, the study explored 3 elements of Internal Control systems that is; risk assessment, control environment, and control activities. Additionally, operational performance was explored and specifically, quality, inventory management and cost reduction were explored.

1.7.2 Geographical Scope

The study was conducted at Motor Care Uganda Limited (Nissan) head office which is located in the central region of Uganda on plot 69, Jinja road in Kampala district.

1.7.3 Time Scope

The research was conducted to explore information that falls in a period of five years, 2019 to 2024. It's within this period that Motor Care Uganda limited strengthened its Internal Control systems, and also experienced a decline in financial performance.

The period between 2019 and 2024 enabled the researcher to do comparisons in the years. The research activities were carried out between June to December 2024

1.8 Justification of the Study

Several studies have shown the relationships between ICS and operational performance however, few studies have shown the relationships between ICS and operational performance and yet operational performance is a very big determinant in achieving in an organization's development objectives. Besides, even the studies that have looked at relationships between ICS and operational performance have looked at government and other financial institutions ignoring automotive industry and yet many automotive industries are experiencing poor operation performance due to poor ICS. This study aimed at addressing those gaps and clearly elaborate the effects of ICS on operation performance of Motor care Uganda Limited.

1.9 Significance of the Study

The study will add to the body of knowledge on internal control systems and operational performance as it provides the literature review. This is beneficial especially to automotive industry and other industries achieve their development objectives through improved operational performance

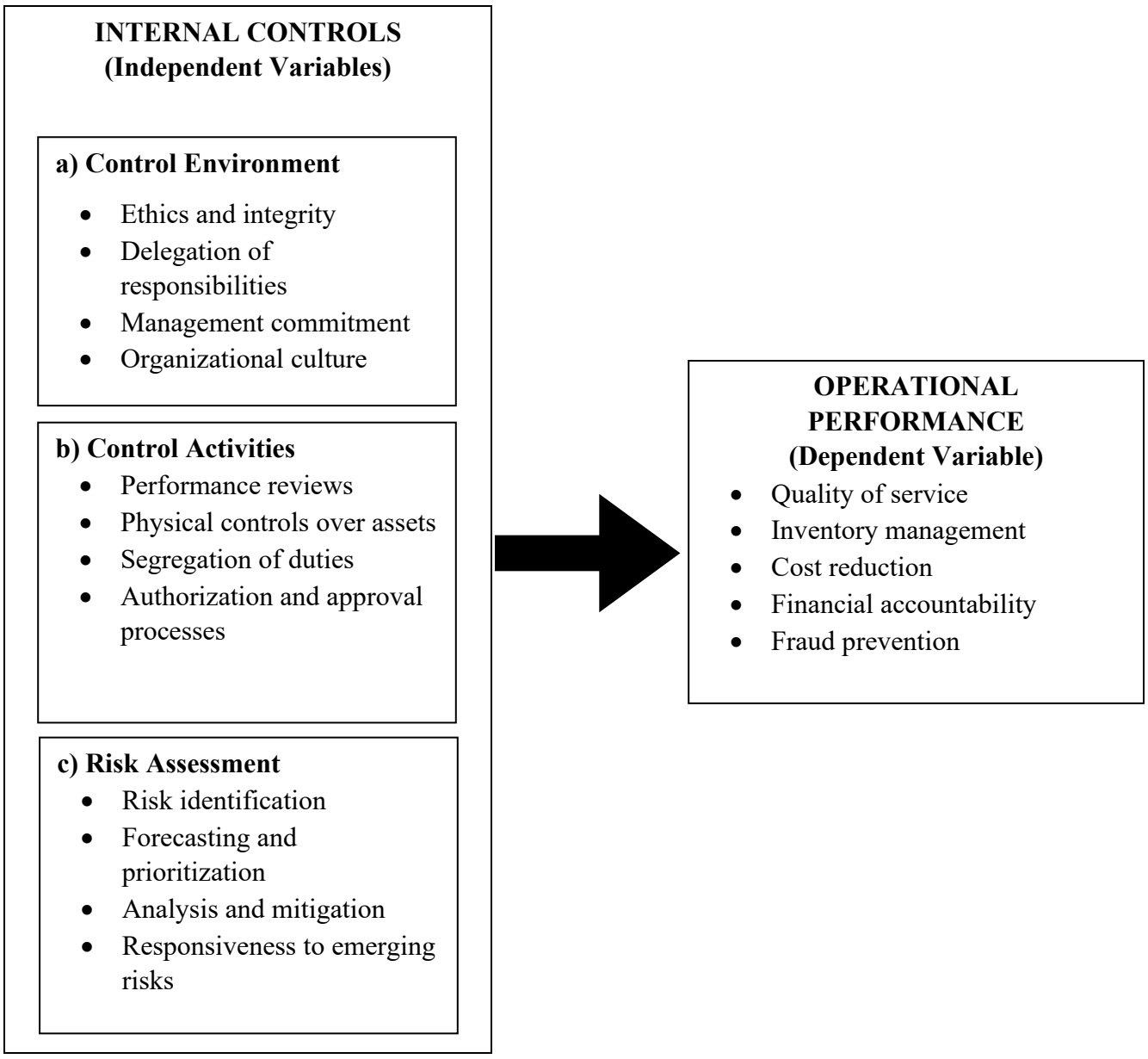
This study helps decision makers in the automotive industry like the board and managers understand the weaknesses of internal control systems in their organizations. This helps them to design, implement, monitor and evaluate these systems to address weaknesses in these areas for the smooth running of the organisation and increased operational performance

The study is useful to the researcher because it is a requirement for the award of a master's degree of Business Administration in finance of Uganda Christian University. This helps the researcher be a full master's holder after submission of the research thesis and graduation.

1.10 Conceptual Frame Work

According to Kent et al. (2020), a conceptual framework illustrates the interaction among the variables of a study. It is the organized illustration of interaction among different variables. In this case, the conceptual framework illustrates the effect of internal control systems on the operational performance of an organization. It includes the independent, dependent and moderating variables. The independent variable is internal control system, the dependent variable is operational performance and the moderating variable is government policy

Figure 1; Conceptual Framework



Source: Based on COSO Framework, 2013 and adapted by the researcher, 2024

The framework suggests that operational performance is influenced by internal control systems, and portrays a linkage of possible relationships between these two constructs. The ICS and its components have been widely referred to by several studies including (COSO, 2013; Whittington & Pany, 2016). Specifically, risk assessment covered- risks forecast, identification and analysis. Additionally, control activities such as routine and follow-ups on Motor care performance review, physical controls of assets and segregation of duties were explored. Indeed, exploring the

aspects of the control environment, especially managerial abilities to uphold organisational ethical values, delegation of authority and responsibilities, and commitment to competencies in course of implementing ICS activities, formed part of this study.

The dependent variable operational performance was measured in terms of quality, inventory control and cost reduction. This was exhibited through Motor Care Uganda Limited's five-year historical performance reports (2020-2024)

Limited's five-year historical performance reports (2020-2024). The factors, operating performance and ICS, are regulated by the government.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter comprises the literature review in relation to internal control systems and the operations' performance. The chapter entails theoretical, conceptual, and empirical literature review of similar studies that investigate internal control systems and the operations' performance concept that provides theoretical literature of the research so as to demonstrate the research gaps that are supposed to be covered in the proposed research

2.1 Theoretical Review

The study was guided by principal agency theory and systems theory

2.1.1 Principal Agency Theory

The agent-principal theory explains the relationship between two parties, the principal being the owner and the agent being the manager (Jensen & Meckling, 1976). A principal relies on an agent to execute certain business transactions; they give full powers and responsibilities to agents to act on their behalf. A principal delegates duty to an agent leading to challenges because of potential misalignments in decision-making between the two parties (Dawar, 2014; Hull, 2014).

This theory addresses the issues that exist in agency relations between principals who are the owners and the agents of the principal. Jensen and Mackling on Agency theory put forward that a firm is a binding contract between the owner of the economic resources referred to as principals and managers who are essentially the agents for using and managing the resources. The theory assumes several things like the view that both parties uphold and play their roles as commanded by the relationship in the interest of the organization. Both parties have interests but the interest of the organization takes precedence over the interest of each party. This guides the

different elements of the organization like; budget management, personnel control and the implementation of ICS. Principal agency theory assumes that information is a commodity which must have a price attached to it. Unmanaged information results in information asymmetry which is the most common problem between the agent and the principal which adversely affects the capability of the principal to observe whether or not their interests are being well looked after by the agents.

This necessitates mechanisms for enforcing contracts and for control which minimizes opportunistic behaviour of agents. As per the theory, to align the interest of the agent with the principal, a comprehensive contract is drawn to serve the interest of the agent as well as the principal. The agency relationship is stricter with the principal employing an expert, that is an auditor and strong control systems to manage the behaviour of the agent. In this theory, it is submitted that mechanisms for control aid in lessening fraud, error, and leakages which reduces agent-principal problems.

This theory is applicable in this research simply because internal control is one of the ways used in automotive companies to regulate agency problem through reducing agency costs that affect the overall performance of the relationships as well as the returns of the principal (Sarkis et al., 2011).

The theory is not without some flaws like; in some instances, it's impossible to establish a friendly relationship between the principal and the agent without scrutiny of the conditions and situations under which such players operate. Despite agency theory having some limitations, it's a highly essential theory in studying the effects of ICS on operational performance of motor vehicle companies. The research complemented agency theory with Systems theory.

2.1.2 Systems management Theory

Systems are interrelated components or tools for translating policies into action. The components are interdependent, meaning that if one component is below par, it automatically leads to the failure of the whole system. An organization requires a system of checks for survival, effectiveness, and efficiency (Laszlo & Krippner, 1998).

Systems theory is a unifying approach based on the supposition that a system's subsystems can best be explained as part of their interrelationship with each other and with other systems, rather than in isolation (Laszlo & Krippner, 1998). Systems theory considers the world as a set of interdependent constituents that act in concert to yield a whole. It offers an alternative planning and management perspective that emphasizes synergy and interdependence (Sarkis et al., 2011). The systems management theory posits that organizations, similar to the human body, consist of multiple elements working together in harmony so that the overall system performs optimally. According to the theory, success in an organization depends on key factors such as synergy, interdependence, and interrelations among various subsystems (Cheng et al., 2018).

Employees are among the most critical components of a company. Equally important to organizational success, in addition to workers, are departments, business units, and workgroups (Gomez & Bernet, 2019). Managers must examine trends and events in their organizations practically in order to determine the most suitable management approach (Kaufmann, 2014). This perspective allows them to collaborate across different programs so that the organization functions as a unified entity rather than as isolated units. The system as a whole is influenced by internal factors, which are the components of the sub-units, and external factors, such as market and environmental pressures (Wijethilake et al., 2018). It is considered an open system because organizations receive inputs from other systems, which are then converted into outputs that affect other systems (Epstein & Buhovac, 2005). For example, motor care Uganda Ltd. acquires raw materials and information that are processed into services and products delivered to customers.

The systems approach measures the overall performance of the organization rather than that of the individual subsystems (Kaydos, 2020a). This allows managers to apply systems concepts across different organizational levels rather than restricting assessment only to departmental goals. Organizational effectiveness, therefore, depends on interaction and interdependence between subsystems, synergy among

departments, and the balance between internal (closed system) and external (open system) elements (Murata & Katayama, 2009).

The systems approach also postulates that decisions and actions in one organizational function will influence other functions. For example, if the customer service department incorrectly records customers' information on the motor vehicle job card, the spare parts and stores department may not procure the right amount or quality of spare parts, limiting the technical department's ability to perform its tasks (Cheng et al., 2018). This approach recognizes that organizations rely on the external environment for inputs and use the environment as a channel for outputs. For instance, the technical department at motor care Uganda Ltd. relies on accurate information from both the customer service and spare parts departments to deliver high-quality service and vehicle repairs.

This theory is highly applicable to this study because motor care Uganda Ltd. is a system composed of subsystems such as Sales, Human Resource, Finance and Accounts, Customer Service, Spare Parts and Stores, and Technical Support. These subsystems rely on one another, meaning that one department's performance affects the others and ultimately the organization's operational performance (Atugonza, 2023).

Although systems theory of management explains the essence of organizational structure and function, it does not fully address imbalances or hierarchies within organizations. It therefore does not prescribe specific techniques or solutions for these limitations but provides a framework for explaining systemic interrelationships (Laszlo & Krippner, 1998). Despite these critiques, systems theory remains crucial for researching departments as organizational subsystems, making it highly applicable in analysing the effects of internal control systems (ICS) on operational performance (Cheng et al., 2018; Amissah, 2017).

2.2 Conceptual Review

2.2.1 Internal Control Systems

According to International Standard on Auditing (ISA 40), Internal control systems are the policies, procedures and processes adopted by the management of an entity to provide reasonable assurance regarding achievement of the entity's objectives with respect to reliability of financial reporting, efficiency and effectiveness of operations and compliance with applicable laws and regulations.

Internal controls can also be a set of policies and procedures that have been adopted by an entity in the course of guaranteeing organization transactions are handled in the appropriate manner to avert waste, theft and abuse of organization's resources. This is for purposes of ensuring realization of the organization's objectives, mission and goals and also maintaining environments that favour incorruptibility and deter fraudulent actions of workers and management.

Internal controls are the responsibility of every department employee. The degree of involvement is usually determined by an employee's position. The controls provide a way of accountability for individuals. All department individuals have the responsibility for the system of internal control to be effective but the greatest responsibility falls on the department managers. Because they are the structure, policies, and procedures through which management guarantees that it attains its objectives and accomplishes its responsibilities.

Internal control systems are designed to keep the organisation on the rails towards profitability goals and achievement of its vision and mission. They enable the management to handle rapidly changing economic and competitive environments, shifting customer demands and priorities, and restructuring for future growth. Internal controls create efficiency, reduce the risk of asset losses, and help to ensure financial reporting integrity and compliance with laws and regulations.

2.2.1.1 Risk Assessment

Risk is the likelihood that an incident will occur that hurts the achievement of organisational goals and objectives (COSO, 2013). Every organisation is faced with a variety of risks from within and outside the organisation. Risk assessment is a process of interactive identification, analysis, and management of risks that might threaten the organization's capability to achieve its objectives and goals and then assesses whether the organization's internal controls design and operation offer the safeguard of the organization needs (COSO, 2013). Once the risks are identified, management considers their impact or materiality, their likelihood of occurrence, and how to control them.

