

**FINANCIAL RISK MANAGEMENT SYSTEMS IN THE SMALL AND MEDIUM
SCALE MANUFACTURING FIRMS IN UGANDA**

A CASE STUDY OF SADOLINE PAINTS LIMITED

BY

MWANJE ALEX MARTIN

2012/HD06/4407U

**A RESEARCH PROJECT SUBMITTED TO THE COLLEGE OF BUSINESS AND
MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A MASTERS OF
BUSINESS ADMINISTRATION**

MAKERERE UNIVERSITY

SEPTEMBER 2015

ABSTRACT

For a business entity to achieve its objectives, there has to be a link between the various functions of the firm. That is to say the human resource, finance, administration, marketing, information technology, production and so on. With all the functions working towards one goal of achieving growth and shareholder value, the finance function has a big role of connecting all the other functions through funding and thus it was necessary to assess the risks that can suffocate the achievement of this duty of which financial risk management is one of the key aspects of the finance function in an organization.

Many researches have attempted to look at the various financial risk management approaches in organizations but little had been done in the line of small and medium size enterprises. The study was carried out at Sadoline Paints limited head office in Kampala with the focus of finding out the financial management practices employed to mitigate financial risks at the company. The results indicated that non derivative financial risk management strategies are being used at Sadoline paints at a greater extent though they have proven to be-less effective compared to the derivative strategies. The study findings show that Sadoline does financial risk management so as to achieve the objective of shareholder wealth maximization. The researcher recommends that Small and Medium Size Enterprises should take financial risk management serious because it not only helps the achieve shareholder wealth maximization but it is also a means to achieve survival.