

**BUDGET MANAGEMENT AND PERFORMANCE OF COMMUNITY BASED  
ORGANISATIONS: A CASE STUDY OF REACH OUT MBUYA PARISH  
HIV/AIDS INITIATIVE, UGANDA**

**BY**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT SCIENCE  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF  
MASTERS DEGREE IN MANAGEMENT STUDIES (RESOURCE MOBILIZATION  
AND MANAGEMENT) OF UGANDA MANAGEMENT INSTITUTE**

**APRIL, 2014**

## DECLARATION

I Joseph Muwanda Lwasa declare that, this dissertation is my original work and has never been published and or submitted for any award in any other institute or University.

Signed .....

**Joseph Muwanda Lwasa**

Date .....

**APPROVAL**

This dissertation has been submitted for examination with our approval as Institute Supervisors

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Date:.....

## **DEDICATION**

I dedicate this Thesis to my Dear wife and children.

## **ACKNOWLEDGEMENT**

My special thanks also go to my supervisors Mr. Paddy Mugambe and Ms Jemimah Ninsiima for their commitment and guidance during the supervisions of this thesis to completion.

I thank the staff of Reach out Mbuya Parish HIV/AIDS Initiative who participated in this study and made it success by accepting to answer the questionnaire and participating in interviews.

In the same way, I would like to extend my sincere gratitude to all the Uganda Management Institute Academic and Administrative staff for the academic and administrative support rendered during my time of study.

Special thanks also go to my Dear wife for being so encouraging and supportive the time I was pursuing my studies.

To my children, this is an inspiration for you to achieve greater heights in your education.

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## **LIST OF ABBREVIATION AND ACRONYMS**

ABC	Activity Budgeting and Costing
AIDS	Acquired Immune Deficiency Syndrome
CBO	Community Based Organizations
CDC	Centre for Disease Control and Prevention
CVI	Content Validity index
DV	Dependent Variable
HIV	Human Immuno-deficiency Virus
IV	Independent Variable
NGO	Non government organisations
PEPFAR	Presidential Emergency Plan for AIDS Relief
ROM	Reach Out Mbuya Parish HIV/AIDS Initiative

## **ABSTRACT**

The study was about budget management and performance in community based organizations, a case study of Reach Out Mbuya Parish HIV/AIDS Initiative, the general objective of the study was to establish the extent to which budget management influences performance of community based organisations. The specific objective of the study were:- to establish the extent to which budget preparation, implementation, and controls influence the performance of community based organizations. The study used a case study design using quantitative and qualitative approaches on a population of Reach Out Mbuya Parish HIV/AIDS Initiative staff comprising of Senior, middle management, supervisors and junior staff. Data was collected using a questionnaire and interview guide. The study found a high positive and significant relationship between budget preparation and project performance and it predicted up to 30% of the variance in the project performance. Budget implementation had a high positive and significant relationship between budget implementation and project performance and it predicted up to 25%. Budget controls had a high positive significant relationship with project performance and it predicted 50% of the variance in project performance. The study concluded that the identification of needs, development of specification and allocation of the necessary financial resources during budget preparation was instrumental in CBO performance. Compliance with requisitions, verifications and approval budget implementation guidelines or policies was instrumental in performance of CBO. Conducting of budget reviews and production of financial reports related to budgets was instrumental in performance of the CBO. The study recommends that the management of ROM should use annual planning retreats to adequately identify user department and project activities and adequately develop specifications. On budget implementation, the study recommends generation of supplementary budgets while on budget a control, the study recommends that the board should emphasize periodic budget reporting.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

The study examined the extent to which budget management influences performance at Reach Out Mbuya Parish HIV/AIDS Initiative. This chapter presents the background to the study, the statement of the problem, the purpose of the study, objectives of the study, the research questions, the hypotheses, the scope, the significance, justification and operational definitions of terms and concepts.

### **1.2 Background to the study**

#### **1.2.1 Historical background**

According to Akintoye (2008) the history of budgeting is traceable to the bible days, precisely the days of Joseph in Egypt. History has it that Joseph budgeted and stored grains which lasted the Egyptians throughout the seven years of famine (Genesis 41: 53-56 Good News Bible). Budgeting in organizations was formally associated with the advent of industrial capitalism for the industrial revolution of the eighteenth century, which presented a challenge for industrial management (Omolehinwa 2005, Glautier 1987, Lucey, 2003). Glautier and Under (1987) state that “the emergence of scientific management philosophy with its emphasis on detailed information as a basis for taking decision provided a tremendous impetus for the development of management accounting and indeed budgeting techniques”.

However, budgeting at the early stage of its development was concerned with preparing and presenting credible information to legitimize accountability and to permit correct performance evaluation and consequently, rewards. Johnson (1996) states that, it was during the 1960s that organizations began to use budgets to dictate what people needed to do. Over the years, the function and focus of budgeting has shifted considerably as business organization become more

complex and their environment becomes dynamic coupled with the emergence trend, the term budget and budgeting have been differently defined and examined by various scholars in several ways.

Alawattage, Hopper, and Wickramasinghe (2007) noted that Non Government Organization (NGO) throughout the World Bank and associated donor institutions have been important actors in advancement of effective budgeting practices and accountability as part of the management of donor funds. After the cessation of the Cold War, policies of donor agencies often proxies for policies of rich Western countries incorporated market methods reflected in structural adjustment policies emanating from the World Bank that included privatizations and adoption of new public management (NPM) techniques. However, these policy changes have been controversial and not invariably effective. Today like before, all NGOs have to develop output or performance based budgets which are also used as points of reference for project evaluation to show if they are achieving the desired project mandate (Alawattage, Hopper, and Wickramasinghe, 2007; Awio, Lawrence, and Northcott, 2007). However, there is little evidence on the extent to which budget management has influenced the performance of NGOs like ROM a scenario which instigate the study to examine budget management and at its influence on performance at ROM.

### **1.2.2 Theoretical background**

This research was guided by the Theory of Constraints (TOC) as proposed by Goldratt (1990). This theory asserts that every organization must be understood as a system with a goal hence, every action taken by any part of the system must be judged by its impact on that goal. The theory of constraints further hypothesizes that every organizational system presents at least one constraint. In addition, there will always be very few constraints, since there is always a single weaker link in a chain which may frustrate the achievement of the desired goal of the whole system (Goldratt, 1990). A system of constraint according to Goldratt (1990) is defined as

anything that significantly prevents a system from improving its performance towards that goal and may be physical, such as a machine with limited capacity, a policy or a behaviour constraint. Policy constraints often arise when the organizational environment changes while its policies remain unchanged. Most significantly, policy constraints are usually under the control of the organization's management (Mabin and Balderstone, 2003) are widely used in examining organizational constraints using the TOC.

The TOC therefore underpin this study in identifying the budget preparation, implementation, and control policy issues constraining budget absorption, timely implementation of project activities which contribute to the non achievement of the set project targets.

### **1.2.3 Conceptual background**

Pandey (2003) defines budget as a short-term financial plan. It is an action plan to guide managers in achieving the objectives of the firm. Lucey (2003) defines a budget as “a qualitative statement, for a defined period of time, which may include planned revenue, expenses, assets, liabilities and cash flows. Lucey (2003) in his recent definition further describes a budget as “a quantitative expression of a plan of action prepared for the business as a whole for departments such as sales and production or for financial resource items such as cash, capital expenditure, and human resource.

The process of preparing and agreeing budgets is a means of translating the overall objectives of the organization into detailed, feasible plans of action of which (Welsh and Gordon, 2003) suggests that budgeting is the only comprehensive approach to managing so far developed and that, if utilized with sophistication and good judgment fully recognizes the role of the manager. It also provides a framework for implementation of fundamental aspects of scientific



management as management by objectives, effective communication, participative management, dynamic control, continuous feedback, responsibility accounting and management by exception.

Budgetary Control checks whether the plans are being realized and put into effect and corrective measures achieved, where deviations or short-falls are occurring. Egan (1997) emphasized that without effective controls, an organization will be at the mercy of internal and external forces which can disrupt its efficiency, and such project will not be able to combat such forces. When a budget management system is in use, budgets are established with an overall policy of the project and the responsibility of managers made clear as regards the budget. Continuous comparison is made between the budget and the actual results, which is intended to either secure thorough action of managers, or provide a basis for target review. Budgetary control can take a variety of forms. The simplest and most basic is to record expenditures in relation to approved appropriations and allotments to ensure that they are not exceeded. This form is designed to ensure that expenditure limits are respected. It makes no provision for ensuring that desired results are obtained. A more effective financial reporting approach compares actual expenditures to predetermined targets so that departures may be identified for investigation. Such systems are more useful if they include data on planned and actual operational results to which expenditure may be related (Epstein, M.J. 2002). This study, conceptualizes budget management to include three dimensions, which is budget preparation, budget implementation and budget control.

Project performance is defined as the extent to which the intended project intervention have contributed to the empowerment of beneficiaries, their self-reliance and social justice after the project has been phased out (Barlev and Haddad, 2007). Common indicators of project performance according to other scholars refer to the accomplishment of the project with regards to cost, time and quality (Pinkerton, W.J. 2003). In this study, performance is conceptualized to include funds absorption, timely implementation of activities and achievement of set targets.

#### 1.2.4 Contextual background

Reach Out Mbuya Parish HIV/AIDS Initiative (ROM) is a Community Based Organization (CBO), that was founded in 2001 to provide HIV/AIDS care to Persons Living with HIV/AIDS (PLWA) among the urban poor living within the service area of Mbuya, Biina, Bweyogere, Kireka and Kasaala Catholic Parishes.