2.2.1.2. Control Environment

Control environment is one of the most important pillars of Internal Control systems. It is the control conscience of an organisation in which people perform their activities and discharges their control responsibilities (Millichamp & Taylor, 2017). It is an environment created for competent people to understand their responsibility and set limits to their powers. At a high-level, the control environment basically addresses "tone at the top". It addresses the policies and procedures that are in place to act as the foundation for applying internal controls within an organization. There are 5 key principles in the control environment that include: commitment to ethics and integrity, board independence and oversight, organisational structure, commitment to competence and accountability. Control environment is an integral function which organizations cannot do without if they are to harmonize their ICS to cater for organization structure and accountability relations that exist among financial control participants

2.2.1.3 Control Activities

Control activities are the actions taken through procedures and policies that help to ensure that management's guidance to minimize risks to organisational goals and objectives. (COSO, 2013). Control activities are carried out at every level of the

organisation, at multiple points within organisational processes, and across the technology infrastructure. These activities help to identify, prevent or reduce risks that is an obstacle to the attainment of goals and objectives of an organization. They may be preventive, detective, or corrective in nature and may comprise a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, documentation, operating performance reviews, asset safeguarding and segregation of duties.

According to COSO (2013), principles of Control activities are that the organization selects and develops control activities that assist in the mitigation of risks to the objectives to tolerable levels, the organization selects and constructs general control activities over technology for support of objectives' attainment, and the organization deploys control activities through policies that establish what is expected and in procedures that carry out policies. These are the principles which will help reduce the occurrence of fraudulent activities, mistakes and leakages that may affect organisational performance.

2.2.1.4 Operational Performance

Operational performance, as defined by (Kaydos, 2020a), is the degree to which all the business units within an organization perform a team work to achieve the most important business goals. It measures the degree to which an organization performs its main business activities.

It can also be the measure of how effectively and efficiently the organization is able to deliver its service or product commitments.

According to (Murata & Katayama, 2009) organizational operating performance captures both financial and non-financial measured outcome, which reflects the organization's ability position to leverage the available resource to achieve desired end result.

Operational Performance can be measured in terms of efficiency, effectiveness, and overall organizational success. Operational performance involves a measure of the way processes and systems running within are contributing to the goods and services being produced and delivered. Operational performance varies from dimensions related to the quality of output to the most efficient use of inputs all the way through to customer satisfaction and operational performance. Operational excellence in an organisation can be delivered by cost savings through process simplification, elimination of inefficiencies and efficient resource utilisation. Improving service or product quality by reducing defects, errors and delivering consistent and reliable output that meets or exceeds customers' expectations

2.3 Empirical review of related Literature

2.3.1 Risk Assessment and Operational Performance

Risk assessment allows an organisation to eliminate sources that can potentially damage company operations and maintain the risk of uncontrolled risk-taking (COSO, 2013). To minimize any possible risks in the organisation, risk assessment is one significant component of a successful ICS (Cherdantseva et al., 2016). People, systems, and processes are all linked to performance operations in organisations. Legal risk, fraud risk, supply-chain risk, and environmental risk are also included (Epstein & Buhovac, 2005). Risk assessment is also necessary for operational performance because it identifies how much employees respond to risk; transfer, tolerance, treatment and termination. Poor maintenance and poor service will lead to high operational risk. Use of obsolete or unsuitable technologies is a great risk to the successful operation of the organization. Application of systematic procedures to identify and analyse corresponding risks and risk management, is pivotal to determining operational performance in the organisation (Inusah & Abdulai, 2015). (Schulze, 2002) established that risk evaluation is pivotal to determination, assessment and counterbalancing of risks. Similarly, research also proved that risk evaluation is pivotal to risk minimization, controlling failure and capitalizes on operational performance (Sarens et al., 2016; Skiba et al., 2016).

COSO recommends that once a risk has been identified, a complete analysis must be done to rank the risk. A complete analysis in this case, estimates probable impact of the risk and its likelihood to occur (Chin, 2014). Prioritization is one of the processes that enable organisations to focus on risks with reasonable likelihood of occurrence and higher impacts (Sharma & Senan, 2019). The COSO model of 2013 also stated that risk assessment via its risk identification and analysis plays an essential role in determining the company's mode of advancement. Risk assessment forms the core part of ICS with respect to resource management sufficient for adequate resources, procedures, and policies and the way in which they contribute to influencing the operation of the firm.

The recognition of dynamic risks, especially when complemented by real-time analysis of data, greatly increases the ability of an organization to respond and remain agile in its undertakings. Araz et al., (2020) point to the utmost importance of recognizing dynamic risk mechanisms in complex supply networks, as these mechanisms support a firm's capacity to respond and absorb financial losses upon disruptions, especially in the manufacture and logistics functions. In their analysis of operational disturbances in the energy system, Zografopoulos et al., (2021) illustrated that incorporation of dynamically modelled threats in risk matrices enabled immediate responses, leading to a near 23% reduction in downtime. Paltrinieri et al. (2019) posit that real-time risk data flows, combined with machine learning models, support environments responsive to risk assessments, hence maintaining high productivity levels and preventing wastage of resources. Sanni-Anibire et al. (2020) show that in construction, periodic on-site risk evaluation of dynamic hazards resulted in 31% accidents decline, which shows how adaptable risk processes ensure safe and efficient operation.

The multidiscipline of functions that are engaged in risk assessment is essential in presenting diverse risk perspectives, enhancing accuracy, and enhancing accountability in operations management. According to Gomez and Bernet (2019), diverse teams showed a 40% higher success of risk factor identification in cases of operating risks compared to homogeneous teams; this can be explained by cognitive diversity as well as the availability of diverse operational inputs. Supporting this

argument, Araz et al. (2020) argue that cross-departmental interactions allow for holistic representations of organizational vulnerabilities, which inform the creation of appropriate risk-reduction strategies as well as increases in productivity. In their study of industrial control systems, Bhosale et al. (2022) showed that administrative-technical collaborations resulted in better and implementable strategies for risk reduction. In similar studies of correctional settings, Desmarais et al. (2018) showed how incorporation of interdisciplinary inputs in risk models enhanced predictive capabilities, resulting in decreased misclassifications in the aspect of recidivism.

The use of historical data in operational risk forecasting greatly improves decision-making and resource allocation by grounding risk analysis in empirical facts. Pieket and Spruit (2018) illustrate that the use of historical performance and failure data among logistics companies in the Netherlands enabled predictive risk modelling, leading to an 18% drop in yearly delays. Shi et al. (2020) built adversarial machine learning models that analysed historical performance data of power grids to predict risks in distribution networks with a 92% forecasting accuracy rate, thus highlighting the reliability of historical data as a forecasting tool. Paltrinieri et al. (2019) argue that risk analysis models using incident databases are able to reveal underlying patterns and causes, hence encouraging proactive interventions instead of reactive measures. In industrial safety, Sanni-Anibire et al. (2020) established that systematic analysis of project accident records enabled the revelation of hazards to construction managers, and consequently improved compliance and project completion rates.

Advances in risk assessment technologies have significantly improved operational performance by enabling real-time analysis, automation, and data-driven decision-making. Bhosale et al. (2022) contend that the incorporation of automated assessment mechanisms in industrial control systems minimizes the risk of errors and allows for constant monitoring, in turn leading to enhanced security and efficiency in operations. Araz et al. (2020) observed that the use of predictive modelling in combination with big data analysis in the assessment of risk resulted in decreased evaluation cycle lengths and facilitated deployment of resources toward maximizing performance. Zografopoulos et al. (2021) indicated that smart grid simulations using

AI-powered threat model tools improved response by 34% relative to system anomalies, which resulted in greater energy flow. Within healthcare risk, Desmarais et al. (2018) pointed out that algorithm-assisted evaluation systems eliminated false positives in threat detection, which in turn simplified operational processes and decreased time-to-intervention ratios.

Risk Culture Integration Fosters Employee Vigilance developing a healthy risk culture in an organization which leads to heightened risk awareness both individually and collectively, ultimately culminating in greater vigilance and risk-aware business practice. Fiolleau et al. (2018) argue that when workers view risk management as embedded in the organizational identity, they are likely to spot anomalies and practice preventive actions and hence contribute to the improved operating of internal controls. In their extensive study of industrial businesses, Paltrinieri et al. (2019) clarified that risk-aware environments that encourage learning and communication led to a 27% decrease in unexpected operating disturbances. Pieket and Spruit (2018) attribute the performance enhancements in organizations employing business performance management systems to the inclusion of cultural risk norms, especially where workers are empowered to recognize and point out inefficiencies. Araz et al. (2020) also argue that establishing the same kind of culture empowers workers and sets up frameworks of safety and accountability that enable sustainable business growth.

2.3.2 Control Environment and Operational Performance

Control environment is a set of standards, processes, and structures that provide basis for operating internal control systems. Control environment sets the tone for how employees engage in their day-to-day activities. Control environment sets up a working culture under which tasks and activities are affected by several employees in the organization (Millichamp & Taylor, 2017). Millichamp and Taylor (2017) also furthered that a sound control environment is where competent people understand their duties and responsibilities, the limits of their powers, and are conscious, diligent and dedicated to doing the right thing and doing it right.

Control environment is comprised of management's philosophy and operating style, ethical principle of integrity, delegation of responsibility and authority (accountability), human resource practices (training, performance assessment, compensation and remuneration, compensation and employee guidance, etc.), audit committee and internal audit. These constituents shaped and complemented the effectiveness of a company's ICS, from which it derived to further its functions. Internal control environment sets tone of an organisation linking professionalism to integrity, and individuals only doing what they are supposed to do and being committed to following an organisation's procedures and policies (Fiolleau et al., 2018). Individuals are expected to perform their work effectively, and in the organisational framework commitments (Inusah & Abdulai, 2015). Control environment enables to establish high levels of integrity in roles implementation, and ethical values maintenance within management decisions (Fiolleau et al., 2018). These establish operational performance and help managers to implement control alternatives to operational issues.

A leadership style rooted in transparency, ethical behaviour, and open communications channels significantly enhances the organization's control environment. Kaydos, (2020b) posit, in their case study of the Bushenyi Local Government in Uganda, a strong linkage between ethical leadership and improved employee performance, noting that transparency encourages accountability and aligns objectives. Similarly, Buer et al. (2021) cites the importance of ethical leadership in shaping the frameworks of corporate governance, leading to a better corporate image and increased stakeholder confidence. Further supporting evidence comes from Murata and Katayama (2009), providing evidence of how ethical leadership inspires employee engagement by promoting the creation of an ethical environment, which in turn creates a transparent environment of controls. Cheng et al. (2018) and Feng et al. (2018) point to the importance of consistency and quality in leadership in measuring successful internal controls, positing that transparent leadership behaviours are essential in maximizing operational performance.

Feng et al. (2018) studied that stable leadership enhances the performance of internal control mechanisms, which implies that clear-cut hierarchical structures result in better operational outcomes. Further, Kaydos, (2020b) posit that ethical leadership, which often involves defining clear roles and responsibilities, is essential in enhancing employee performance. In total, these studies affirm that role clarity in a well-defined control environment is essential in minimizing operational conflicts as well as enhancing overall performance.

The deployment of consistent feedback mechanisms in control systems is important in identifying inefficiencies and ensuring continuous improvement. An example of this is the use of real-time feedback tools that seek to boost employee satisfaction and productivity through fostering openness and responsiveness in an organization, as reported (Hernandez-Matias et al., 2019; Shamshiri et al., 2018). The importance of analysis of feedback in ensuring organizational success by stating that organizations that seek and respond to feedback from employees experience a 14.9% increase in performance. Wijethilake et al., (2018) also states that the incorporation of formally structured feedback tools in performance management systems, as in the cases of Airbnb and other companies, yields significant gains in employee engagement and retention.

The interaction between departments, which is enabled by a single coordinated system of controls, greatly adds to the integrity of systems and the effectiveness of operations. Sarkis et al., (2011) describe how ethical leadership establishes a climate that promotes transparency and harmony among departments, leading to integrated processes. (Feng et al., 2018) also state that the quality and consistency of leadership are crucial in making internal controls effective, hence acting as a pillar for collaboration between departments. Gomez-Conde et al., (2019)'s study of shows how strong internal controls that involve risk identification and communication positively contribute to organizational performance; it means that the creation of interdepartmental synergies in the presence of a strong control system promotes system integrity.

Unwavering and systematic support by senior management for the implementation of internal control programs is mandatory for their consistent execution across divisions, improving operational performance. According to a study carried out by Cheng et al. (2018), stable leadership is regarded as a critical moderating variable in the efficacy of internal controls, and this implies that leadership dedication is essential in attaining operational excellence. Sharma and Senan (2019) study also affirms this view by showing that a well-assessed control environment, influenced by leadership dedication, has a significant impact on organizational performance. Kaydos, (2020b) also point to the importance of ethical leadership in defining performance targets and attesting to outstanding performance, both of which are critical pillars of a strong control environment.

2.3.2 Control activities and operational performance

Control activities, according to COSO (2013), are the steps taken by procedures and policies that guarantee that management directives to minimize risks to the achievement of objectives are followed. Control activities encompass performance evaluations, processing of information, physical controls and duties segregation. The management establishes these activities to enable organizational goal achievement and risk minimization (COSO, 2013). Control activities are instructions, methods and decisions made through varied activities by the management to suppress or reduce risks impacting the company in achieving its objectives. Control activities are performed in all functions and levels in the firm. Control activities must be documented and assessed continually because they form part of continuous business processes. This helps in ensuring the right action is taken to act on risks to the achievement of the organization's objectives. Control activities include approvals, authorizations, verifications, reconciliations and operating performance reviews, assets security and segregation of duties (COSO, 2013). These activities are to be overseen and complied with to achieve operational performance. Unless properly observed, they are no longer standard routines and affects the operations performance of the organization.

Standardized procedures have widely been evidenced to be an efficient strategy for improving operational performance by minimizing variability and errors in procedural application. According to Cheng et al. (2018), internal controls based on procedure standardization led to decreased operational inefficiencies and improved tasks' accuracy in multinational corporations. Similarly, Buer et al. (2021) claimed that the combined application of lean methodologies and optimized workflows in digital environments greatly improved subprocesses of production and attained waste minimization of over 20%, in addition to increasing overall productivity. To address organizational risk, Araz et al. (2020) noted that consistency in controlling procedures reduced uncertainty and operational interruptions, hence ensuring stable performance, which is critical for organizational continuity. In Uganda, Atugonza (2023) documented that standardized financial reporting and documentation practices led to better audit outcomes, hence leading to economic confidence and encouraging growth of institutions.

The automation of control functions increases the efficiency of repetitive tasks, which subsequently increases speed and reduces the rate of errors; this argument is evidenced across various industries. Bhosale et al. (2022) analysed automation in industrial control systems and revealed that automated audits and security validations improved risk detection speed by 30% and reduced manual oversight-related expenses. Sharma and Senan (2019) in their study of bank procedures revealed that automated internal checks reduced transaction inconsistencies, which resulted in better financial performance indicators. Similarly, Buer et al. (2021) reported that companies that integrated automated quality controls in lean systems had improved throughput and increased responsiveness, which are critical aspects in retaining global competitiveness. At the same time, Epstein and Buhovac (2005) pointed out that automation of performance measurement allows real-time monitoring, which is crucial for instant decision-making.

Periodical auditing is essential in determining the efficacy of internal controls and affords a historical perspective for enhancing operating procedures. Millichamp and Taylor (2017) posited that periodic audits revealed lapses in procedures in complying,

prompting remedial actions that enhanced compliance, as well as augmented the application of controls. Similarly, Sarens et al. (2016) noted that regular internal audits in European organizations ensured a culture of accountability among operating managers, which was positively related to performance outcomes. For the African continent, Inusah and Abdulai, (2015) found that systematic audits in the Lands Commission of Ghana ensured transparency and treasury accountability, hence enhancing institutional confidence and enabling efficient delivery of public services. In addition, the COSO (2013) pointed out that audits ensure there is infrastructure that is necessary in supporting performance improvement and risk management.

The incorporation of real-time monitoring in control systems enhances responsiveness, hence enabling instant actions to correct deviations. Shi et al. (2020) evaluated utility distribution networks and confirmed that real-time operation monitoring resulted in a 40% decreased fault rate, hence enhancing service continuity and customer satisfaction. Within manufacturing, Buer et al. (2021) confirmed that instantaneous feedback on business processes was associated with pre-emptive maintenance strategies, which maintained equipment efficiency and met schedules. Cherdantseva et al. (2016), on the other hand, illustrated that the use of real-time monitoring in SCADA systems was crucial in the early detection of cybersecurity attacks, hence preventing data loss and service interruption. Further, Sanni-Anibire et al. (2020) detailed the implications of real-time monitoring in construction sites, especially in minimizing accidents and keeping to deadlines in large projects in the Middle East.

Documentation rigor enhances traceability detailed documentation which is critical in tracking the initiation, growth, and outcomes of control procedures, hence ensuring transparency as well as efficient management processes. Kaufmann (2014) noted that the documentation of procedures also secured collective organizational knowledge and acted as a diagnostic tool in performance assessment. Kaydos, (2020b) demonstrated that organizations that embraced strict documentation procedures were in a better position to diagnose bottlenecks and reallocate resources accordingly, hence enhancing overall productivity. Institute of Internal Auditors (2017) noted that meticulous operation records empowered researchers and managers

to identify trends in decision-making, hence enabling data-driven adjustments as well as stimulating innovation. Gomez-Conde et al. (2019) acknowledged that comprehensive documentation ensured legal compliance as well as met expectations of stakeholders, hence boosting investor confidence and ensuring long-term economic sustainability.

2.4 Summary of Literature and Research gaps

The reviewed literature showed mixed results on the relationship between the internal control systems and operational performance of organizations. Most of the researches done on internal controls are case studies and focus on specific financial institutions/companies that exhibit particular characteristics or material weakness in the internal control systems ignoring the automotive industry. Also, most of the studies failed to show the contribution of control activities, control environment and risk assessment therefore this research addresses to fill those gaps.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

In this chapter, the researcher examined the particular methods used to determine, choose process and interpret information regarding the study. The researcher examined research design, field of study, information sources, sampling methods, sample size, variables and indicators, data collection methods, data collection instruments and equipment, quality/error control, data management, processing and analysis, reliability and validity and ethical consideration

3.1 Research Approach

The study used a mixed approach when it came to both the qualitative and quantitative components of data gathering, administration, and analysis. According to (Creswell & Creswell, 2017), using qualitative and quantitative research designs helps in studying synergies offered by these two research approaches. The quantitative approach helped in gathering numerical data that was generalized in representing the influence of ICS on operational performance. A qualitative approach yielded rich data that may be utilized to inform a policy decision (Bryman & Bell, 2018).

3.2 Research design

Research design can be defined as a framework that outlines how problems under investigation were solved (Pandey & Pandey, 2015). The study adopted a descriptive research design and inferential analysis with a focus on correlation and regression analysis of the study data. Using correlation analysis helped to establish the correlation between ICS and operational performance. According to (Creswell & Creswell, 2017), a correlation is used to establish relationships between two variables. Correlation analysis was used with the purpose of identifying how the components of ICS i.e.; risk assessment, control environment and control activities are related to the quality of operation performance, inventory management and cost

reduction. Regression analysis was used which helped to know how change in a variable is associated with change in another variable. The design enabled the researcher to collect in-depth information about the population being studied, it reflected the profiles of people, events, and situations taking place in the Organization.

3.3 Area of study

The study focused on Automotive industry with Motor Care Uganda Limited (Nissan) being the case study. Motor Care Uganda Limited is located in the central region of Uganda on plot 95, Jinja Road in Kampala.

Motor Care Uganda Limited is one of the leading automotive businesses in Uganda. It is an official premium brand distributer of Nissan vehicles and spare parts in Uganda. It has been offering automotive business-to-business services in Uganda since 1917. Being an official premium brand distributer, Motor Care offers the best auto solutions, spare parts and accessories, and one-stop maintenance and repair services, along with a full complement of fleet management solutions.

3.4 Population of the study

The study was conducted in Motor Care Uganda Limited head office in Kampala, Uganda. Motor Care Uganda limited has a total of 60 employees according to the information obtained from the human resource manager (human resource employee report, 2024).

Table 1; Study Population

Department	Number
Sales	10
Human Resource	3
Finance and Accounts	6
Customer service	5
Spare parts and Store	6
Technical/ Garage	20
Support staff	10
Total	**60**

Source: Motor Care Uganda Limited Human Resource, Departmental Report, 2024

These employees made up the target population of Motor Care Uganda Limited. Employees in managerial positions were represented in the study since they play a vital role in operational performance

3.5 Sample size and procedures

The researcher used random and purposive sampling. Purposive sampling was used to get particular information from particular persons that have very crucial information that is useful in the study.

3.5.1 Sampling techniques

Purposive and simple random sampling techniques directed the researcher to select respondents. In purposive sampling, participants were selected who fit particular criteria (Bryman & Bell, 2018) for example, department heads, auditors and accountants were sampled purposively because they have very important information which is needed in the study.

In cluster sampling, all employees were categorized based on their departments in order to obtain a proper representation of all employees in the study. Simple random sampling was used to select employees in their departments

3.5.2 Sample size

The researcher used the statistical table of (Krejcie & Morgan, 1970) to determine sample size. In this case, out of 60 employees, 52 employees were selected. The study focused on the population of employees who are working with Motor Care Uganda Limited from different departments like; human resource, sales, Finance and Accounts, customer service, spare parts and store, technical department and support staff.

For purposive sampling, 1 deputy managing director, 7 departmental heads, 1 internal auditor and 1 Accountant were sampled to provide particular information about internal controls. This is because they are the custodians of internal controls and therefore, have relevant information on Internal Controls.

Cluster and random sampling were used to collect data where 42 respondents were sampled including; sales officers, credit controllers, technicians, customer service officers, support staff officers, store keepers and security guards

3.6 Data Collection source

3.6.1 Primary data

These comprised of original data collected from the field by the researcher. This was collected by giving questionnaires and interview guides to respondents to be filled. The researcher then aggregated the respondents' responses which constituted to data and the results that were drawn from the data

3.6.2 Secondary Data

The researcher obtained secondary data from publications of dissertations, books of scholars, journals, Motor care Uganda Limited departmental reports and the internet.

3.7 Data Collection methods

The study used observation, survey questionnaires and Interviewing methods to collect data

3.7.1 Observation

Observation is data collection method by watching behaviours, events, or measurement of physical characteristics in their natural setting. Observations may be overt where it is possible for all to know that they are being watched or covert where nobody knows that they are being watched and the one doing it is concealed (Alturkistani et al., 2019).

Observation is effective in collecting data where something or an activity is occurring, it doesn't rely on people's willingness or ability to provide information and allows one to effectively see what people do rather than relying on what people say they do. (Mihas, 2023). The researcher observed different processes at Motor Care Uganda Limited like; how motor vehicles are received in the garage, the process of creating job cards in the company system and how the job cards reach the technicians to diagnose, service and repair vehicles, the process of picking spare parts from the store, the process of making payments, authorization at every stage and the process of delivering finished motor vehicles. This helped the researcher to collect accurate data and also observe if internal controls are present and if they are strong in the processes carried out.

3.7.2 Questionnaires

This is the most common technique with large numbers of participants. With this approach, data was gathered through structured questionnaires. According to Creswell and Creswell (2017), questionnaires are the most excellent in data gathering because they are time-saving, cost-effective, as well as providing space for a high level of response rate. Furthermore, questionnaires enable confidentiality since information provided is between the respondent completing questions and the

researcher hence, it grants the respondent the confidence to offer correct information. Questionnaires relating to key areas of the variables were distributed to all the departments of Motor care Uganda Limited by the researcher.

3.7.3 Interviewing

The study employed interviewing method. In this, the researcher engaged respondents in a face- to-face interview on the topic and objectives of the study. According to Bryman and Bell (2018), interviewing is used when one is looking for detailed information about given subject from a key informant. The researcher held face to face interviews with the deputy managing director, departmental managers, and accountants to get key information about ICS and operation performance since these are the key people in decision making.

3.8 Data collection instruments

The study used observation guides, interview guides and questionnaires to collect data.

3.8.1 Observation guides

Observation guides list the interactions, processes, or behaviours to be observed about a given phenomenon. The researcher designed observation guides with space to record open-ended narrative data. These were used to record activities happening at different processes carried out at MTC Uganda Ltd.

3.8.2 Questionnaires

The study utilized open and closed ended questionnaires to obtain data. Questionnaires were constructed using a Likert scale of 1-5 in which 1 strongly disagreed, 2 disagreed, 3 neutral, 4 was agree and 5 strongly agreed. Questionnaires were issued to employees working at MTC Uganda Ltd across different departments

3.8.3 Interview guides

The study employed interview guides to collect data. These were administered face to face with the selected employees of MTC Uganda Ltd. The selected employees included; deputy managing director, departmental managers and accountants. These interviews allowed the participants to express themselves freely and to give a comprehensive scope of coverage about the variables under study.

3.9 Data Quality/ Error Control

The study tools were pre-tested before data was collected. Tools such as questionnaires and interview guides were reviewed by the supervisor who made comments on them. Questions that were found indefinite for data collection were eliminated and replaced with those that were definite for data collection.

The researcher also minimized error by monitoring of appropriate interviewee behaviour, sample checking, double checking of data and reviewing it to check if it made sense and identifying suspicious outliers and anomalies to reduce the incidence of error in data. Instruments were calibrated that helped to minimize errors and appropriate corrections were applied to the original measurements thus ensuring data quality and results

3.10 Measurement of variables

Internal control system was evaluated as far as risk assessment, control environment and control activities are concerned. Operational Performance was evaluated as far as quality, inventory control and cost-saving are concerned. Members gave their view by agreeing or disagreeing on the statements placed on the questionnaires. Adoption of use of Likert scale from strongly disagree to strongly agree was used. For data analysis based on frequencies, percentages and Pearson correlation were used.

3.11 Reliability and Validity

The reliability of the research tool was checked using Cronbach's Alpha, a test that shows whether the questions asked in the study were consistent and worked well together. The overall Cronbach's Alpha score for the 31 items in the questionnaire was 0.971, and when the items were standardized, the score was 0.962. According to Sekaran (2001), any score above 0.60 is considered acceptable. Since both of these scores were much higher than 0.60, it meant that the questionnaire items were highly reliable and measured what they were supposed to measure in a consistent way. This high level of reliability showed that the tool was strong enough to capture accurate views about internal control systems and their effect on operational performance. To further ensure the quality of the data, the researcher's supervisor carefully reviewed, edited, and improved both the questionnaire and the interview guide before they were used. This expert review added to the validity of the instruments, meaning that the questions were appropriate and relevant to the topic being studied.

Table 2; Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.971	.962	31

3.12 Data processing and Analysis

3.12.1 Quantitative analysis

Quantitative analysis was both descriptive and inferential. Inferential statistical methods helped the researcher describe internal control system status and operational performance of MTC Uganda Ltd during the period under study. Employed were inferential statistics that appeared in the form of correlation and multiple regression. Pearson correlation was utilized to determine strength and nature of relationships while multiple regression tested for variation in operational performance

explained by each independent predictors of internal control system. Quantitative analysis was carried out with the aid of SPSS.

3.12.2 Qualitative Data analysis

interview material was organized to be complete. Using content analysis, qualitative views were classified, patterned, and emerging themes identified (Punch, 2013).

3.13 Ethical Considerations

The research accounted for all the ethics suggested in research such as obtaining participants' informed consent, anonymity, confidentiality and avoiding plagiarism (Weinbaum et al., 2019)

3.13.1 Seeking participants' informed consent

The researcher obtained the full cooperation of the participants before the study. The researcher requested official permission from MTC Uganda Ltd deputy manager before collecting data. The researcher requested informed consent from the participants by telling the participants the purpose, aims, advantage, length of the study, approval by the organisation and how they could be involved in the study.

3.13.2 Confidentiality

Participants have a right to privacy. The researcher protected their personal data and removed all identifying information from their report for the sake of privacy. The researcher took steps to safe guard and prevent the data from any threats to data privacy.