ROM has been providing comprehensive services at the four clinic sites of:- Mbuya, Kinawataka, Banda and Kasaala using a community-based approach to 4,179 clients (ROM Annual report 2012). ROM's values of serving the poor, the holistic nature of its services as well as the high prevalence of HIV in Kampala and Kasaala in Luweero have inevitably had the major effect of seeing the clients served increase remarkably and the services offered include:

- Medical care such as screening and treatment of opportunistic infections, provision of ART to 3,084 clients as well as laboratory monitoring of clients and home visiting;
- Food support to needy and food insecure clients;
- Economic empowerment of community women through handcraft, tailoring and netting trainings
- Operation child support that provides school fees and psychosocial support to orphans and vulnerable children;
- HIV prevention activities including HIV counseling and testing and Prevention of Mother to Child Transmission (PMTCT),
- Positives Prevention and Health Education Training to at Risk-groups;
- Community-based follow-up using peer-led support groups; and
- Spiritual support

Reach Out Mbuya Parish HIV/AIDS Initiative (ROM) management is responsible for the preparation of the Statement of Expenditure for all project grants received, which gives a true and fair view of the state of affairs under the cooperative agreement, number 1U2GPS002858 for the period September 01, 2010 to August 31, 2015. The management is responsible for ensuring the programme keeps proper accounting records and work plans, which disclose, with reasonable accuracy, its financial position and performance as per set targets. They are also responsible for safeguarding the assets of the programme. On the above basis, the ROM management develops annual work plans and budgets guided by the identified project needs, their specification and allocations of financial resources. The developed work plans and budgets are expected to guide implementation of budgets based on the department's submissions and allotments. The heads of departments and their supervisors are responsible for the overall development and expenditure of budgets and achievement of planned departmental outputs which contribute to the overall project performance (ROM strategic plan 2010 to 2015). However, audit reports and annual reports have noted that ROM has persistently failed to meet its budget targets experiencing budget under absorption and unmet or over targets in some instances. For example, for the budget periods ending June 30, 2009, September, 30 2010 and August 31, 2011 ROM was unable to spend UShs.350,934,352, UShs.12,552,165 and UShs. 281,282,708 respectively (ROM External Audit Reports by Ernst & Young Public Certified Accountants).

### **1.3 Statement of the problem**

Budgeting is a key stage in the management of an organization, it aids the planning and co-ordination of operations by forcing managers to consider how the conditions might change and what steps should be taken. With adequate budget management that is participatory, an organization would have greater commitment of lower managers to carry out the budget plan and implement it smoothly (Glenn, Welsh, and Ronald, 1997). From its inception the funding for ROM was mobilized from individuals of good heart. There were no budgets since the funds would not be estimated with precision. In 2005 CDC under the PEPFAR program started supporting ROM and this is when they started preparing budgets. Budgets were initially prepared by the managers. The organization was experiencing budget under absorption and budget over run in some budget areas. In a bid to correct the situation Reach Out Mbuya management adopted a participatory budgeting process in 2009 where all staff at supervisor level and above are involved in the budget management beginning from the budget preparation, budget implementation and budget control. In spite of the adoption of this approach, ROM has persistently failed to meet its budget targets experiencing budget under absorption, non implementation of some activities and failure to achieve the budget targets. For example, for the budget periods October 2008 to June 2009, July 2009 to September 2010 and October 2010 to August 2011, ROM was unable to spend US\$350,934,352, US\$12,552,165 and US\$281,282,708 respectively (ROM External audit reports by Ernst & Young Public Certified Accountants). If the trend is not addressed, it may lead to budget cuts by the donor or worse still loss of funding for the program. It is against this background that this study examined the influence of budget management and performance at Reach Out Mbuya Parish HIV/AIDS Initiative.

#### **1.4. General objective**

The general objective of the study was to establish the extent to which budget management influence performance of community based organisations.

#### **1.5. Specific Objectives**

The study pursued the following objectives:

1. To establish the extent to which budget preparation influences the performance of Reach Out Mbuya Parish HIV/AIDS Initiative
2. To examine the extent to which budget implementation influences the performance of Reach Out Mbuya Parish HIV/AIDS Initiative
3. Mbuya Parish HIV/AIDS Initiative

#### **1.6 Research questions**

The study sought to answer the following research questions:

1. To what extent has budget preparation influenced the performance of Reach Out Mbuya Parish HIV/AIDS Initiative?
2. To what extents has budget implementation influenced the performance Reach Out Mbuya Parish HIV/AIDS Initiative?
3. To what extent has budget control influenced the performance of Reach Out Mbuya Parish HIV/AIDS Initiative?

#### **1.7 Research hypotheses**

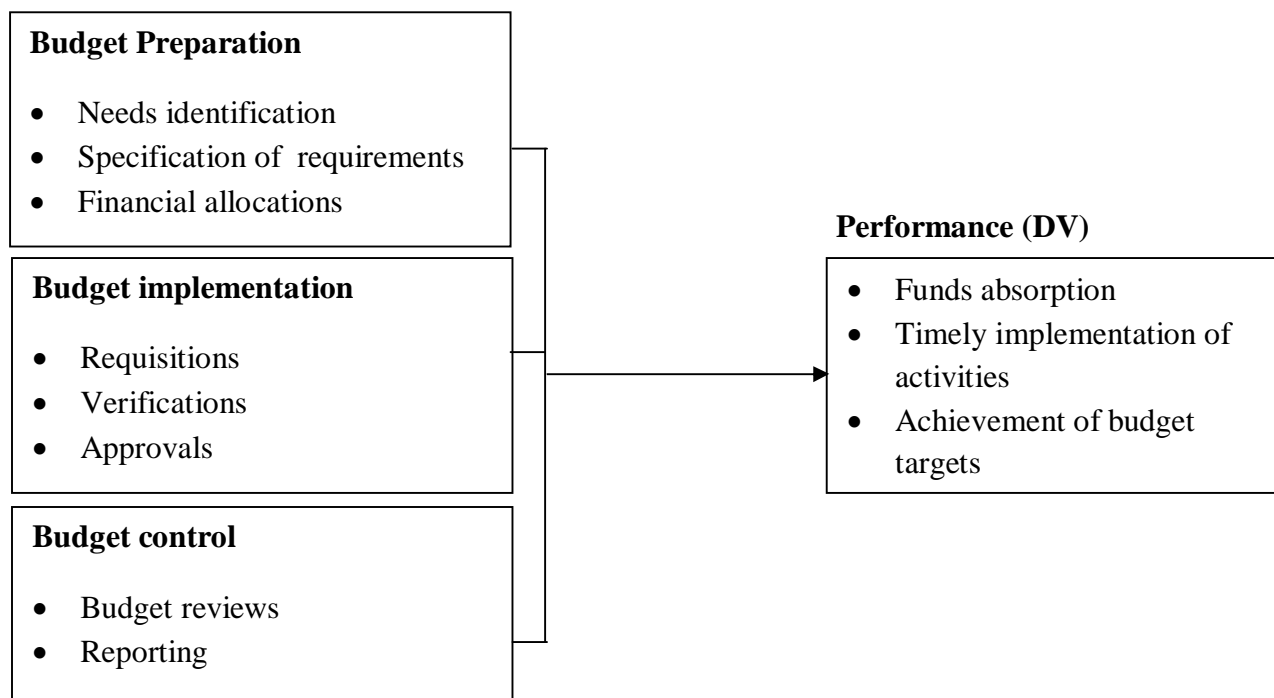
1. Budget preparation significantly influence the performance of community based organizations

2. Budget implementation significantly influence the performance of community based organizations
3. Budget controls significantly influence the performance of community based organizations

## 1.8 Conceptual framework

The model below shows the relationship between Budget management and performance by indicating the independent and dependent variables to guide the study. Budget Management is the independent variable (IV) while performance is the dependent variable (DV).

### Budget management (1V)



**Figure 1: Conceptual framework showing the relationship between Budget Management and performance**

Source: Adopted with modifications from the Theory of Constraints by Goldratt (1990).

## **1.9 Significance of the study**

The study will be useful in the following ways:

To the management of Reach Out Mbuya Parish HIV/AIDS Initiative, the study will help examine Budget management practices affecting organizational performance which will act as a basis for enhancing the budget management policies for enhanced project performance.

To the project staff, the study will offer an opportunity to express their concern on budget management leading to failure to absorb departmental funds allotment which management needs to address for enhanced project performance

To the academia, the study will generate new empirical knowledge on budget management and its influence on performance at Reach Out Mbuya Parish HIV/AIDS Initiative to help provide managerial and practical implications for linking theory with practice in budget management for enhanced NGO performance.

## **1.10. Scope of the study**

### **1.10.1 Content scope**

The study concentrated on budget management and its dimensions of budget preparation, budget implementation and budget controls as the dependent variable influencing ROM's performance.

Indicators includes;- funds absorption, timely implementation of activities and achievement of set targets.

### **1.10.2. Geographical scope**

The study was carried out at Reach Out Mbuya Parish HIV/AIDS Initiative headquarters at Mbuya Hill. Reach Out Mbuya Parish HIV/AIDS Initiative is located 8Km from the City Centre on Boazman Road Mbuya 11.

### **1.10.3. Time scope**

The study covered the period 2010-2012 the time when Reach Out Mbuya Parish HIV/AIDS Initiative had challenges with its budget management and project performance.

### **1.11 Operational definition of terms and concepts**

**Budget Management** in this study refers to the preparation, implementation and controls of how the available financial resources are utilized, to achieve the organization's priorities in form of planned revenue, expenses, assets, liabilities and cash flows.

**Budget implementation** in this study refers to the efforts to enforce financial requisitions through verifications and approvals based on allocations in the Project budget.

**Budget control** in this study refers to the budget reviews conducted by management and the periodic financial reporting on the revenue and expenditure of the organization.

**Project performance** in this study refers to the extent to which the project funds are absorbed, the timely implementation of project activities and the achievement of set targets.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. Introduction**

This chapter presents a review of related literature on budget management and organizational performance based on what other scholars have observed world over. The first section presents the theoretical and conceptual review. This is followed by a review of related literature in relations to the study objectives of budget preparation, implementation, control and organizational performance.

#### **2.2. Theoretical review**

This study was underpinned by the Goldratt (1990) Theory Of Constraints (TOC), according to Goldratt the theory asserts that every organization must be as a system with a goal hence, every action taken by any part of the system must be judged by its impact on that goal. TOC emphasizes that it is imperative to define measures that allow for the evaluation of the impact of any subsystem, and of any local action in this subsystem. Accordingly the TOC theory asserts that a system of constraint is defined as anything that significantly prevents a system from improving its performance towards that goal. The theory further asserts that every organizational system presents at least one constraint; the constraint may be physical such as a machine with limited capacity, a policy or a behavior constraint.

In support of the Goldratt (1990) theory assumptions, Mabin and Balderstone (2003) noted that policy constraints often arise when the organizational environment changes while its policies remain unchanged yet policy constraints are usually under the control of the organization's management.