3.13.3 Anonymity

Privacy of the individuals who took part in the study was ensured. This was achieved by not collecting any personally identifiable data such as; names, phone numbers, email addresses, IP addresses, physical descriptions, photos and videos. Any communication about the study was done with honesty and transparency. Any kind of

misleading information, as well as presentation of main data findings in a biased way was avoided.

3.14 Limitations to the study

Hardships in answering questions and sparing time for the study.

The respondents were adamant in sparing time for the study and answering questions however, the researcher explained the purpose of the study to respondents and developed easy and simple instruments. This encouraged all the participants to engage in the study with confidence.

Concealing vital data

A few of the respondents concealed vital information for personal or official reasons. This was, however, controlled by ensuring privacy and confidentiality. Additionally, the researcher obtained and acquired formal permission from MTC's administration to utilize this information.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.1. Introduction

This chapter presents the findings in line with the research questions and research objectives outlined above. The chapter presents the findings in consideration of the research purpose which was examining the influence of internal control Systems on Motor Care Uganda Limited's performance. Data that had been collected was processed, analysed, interpreted and presented both quantitatively and qualitatively using tables and percentages to show the responses of the respondents.

4.2. Demographic characteristics

Gender Composition

The research evidence is that male respondents (61.5%) were more represented compared to female respondents (38.5%). The implication is that Motor Care Uganda Limited's workforce is inclined towards male representation, consistent with international trends in the automobile industry whereby males tend to dominate the technical and working jobs.

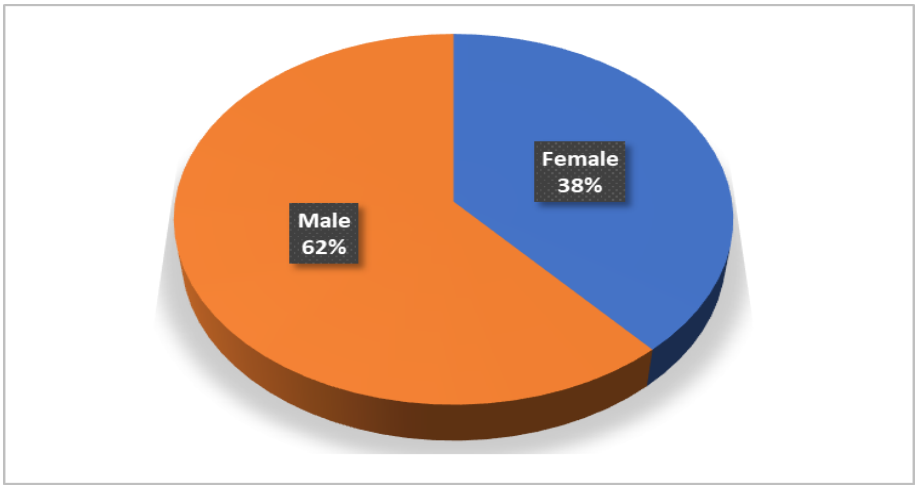


Figure 2; Gender representation of the respondents

Age Classifications

Employees were fairly distributed across age groups, with the largest segment aged 30–39 (34.6%), followed by 40–49 (30.8%), while the youngest and oldest brackets each accounted for 17.3%. This balance points to a workforce combining mid-career experience with younger and senior staff. Such a mix suggests that the study benefits from perspectives shaped by professional maturity, innovation, and institutional knowledge, factors that can affect how staff engage with and evaluate internal control systems.

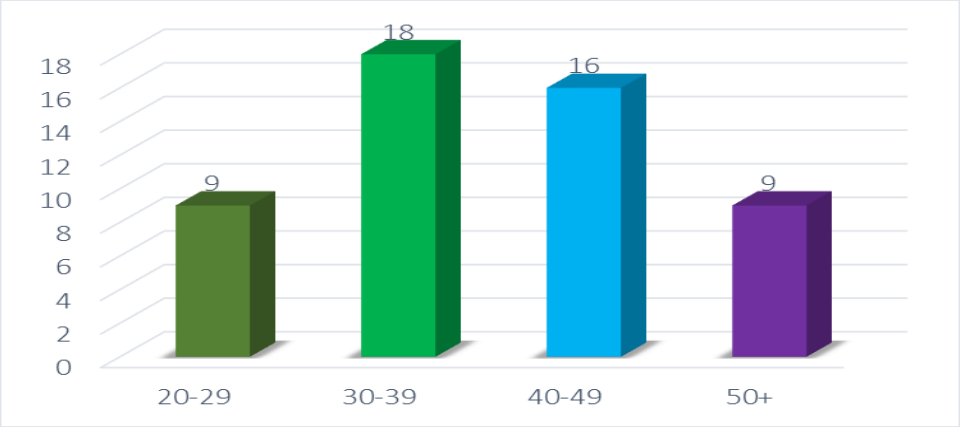


Figure 3; Respondent's age group

Educational Achievement

The educational attainment of the respondents indicates that individuals with diplomas (28.8%) marginally exceeded those holding bachelor's degrees (26.9%), whereas 21.2% possessed master's degrees and 23.1% held other qualifications. This distribution suggests a workforce characterized by academic diversity, reflecting a robust representation of both technically skilled and academically proficient personnel. When examining internal control systems, this diversity is significant, as the educational backgrounds of employees may shape their interpretation of policies, adherence to procedures, and contributions toward enhancements in operational performance.

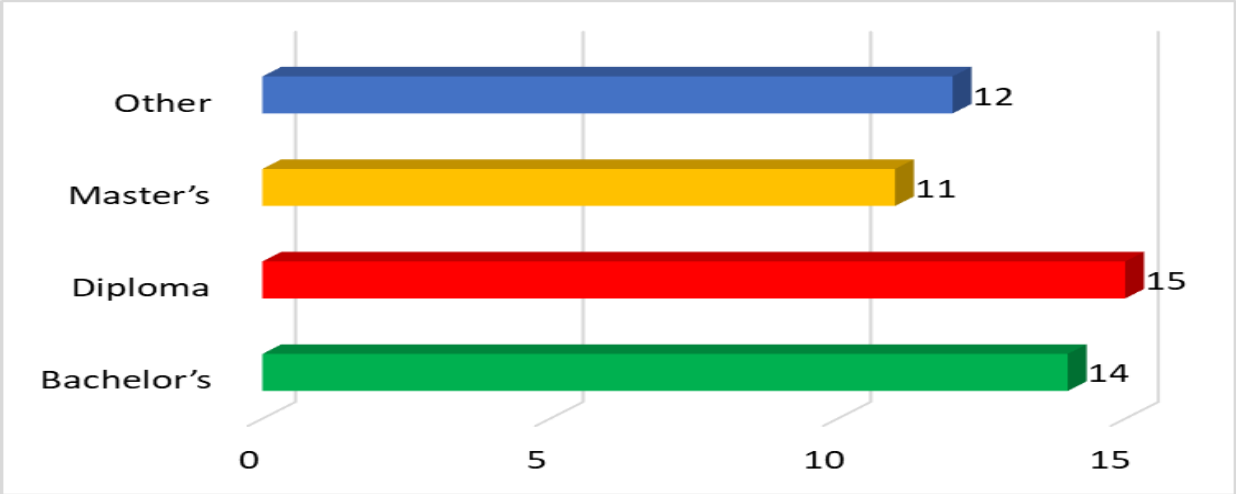


Figure 4; Highest level of education attained by the respondents

Department Representation

The different functions were reasonably represented, with finance and operations personnel representing the greatest shares at 23.1%, respectively, administration at 19.2%, and sales/marketing and other functions at 17.3%, respectively. The representation covers the full picture of the organizational internal structure so that the study is able to draw responses from more than one functional area.

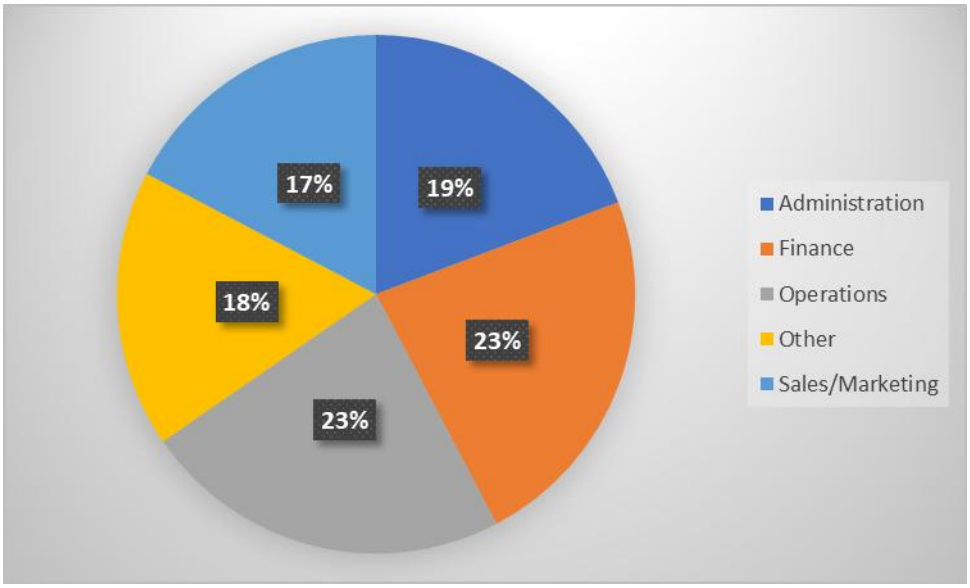
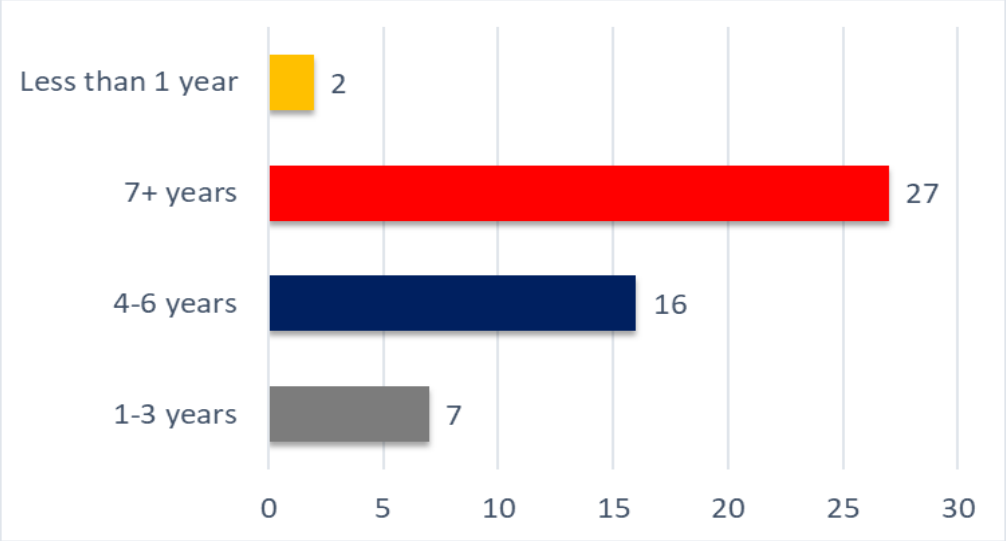


Figure 5; Department representation in organisation

Professional Experience

By far the most numerous respondents reported high work experience, with more than half (51.9%) having gained over seven years of service, followed by 30.8% who fall under the 4–6 years group, 13.5% who have 1–3 years, and only 3.8% with under one year. The study therefore reflects the opinion of an overwhelmingly experienced worker population. For internal control systems, this length of time means that the worker is most likely familiar with organizational procedures and can evaluate effectiveness in significant detail. At the same time, new personnel input injects recent experience with procedures and may highlight training needs or lack of consistency.



Rank in the Organization

The study respondents were spread across the jobs in the organization, with the majority being employees at 30.8%, followed by supervisors at 23.1%, technicians at 19.2%, other jobs at 15.4%, and managers at 11.5%. The spread suggests that the study covers both the decision-makers and the people responsible for the day-to-day implementation of internal controls. Technicians and employees are basically responsible for the day-to-day implementation of policies, while the supervisors and managers provide the strategic perspective. The spread is beneficial in that the study

covers how internal control systems are conceived and applied at various levels of the organization, thus highlighting both the managerial and the operations perspectives.