An important aspect of the TOC steps is their orientation towards performance improvement efforts aimed at achieving functional and whole organizational performance. TOC, unlike many continuous improvement initiatives intends to reduce operational expenses and which by its inherent nature would be limited (Larsson, Arif, and Aburas, 2008), it makes more sense to focus improvement efforts on increasing policy effectiveness (Boyd, & Gupta, 2004). In using the TOC, this study noted that Non Government Organization (NGO) performance will be dependent on the extent to which the NGO evaluates the effectiveness of the budget management policy in relation to budget preparation, implementation and control, establish the policy constraints and developing the necessary interventions to remove the budget management constraints or weaknesses. It is also important to evaluate the user departments' (sub-system) behaviors constraining the performance of the NGO as suggested by the (Goldratt, 1990) in the analysis of constraining systems which significantly impact on the financial performance. Furthermore the budget action arising from budget controls should be critically judged by their impact on performance of the NGO and developing the necessary interventions to mitigate its negative impact on the NGO performance as suggested by the (Goldratt, 1990) TOC. In conclusion, the TOC underpinned this study in identifying budget management constraints and its impact on the performance of Reach Out Mbuya Parish HIV/AIDS Initiative and develop recommendations for improving on the budget management constraints.

### **2.3. Budget preparation and organizational performance**

Budget preparation is generally accepted as the process of quantitatively expressing an organization's strategy or the financial perspective of what an organization seeks to achieve over a specific period of time (Horngren, Sundem, Stratton, and Schatzberg, 2006) and is the heart of the financial management function. Budgets or financial plans, which result from the budget preparation process, typically form the basis on which subsequent performance may be assessed.

Gaist, (2009) indicates that by budgeting and producing periodic financial reports, NGOs are able to constantly monitor their revenue and costs to ensure that funding streams sustain operations.

Jones (2006) while examining the budget preparations practices found out that the previous year's actual figures were used to set the next year's budget figures; there was no dominant planning method used; managers used local economic indicators versus national economic indicators to compile the budget; monthly and quarterly forecasts were conducted by the majority of respondents. However, budgets were still used as the performance measure and for calculating the bonus awards in the hospitality sector.

The challenge of using previous data in budgeting as opposed to other forms of budgeting according to (Cottrell, 2012) is that this method of budgeting is only based in numbers that ignore the unique financial happenings of years gone by. As many financial managers can attest, numbers alone tell very little. Cottrell (2012) therefore proposed the Zero-based budgeting which is an activity that requires managers to construct their yearly expenditures without consideration of previous spending but is quick to note that this type of budgeting can be problematic in a number of ways.

Kong (2005) on the other hand explores the use of Performance Based Budgets (PBB) and reports that the early versions of PBB had focused on organizational components including mission statement, policy goals, objectives, core or sub-services, and activities. In the 1990s, the focus of PBB shifted to outcomes, service quality, and customer satisfaction. Input measures according to (Kong, 2005) address the question of what amounts of resources are needed to provide a particular product or service. Input measures have been the focus of the conventional budgeting. Those measures are useful in showing the total cost of providing a service, the mix of

resources used to provide the service, and the amount of resources used for one service in relation to other services.

According to Kong (2005), outcome measures address the question of whether or not the service or program is meeting its proposed goals. They are used to evaluate the quality of effectiveness of programs. While outcome indicators are of greatest interest to policy makers and customers, they also tend to be the least utilized. This is due in part to the cost of collecting the information needed to produce the measures and to the difficulty of ascertaining the relationship between the government program and the needed outcome (ibid).

Kong (2005) further highlights the activity-based costing (ABC) which has been suggested as a solution to the problems associated with the traditional cost accounting system used to identify, describe, assign cost to, and report on the operations in a products or services organization; it is the activities involved in the production process that drive costs. The basic approach for costing includes mainly four steps: activity analysis, activity costing, cycle time analysis, and product costing (ibid).

While highlighting the need for budget preparations through identifications of needs, their specifications and allocations of funds (Bhimani, Horngren, Datar, and Foster, 2008) noted that Budget targets can be understood as financial plans, forecasts or estimates of expected future outcomes that the management team has agreed on. They can be used to communicate to employees what is expected of them to coordinate activities across different parts of the organization and over time. Budget targets show how resources are allocated within an organization, and they may serve as a formal authorization to a manager to spend a given amount of funds on specific activities. Budget targets can be set to motivate good performance, since

people are sensitive to goal-performance discrepancies and are motivated to decrease these by improving their performance (ibid).

Related to the above observations (Clayton, 2001) while examining the budgeting practices in Libraries observed that in budget preparations library staff need to establish and maintain strong links to staff responsible for budgeting and accounts, not only within the library but also in the wider organization of which the library is part. This is of particular importance, because accounts staff are usually unaware of the special nature of library purchasing requirements: they are typically set up to process and account small numbers of relatively expensive orders and not large numbers of inexpensive but unique items.

Some studies have strived to highlight the role of budget preparation to firm performance and one such study is by (Hansen, Otley, and Van der Stede, 2004) which found out that formal long-range planning with a comprehensive identification of user needs and allocation of cost and expectations actually does pay off in the way of improved performance. Similarly, the formality, thoroughness, sophistication and participation that characterize long-range planning exhibit a positive relationship with organizational performance.

Naranjo-Gil and Hartmann (2006) contends that budgets are used to communicate and implement the first year of a strategic plan and can be turned into responsibilities and commitments, standards and benchmarks against which actual results can be compared for unit and managerial performance, evaluation and reward. Hansen and Van der Stede (2004) also corroborate this finding by documenting that the formality, thoroughness, sophistication and participation that characterizes long-range planning exhibit a positive relationship with organizational performance. In general and from these studies, it can be inferred that governance

in the use of organizational resources, which ultimately flows from the planning process contributes to the positive improvement in performance.

Zimmerman (2003) opined that operating budget systems are an important part of an organization's accounting system and organizational architecture, in that a budget assists in decision making, in performance measurement, and in performance reward by quantifying all aspects of an organization's operations for a future time period. Furthermore (Adams, 2006) equally observed that the budgeting process may also be a means of converting a firm's strategic plan into a measurable standard while (Garrison, Noreen, and Brewer, 2008) attests that a budget represents an organization's effort to quantify the acquisition and utilization of resources, which addresses two purposes of management, planning and control. As an integral part of budgeting, forecasting is needed for planning the most effective and efficient ways to meet expected sales volume.

Huang and Cheng (2013) concluded that in general and from these studies, it can be inferred that financial governance in the use of organizational resources, which ultimately flows from the planning process contributes to the positive improvement in performance. Budget planning models play a significant role in mediating the relationship between budget emphasis and the performance of organization and management. Budget planning models also partially mediate the relationship between budget emphasis and budget satisfaction. One possible reason may be that budgets are regarded as an important management control system when an organization strongly emphasizes the budget and thereby directly increases budget satisfaction. As a result, it is crucial to determine how to communicate fully with business units during the budgetary participation process, as well as to share information and experience, increase access to information relevant to work, and create a flexible control environment that empowers and supports business unit managers.

## **2.4. Budget implementation and organizational performance**

Budget implementation or executions is the phase where the organization's resources are used in implementing its activities. In general, the main focus of budget execution is compliance with budgetary authorizations and this is usually governed by an internal control system (Adams, 2006; Clayton, 2001; Kong, 2005).

In line with the above (Tommasi, 2007) noted that efficient budget execution are budgets implemented in line with the pre-set rules and authorizations of the implementing entity, with changes or adaptations being made by the appropriate authority in the event of changes in baseline assumptions or conditions. This setup ensures that procurement and management of procured goods and services are done efficiently and also prevents risk and abuse to the implementing organization and its resources. Lambert (1990) further augments this list by indicating other factors that are key to successful budget execution including written authorization and evidence in the giving and receipt of funds as well as timeliness and accuracy of financial reports.

Budgetary implementations can take a variety of forms and simplest and most basic is to record expenditures in relation to approved appropriations and allotments to ensure that they are not exceeded. This is designed to ensure that expenditure limits are respected but makes no provision for ensuring that desired results are obtained. An effective approach compares actual expenditures to a predetermined target so that departures may be identified and investigated.

Budgetary implementation is essential for departmental management. The organization as a whole also needs some means of assurance that spending limits are respected and that resources allocated are attaining the desired results. This can be achieved in two ways the first, by ensuring that departmental systems are adequate for this purpose; and second, by monitoring the

information provided by such systems to ensure that its significance is fully appreciated and is reported to those responsible for taking corrective action (Akintoye, 2008).

While pointing out the relationship between budget implementation and organizational performance (Huang and Chen, 2010) study shows that a high or low level of playing devious games may reduce or increase the effects of budget-emphasis in performance evaluation on attitudes towards the budgetary process. One interpretation is that, under budgetary pressures, managers may be inclined to intentional overestimation of expenses and resources required to complete a budgeted task. Thus, managers are more likely to play devious games to obtain extra budget requests, such as seeking an additional amount over last period's budgetary amounts, relying on friendship with the superior, or adding an unwanted and likely-to-be cut item in the budget. If the superior approves managers' extra budget requests, the manager may exert less effort or misuse the organization's resources. If the superior does not approve their budget requests, managers may not meet their budget targets easily, and in turn, they have less favorable attitudes towards the budgetary process such as making less effort to meet their budget or withholding their support of the budgetary process. On the other hand contrary, budgetary pressure may keep managers focused on a task, improve performance or bring a real sense of achievement as the result of overcoming a new challenge.

Richard and Craig (2004) associate the playing of games to lack of skills and puts it:

*“Managers playing devious games “sometimes reflect a lack of skills and know-how rather than Machiavellian intentions. For example, managers may be weak strategic thinkers, have poor planning skills, or be inexperienced in valuing projects correctly. In such situations, the remedy would include training, coaching and other forms of management education”*  
(page. 134)

In addition Davila and Wouters (2005) provides evidence that presence of budgetary slack may have positive consequences when the demand on business processes increase and multiple goals



are beyond achieving cost budgets. Superiors may accept more budgetary slack to facilitate managers' work in achieving the goals of the organization.

## **2.5. Budget control and organizational performance**

Control has been defined by several scholars Ninemeier (2004) defines control as:

*“coordinated activities which help managers assess the extent to which actual results of operations match the planned results”.*

According to Mensah (2003), weak internal control systems as per an organization's execution framework create incentives for staff to make side deals with suppliers or make side-payments to influence contracts. In a bid to ensure tight internal control systems and ultimately governance, certain provisions are usually provided for. These provisions usually revolve around roles of the board of directors, payments and financial accounting as it relates to budget execution.