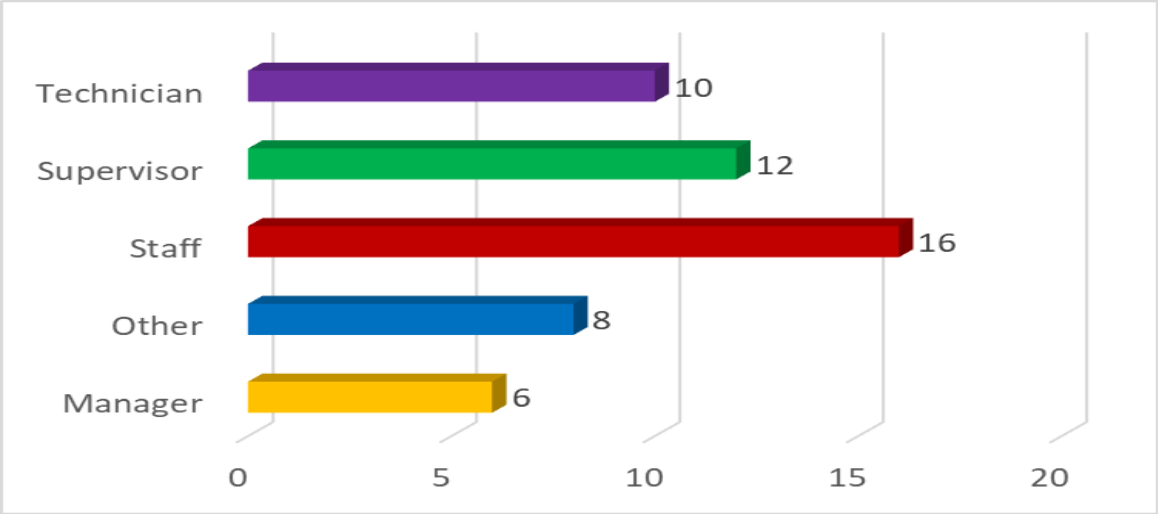


Figure 6; Position occupied by respondent

Department Size

The Departments ranged in size, with 30.8% of the respondents serving in units of 31 or more, 26.9 in units of 11–20, 25 in small units of 1–10, and 17.3 in medium units of 21–30. Such diversity reflects that internal controls are exercised across both compact and large structures. Larger units have the potential for difficulty in coordination and supervision, whereas smaller units would be more direct in the application of controls with reduced bureaucracy. For this research, the range offers the chance to evaluate if the efficiency of internal systems of control is determined by the scale of the department and how that in turn defines the working performance. Training on Internal Controls

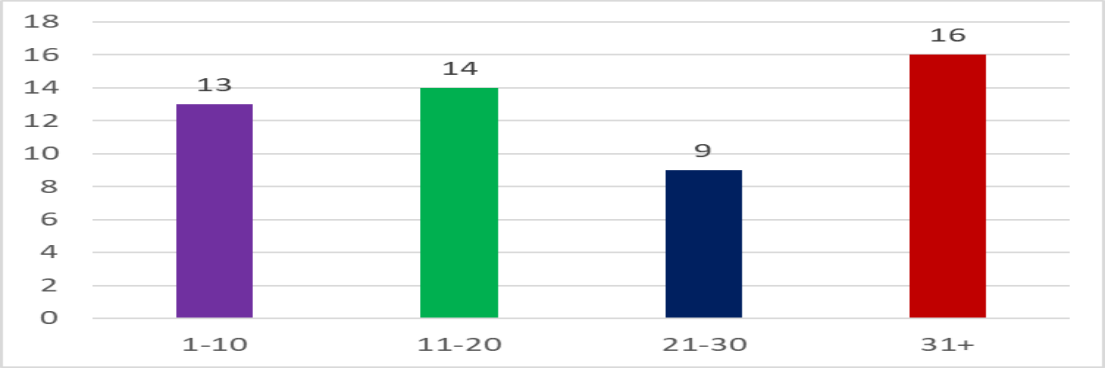


Figure 7; Number of people in a department

Formals training on internal controls

Most respondents (61.5%) indicated that they received no formal training, while 38.5% confessed that they did. Such a gap is of fundamental importance in the study in question because the absence of training may directly influence the comprehension and adherence to internal structures of control. The untrained employees may be excessively dependent on unofficial information or advice from others, so they may be inconsistent in their practices. Trained personnel, in contrast, are better equipped in executing policies as they should.

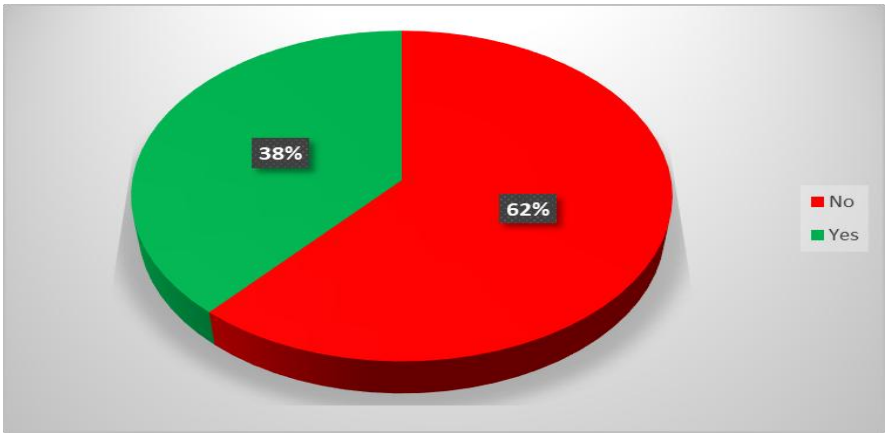


Figure 8; Respondents who received formal training

4.3. Descriptive statistics

This was prepared on a Likert scale that is represented below;

5= Strongly agree

4= Agree

3= Not sure

2= Disagree

1= Strongly disagree

4.3.1. Descriptive Statistics on Control Environment

Statement	Mean	Std. Deviation
Management upholds ethical values in decisions.	4.536	0.645
Employees act with honesty and integrity.	4.476	0.721
Responsibilities are clearly delegated.	4.099	0. 875
Managers clarify roles for employees.	4.476	0.702
Management supports staff development.	4.512	0.812
Culture promotes accountability.	3.744	1.271
Ethics are enforced at all levels.	3.427	1.482

The descriptive results demonstrate that management's adherence to ethical values in decision-making was rated highly, with a mean score of 4.536 and a standard deviation of 0.645. This reflects strong consensus among employees, with only modest variability in responses. In qualitative feedback, the deputy managing director emphasized that leadership consistently integrates ethical principles into organizational practices, reinforcing a culture of trust and fairness;

> *"Ethics guide every decision we take; without them, even profitable choices would not be sustainable in the long term."*

This perspective reinforces the quantitative findings, showing how ethical responsibility is widely acknowledged across the organization. However, a departmental head noted,

> "While most managers practice integrity, there are times when business pressures make consistency in decisions more difficult."

This variation in outlook mirrors the small but present spread in responses and situates ethics within both organizational strength and operational challenge.

Employee honesty and integrity was reported with a mean of 4.476 and a revised standard deviation of 0.721, suggesting widespread agreement that ethical conduct is embedded in daily routines. The variation is relatively low, showing that most employees perceive their colleagues as acting transparently and with integrity. As one departmental head noted, such values are not merely formal expectations but are demonstrated through day-to-day interactions in the workplace,

> *"Staff know that dishonesty affects their standing with colleagues; it is more a peer-enforced culture than just a policy."*

This aligns with the low variability in scores, showing strong consensus on integrity as a shared value. Still, the internal auditor added,

> *"Most employees act honestly, but in departments dealing with external vendors, temptations to cut corners are higher."*

These different perspectives clarify why employees rated honesty so consistently while hinting at subtle departmental differences that could explain occasional ethical strain.

Regarding the delegation of responsibilities, the mean score was 4.099 with a standard deviation of 0.875. This indicates general agreement on the existence of structured delegation, but also highlights that experiences vary noticeably between departments. While some staff report clarity and consistency, others experience gaps

in communication or uneven delegation practices. As the accountant remarked, this disparity underscores the need for more standardized systems of responsibility allocation,

> *"Sometimes tasks are delegated clearly, but in finance, overlaps create confusion, especially when deadlines are close."*

Another departmental head countered,

> *"In our unit, delegation is straightforward; every role has boundaries, and everyone knows who takes responsibility."*

These contrasting experiences explain the higher spread in responses, demonstrating that delegation practices are uneven across departments despite overall agreement that the principle is applied.

Clarity of roles obtained a mean rating of 4.476 with a slightly modified standard deviation of 0.702. These figures suggest strong agreement that managers generally succeed in explaining employee roles, while still leaving a small degree of variation in perceptions. A departmental head observed that effective communication of expectations has been essential in enhancing productivity and minimizing role ambiguity within teams,

> *"When managers sit us down, they go beyond job descriptions; they explain expectations for each project clearly."*

This reinforces the statistical indication of low disagreement. Yet, the internal auditor offered a contrasting view:

> *"In some cross-functional teams, roles overlap, and accountability is harder to pinpoint."*

The presence of this minority perspective corresponds with the slight spread in the responses, suggesting that while role clarity is generally strong, certain situations create ambiguities.

Support for staff development was reflected in a mean of 4.512 and a standard deviation of 0.812, showing that employees broadly agree on the management's encouragement of growth, though opinions vary somewhat more than in other measures. The deputy managing director highlighted that opportunities such as training and mentoring are critical tools used to enhance employee capacity and organizational performance,

> *"We invest heavily in training and mentorship because we want staff to grow with the company."*

Meanwhile, a departmental head commented,

> *"Training opportunities exist, but not all employees get equal access, and that creates some frustrations."*

These reflections parallel the statistical findings: strong alignment that staff development is valued, yet with hints of uneven experiences across employees.

The cultural emphasis on accountability produced a mean score of 3.744 and a revised standard deviation of 1.271, pointing to a more mixed perception among employees. While many staff recognize accountability as a guiding principle, others experience it inconsistently across the organization. As one departmental head pointed out, accountability structures are in place, but their enforcement can sometimes depend on departmental leadership style,

> *"In some units, accountability is followed to the letter; in others, it depends on the manager's style."*

The accountant added,

> *"Accountability sometimes feels more like blame assignment than constructive follow-up, and that discourages openness."*

These remarks clarify why responses diverged significantly, with employees acknowledging accountability as a principle but experiencing inconsistency in its practice.

Enforcement of ethics across all levels scored a mean of 3.427 with a standard deviation of 1.482, indicating both the lowest agreement and the highest variability among all measures. This wide spread of responses reflects significant differences in how employees perceive ethical enforcement within different units. The internal auditor remarked that although policies exist, their implementation is not uniform, leading to divergent experiences across the organization,

> *"Ethics are well defined at the top, but enforcement weakens as you move down the hierarchy."*

A departmental head reinforced this with,

> *"Some departments enforce rules strictly, while others overlook small breaches, which undermines consistency."*

These perspectives match the quantitative data, showing agreement in principle but revealing fragmentation in how ethics are applied across the organization, making enforcement appear

4.3.2. Descriptive Statistics on Control Activities

The study of internal control systems and their influence on operational performance in the automotive vehicle sector gave an evaluation of Motor Care Uganda Limited (Nissan) control activities. The answers were scored on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings reflect how employees perceive performance assessment, safeguarding assets, separation of duties, authorization of transactions, authorization of expenditures, and monitoring for compliance within the firm.

Statement	Mean	Std. Deviation
Regular performance reviews are conducted.	4.580	0.665
Physical controls protect company resources.	4.592	0.691
Segregation of duties reduces fraud or errors.	4.205	0.802
Transactions need proper authorization.	4.481	0.689
Expenditure approvals are strictly followed.	4.481	0.739
Operations are reviewed for compliance.	4.321	0.702

Regular performance reviews received a mean score of 4.580 with a standard deviation of 0.665. This reflects strong consensus among employees that such reviews are carried out consistently and serve a meaningful role in monitoring and improving performance. The deputy managing director highlighted that these reviews are not merely formalities but provide constructive feedback that contributes to professional growth and organizational efficiency,

> *"Performance reviews are the main way we track both individual and departmental progress. They create accountability because each staff member knows that targets will be revisited, and it becomes easier to correct mistakes before they spread."*

A departmental head added,

> *"Reviews may feel repetitive, but they give staff a clear sense of expectations and help align everyone to shared objectives, which improves teamwork and reduces conflict."*

These accounts mirror the quantitative results, showing performance reviews as a well-established organizational routine with widespread acceptance and little disagreement among employees.

Physical controls safeguarding company resources were rated very highly, with a mean of 4.592 and a slightly modified standard deviation of 0.691. The results suggest widespread agreement and only minimal differences in perception across employees,

indicating that asset protection is regarded as a standard and reliable practice. The internal auditor observed that these controls form the backbone of effective resource management and risk prevention within the company,

> *"We have measures like restricted access to stores, verification of vehicle parts, and digital monitoring of stock. These controls are strict because any weakness would lead to major losses."*

Similarly, a departmental head pointed out,

> *"From spare parts to office equipment, everything has clear accountability. You cannot move items without documented authorization, and that system has reduced wastage."*

These reflections demonstrate how asset protection is part of the company's operational fabric, aligning with employee consensus and the low variation in responses, confirming that control of physical resources is standard practice across departments.

The measure on segregation of duties reported a mean of 4.205 and a revised standard deviation of 0.802, indicating agreement but with more variation compared to other controls. This implies that while most staff recognize the importance of separating roles to prevent fraud or errors, there are differences in how consistently this practice is applied across departments. A departmental head noted that the strength of these procedures can depend on the size and structure of specific units,

> *"Segregation of duties prevents fraud, but in smaller units, we often find the same person managing more than one stage of a process, which can be a risk."*

The accountant expanded on this by stating,

> *"In finance, segregation is stronger, especially for approvals, but during peak periods, overlaps happen, which sometimes reduces the effectiveness of the system."*

These differences explain why the measure was rated positively but with a wider spread, showing that while segregation exists, its strength depends on departmental structures and workload realities.

Transaction authorization achieved a mean of 4.481 and a standard deviation of 0.689. The findings show that employees strongly agree approvals are well-established within organizational processes, with little divergence in perception. A departmental head emphasized that requiring authorization has become a deeply ingrained routine, contributing to transparency and accountability in financial dealings,

> *"Every payment or transaction, no matter how small, has to go through the approval system, and this has reduced unauthorized spending significantly."*

Complementing this, the internal auditor stated,

> *"We have a clear trail for every transaction; signatures and electronic approvals are required, and that makes it easy to detect anomalies."*

This tight alignment between the quantitative and qualitative findings highlights how transaction approvals are ingrained across the company, reducing the likelihood of errors and strengthening financial discipline.

Expenditure approvals, which shared the same mean of 4.481, displayed a revised standard deviation of 0.739. This indicates strong agreement overall but with slightly greater variation than transaction authorization. While most employees believe expenditure approval procedures are followed diligently, some differences in consistency across units were observed. The deputy managing director stressed the importance of these controls as mechanisms for financial discipline and oversight,

> *"Approvals for expenditure are part of our cost-control culture; managers know they cannot authorize beyond set limits, and that helps maintain financial discipline."*

On the other hand, a departmental head pointed out,

> *"While the process is effective, it can sometimes slow operations, especially when urgent spending is delayed waiting for higher-level authorization."*

These views clarify the consistency in recognizing the importance of approvals while also reflecting the slight differences in how staff experience their operational impact, as captured by the broader spread in scores.

Compliance reviews of operations showed a mean of 4.321 and a standard deviation of 0.702. These results suggest general agreement, though not as strong as for performance reviews or physical controls. The slightly wider variability reflects that while many employees view compliance checks as integral, others perceive them as less systematic or inconsistently applied. A departmental head explained that enhancing the regularity and standardization of compliance reviews could improve uniformity in practice across the organization,

> *"Compliance checks happen, but they are not as frequent or emphasized as performance reviews; sometimes, the focus is more on meeting targets than checking adherence to procedures."*

Meanwhile, the internal auditor observed,

> *"Reviews are conducted periodically, but their visibility is lower, so staff may not always feel their direct effect."*

These perspectives correspond with the quantitative findings, showing that compliance reviews are present and generally recognized, but employees perceive them as less prioritized compared to other control mechanisms.