Some scholars opined that many organizations use budgets to motivate employees, allocate resources and evaluate performance. Superiors frequently use a budget-emphasis style of evaluation because of its relative objectivity (Davis, Holmgren, and Kriss, 2006), enhanced budgetary performance results in bonuses, pay raises and promotions, while worse budgetary performance results in punishment or even job loss. Thus the of budget results in performance evaluation produces budget pressure which may keep managers focused on a task, improve performance or bring a real sense of achievement as the result of overcoming a new challenge (Coleman, 2009).

Chenhall (2007) noted that public managers are penalized for identifying and implementing cost-saving techniques in that department that realize cost savings through process improvement or managerial reforms may have their budgets cut in the following fiscal year and resources transferred to organizations that met or exceeded their funding levels. By shifting emphasis from

inputs to outcomes and results, PBB attempts to subdue the so called 'use it or lose it' culture and create an incentive structure based on results and cost-effectiveness (ibid).

Monitoring the budget provides an early warning of deviations from budgetary targets and alerts top managers to take corrective action through frequent, detailed, and timely monitoring of budget performance (Anthony and Govindarajan, 2007). Managers also use budget monitoring to exercise control, implement decisions, and facilitate continuous improvement. However, top management places greater importance on the budgets bottom-line than on specific budget line-items, thereby providing business unit managers with increased discretion in the arrangement of budgeting, on the condition that they achieve their overall budgetary objectives (Frow and Marginson, 2005).

In line with the above positions on budget controls, Libby and Lindsay (2007) contends that firms consider budgets to be part of the management control system and tight budgetary control includes rewarding, monitoring and communication of goals. In support of the above position, (Ninemeier, 2004) noted that when managers establish their operating budgets, the goal set for revenue, profit requirements, and operating expenses must be achieved without compromising quality requirements if the firm is to achieve its performance expectations. Managers review the difference between the planned costs and the actual costs incurred over time (Mitchell, 2005). These budget variances consist of different elements. Operational causes are from both uncontrollable random and controllable factors. Non-operational causes are related to costing errors and inappropriate standards. Managers need to check whether the standard costing system is functioning well and that the standard costs are regularly revised as part of the budget controls that facilitates achievement of organizational performance expectations.

Oak and Schmidgall (2009) in their study found that the major reason for preparing the operating budget is to provide a standard for comparing actual results at the end of the accounting period.

If operating budget goals are not met, managers need to take corrective action. Fiador (2013) specifically focused on the role of budget controls in NGOs in Ghana and found out that NGOs only partially observe best practices as they relate to financial governance and this is mostly explained by the size of the NGO. A lack of proper systems may ultimately lead to the early death of otherwise very viable projects while efficient financial management and governance, on the other hand, will ensure that the funds are put to the right use and benefits accrue to all stakeholders. Policy moves such as those indicated above will ensure that only capable and accountable NGOs play their role within the third sector. Burgess (2007) focuses on the use of technology and found that technology has improved accounting processing in general, and that the role of the controller has shifted from processing accounting data to analysis and interpretation, or an emphasis on control.

## **2.6. Summary of the literature review**

The review of the existing literature shows limited empirical evidence on the relationship between budget management and performance of community based organizations. Similarly, the existing body of knowledge on the relationship between budget preparation, implementation and controls in community based organizations is highly limited. Moreover, there is no conclusive agreement on the effects of budget management on the performance of community based organizations in Uganda. This study will therefore examine the influence of budget management practices of budget preparation, implementation and control on the performance at Reach Out Mbuya Parish HIV/AIDS Initiative as a case study to cover this literature gap.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1. Introduction**

This chapter presents the research design, population of study, sample size and selection, data collection methods, data collection instruments, validity and reliability, data collection procedures, data analysis and measurement of variables.

#### **3.2. Research Design**

The study used a case study design where both quantitative and qualitative approaches were adopted. The case study approach enabled obtaining holistic in-depth insights into budget management and project performance of Reach Out Mbuya Parish HIV/AIDS Initiative. Yin (2004) argues that case study research strategies are appropriate for the investigation of how and why questions, especially when the concern is to study contemporary issues over which the researcher has no control. Case study research was equally used because the issues of budget management and performance of ROM have no clear boundary. The quantitative approach was used to establish the extent to which budget preparation, implementation and control influence the performance of ROM using disruptive statistics and co-variance analyses. On the other hand, qualitative data was used to obtain a detailed explanation of the budget management practices and their influence on the performance of ROM as suggested by Amin (2005).

#### **3.3. Study Population**

The study was carried out at Reach Out Mbuya Parish HIV/AIDS Initiative (ROM) located in Nakawa Municipality. The accessible population was of 123 respondents as per ROM Annual performance report 2012.

### 3.4. Sample Size and Selection Techniques

#### 3.4.1. Sample Size

The study selected 107 respondents based on Krejcie and Morgan (1970) guidelines (see Appendix III) this is shown in table 1 below.

**Table 1: Showing the study population for the Research**

<b>Population Category</b>	<b>Accessible Population</b>	<b>Sample</b>	<b>Sampling Technique</b>
Top management	7	6	Purposive
Middle management	9	8	Purposive
Supervisors	30	26	Simple random sampling
Junior staff	77	67	Simple random sampling
<b>Total</b>	<b>123</b>	<b>107</b>	

**Source: ROM Annual performance report 2012**

### 3.5. Sampling Techniques and procedure

As indicated in table 1 above, the study used purposive sampling to select all the top management and middle management staff because they are key stakeholders in the budget management and performance of the organization. The study used simple random sampling to select the remaining population categories in order to have fair participation in the study. Simple random sampling was also used because it is easy to use. In using the simple random sampling, the study used the lottery approach where names in each category were written on a tag and one name picked at a time until the required number was reached. The study used proportionate sampling by using the ratio of  $107/123 \times$  total population of each population category to arrive at each sample size of each population category.

### **3.6. Data Collection Methods**

In this study, the researcher used a survey approach where both qualitative and quantitative data was collected. There are several survey approaches however for the purpose of this study the questionnaire and interviewing were used as discussed below.

#### **3.6.1. Questionnaire Survey**

The questionnaire was used basing on the fact that the variables cannot be observed such as views, opinions, perceptions and feelings of the respondents on budget preparations, implementation, controls and performance of ROM as guided by Amin (2005). The questionnaire was also used to enable the respondents fill the questionnaire without undue influence of the presence of the researcher yet it was found to be less expensive for data collection and could collect vast amounts of data in a short time.

The respondents recorded their answers within closely defined alternatives. In this study the questionnaire was administered by a Research Assistant delivering them to the respondents. This was done to avoid any bias since the researcher is an employee of the ROM. The questionnaires were issued to all the 107 respondents in their different categories.

#### **3.6.2. Interview**

In this method the researcher hired a journalist to interview the selected respondents in order obtain in depth information on budget management and performance of ROM that could be used in the analysis of data collected as guided by (Lofland and lofland, 1995). This was done to avoid any bias since the researcher is an employee of ROM. The use of interview was equally sought as it provides an opportunity to probe and gain objective explanations of the study observable facts about ROM. The researcher specifically interviewed the project Executive

Director who is responsible for the overall development of the budget and the Director Finance and Administration who coordinates the budget management functions at ROM.

### **3.7. Data Collection Instruments**

#### **3.7.1. Questionnaire**

A total of 107 questionnaires were distributed to the targeted population. The study used a close ended questionnaire divided into sections of budget preparation, implementation, controls and performance of ROM. A standard Questionnaire on a five point Likert scale was used to get quantifiable primary data from individual respondents on a scale of 5- Strongly agree; 4- Agree; 3- Not sure; 2- Disagree; 1- Strongly disagree.

#### **3.7.2. Interview guide**

The interview guide consisted of semi structured questions on the study variables of budget preparation, implementation, control and their influence on the performance of ROM. The guide helped the interviewer pace the interview and make interviewing more systematic and comprehensive as supported by (Lofland and lofland, 1995).

### **3.8. Validity and Reliability**

#### **3.8.1. Validity**

Validity refers to the truthfulness of the findings or the extent to which the instrument is relevant in measuring what it is supposed to measure as supported by (Amin, 2005). The validity of the instrument was tested using the Content Validity Index. This involve judges scoring the relevance of the questions in the instruments in relation to the study variables and a consensus

judgment given on each variable and taking only variables scoring above 0.70. The Content Validity Index (CVI) was arrived at using the following formula.

$$CVI = \frac{R}{R+N+IR}$$

Where R = Relevant, N = Neutral, IR = Irrelevant. The closer to 1 the CVI, the more valid is the instrument and the results are shown in table 2 below.

**Table 2: Validity Results**

Variable	Total No of items	No of items declared valid	CVI
Budget preparation	13	10	0.769
Budget implementation	11	8	0.727
Budget controls	11	9	0.818
Project performance	12	8	0.750

Source: Primary data

Table 2 shows that on the budget preparation yielded CVI of 0.769, implementation yielded a CVI of 0.727, budget controls yielded CVI of 0.818 while project performance yielded a CVI of 0.750. Since all variables yielded a CVI above 0.70 accepted for social sciences, it was inferred that the instrument was relevant in budget management and performance of ROM.

### **3.8.2. Reliability**

Reliability of a measure indicates the extent to which it is without bias and therefore ensures consistent measurement across time and across the various items in the statement suggesting that the finding would be consistently the same if the study was done over again (Mugenda & Mugenda, 1999). In this study a Cronbach's alpha coefficient was computed to show how reliable the data is, this was calculated using Software Package for Social Sciences (SPSS) and taking only variables scoring above 0.70 as suggested by Amin (2005) and the findings are presented in table 3 below.



**Table 3: Reliability Results**

<b>Variable</b>	<b>Total No of items</b>	<b>Cronbach's alpha</b>
Budget preparation	13	0.790
Budget implementation	11	0.734
Budget controls	11	0.702
Project performance	12	0.749

Source: Primary data

Table 3 above shows that budget preparation yield Cronbach's alpha value of 0.790, implementation yielded alpha value of 0.734, while controls yielded an alpha value of 0.702 while project performance yielded alpha value of 0.749. Since all variables yielded an alpha value higher than 0.70 accepted for social sciences, it was concluded that the instrument was consistent in measuring budget management and performance of ROM.

### **3.9. Data collection procedure**

After successful defense of the proposal, permission to conduct the study was sought from the management of ROM to authorize the study. Anonymity and confidentiality of the respondents was observed by not asking the respondents to put their names on the questionnaires. A covering letter from UMI accompanied the questionnaires.