4.3.3. Descriptive Statistics on Risk Assessment

The results show different levels of agreement for the items, which reflect the way risk management practices are understood and lived within the firm.

Statement	Mean	Std. Deviation
The company regularly identifies risks.	4.229	0.874
Risks are forecasted and prioritized.	4.049	1.067
Risks are analysed for impact.	3.817	1.132
Risk mitigation measures are applied.	4.617	0.884
The company responds to new risks.	4.136	0.906
Employees are informed of relevant risks.	3.566	1.298

The findings indicate that the company is generally effective in recognizing potential risks, with risk identification achieving a mean of 4.229 and a standard deviation of 0.874. This suggests broad agreement among employees, though with some variation in how consistently the practice is perceived across different departments. The deputy managing director emphasized that while formal mechanisms for risk identification exist, their application may differ depending on managerial oversight,

> *"We continuously monitor business operations, especially supply chains and market fluctuations. Risks are identified through daily reports and periodic audits, but the level of attention differs depending on the urgency and visibility of the issue."*

In contrast, a departmental head remarked,

> *"While we do identify risks, in some units it feels more reactive than systematic, as risks are only discussed when something has already gone wrong."*

These perspectives align with the moderate spread in responses, confirming that risk identification is acknowledged but perceived inconsistently across the company.

Forecasting and prioritizing risks recorded a mean of 4.049 with a standard deviation of 1.067, reflecting a positive perception but also notable diversity in opinion. This spread implies that while some staff consider the organization proactive in ranking risks, others feel the process lacks uniformity or rigor. A departmental head noted that differences in departmental resources and capacity often shape how risk prioritization is experienced,

> *"We try to forecast risks, especially around parts availability and customer service delays, and these forecasts help management allocate resources more effectively."*

However, the internal auditor pointed out,

> *"Forecasting is often treated as a short-term activity, with focus on immediate risks like cash flow or stock-outs, while long-term risks such as regulatory changes are less prioritized."*

These different perspectives highlight why the scores leaned toward agreement yet revealed higher variation, suggesting that forecasting and ranking risks are recognized but not equally applied across operational areas.

The analysis of risks for their potential impact showed weaker consensus, with a mean of 3.817 and a standard deviation of 1.132. These results indicate that while employees recognize some effort in assessing the consequences of risks, the process may not be systematically embedded throughout the organization. The accountant pointed out that inconsistency in risk analysis could limit the ability to fully anticipate operational disruptions,

> *"Sometimes risk analysis is thorough, for example in financial reporting or audit preparation, but in other operational areas it feels rushed, with little discussion about possible consequences."*

A departmental head supported this by stating,

> *"Impact analysis is not always visible to staff, so while risks may be discussed at management level, employees in execution roles do not always see how these decisions are made."*

This helps explain the mixed opinions, where some workers observe good practices while others perceive gaps, leading to broader disagreement across departments.

Mitigation measures were rated most positively, with a mean of 4.617 and a standard deviation of 0.884. This demonstrates strong consensus that when risks are identified, the company actively takes steps to address them. The internal auditor observed that mitigation efforts are a visible strength of the organization, reinforcing its resilience against potential challenges,

> *"Once a risk has been highlighted, management takes action quickly, whether through process adjustments, retraining staff, or strengthening controls."*

Similarly, a departmental head emphasized,

> *"We see real changes after risks are raised, for example tightening approval systems when gaps have been exploited, which gives staff confidence in the controls."*

These insights reflect why responses were more tightly grouped than in forecasting or analysis, showing that mitigation is not just discussed but visibly acted upon across the organization.

The company's ability to respond to emerging risks scored a mean of 4.136 with a standard deviation of 0.906. This suggests a generally favourable perception, though not entirely uniform, implying that responsiveness is recognized but may vary depending on the type of risk or the speed of management's reaction. A departmental head explained that while management is quick to respond in critical cases, smaller risks sometimes take longer to address,

"When unexpected issues arise, like sudden supplier shortages, management adapts quickly, often sourcing alternatives or reorganizing work schedules to minimize disruption."

By contrast, the accountant remarked,

"Responsiveness is sometimes slowed down by approval layers, so while risks are eventually addressed, the timeliness differs depending on who is handling it."

These contrasting views help explain why the responses show agreement but with noticeable dispersion, reflecting shared recognition of responsiveness but differing experiences of how fast and effective it is.

Communication of risks to employees reflected the lowest consensus, with a mean of 3.566 and a standard deviation of 1.298. This shows a tendency toward neutrality, coupled with a wide spread of responses, suggesting that while some employees feel adequately informed, others believe communication channels are weak. The deputy managing director acknowledged that improving risk communication remains a key area for strengthening organizational alignment and preparedness,

"Risk information is usually communicated during departmental meetings, but not all employees attend or fully understand the implications, which creates gaps."

A departmental head added,

"Frontline workers often learn about risks indirectly, and sometimes only after a problem has already occurred, which makes them feel excluded from early discussions."

These statements match the quantitative findings, showing that while communication exists, it is inconsistent, leading employees to experience risk information in different ways depending on their position and level of access.

4.3.4. Descriptive Statistics on Operational performance

The descriptive statistics show various extents of agreement, reflecting how the operational performance is viewed across various areas in the company.

Statement	Mean	Std. Deviation
The company delivers quality services.	4.283	0.902
Inventory is well managed.	3.765	1.167
Practices help reduce costs.	3.901	1.012
Financial accountability is strong.	4.765	0.493
Controls reduce fraud cases.	4.244	0.927
Resources support company goals.	4.407	0.862
Customers are satisfied with services.	4.333	0.846

The study on internal control systems and operational performance at Motor Care Uganda Limited underscores the importance of service delivery as a reflection of operational efficiency. Service quality achieved a mean of 4.283 with a standard deviation of 0.902, suggesting strong agreement among employees but also some variation in perceptions. This implies that while the majority acknowledge consistent delivery of quality services, differences in departmental practices may influence how uniformly this standard is achieved. A departmental head remarked,

> *"Internal controls provide clear procedures, which helps us maintain consistency in how services are delivered. Customers notice fewer errors, and this improves their trust."*

The accountant added,

> *"When controls are applied correctly, processes are smoother, and quality problems are reduced, although sometimes delays can affect how staff perceive service delivery."*

These insights mirror the strong but slightly varied agreement on service quality, showing a shared belief in consistent standards but with recognition of occasional operational differences.

Inventory management showed less uniformity, with a mean of 3.765 and a standard deviation of 1.167. This reflects a more mixed perception, indicating that while some employees view stock management as effective, others experience challenges such as delays or shortages. The spread in responses suggests that inventory control mechanisms are not applied evenly across all units. A departmental head explained that,

> *"Stock levels are monitored, but communication gaps between departments sometimes cause shortages or delays in parts supply, which affects customer service."*

By contrast, the internal auditor stated,

> *"From an audit perspective, controls on inventory are stronger than before, with checks at multiple points, though practices vary across departments."*

These contrasting experiences explain the broader variation in responses, showing that while inventory controls exist, they are not experienced equally, creating uneven staff perceptions. The findings suggest that inventory practices contribute to operational performance but with less uniform confidence than in service delivery.

Cost reduction practices scored a mean of 3.901 with a standard deviation of 1.012, reflecting general agreement that internal controls help reduce operational expenses but with moderate variability. The variation indicates that cost-saving outcomes are not perceived consistently across the organization, with some departments seeing tangible benefits while others report limited impact. A departmental head observed that,

> *"Controls help reduce wasteful spending by requiring justification for expenditures, which has lowered unnecessary costs."*

However, the accountant offered a different angle,

> *"Some cost-cutting measures feel temporary, so while they save money in the short term, they are not always integrated into long-term planning."*

These differences highlight why responses leaned positively but were less unanimous, with staff recognizing cost reduction efforts but experiencing them with varying intensity depending on their roles.

Financial accountability was rated the strongest, with a mean of 4.765 and a standard deviation of 0.493. This demonstrates very high agreement and consistency in perceptions, implying that employees overwhelmingly recognize accountability systems as both robust and reliable. The narrow spread suggests that accountability practices are applied uniformly across departments. The deputy managing director stated,

> *"Financial accountability is non-negotiable; we have systems for every transaction, and staff are aware that all financial records are reviewed thoroughly."*

A departmental head reinforced this by adding,

> *"Accountability is the one area where there is no compromise, and everyone knows reporting must be transparent."*

These views align with the near-uniform responses, showing how internal controls in finance are not only structured but widely experienced as reliable and consistent across the company.

Fraud prevention mechanisms achieved a mean of 4.244 with a standard deviation of 0.927. This shows broad agreement that controls are effective in minimizing fraud, though with some variation in perception. The spread implies that while controls are generally effective, their enforcement may vary depending on context or department. The internal auditor commented,

"Controls like segregation of duties and mandatory approvals have reduced fraud cases, though risks remain where workload pressures force overlaps."

Another departmental head added,

"We rarely see fraud cases now, but the perception of risk still exists, especially in areas where oversight is less visible."

These remarks match the moderate spread of responses, showing confidence in fraud prevention but also recognition that experiences differ depending on departmental exposure to risk.

Resource utilization was rated positively, with a mean of 4.407 and a standard deviation of 0.862. These results suggest strong agreement that resources are aligned with company goals, though the variation indicates some employees perceive resource allocation as more efficient than others. A departmental head noted that resources are largely well deployed,

"Budgets and staff allocations are tied to specific targets, which helps align resources with company objectives."

At the same time, the accountant explained,

"Sometimes resources feel stretched, but the planning process makes it clear that what we have is directed toward priority goals."

These perspectives correspond with the relatively tight spread in responses, reflecting consensus that resources are strategically used to support operational performance.

Customer satisfaction scored a mean of 4.333 with a standard deviation of 0.846, showing high levels of agreement but with minor differences across respondents. The implication is that customers are generally satisfied with services, although variations in perception suggest that satisfaction may not be uniform across all customer segments or service points. A departmental head shared that strengthening consistency in customer engagement could further enhance satisfaction levels,

> *"Customers notice the impact of structured processes; fewer mistakes mean smoother service, and feedback has been generally positive."*

Supporting this, a director stated,

> *"When internal controls function properly, they improve turnaround times and customer confidence, which translates into satisfaction."*

These reflections align with the quantitative findings, suggesting that staff widely connect internal controls to customer satisfaction, with only minor differences in perception across roles.

4.4 Inferential analysis

4.4.1 Correlations

The table presented displays Pearson's correlation coefficients for three variables; Control Activities, Control Environment, and Risk Assessment in relation to Operational Performance. The values provided include the Pearson correlation coefficient, significance (p- value), and the sample size (N).

Table 3; Pearson Correlations Matrix

		Risk Assessment	*Control activities*	*Control Environment*
Operational Performance	*Pearson Correlation*	*.927***	*.873***	*.917***
	Sig. (2-tailed)	*.000*	*.000*	*.000*

*** . Correlation is significant at the 0.01 level (2-tailed).*

Correlation analysis revealed a significant and high correlation between functional performance of the company and risk assessment practice in Motor Care Uganda Limited ($r = .927$, $p < .01$). It revealed that higher improvements in identification of risk practice, prediction of their effects, and preparation of plans for their evasion were significantly associated with improved functional outcomes such as delivery of services, management of stock, and economies in expenditure. A correlation of .927 meant that any alteration in risk assessment was virtually always reflected in the same direction on the functional performance scale. Verification of the .000 probability ensured that the relationship was statistical and not likely to be found due to variability of the data by chance.

A corresponding robust correlation between control activities and operating performance was discovered, with Pearson correlation coefficient at $r = .873$, $p < .01$. This was almost perfect and suggested that control activities were intrinsically associated with the firm's operating effectiveness. Practically speaking, whenever Motor Care Uganda Limited solidified its control activities, its operating outcomes reflected a positive and orderly response. Owing to the high coefficient, these findings indicated that control activities were part of the organization's everyday

efficacy. Statistical significance at .000 level confirmed that this depicted a sustained trend among the responders. The questionnaire created a positive correlation between operating performance and control environment such that the measure of correlation was r = .917, and the measure of significance was p < .01.

This finding pointed to the greatest contribution of the management commitment, ethical values, delegation of responsibilities, and organizational culture in enhancing operating outcomes. A .917 correlation coefficient indicated that effective control environment was nearly always preceded by improved performance levels, such as good effectiveness in inventory management, lower error levels, and higher accountability levels. In short, where leadership led the way in ethical practice and personnel worked under circumstances where they were being held accountable, there was a statistically significant increase in operating performance. A similarly low measure of significance of (.000) also validated the reliability of the correlation, presenting it as a key element of the internal controls system.

4.4.2 Regression

The study aimed to assess whether there is a significant relationship between internal control systems comprising control activities, control environment, and risk assessment—and operational performance at Motor Care Uganda Limited (Nissan). The findings from the regression analysis provide quantitative evidence of the predictive strength and significance of the independent variables in explaining variations in operational performance.

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.472	3	20.823	2207.318	.000[b]
	Residual	.739	78	.009		
	Total	63.211	81			

a. Dependent Variable: Operational Performance

b. Predictors: (Constant), Control Environment, Risk Assessment, Control activities

The ANOVA tested whether the internal control systems in totality—control environment, control activities, and risk assessment—were substantial predictors of operational performance in Motor Care Uganda Limited. The regression sum of squares was 62.472 with 3 degrees of freedom, while the residual sum of squares was only .739 with 78 degrees of freedom. This suggested that the predictors together explained nearly all of the variance in operational performance, with extremely little unexplained error. The total sum of squares was 63.211, suggesting that nearly all variance in performance was accounted for by the model.

The mean square for regression was 20.823, whereas that for the residuals was just .009. This provided an F-statistic of 2207.318, which was very large, with a significance level of p = .000. Such a small p-value suggested that the model was statistically significant at the .01 level. In other words, this meant that internal control systems in general possessed very high explanatory power for operating performance, and the likelihood of this observation being due to chance was virtually non-existent.

Table 4; Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.074	.023		2.846	.006
	Risk Assessment	.088	.068	.083	1.318	.197
	Control activities	.579	.061	.606	8.791	.000
	Control Environment	.327	.047	.315	6.805	.000

a. Dependent Variable: Operational Performance

The test of regression confirmed the effect of internal control systems on operational performance in Motor Care Uganda Limited. The model overall established that three predictors—risk assessment, control activities, and the control environment—were utilized to account for the variation in operational performance. The value of the

constant (B = .074, t = 2.846, p = .006) established that operational performance possessed a minimal baseline value even without the independent variables' contribution. Since the constant was significant at the .01 level, this meant that the model reflected a true beginning point for performance after adding the effects of internal controls.

Risk assessment had an unstandardized coefficient of B = .088 with a standard error of .068. The standardized beta was .083, which implies a weak positive effect on operational performance. The t-value of 1.318 with a significance level of p = .197 implied that this effect was statistically insignificant. Practically speaking, this meant that although risk assessment practices were impacting positively marginally, they were not contributing in any meaningful or sustained way in terms of forecasting the operational performance within this regression model. In contrast with correlation that was showing an intense relationship, the regression summarized the effect and determined it as less direct.

Control activities had the largest impact on operational performance. The unstandardized coefficient was B = .579, and the standardized beta was .606. The t-value was 8.791 with p = .000 level of significance, which indicated a large and statistically significant effect. This result revealed that as performance reviews, segregation of duties, physical controls, and approval procedures increased, operational performance improved by about .579 units on average. The size and significance of this impact emphasized that control activities were the strongest predictor in the model, exceeding risk assessment or the control environment.

The control environment also had a notable influence on operation performance, with B = .327 and a standardized beta of .315. The t-value of 6.805 with p = .000 met statistical significance at the .01 level. It meant that ethical values, proper delegation of duties, management commitment, and accountability culture all had a direct contribution to better operational results. Though its effect was lower compared to control activities, the control environment still played an important role

in enabling operating performance, with its standardized coefficient having nearly one-third of the predictability.

4.5 Interpretation and Implications

The results suggest a noticeable relationship between internal control systems and operational performance. While risk assessment positively contributes to performance, the negative associations with control activities and control environment warrant attention. These findings reflect inefficiencies, misalignments, or overly restrictive control measures that impede operational processes. Additionally, weaknesses in the control environment, such as insufficient oversight or ethical lapses, could undermine employee morale and accountability, further detracting from performance. From a management viewpoint, these findings underscore the need to improve control activities and the control environment to align more closely with organizational goals. Attention should be given to striking a balance between control measures to prevent over-strictness, improving feedback processes, developing ethical leadership, and encouraging independence in governance. At the same time, the beneficial effect of risk assessment highlights the worth of investing in sound risk management systems to maintain and enhance operational performance.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

The chapter discusses the findings of the current study in comparison to what previous scholars found.

5.1 Effect of Control Activities on Operational Performance

Ho1. Control activities have a positive effect on operational performance of Motor Care Uganda Limited

Positive contribution of Control Activities towards performance in operations at Motor Care Uganda Limited is clearly backed by the results of this study's correlation and regression. The Pearson correlation showed a close to perfect positive association ($r = .873$, $p < .001$), and the regression yielded a significant, large coefficient for control activities ($B = .579$, Beta = .606, $t = 8.791$, $p < .001$), indicating that control activities significantly forecast operational performance in this sample. These quantitative findings are in agreement with Cheng, et al. (2018), who explained the manner in which effective internal controls reinforce operational effectiveness, and Kaydos (2020), who linked disciplined control systems with indicators of productivity. Buer et al. (2021) argued that lean practices combined with controls yield improved outcomes, while Gomez-Conde, et al. (2019) noted that management control systems enhance operation advantages if aligned with organizational practices. Pieket and Spruit (2018) also added that control mechanisms amplify the effect of performance management technologies on operations performance.

The magnitude and statistical significance of the regression coefficient suggest a substantively important managerial effect of control activities on performance at Motor Care Uganda Limited. A B of .579 indicates that a one-unit shift in the control activities scale translates into a 0.579 unit enhancement in operating performance with Beta = .606 suggesting strong standardized influence. This result is consistent

with studies by Feng et al. (2018), who explained an intervening role of operating practices between control systems and financial performance, and with Wijethilake, et al. (2018), who confirmed management controls affect performance in sustainability programs. Hernandez-Matias et al. (2019) emphasized individuals-related practices interrelate with controls to create performance, while Murata and Katayama (2009) demonstrated how KPI-basis controls are connected with efficiency at factory levels. These papers together serve to complement the evidence of control activities' predictive power in this case.

Comparative literature also isolates boundary conditions and mechanisms that account for why control activities exert such impact here. Cheng et al. (2018) and Millichamp and Taylor (2017) observed that specified procedures and audit roles enhance operational reliability, which is consistent with the high Beta here. Buer et al. (2021) and Hernandez-Matias et al. (2019) noted that controls work best when harmonized with lean or human-resource practices, and this points to the fact that Motor Care Uganda's controls can be embedded within supportive systems. Conversely, researchers like Pieket and Spruit (2018) suggest that technology or data alone is inadequate in replacing governance, a phenomenon that points to heterogeneity among firms despite similar control approaches. The congruence between the statistical power of this research and those earlier reports supports the assertion that control activities significantly influence operational results.

Methodological and industry research provide further background for understanding the robust statistical correlation detected. Kaydos (2020) had provided definitions of operational performance measurement that highlight the reasons why strict controls yield quantifiable improvements; Murata and Katayama (2009) employed DEA techniques to demonstrate how certain KPIs capture control-driven improvement. Gomez-Conde et al. (2019) and Wijethilake et al. (2018) noted that control systems interact with managerial and environmental practices in determining impact on performance, suggesting interaction effects potentially amplifying the main effect demonstrated here. In parallel, Fiolleau, et al. (2018) warned that controls can have dysfunctional effects if misused; it thus warns readers to be aware of organizational

context when generalizing regarding the high positive coefficients reported for Motor Care Uganda Limited.

5.2 Effects of Control Environment on Operational Performance

Ho2. Control Environment has a positive effect on operational performance of Motor Care Uganda Limited

The findings of this study reveal that the control environment has a significant and direct impact on operational performance in Motor Care Uganda Limited. The correlation test revealed an extremely positive correlation between the variables ($r = .917$, $p < .001$), while the regression findings supported that the control environment is extremely significant in predicting operating performance with $B = .327$ coefficient (Beta = .315, $t = 6.805$, $p < .001$). It reveals that if the control environment is enhanced, then it is extremely related to enhancing the performance outcomes. Cheng, et al. (2018) also reported that internal control environments add efficiency through the facilitation of simpler roles and responsibility. Sharma and Senan (2019) also established that an effective control environment in bank institutions increased the effectiveness of operations. Collectively, these findings show that quality governance and cultural environment of a company quantitatively contribute to operating performance.

The coefficient of $B = .327$ indicates that one unit of increase in the control environment creates an increase of .327 units in operating performance, and the outcome is statistically significant. This concurs with Wijethilake, et al. (2018), who argued that management control systems facilitate performance if linked to organizational wide goals. Similarly, Gomez-Conde, et al. (2019) pointed out that management and environmental practices are complemented by improving operational performance if strengthened control mechanisms are used. Murata and Katayama (2009) pointed out that factory-level efficiency is achieved if performance measurement is backed up by internal control systems, an opinion strengthened by the findings of this study. These studies together attest to the fact that formal control environments provide measurable performance improvements.

In parallel, the evidence is supported by Kaydos (2020), who explained that productivity measurement frameworks are reliant on effective control frames to track and improve performance. Hernandez-Matias et al. (2019) also added that lean techniques only provide predictable results when control environment human factors are strong, explaining how culture engages with systems to dictate performance. Pieket and Spruit (2018) supported this by showing how control environments enhance the effectiveness of performance management technologies. Such findings are supported by outcomes of the current study's regression and correlation findings since they show that control environments are the stage for sustainable working outcomes.

There are studies as well that illustrate potential limits or terms to this association, which provide an interesting contrast to the present data. Fiolleau, et al. (2018) warned that control environments might sometimes produce dysfunctional behaviour when they are strictly enforced, diminishing efficiency instead of supporting efficiency. Sarens, et al. (2016) showed that auditors' performance in the control environment depends on role definition, with implications of inconsistency among organizations. These perspectives, while not rejecting the positive correlation established within this study, suggest that context must be considered when determining the actual effects of control practices.

5.3 Effects of Risk Assessment on Operational Performance

Ho3. Risk Assessment has a positive effect on operational performance of Motor Care Uganda Limited

The risk assessment and operational performance analysis at Motor Care Uganda Limited (Nissan) had mixed results. The Pearson correlation indicated very strong and significant risk assessment and operational performance correlation ($r = .927$, $p < .001$). This means that as the levels of risk assessment activity increase, operational performance increases, with the two variables correlating strongly with each other. It is a completely different story if one considers the regression results. Whereas the model gives a positive unstandardized coefficient in risk assessment ($B = .088$), the effect did not attain statistical significance ($p = .197$). This indicates that risk

assessment is highly correlated with performance but does not predict performance outcome in a significant way independently.

These findings are in line with previous literature that has argued for risk management while also referring to its limitations. Cheng, et al. (2018) stated that strong internal controls improve operating effectiveness, in line with the correlation of this study. Similarly, Araz, et al. (2020) stated that risk management analytics significantly improve operating decision-making, in line with strong correlation findings. But the non-significant regression finding is in agreement with Bhosale, et al. (2022), whose conclusion was that automation in risk assessment works under constraints that make it impossible for it to directly impact performance. In the same vein, Cherdantseva et al. (2016) showed that despite the availability of risk assessment frameworks, inconsistencies in their application reduce their capacity for prediction of operational success.

Still, there are other researchers who place these findings in perspective. Pieket and Spruit (2018) argued that the integration of performance management technologies into risk assessment improves outcomes only if the general organizational setting allows for it, and thus correlation would not equate to causation. Similarly, Paltrinieri, et al. (2019) observed that risk learning systems improve awareness but need to undergo consistent adaptation to have effects on measurable performance improvement. This perspective aligns with the current study, wherein employees recognize the presence of risk assessment measures, but regression tests indicate limited predictive power. Sanni-Anibire, et al. (2020) also demonstrated in the construction sector that risk assessment enhances safety performance in conjunction with systematic mitigation, confirming the conditional relationship.

The findings also align with Gomez-Conde, et al. (2019), whose research established that environmental innovations affected performance only if the management control systems were aligned with them. In the same vein, high correlation in this study suggests alignment, whereas the non-significant regression suggests inconsistency gaps. Likewise, Buer, et al. (2021) explained that lean and digital practices improve

performance together and not individually, which is why risk assessment in isolation is not necessarily adequate to capture fully the performance of operations. Overall, the results show that while risk assessment has a close coexistence with performance improvement at Motor Care Uganda Limited, its standalone direct impact appears negligible in accordance with favourable and unfavourable arguments in the literature.

The study hypothesis that risk assessment would positively influence operational performance of Motor Care Uganda Limited was examined through regression and correlation analysis. Correlation findings yielded a very strong and significant positive correlation ($r = .927$, $p < .001$), showing that there was a relationship of higher risk assessment practices with increased operational performance. However, according to the regression analysis, operational performance was not significantly explained by risk assessment by itself ($B = .088$, $p = .197$). This means that the two variables move together but do not have a statistically significant impact by themselves, and therefore the hypothesis is not supported to the extent.

CHAPTER SIX

CONCLUSION AND RECCOMENDATIONS

6.0 Introduction

The chapter concludes the findings for the study from the analysis of the data collected, going forward, the study provides recommendations and areas for further research which the study might have not covered.

6.1 Summary of Key Findings

The study found that the control environment strongly supports operational performance. Employees widely agreed that performance reviews, authorization procedures, and physical safeguards are well embedded in organizational routines. The consistency of responses reflects that ethical values, accountability, and compliance with procedures are deeply rooted in the company culture. Correlation analysis confirmed a strong positive association between the control environment and operational performance, while regression results highlighted its significant role, although secondary to control activities.

Control activities were identified as the most influential factor in driving operational performance. Practices such as segregation of duties, spending approvals, and compliance reviews were widely acknowledged, though experiences varied slightly between departments. Quantitative results showed that control activities had the strongest predictive effect on operational performance, demonstrating their central role in minimizing risks, enhancing financial accountability, and promoting consistency in service delivery.

Risk assessment was found to be moderately effective, with strong recognition of risk identification and mitigation but weaker agreement on forecasting, analysis, and communication of risks. Employees observed that management is responsive to new risks, but communication gaps create uneven awareness across departments. Statistical analysis showed a strong correlation between risk assessment and

operational performance, though regression indicated its effect was less significant compared to control activities and the control environment.

The study revealed that internal control systems collectively have a strong and positive effect on operational performance. Financial accountability recorded the highest consensus, reflecting systematic reporting and discipline. Service quality, customer satisfaction, and fraud prevention were also positively rated, although inventory management and cost reduction showed more variability in staff experiences. Regression findings confirmed that the three internal control components—control environment, control activities, and risk assessment—jointly explain a significant proportion of operational performance outcomes, with control activities emerging as the strongest driver.

6.2 Conclusion

6.2.1. What is the effect of the control environment on operational performance?

The effect of the control environment on operational performance in Motor Care Uganda Limited can be understood as underlying, affecting how expectations and values are translated into everyday practice. A good control environment encourages integrity, accountability, and clarity, and it sets the environment where employees understand their role and function within ethical boundaries. The environment supports consistency in decision-making and strengthens employees' faith in management systems. Where the work environment is permeated with fairness, role clarity, and moral enforcement, workers are likely to align their work with organizational objectives, and this has the immediate consequence of improving performance results. The influence of the control environment also extends to the establishment of a culture where adherence to procedures is second nature and not imposed, i.e., employees go about doing their job with collective faith in the systems that guide their actions. Although there can be some variation across departments in how consistently these values are experienced, the net effect of a good control environment is seen in increased productivity, reduced ambiguity, and better alignment between organizational goals and employee behaviour. This results in more

stable and predictable operating performance, with employees acting with a common sense of purpose and responsibility to organizational norms.