### **3.10. Data Analysis**

#### **3.10.2. Quantitative Analysis**

Quantitative data was presented in form of descriptive statistics using mean and standard deviations for each of the variables used in the study, correlation and regression analyses also was done. The correlation technique included Pearson's coefficient (+ or – to show the direction of the relationship between the variable) and significance tested at 99% and 95% confidence levels based on two tailed correlation and significant more than or equals to 0.05. A positive

correlation indicates a direct positive relationship between the variables while a negative correlation indicates an inverse or negative relationship between the two variables. The ANOVA using the adjusted  $R^2$  values, beta, t values and significance values to determine the magnitude of the influence of the independent variables on the dependent variable (Amin, 2005) was used in the regression analysis.

### **3.10.2. Qualitative Analysis**

Qualitative analysis involved organizing statements, and responses to generate useful conclusions and interpretations on the research objectives as guided by (Sekaran, 2003). Qualitative analysis involved coding of data, identifying categories and patterns that emerge in the responses on budget management and project performance. Cross-examinations of the qualitative data with the quantitative findings on their level of agreement or disagreement were also used to analyze qualitative data.

### **3.11. Measurement of variables**

The variables were measured by operationally defining concepts. For instance the questionnaire was designed to ask responses about budget management and performance of the ROM. Specifically, budget preparation and implementation was measured using items identified from Welsh (2003), budget controls (Egan, 1997) and performance gained from Barlev and Haddad (2007). These were then channeled into observable and measureable elements to enable the development of an index of the concept. A five- Likert scale namely: 5-Strongly agree; 4- Agree; 3- Not sure; 2- Disagree; 1- Strongly disagrees was used to measure both the independent and dependent variables.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS**

#### **4.1 Introduction**

This chapter presents analysis and interprets the study findings based on the questionnaires and interview primary data obtained from the field at Reach Out Mbuya Parish HIV/AIDS Initiative. The first section presents the response rate which is followed by the background information about the respondents and a presentation of the study findings in relation to the specific objectives of the extent to which budget preparation, implementation, and controls influence project performance.

#### **4.2 Response rate**

A total of 107 questionnaires were issued but 97 useable questionnaires were returned and considered in the study which is an overall response rate of 90.7% which is a good representation of the study sample selected from the population given that only 10 questionnaires were not returned in time for consideration in the study according (Amin, 2005). Two interviews with the project Executive Director and the Director Finance and Administration at ROM were targeted of which both were successfully conducted giving a response rate of 100% for the interview.

#### **4.3. Background information about the respondents used in the study**

To establish the background characteristics of the respondents, the questionnaire asked the respondents to indicate their level of education, job title and time worked with ROM to help establish the respondents' knowledge and experiences with budget management and performance of ROM. Table 4 below shows the summary of the background information of the respondents used in this study of budget management and performance of the ROM.

**Table 4: Frequency and percentage distribution of the respondents' characteristics**

<b>Item</b>	<b>Description</b>	<b>Frequency</b>	<b>Percent</b>
Level of education	Certificate	3	3.1
	Diploma	8	8.2
	Degree	51	52.6
	Postgraduate and Masters	35	36.1
Job title/position in the ROM	Top management	5	5.2
	Middle management	9	9.2
	Supervisors	26	26.8
	Junior staff	57	58.8
Time worked with ROM	1-3 years	51	52.6
	4-6 years	42	43.3
	7-9 years	4	4.1

Source: Primary data

Table 4 above shows that majority of 51(52.6%) were degree holders and 35(36.1%) were postgraduates and masters while the least number of respondents had attained a certificate level of education. These findings revealed that most staff had a minimum level of education to appreciate budget management and project performance. Table 4 above similarly shows that majority of 57(58.8%) were junior officers, 26(26.8%) were Supervisors, while the least number of respondents 5(5.2%) were top managers and 9(9.2%) were middle level managers. This was so because the CBO employed more junior employees to implement the project activities and fewer managers who budget and coordinate the different project activities. The implication was that the data was collected from top, middle and lower management and therefore representative of the CBOs experiences at the top and lower management.

Table 4 further shows that majority 51(52.6%) of the respondents had worked with ROM for 1-3 years while 42(43.3%) had worked for 4-6 years while 4(4.1%) had worked with ROM for 7-9 years. These findings revealed that about 47.4% of the respondents had worked with the CBO for more than four years and therefore had a reasonable experience on ROM budgeting and its performance.

#### 4.4 The extent to which budget preparation influences the performance of community based organizations

The first objective of the study was to establish the extent to which budget preparation influences the performance of community based organizations. Budget preparation was conceptualized to include three indicators of needs identification, specification of requirements and financial allocations measured using 13 items scored on a five point Likert scale ranging from 5= Strongly Agreed, 4= Agree, 3= Not Sure, 2= Disagree, 1= Strongly Disagree. The findings are presented in Table 5 below using descriptive statistics of mean and standard deviation (S.D).

**Table 5: Descriptive results for budget preparation**

<b>Budget Preparation Responses</b>	<b>Mean</b>	<b>S.D</b>
<i>Needs identification</i>		
1. ROM activities are adequately identified for each financial year for the various donors	4.23	.797
2. You are involved in budget preparations	3.93	.992
3. ROM implementers are involved in the identification of annual activities and prioritizing them.	4.10	.895
4. ROM suppliers are adequately identified for each financial year for the routine procurements and services	1.99	1.177
5. ROM follows the budget guideline of the different donors while preparing the budget	4.16	.825
<i>Specification of requirements</i>		
6. ROM adequately develops functional specifications necessary for the project	1.98	1.181
7. ROM adequately develops performance specifications necessary for the project	1.95	1.158
8. ROM adequately develops technical specifications necessary for the project	1.89	1.089
9. ROM inputs comply to the national/donor standard specification	4.05	.808
<i>Financial allocations</i>		
10. Your department/section is given adequate funding for each project activity	3.98	1.010
11. Human resources cost for project activities are adequately identified at ROM	1.88	1.023
12. Material costs for each budget area are adequately identified at ROM	3.97	.940
13. The required equipments cost are adequately provided for each program activity in the budget	1.69	.961

Source: Primary data

Table 5 above shows that the respondents agreed that; - project activities were adequately identified for each financial year (mean = 4.23), implementers were involved in identification of and prioritizing of project activities (mean = 4.10), budget guideline of the different donors while preparing the budget were followed (mean = 4.16). These findings revealed adequate effort was undertaken to identify project needs based on project activities and priorities based on the donor and the organisation's budget guidelines. The efforts to identify needs for the financial year should be commended as it guides the process of development of specifications and allocations of financial resources to project activities which foster the attainment of the project mandate.

However, the respondents disagreed that suppliers were adequately identified (mean = 1.99) implying that little effort was undertaken to have the suppliers in mind for the project needs which may result in procurement of substandard or highly priced goods and services due to low supplier base. It is necessary that the management undertakes to consider needs identification while having the supplier engaged to establish the true cost estimates for procuring the project goods and services.

Table 5 above further shows that functional (mean = 1.98), performance (mean = 1.95) and technical (mean = 1.89) specifications of project inputs were not adequately developed. The failure to develop technical, functional and performance specifications frustrates the procurement of project goods and services with high likelihood of procuring project goods and services which do not meet the standard expectations of the users or its purpose leading to financial loss. There is need to enforce the development of specifications for the identified project needs/inputs to enhance the attainment of value for money.

According to the results in table 5, the respondents agreed that their department/sections were given adequate funding for each project activity (mean = 3.98) while they also agreed that

material costs for each budget area were adequately identified (mean = 3.97). These findings suggested observance of good budgeting practices by allocating funds to each department/section and the different material costs which acts as basis for ensuring that these functional budgets and material costs are in place to implement functional activities of the project to address the identified project need.

The respondents however disagreed that Human resources cost (mean = 1.88) and required equipments cost were adequately provided for each program activity in the budget (mean = 1.69) finding which revealed that human resources costs related to remuneration, incentives and benefits and equipments requirements were not adequately provided for in the project budget to donors. The failure to provide for human resource compensation and incentives demotivates the personnel implementing the project activities which may lead to low commitment to implement the planned project activities. Similarly the inadequate consideration of project equipment costs constraints the attainment of the project mandate as the organization may have to rely on other organizations for such equipment which may not take ROM's interest. It was necessary that the organization undertakes to budget for key project equipment since they are facilitators in achieving the project goal.

In an interview when asked to indicate the challenges in budget preparation ROM experiences, one interviewee at the level of a director put it:

*“The biggest challenge is that funds come when the donor has already allocated it to specific program areas of their interest. In some cases some areas have more funds allocated than others”.*

Another interviewee at the level of director equally identifies challenges in budget preparation and put it:

*“ROM has a number of donors with different priorities, some donors restrict their funding on specific activities and most of them shun administrative expenses and equipments. The other challenge is that some people fail to budget appropriately due to limited budget knowledge”.*

Asked to describe the extent to which budget preparation influenced the performance of ROM project one interviewee at the level of director put it:

*“In most cases the implementers budget to exhaust the funds given for the different activities. The effect is that the implementers will try to come up with several activities to ensure that they use up all the funds allocated”.*

The above interviewee’s views seem to agree with another interviewee who noted:

*“The budget is well guided by the different donors and team work making it a participatory exercise. However, we have noted that some implementers tend to budget to exhaust the funds given for the different activities”.*

#### **4.4.1. Correlation analysis budget preparation and project performance**

To test if there was a relationship between budget preparation and performance in CBO a correlation analysis was conducted using Pearson’s correlation coefficient and significance at the 99 and 95 confidence limits (two tailed level) and the findings are presented in Table 6 below.

**Table 6: Correlation results between budget preparation and project performance**

		Budget Preparation	Project Performance
Budget Preparation	Pearson Correlation	1	.541 **
	Sig. (2-tailed)		.000
	N	97	97
Project Performance	Pearson Correlation	.541 **	1
	Sig. (2-tailed)	.000	
	N	97	97
**. Correlation is significant at the 0.01 level (2-tailed).			

$P \leq 0.05$

Source: Primary data



Table 6 above shows the Pearson’s correlation coefficient  $r = 0.541^{**}$  between budget preparation and project performance, suggesting that the two variables had a positive significant relationship. The  $r = 0.541^{**}$  and significance  $p = 0.000$  between budget preparation and project performance suggests that there was a high positive and significant relationship between budget preparation and project performance. The project management implication was that the observance of project budget preparation best practices fosters project performance while inadequate budget preparation constrains the attainment of project performance expectations.