6.2.2. How do control activities affect operational performance?

The influence of control activities on operational performance in Motor Care Uganda Limited is clearly realized in how structured procedures directly affect efficiency, accountability, and service delivery. Performance reviews, segregation of duties, authorization of transactions, and compliance checks are the tools through which management translates expectations into actionable and measurable practices. These controls help to minimize risks of error or fraud and, meanwhile, bring transparency to daily operations. By incorporating checks and approvals in normal processes, staff operate within well-defined parameters that both guide and restrict decision-making, leading to better financial discipline and operational consistency. These practices also reduce variability in results because employees operate with standardized systems that promote uniformity department-wide. Although there may be hold-ups or bottlenecks in certain areas because of stringent controls, the net effect is organizational reliability improved, with resources being used as they ought to be and services being delivered with minimal disruption. With properly executed control activities, operations are made more predictable, cost-effective, and customer confidence is bolstered in the company's ability to deliver consistently, thereby improving overall operational performance.

6.2.3. What is the effect of risk assessment practices on operational performance?

The contribution of risk assessment practice to the performance of the business in Motor Care Uganda Limited is realized in the effectiveness with which the company anticipates, analyzes, and responds to risks. Pre-empting risks through prior identification cushions operations from disruption and allows management the ability to prioritize interventions that protect performance outcomes. Forecasting and prioritizing risks provide a foundation for decision-making, guiding the allocation of resources to areas of highest exposure. Risk analysis also prepares the organization by allowing it to anticipate difficulties and develop mitigation strategies before issues

get out of hand. The degree to which employees perceive this process to be uniform, however, dictates how far the benefits are realized department-wise. Where risk evaluation is done systematically and mitigation processes are in place, employee confidence in management is boosted, and this is seen in heightened focus and productivity. On the other hand, communication gaps in terms of risks can destroy such alignment, limiting staff awareness of vulnerabilities and controls available to deal with them. Regardless of such inconsistencies, the broader effect of risk assessment is in building resilience, supporting the organization's ability for absorption of change, minimizing operational fallbacks, and sustaining service levels. Thus, risk assessment supports operational performance through its ability to impart foresight and flexibility to organizational practice.

6.3 Recommendations

Strengthen Risk Communication Across Departments: Although risk identification and mitigation are generally recognized, the findings show inconsistent communication of risks to employees. Management should establish formal channels, such as periodic risk briefings, digital dashboards, or departmental updates, to ensure all staff have access to timely and clear information on risks. This will promote shared awareness and improve responsiveness across the organization.

Standardize Inventory Management Practices: Results indicated mixed experiences with inventory management compared to other control activities. To address this, the company should adopt uniform inventory tracking systems and provide cross-departmental training. A centralized approach to stock control would reduce inconsistencies, prevent shortages or overstocking, and ensure all departments experience the same reliability in supply management.

Enhance Risk Analysis and Forecasting Mechanisms: Risk analysis received lower agreement compared to risk identification and mitigation, suggesting gaps in how risks are prioritized and evaluated. Management should invest in structured risk assessment tools and provide analytical training to managers. This would improve the

ability to not only identify risks but also forecast their impact, thereby improving proactive decision-making.

Expand Monitoring of Control Activities for Consistency: Control activities like segregation of duties and spending approvals were widely recognized, but some variation in staff experiences was noted. Regular monitoring and internal audits should be expanded to check for consistency in implementation across all departments. This would reduce uneven application of controls and strengthen organizational reliability in enforcing internal procedures.

6.4 Areas for Further Research

With advancements in Artificial Intelligence (AI) and automation, internal control systems are evolving beyond traditional manual processes. AI enhances fraud detection, predictive analytics, and real-time monitoring, while automation reduces human errors and increases efficiency. Investigating how these technologies optimize controls and streamline operations is essential for businesses aiming to enhance productivity, accuracy, and decision-making.

Management style significantly affects how internal controls are implemented and adhered to within an organization. Authoritative leadership may enforce strict controls, while transformational leadership encourages adaptability and continuous improvement. Understanding how leadership approaches impact control effectiveness and employee compliance is crucial in optimizing operational efficiency and ensuring sustainable business success.

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APPENDICES

Appendix I: Questionnaire For Respondents at Motor Care Uganda Limited

Dear respondent:

I am **Kabahweza Grace, a student of Uganda Christian University** conducting research for the award of a Master's degree in Business administration in Finance. I am conducting a study on Internal Controls on operational Performance within automotive industry. In relation to the study, I am contacting you to provide relevant data about the topic. Your data will be treated with utmost confidentiality and will be used exclusively for academic purposes.

Thank you for your participation

SECTION A

PERSONAL INFORMATION

Instructions

Please tick appropriately in the boxes

1. What is your gender?

☐ Male, ☐ Female

2. What is your age bracket?

☐ 20–29, ☐ 30–39, ☐ 40–49, ☐ 50+

3. What is your highest level of education?

☐ Diploma, ☐ Bachelor's, ☐ Master's, ☐ Other

4. What is your department?

☐ Finance, ☐ Operations, ☐ Sales/Marketing, ☐ Administration, ☐ Other

5. How long have you worked at Motor Care Uganda Limited?

☐ Less than 1 year, ☐ 1–3 years, ☐ 4–6 years, ☐ 7+ years

6. What is your current position in the company?

☐ Manager, ☐ Supervisor, ☐ Staff, ☐ Technician, ☐ Other

7. How many employees are in your department?

☐ 1–10, ☐ 11–20, ☐ 21–30, ☐ 31+

8. Have you received training on internal controls?

☐ Yes, ☐ No)

SECTION B

EXAMINING THE FUNCTIONALITY OF INTERNAL CONTROLS

Instructions:

Please rank the following statements on Likert scale ranging from strongly disagree to strongly agree

Where;

5= Strongly agree

4= Agree

3= Not sure

2= Disagree

1= Strongly disagree

Section B: Control Environment					
Statement	**1**	**2**	**3**	**4**	**5**
Management demonstrates strong ethical values that guide decision-making.					
Employees at all levels are expected to act with honesty and integrity.					
Responsibilities are clearly delegated across departments.					
Managers ensure employees understand their assigned roles.					
Management is committed to developing staff competence.					
The organizational culture encourages accountability.					
Ethical standards are consistently enforced regardless of position.					

Section C: Control Activities					
Statement	**1**	**2**	**3**	**4**	**5**
Regular performance reviews are conducted to evaluate employees' work.					
Physical controls are effective in safeguarding company resources.					
Segregation of duties helps to minimize fraud or errors.					
Financial transactions require proper authorization before processing.					
Approval processes for expenditures are strictly followed.					
Operational activities are reviewed to ensure compliance with procedures.					

Section D: Risk Assessment					
Statement	**1**	**2**	**3**	**4**	**5**
The company regularly identifies risks that may affect its operations.					
Potential risks are properly forecasted and prioritized for action.					
The company analyzes risks to determine their possible impact.					
Risk mitigation measures are put in place to address identified risks.					
The company responds effectively to emerging risks in the automotive sector.					
Employees are informed of risks relevant to their work.					

Section E: Operational Performance					
Statement	**1**	**2**	**3**	**4**	**5**
The company consistently delivers high-quality services to customers.					
Inventory levels are effectively managed to avoid shortages or excesses.					
Operational practices have contributed to cost reduction.					
Financial accountability within the company is strong.					
Internal controls have minimized fraud incidents.					
Resources are utilized efficiently to support company goals.					
Customers are satisfied with the services offered by the company.					

Thank You for Your Participation!

Appendix II: Interview Guide for Respondents at Motor Care Uganda Limited

The purpose of this guide is to gather personal views of key respondents on Internal Control systems and Operational Performance

1. How would you describe the role of ethics and integrity in shaping daily operations at Motor Care Uganda Limited?
2. In what ways does management demonstrate commitment to supporting staff and promoting accountability within the company?
3. How effective are performance reviews in improving employee productivity and overall company performance?
4. What challenges, if any, arise from segregation of duties and authorization procedures within your department?
5. How does the company identify risks that could affect operations, and how are these risks communicated to employees?
6. Can you describe how forecasting and prioritization of risks influence decision-making at Motor Care Uganda Limited?
7. From your experience, how have internal controls contributed to operational performance?

Appendix III: Consent Letter

Kabahweza Grace

gracekabahweza21@gmail.com

0785425902/ 0757351521

3rd June, 2024

The Deputy Managing Director,

Motor Care Uganda Limited

Plot 95, Jinja Road,

Kampala, Uganda

Dear Sir/ Madam,

RE: SEEKING CONSENT TO COLLECT DATA FOR ACADEMIC RESEARCH

I am writing to seek your consent to collect data at Motor Care Uganda Limited for academic research. I am a student pursuing a master's degree in Business Administration in Finance at Uganda Christian University. I am undertaking a study on the topic 'Effects of Internal Control Systems on Operational Performance' as part of the requirement for attainment of a master's degree.

The research will entail collecting data from employees of Motor Care Uganda Limited. Data will be collected by observing given phenomenon, answering questionnaires and conducting interviews on selected respondents. The responses will be treated with great confidentiality and will be used only for academic purposes. Confidentiality will be ensured by not collecting or removing any personally identifying information.

Thank you for your cooperation.

Regards,

Kabahweza Grace

UGANDA CHRISTIAN UNIVERSITY

A Centre of Excellence in the Heart of Africa

SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 24/09/2025

Name of Candidate: Kabahweza Grace **Reg. No:** KS21M15/012

Title of Dissertation: Internal Control Systems on Operational Performance in Automotive Industry: A case of Motor Care Uganda Ltd (Nissan)

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR/PAGE NO.
1	**Comment 1:** Proofread Thoroughly for Grammar and Formatting	Grammar, sentence structure, and formatting inconsistencies were corrected throughout the document.	Whole Dissertation
2	**Comment 2:** Address typographical and punctuation errors throughout the text.	Typographical errors and punctuation inconsistencies were corrected in all sections.	Whole Dissertation
3	**Comment 3:** Ensure consistency in the use of tenses and	Past and present tenses were standardized appropriately; repetitive phrasing was eliminated	Several sections

	eliminate repetitive phrases.		
4	**Comment 4:** Enhance the Conceptual Framework Diagram: Redraw the conceptual framework with clearer labels and logical flow between variables	Diagram was redrawn with clear labels, logical flow between variables, and alignment with objectives.	8
5	**Comment 5:** Standardize APA Referencing Style: Review in-text citations and reference list to ensure full compliance with APA guidelines (7th edition), especially for capitalization, italicization, and page numbers	All in-text citations and reference list revised to comply with APA 7th edition (capitalization, italicization, page numbers).	Whole Dissertation
6	**Comment 6:** Streamline Literature Review and Discussion: Reduce redundancy in sections where similar points are repeated	Redundant arguments were removed; discussion sections rewritten for clarity and conciseness.	10-26, 66-71
7	**Comment 7:** Synthesize findings more concisely, focusing on practical implications. Improve Statistical Table Presentation: Avoid excessive detail in data tables; focus on the most significant	Findings were condensed and practical implications were highlighted. Tables were reformatted for clarity, focusing on significant results; graphs were included to aid interpretation.	37-65

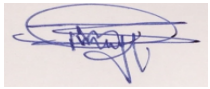
	findings. Integrate visual aids (e.g., graphs) where appropriate to improve clarity. Enrich Practical Implications:	Non-essential data was removed; visual summaries were used for better clarity	
8	**Comment 8:** Ensure that the questionnaire items fully reflect the conceptual variables and that the interview data is systematically integrated into the findings	Items were revised to reflect conceptual variables; interview data systematically integrated.	83-87

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	**Comment 1:** The title should be improved by replacing Conrol with Control	The spelling was properly written	Title page
2	**Comment 2:** The word Nissan is necessary in the title	The word Nissan was incorporated in the title	Title page
3	**Comment 3:** Specific objective 4 repeats the overall objective without introducing a new analytical angle or construct. Since objectives 1-3 already represent the main	The specific objective 4 and research question 4 was deleted	4

	dimensions of internal controls, the main dimensions of internal control, their collective analysis will already address the overall objective. Therefore, delete objective 4 as well as research question 4		

SN	COMMENTS BY VIVA VOCE PANEL	ACTION TAKEN	INDICATOR
1	**Comment 1:** The framework bundled objectives and concepts together, and the relationship between indicators and variables was not well-aligned.	The background was revised to balance focus between the independent variable (internal control systems) and the dependent variable (operational performance), with more emphasis placed on operational performance in the automotive industry context.	1-3
2	**Comment 2:** The instruments used were inappropriate, leading to insignificant results.	The Instruments were revised and new data was collected, analysed and interpreted	37-65, 83-87
3	**Comment 3:** The results lacked value, and were uninterpretable	The tools were revised and new data was collected, analyzed and interpreted. It now aligns with the study objectives	37-65
4	**Comment 4:**	The background was revised to balance focus between the independent variable (internal control	1-3

	The background of the study overly focuses on the independent variable instead of the dependent variable	systems) and the dependent variable (operational performance), with more emphasis placed on operational performance in the automotive industry context.	
5	**Comment 5:** The problem statement also focuses more on the independent variable rather than the dependent variable	The statement of the problem was revised to highlight operational performance (dependent variable) as the main concern, with internal control systems discussed only as influencing factors.	3-4
6	**Comment 6:** There was interchange in the use of the likert scale	The Likert scale was standardized to a consistent format (5 = Strongly Agree to 1 = Strongly Disagree), and all tables/statistical results were recalculated and corrected accordingly.	37-65, 83-87
7	**Comment 7:** The student needs to acknowledge and properly cite all her writings and sources	All sections were reviewed for in-text citations and references. Missing references were added, and all were formatted in APA 7th edition style. Sources have been acknowledged appropriately.	Whole dissertation
8	**Comment 8:** There were conceptualization gaps that need to be addressed.	The variables, their dimensions, and their interrelationships. Literature gaps were identified, and the conceptualization now aligns with the study objectives.	Whole dissertation

Kabahweza Grace		24/09/2025	**Dr. Maurice Olobo (PhD)**		24/09/2025
Candidate's Name	Signature		Supervisor's Name	Signature	