#### 4.4.2. Regression Results between budget preparation and project performance

To establish the extent to which budget preparation influenced project performance, a simple regression analysis was conducted using the ANOVA techniques of adjusted  $R^2$  values, standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 7 below.

**Table 7: Regression Results between budget preparation and project performance**

Model		Unstandardized Coefficients		Standardized Coefficients	R	R-Square Change	Adjusted $R^2$	t	Sig.
		B	Std. Error	Beta					
1	(Constant)	1.974	.242		.541 <sup>a</sup>	.292	.285	8.143	.000
	Budget Preparation	.467	.075	.541				6.264	.000

a. Dependent Variable: Project Performance

$P \leq 0.05$

Source: Primary data

Table 7 above shows a coefficient of determination (R-square) of 0.292 at a significant level of 0.000 suggesting that the project performance explained by budget preparation was 29.2%. The adjusted  $R^2$  of 0.285 or approximately 30% was the variance in the project performance

explained by budget preparation in ROM putting into consideration all the variables and the sample size of the study. The remaining balance of 70% was explained by other factors other than project budget preparation. The study therefore inferred funds absorption, timely implementation of project activities and attainment of project targets significantly depends on identification of annual project needs, development of specifications and allocation of adequate financial resources to each project cost areas. The study therefore confirmed the hypothesis that budget preparation significantly influences the performance of community based organizations.

#### **4.5 The extent to which budget implementation influences the performance of community based organizations**

The second objective of the study was to establish the extent to which budget implementation influences the performance of community based organizations. Budget implementation was conceptualized to include three indicators ; requisitions, verifications and approvals measured using 11 items scored on a five point Likert scale ranging from 5= Strongly Agreed, 4= Agree, 3= Not Sure, 2= Disagree, 1= Strongly Disagree. The findings are presented in Table 8 below using descriptive statistics of mean and standard deviation (S.D).

**Table 8: Descriptive results for budget implementation**

<b>Budget implementation responses</b>	<b>Mean</b>	<b>S.D</b>
<i>Requisition</i>		
1. Your department/ section has a requisition book and its available whenever you want to make a requisition.	3.93	.927
2. Your department/section head helps in the identification of the budget codes for all the program activities	4.00	.804
3. You always have the right specifications of the activities or procurement on the requisition	1.92	1.017
4. You always make requisitions for activities provided for in the budget	4.05	.951
<i>Verifications</i>		
5 ROM management always ensures activities implemented are in the	1.92	1.027

budget			
6	ROM management always ensures that they spend with in the budget	4.11	.840
7	ROM management always ensures that all donor funds have budget allocations	4.02	.890
8	ROM management and staff are aware of the disallowable of particular donors	1.73	.848
<i>Approvals</i>			
9	ROM management ensures that the budget is approved by the Board of Directors	3.89	.956
10	ROM management ensures that all procurement above 3 million are approved by the procurement committee as part of the procurement process	4.10	.860
11	ROM management ensures that all procurement above 10 million are approved by the Board of Directors.	4.20	.745

Source: primary data

Table 8 above shows that the respondents agreed that department/ section had an available requisition book (mean = 3.93), heads of votes were helpful in the identification of project activities codes (mean = 4) while they also agreed that they always made requisitions for activities provided for in the budget (mean = 4.05). The findings revealed compliance to budget requisition guidelines during budget preparation which helps ensure that the funds are required and utilized as planned.

Table 8 above shows that the respondents agreed that ROM management always ensured that they spent with in the budget (mean = 4.11), agreed that the management always ensured that all donor funds had budget allocations (mean = 4.02). These findings suggested that efforts was undertaken to verify budgets on requisition by ensuring that expenditures do not exceed budgets and as allocate in each donors budget. The enforcement of verifications should be commended as it helps ensure that the funds are used for their intended purpose and are within limits as provided for in the budget.

The respondents however disagreed that ROM management always ensured that only budgeted activities were implemented (mean = 1.92) while they also disagreed that all management and

staff were aware of the disallowable of particular donors (mean = 1.73). These findings revealed that some unbudgeted project activities come on board during implementation there by putting a strain on some budget votes. It is also necessary that key budget staff and management are educated on the disallowable of the donor to avoid last minute failures based on donor conditions on disallowable which were not known to the staff making such requisitions on those votes.

The findings in table 8 above also shows the respondents agreed that;- management ensured budget approval by the Board of Directors (mean = 3.89), all procurement above 3 million were approved by the procurement committee as part of the procurement process (mean = 4.10), all procurement above 10 million are approved by the Board of Directors (mean = 4.20). These findings revealed a high level of compliance to budget approval requirements during budget implementation which helps ensure that funds are used for the specific activities.

Asked to describe the budget implementation challenges in ROM one director interviewed put it:

*Management sometimes stops some activities reasoning that the activities are not worth the budget allocated. This happens a lot with the OVC activities. Supervisors also tend to use particular budget codes until when the funds have been used up. Supervisors make requests for activities or items not budgeted for. In some cases the end users do not give specification for items to be procured.*

Another director interviewed on challenges in budget implementation observed:

*ROM has a high staff turnover, some of the key staff involved in the budget preparation leave before the budget is fully implemented. The new staff will find it hard to understand and implement the budget. Donor influence also contribute a lot, the donors can give more attention to a specific activity and would allocate more funds to that activity. In some cases the end users do not give specification for items to be procured.*

Asked to indicate the extents to which budget implementation influenced the performance of ROM project one director interviewed put it:

*“When the supervisors use a particular budget code/ line for implementing activities irrespective of they are budgeted for or not, this leave certain budget line over spent and others remain unutilized. Not giving proper specifications delays implementation of some of the activities”.*

#### **4.5.1. Correlation analysis budget implementation and project performance**

To test if there was relationship between budget implementation and project performance in CBO a correlation analysis was conducted using Pearson’s correlation coefficient and significance at the 99 and 95 confidence limits (two tailed level) and the findings are presented in Table below.

**Table 9: correlation results between budget preparation and project performance**

		Budget Preparation	Project performance
Budget Preparation	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	97	
Project performance	Pearson Correlation	.505**	1
	Sig. (2-tailed)	.000	
	N	97	97
** . Correlation is significant at the 0.01 level (2-tailed).			

$P \leq 0.05$

Source: Primary data

Table 9 above shows the Pearson’s correlation coefficient  $r = 0.505^{**}$  between budget implementation and project performance, suggesting that the two variables had a positive significant relationship. The  $r = 0.505^{**}$  and significance  $p = 0.000$  between budget implementation and project performance suggests that there was a high positive and significant relationship between budget implementation and project performance. The implication was that the observance of project budget implementation best practices fosters project performance while inappropriate budget implementation constrains project performance.

#### 4.5.2. Regression Results between budget implementation and project performance

To establish the extent to which budget implementation influenced project performance, a simple regression analysis was conducted using the ANOVA techniques of adjusted  $R^2$  values, standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 10 below.

**Table 10: Regression Results between budget implementation and project performance**

Model	Unstandardized Coefficients		Standardized Coefficients	R	R-Square Change	Adjusted $R^2$	t	Sig.	
	B	Std. Error	Beta						
1	(Constant)	1.796	.297		.505 <sup>a</sup>	.255	.247	6.057	.000
	Budget Implementation	.484	.085	.505				5.703	.000
a. Dependent Variable: Project Performance									

$P \leq 0.05$

Source: Primary data

Table 10 above shows a coefficient of determination (R-square) of 0.255 at a significant level of 0.000 suggesting that the project performance explained by budget implementation was 25.5%. The adjusted  $R^2$  of 0.247 or approximately 25% was the variance in the project performance explained by budget implementation in ROM putting into consideration all the variables and the sample size of the study. The remaining balance of 75% was explained by other factors other than project budget implementation. The study therefore inferred funds absorption, timely implementation of project activities and attainment of project targets significantly depends on efforts to adhere to requisitions, verifications and approvals. The study therefore confirmed the hypothesis that budget implementation significantly influence the performance of community based organizations.

#### 4.6 The extent to which budget controls influences the performance of community based organizations

The third objective of the study was to establish the extent to which budget controls influence the performance of community based organizations. Budget controls were conceptualized to include two indicators of budget reviews and reporting measured using 11 items scored on a five point Likert scale ranging from 5= Strongly Agreed, 4= Agree, 3= Not Sure, 2= Disagree, 1= Strongly Disagree. The findings are presented in Table below using descriptive statistics of mean and standard deviation (S.D).

**Table 11: Descriptive results for budget controls**

<b>Budget control responses</b>	<b>Mean</b>	<b>S.D</b>
<i>Budget reviews</i>		
1. The management of ROM undertakes to review the mobilized financial resources against budgeted	3.87	.824
2. The management of ROM undertakes to review the adequacy of budget allocations to the different departments/section	4.00	.924
3. The management of ROM undertakes to review the targeted expenditures by the different departments/section/activities	4.15	.821
4. The management of ROM undertakes to review the funds disbursements mechanism to ensure an efficient program implementation	4.16	.687
5. The management of ROM undertakes effort to effect timely funds reallocations to the different departments/activities to enhance the achievement of project mandate	1.77	.797
6. Your department/section always tracks its budget performance	3.97	.994
<i>Budget reporting</i>		
7. Bottom up accountability is always enforced by the responsible persons at ROM	4.05	.983
8. Monthly expenditures reports are always submitted in time by the responsible persons	1.92	1.017
9. Monthly expenditures reports are always submitted in time by the responsible persons	1.89	.956
10. Annual financial reports are always submitted in time	1.90	.952
11. The annual financial reports is always accurate	4.01	.941

Source: Primary data

Table 11 above shows that the respondents agreed that the management of ROM undertook to;- review the mobilized financial resources against budgeted (mean = 3.87), review the adequacy of

budget allocations to the different departments/section (mean = 4.00), review the targeted expenditures by the different departments/section/activities (mean = 4.15). These findings revealed good efforts to control budgets which enhanced funds utilisation following establishment of the budget performance status for each project functional areas.

However the respondents disagreed that ROM undertook to effect timely funds reallocations to the different departments/activities to enhance the achievement of project mandate (mean = 1.77) a finding which revealed that the project management was constrained in making funds reallocations. The delay to reallocate funds leads to low funds absorption which may affect the future funding of the organisation.

The findings in table 11 above further shows that the respondents agreed that bottom up accountability was observed (mean = 4.05) while they also agreed that the annual financial reports were always accurate (mean = 4.01). However the respondents disagreed that monthly (mean = 1.92) quarterly (mean = 1.89) and annual (mean = 1.90) financial reports were promptly produced. These findings revealed that although accountability was enforced and accurate, it was late. The late generation of financial reports by the responsible persons constrains management decisions making and delays the implementation of some planned project activities. The late monthly, quarterly and annual financial reports equally deprive management of the opportunity to establish the level of funds absorption and taking of corrective actions.

Asked to describe the budget controls the management of ROM has put in place, the two directors interviewed identified.

*“The budget codes, budget reviews, BOD approvals, authorizations and approvals by the director Finance and Administration and Executive Director respectively and verifications by Internal Audit”.*

Asked to indicate the challenges in budget control one director simply put it:

*“Budget controls are time consuming and tend to frustrate the implementers”*



The other interviewee had this to say:

*“Supervisors not taking budget codes serious when authorizing their requests. Activities where the threshold is for BOD approval takes time since the BOD sit on a quarterly basis”.*

#### 4.6.1. Correlation analysis budget controls and project performance

To test if there was relationship between budget controls and project performance in CBO a correlation analysis was conducted using Pearson’s correlation coefficient and significance at the 99 and 95 confidence limits (two tailed level) and the findings are presented in Table below.

**Table 12: Correlation results between budget controls and project performance**

		Budget controls	Project performance
Budget Preparation	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	97	
Project performance	Pearson Correlation	.702**	1
	Sig. (2-tailed)	.000	
	N	97	97
** . Correlation is significant at the 0.01 level (2-tailed).			

$P \leq 0.05$

Source: Primary data

Table 12 above shows the Pearson’s correlation coefficient  $r = 0.702^{**}$  between budget controls and project performance, suggesting that the two variables had a positive significant relationship. The  $r = 0.702^{**}$  and significance  $p = 0.000$  between budget controls and project performance suggests that there was a high positive and significant relationship between budget controls and project performance. The project management implication was that the observance of project budget controls best practices fosters project performance while poor budget controls constrains the attainment of the project performance expectations.

#### 4.6.2. Regression Results between budget controls and project performance

To establish the extent to which budget controls influenced project performance, a simple regression analysis was conducted using the ANOVA techniques of adjusted  $R^2$  values, standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 13 below.

**Table 13: Regression Results between budget controls and project performance**

Model		Unstandardized Coefficients		Standardized Coefficients	R	R-Square Change	Adjusted $R^2$	t	Sig.
		B	Std. Error	Beta					
1	(Constant)	1.247	.234		.702 <sup>a</sup>	.493	.488	5.339	.000
	Budget controls	.681	.071	.702				9.619	.000
a. Dependent Variable: Project Performance									

$P \leq 0.05$

Source: Primary data

Table 13 above shows a coefficient of determination (R-square) of 0.493 at a significant level of 0.000 suggesting that the project performance explained by budget controls was 49.3%. The adjusted  $R^2$  of 0.488 or approximately 50% was the variance in the project performance explained by budget controls in ROM putting into consideration all the variables and the sample size of the study. The remaining balance of 50% was explained by other factors other than project budget controls. The study therefore inferred that funds absorption, timely implementation of project activities and attainment of project targets significantly depends on efforts to review budgets and budget reporting. The study therefore confirmed the hypothesis that budget controls significantly influence the performance of community based organizations.

#### 4.7. Summary of the Study Results

The purpose of the study was to examine the extent to which budget management influence project performance. The multiple regression analysis were undertaken to understand how the typical value of project performance changes when any one of the dimensions of budget management is varied, while the other independent variables are held fixed. The multiple regression analysis was also used to establish which among the dimensions of budget management was a more significant predictor of the variance in project performance as guided by (Freedman, 2005). The findings of the multiple regression analysis are shown in table 14 below.

**Table 14: Multiple regression results**

Model Adjusted R <sup>2</sup> = 0.505		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta(β)		
1	(Constant)	1.043	.263		3.973	.000
	Budget Preparation	.170	.082	.196	2.076	.041
	Budget Implementation	.015	.097	.145	1.152	.050
	Budget Controls	.561	.096	.579	5.865	.000

a. Dependent Variable: Project Performance

$P \leq 0.05$

Source: Primary data

Table 17 above shows an adjusted R<sup>2</sup> value of 0.505 between budget management dimensions of budget preparation, implementation, controls and project performance in ROM suggesting that budget management as conceptualized predicted 50% of the variance in project performance failures and achievements while other variables predicted the remaining 50% of the variance in the variance of project performance. Project budget control had the highest influence on project performance ( $\beta = 0.579$ ,  $t = 5.865$ , and significance 0.000). This was followed by project

preparation ( $\beta = 0.196$ ,  $t = 2.076$ , and significance 0.041). Budget implementation was the least significant predictor of the project performance ( $\beta = 0.145$ ,  $t = 1.152$ , and significance 0.050).

## **CHAPTER FIVE**

### **SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter presents a summary, discussion, conclusions and recommendations of the study on budget management and the performance of Community based Organizations. The first section presents a summary of findings in relation to the specific objective. This is followed by a discussion, conclusion, recommendations, limitations of the study, contributions of the study and recommendations for further studies.

#### **5.2. Summary of the study findings**

This sub section presents a summary of the study findings on the extent to which budget management influences performance of ROM. It specifically presents the summary in relation to budget preparation, implementation, controls and performance of the CBO.

##### **5.2.1. Budget preparation and performance of ROM**

The study found out that there were efforts to identify needs for the financial year. However, little efforts was undertaken to adequately;- have the suppliers in mind for the project needs, develop specifications of the indentified needs, and indentify project human and equipment costs. The study found a high positive and significant relationship between budget preparation and project performance and it predicted up to 30% of the variance in the project performance. The implication was that the observance of project budget preparation best practices fosters project performance while inadequate budget preparation constrains the attainment of project performance expectations in CBO.

### **5.2.2. Budget implementation and performance of ROM**

The study found out compliance to budget requisition guidelines during budget preparation, verifications and approvals. However, some unbudgeted project activities come on board during implementation there by putting a strain on some budget votes. Budget implementation had a high positive and significant relationship between budget implementation and project performance and it predicted up to 25% of the variance in project performance. The implication was that the observance of project budget implementation best practices fosters project performance while inappropriate budget implementation constrains project performance.

### **5.2.3. Budget controls and performance of ROM**

The study results revealed that good efforts to control budgets which enhanced funds utilisation while accountability were enforced accurate. However, there were delay to reallocate funds and generation of financial reports by the responsible persons. Budget controls had a high positive significant relationship with project performance and it predicted 50% of the variance in project performance. The implication was that the observance of project budget controls best practices fosters project performance while poor budget controls constrains the attainment of the project performance expectations.

## **5.3. Discussion**

This sub section presents a discussion of the study findings on the extent to which budget management influences performance of ROM in relation to the literature review. It specifically presents discussions on the relationship between budget preparation, implementation, controls and performance of the CBO.

### **5.3.1. Budget preparation and performance of CBOs**

The study found out that there were efforts to identify needs for the financial year. However, little efforts was undertaken to adequately develop specifications of the indentified needs, and indentify project human and equipment costs. The high significant relationship between budget preparation and project performance point to the view that the failure to adequately observe budget preparation best practices significantly constrains project performance.

The study findings and observation on the extent to which the budget preparation and practices constrained ROM performance relate to a great extent to the TOC Goldratt (1990) which asserts that a system constraint is defined as anything that significantly prevents a system from improving its performance towards its set goal.

On the relationship between budget preparation and performance of ROM, some studies like Gaist (2009) indicates that by budgeting and producing periodic financial reports, NGOs are able to constantly monitor their revenue and costs to ensure that funding streams sustain operations. Similarly, Hansen and Van der Stede (2004) observes that formal long-range planning with a comprehensive identification of user needs and allocation of cost and expectations actually does pay off in the way of improved performance. Similarly, the formality, thoroughness, sophistication and participation that characterize long-range planning exhibit a positive relationship with organizational performance.

This study has helped identify some of the weaknesses in budget preparation that management needs to take action on in line with the TOC which provides that an important steps in improving system constraints organisation should be oriented towards performance improvement efforts aimed at achieving functional and whole organizational performance. Boyd and Gupta (2004)

likewise suggest that it makes more sense to focus improvement efforts on increasing policy effectiveness.

It was inferred that any efforts to improve on budget implementation practices in the CBO will enhance the attainment of its performance expectation of funds absorption, timely implementation of activities and achievement of set targets.

### **5.3.2. Budget implementation and performance of CBOs**

The study found out compliance to budget requisition guidelines during budget preparation, verifications and approvals. However, some unbudgeted project activities come on board during implementation there by putting a strain on some budget votes. The significant relationship between budget implementation and performance points to the view that failure to comply with budget implementation significantly constrains performance. The study findings and observation on the extent to which the budget preparation and practices constrained ROM performance relate to a great extent to the TOC, Goldratt (1990) which asserts that a system constraint is defined as anything that significantly prevents a system from improving its performance towards its set goal.

This study observed that the observance of project budget implementation best practices fosters project performance while inappropriate budget implementation constrains project performance. This relationship is supported by other scholars such (Tommasi, 2007) who notes that efficient budget execution are budgets implemented in line with the pre-set rules and authorizations of the implementing entity and ensures that procurement and management of procured goods and services are done efficiently and also prevents risk and abuse to the implementing organization and its resources. Davila and Wouters (2005) specifically points to the view that budgetary slack



may have positive consequences when the demand on business processes increase and multiple goals are beyond achieving cost budgets. Superiors may accept more budgetary slack to facilitate managers' work in achieving the goals of the organization.

Borrowing from the TOC by Goldratt (1990) it was necessary that as part of the continuous efforts to improve performance and management of the CBOs undertake to improve budget implementation sub system constraints aimed at achieving functional and whole organizational performance. Boyd and Gupta (2004) equally opine that it makes more sense to focus improvement efforts on increasing policy effectiveness.

This study therefore inferred that the any efforts to improve on budget preparation practices in the CBO will enhance the attainment of its performance expectation of funds absorption, timely implementation of activities and achievement of set targets.

### **5.2.3. Budget controls and performance of ROM**

The study found out that budget controls had a high positive significant relationship with project performance and it was significant predictor of the variance CBO performance. The implication was that project budget control systems constrained project performance. The study findings and observation on the extent to which the budget preparation policy and practices constrained ROM project performance relate to a great extent to the Goldratt (1990) TOC which asserts that a system constraint is defined as anything that significantly prevents a system from improving its performance towards that goal. Furthermore, the TOC by proposal to indentify system constrains for continuous improvement following identification of system's constraints could help the management of the CBOs to continuously identify budget control constrains and development of mechanisms to improve on the budget controls for enhanced project performance.

Some scholars had previously identified a relationship between budget controls and performance and organisational performance, one of which is Fiador, (2013) who specifically focused on the role of budget controls in NGOs in Ghana and found out that NGOs only partially observe best practices as they relate to financial governance and lack of proper systems may ultimately lead to the early project closures. Similarly, Chenhall, (2007) notes by shifting emphasis from inputs to outcomes and results, PBB attempts to subdue the so called ‘use it or lose it’ culture and create an incentive structure based on results and cost-effectiveness.

It was inferred that the any efforts to improve on budget controls practices in the CBO will enhance the attainment of its performance expectation of funds absorption, timely implementation of activities and achievement of set targets.

#### **5.4. Conclusions of the study**

This sub section presents the learning points of the study findings on the extent to which budget management influences performance of ROM. It specifically presents the conclusions on budget preparation, implementation, controls and performance of the CBO.

##### **5.4.1. Budget preparation and performance of ROM**

The study concluded that the identification of needs, development of specification and allocation of the necessary financial resources during budget preparation was instrumental in project funds absorption, timely implementation of activities and achievement of set targets. It was necessary that the management of ROM undertakes to observed budget preparation best practices for sustained CBO’s performance.

#### **5.4.2. Budget implementation and performance of ROM**

The study concluded that compliance with requisitions, verifications and approval budget implementation guidelines or policies was instrumental in project funds absorption, timely implementation of activities and achievement of set targets. It was necessary that the management of ROM undertakes to observe budget implementation best practices for sustained CBO's performance.

#### **5.4.3. Budget control and performance of ROM**

The study concluded that conducting of budget reviews and production of financial reports related to budgets was instrumental in project funds absorption, timely implementation of activities and achievement of set targets. It was necessary that the management of CBOs undertakes to observe budget control best practices for sustained CBO performance.

### **5.5. Recommendations of the study**

This sub section presents the action points that need to be undertaken to enhance performance of ROM. It specifically presents recommendations on budget preparation, implementation, controls and performance of the ROM

#### **5.5.1. Budget preparation and performance of ROM**

To achieve the desired level funds absorption, timely implementation of activities and set targets, the study recommends that the management of ROM should use annual planning retreats to adequately identify user department and project activities requirements with consideration of possible suppliers. The identified needs should guide the development of performance,

functional and technical specifications of the requirements for the different users with the help of external budget consultant where necessary. The budget preparation process should culminate into allocation of adequate financial resources to acquire the desirable inputs to implement project activities.

### **5.5.2. Budget implementation and performance of ROM**

To achieve the desired level funds absorption, timely implementation of activities and set targets, the study recommends that the management of ROM should have the right specifications of the activities or procurement on the requisition. Generation of supplementary budgets plan for activities which were not in the budget but have arisen during budget preparation.

### **5.5.3. Budget control and performance of ROM**

To achieve the desired level funds absorption, timely implementation of activities and set targets, the study recommends that the management of ROM should conduct monthly budget reviews for timely funds reallocations to the different departments/activities. The board should specifically emphasize compliance with financial reporting standards requiring the generation of monthly expenditures reports, quarterly and annual expenditure reports.

## **5.6. Limitations of the study**

The study relied on primary data without consideration of secondary data on budget management and performance of the ROM coupled with expert opinions on CBO budget management best practices. Never the less, the study findings provided an insight on budget management and performance of CBOs based on the views of project implementers and managers. Similarly the study used a case study approach which limits the generalization of the study results to Reach Out Mbuya Parish HIV/AIDS Initiative.

### **5.7. Contributions of the study**

The study has helped develop budget resource managerial contributions in a CBO requiring the use of annual planning retreats to adequately identify, develop specification and allocate financial resources for each project activities, use of supplementary budgeting, the board exercise of its oversight role in the production of periodic budget reporting. Similarly, the study has also helped cover literature gaps by providing empirical evidence on the extent to budget management practices of preparation, implementation and controls influence the performance of HIV/AIDS initiative in community based setting.

### **5.8 Recommendations for further studies**

The study found out that budget management dimension of preparation, implementation and controls predicted 50% of the variance in project performance failures and achievements while other variables predicted the remaining 50% of the variance in the variance of project performance. Other studies need to examine the extent to which donor influence and resource mobilization strategies affect CBO performance.

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## **APPENDICES**

### **APPENDIX I: QUESTIONNAIRE FOR SELECTED ROM STAFF**

Dear Respondent

My name is Joseph Lwasa Muwanda pursuing a Masters in Management Studies degree at Uganda Management Institute. I am interested in establishing the extent to which budget management is influencing the performance of the Reach Out Mbuya Parish HIV/AIDS Initiative. You have been selected as a respondent to provide us with your views on this study. Your views will be kept and treated confidential in line with the study.

#### **SECTION I: BACKGROUND INFORMATION**

1. Level of education: Certificate [  ] Diploma [  ] Degree [  ] Postgraduate [  ]
2. Your job title : Top Management [  ] Middle Management [  ] Lower Management [  ]  
Junior staff [  ]
3. Time worked in that position: 1-3 years [  ] 4-6 Years [  ] 7-9 Years [  ] 10+ [  ]

#### **SECTION II: BUDGET MANAGEMENT**

##### **Instructions**

Indicate the extent to which you agree with the observations of the following budget preparation practices in the Reach Out Mbuya HIV/AIDS Initiative on a scale of (5) for strongly agree (4) for agree, (3) for not sure (2) for disagree (1) for strongly disagree.

<b>A. Budget Preparation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<i>Needs identification</i>					
1. ROM activities are adequately identified for each financial year for the various donors					
2. You are involved in budget preparation					
3. ROM implementers are involved in the identification of annual activities and prioritizing them.					
4. ROM suppliers are adequately identified for each financial year for the routine procurements and services					
5. ROM follows the budget guideline of the different donors while preparing the budget					
<i>Specification of requirements</i>					
6. ROM adequately develops functional specifications necessary for the project					
7. ROM adequately develops performance specifications necessary for the project					
8. ROM adequately develops technical specifications necessary for the project					
9. ROM inputs comply to the national/donor standard specification					
<i>Financial allocations</i>					
10. Your department/section is given adequate funding for each project activity					
11. Human resources cost for project activities are adequately identified at ROM					
12. Material costs for each budget area are adequately identified at ROM					
13. The required equipments cost are adequately provided for each program activity in the budget					

<b>B. Budget implementation</b>					
<i>Requisitions</i>					
Scale	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
1. Your department/ section has a requisition book and its available whenever you want to make a requisition.					
2. Your department/section head helps in the identification of the budget codes for all the program activities					
3. You always have the right specifications of the activities or procurement on the requisition					
4. You always make requisitions for activities provided for in the budget					
<i>Verifications</i>					
5. ROM management always ensures activities implemented are in the budget					
6. ROM management always ensures that they spend with in the budget					
7. ROM management always ensures that all donor funds have budget allocations					
8. ROM management and staff are aware of the disallowable of particular donors					
<i>Approvals</i>					
9. ROM management ensures that the budget is approved by the Board of Directors					
10. ROM management ensures that all procurement above 3 million are approved by the procurement committee as part of the procurement process					
11. ROM management ensures that all procurement above 10 million are approved by the Board of Directors.					
<b>C. Budget control</b>					
<i>Budget reviews</i>					
1. The management of ROM undertakes to review the mobilized financial resources against budgeted					

	1	2	3	4	5
2. The management of ROM undertakes to review the adequacy of budget allocations to the different departments/section					
3. The management of ROM undertakes to review the targeted expenditures by the different departments/section/activities					
4. The management of ROM undertakes to review the funds disbursements mechanism to ensure an efficient program implementation					
5. The management of ROM undertakes effort to effect timely funds reallocations to the different departments/activities to enhance the achievement of project mandate					
6. Your department/section always tracks budget performance					
<i>Reporting</i>					
7. Bottom up accountability is always enforced by the responsible persons at ROM					
8. Monthly expenditures reports are always submitted in time by the responsible persons					
9. Quarterly expenditures reports are always submitted in time by the responsible persons					
10. Annual financial reports are always submitted in time					
11. The annual financial reports is always accurate					

## SECTION III: PROJECT PERFORMANCE

### Instructions

Indicate the extent to which you agree with the following observations on ROM project performance on a scale of (1) Strongly disagree, ( 2 ) Disagree, ( 3) Not sure( 4) Agree ( 5) Strongly agree.

Scale	1	2	3	4	5
<i>Funds absorption</i>					
1. All first quarter funds allocated to your department/section are fully utilized					
2. All second quarter funds allocated to your department/section are fully utilized					
3. All third quarter funds allocated to your department/section are fully utilized					
<i>Timely implementation of activities</i>					
4. All first quarter activities in your department/unit were implemented on time					
5. All second quarter activities in your department/unit were implemented on time					
6. All third quarter activities in your department/unit were implemented on time					
<i>Achievement of set targets</i>					
7. ROM is always in position to meet the its set target expectations					
8. ROM results always meet its expected performance					
9. Most HIV/AIDS patients or caretakers prefer ROM for its HIV/AIDS excellent services					
10. Most HIV/AIDS patients or caretakers are satisfied with the ROM services					
11. The community members take major decisions in the ROM HIV/AIDS project					
12. The ROM Beneficiaries are now more knowledgeable about the management of HIV/AIDS due to the ROM intervention					

## **APPENDIX II: INTERVIEW GUIDE**

1. What are the budget preparation challenges in ROM
2. To what extent has budget preparation influenced the performance of ROM project
3. What are the budget implementation challenges in ROM
4. To what extents has budget implementation influenced the performance of ROM project
5. Describe the budget controls the management of ROM has put in place
6. What are the challenges in budget control
7. To what extent has budget control influenced the performance of Reach Out Mbuya Parish HIV/AIDS Initiative?



**Appendix III: Krejcie and Morgan (1970) table guiding the determination of sample size from a given population**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size

"S" is sample size.