BUDGETING AND PERFORMANCE OF NOT-FOR-PROFIT ORGANISATIONS IN UGANDA

CASE STUDY: NEBBI CATHOLIC DIOCESE

A dissertation presented to

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

in partial fulfillment of the requirements for the award of the degree

Master of Business Administration

UGANDA MARTYRS UNIVERSITY

ALAM Jeska Canpara
2018-M101-10002

Supervisor: Segwa Edward

Co-supervisor: Kimera Jude

April 2021

DEDICATION

I dedicate this work to the Almighty God, my institute the Little Sisters of Mary Immaculate of Gulu, African Sisters Education Collaborative (ASEC), my Dad, Mum and all my Brothers & Sisters. My friends John Bosco, Ronald, Daniel and Sr. Fosca who supported me the entire process of my study.

ACKNOWLEDGEMENT

I acknowledge the Almighty God who has guided and kept me strong and in good health to this day and this has enabled me to carry out this research.

I acknowledge the support of my good lecturers especially my supervisors Mr. Edward Segawa and Mr. Jude Kimera who have been guiding me through the entire research.

I am also grateful to the people of Nebbi catholic Diocese for their warm cooperation when I was conducting the study especially during data collection.

I would not also forget to thank my course mates and friends who tirelessly lent a hand with my studies especially during group discussions and revision. This moral support made it possible for me to complete this course.

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ABSTRACT

Budgeting has been pointed out as a key issue which helps in boosting the performance of Not for profit organizations. The General objective of this study was to ascertain the effect of budgeting on the performance of Not for profit Organizations using Nebbi Catholic Diocese for the study. The specific objectives of this study were; to ascertain the effect of budget preparation on performance of not for profit organizations in Uganda, to examine the effect of budget approval and implementation on performance of not for profit organizations in Uganda and to assess the effect of budget control on performance of not for profit organizations in Uganda.

The study was underpinned by the Legitimacy theory, which was developed by Prabhu and Neu (1998). They (authors) argue that business organizations must consider the rights of the community at large, not merely those of investors and that when an actual disparity exists with a budget framework, then there is risk of the organization not attaining its set goals.

Using case study design, both qualitative and quantitative techniques were used to collect data from the sampled 92 respondents out of the 120 Employees in the Diocese. The sample size was determined using Stratified sampling techniques with the aid of Krejcie and Morgan’s (1970) table of population sampling.

The findings of the study revealed that there is a positive and significant relationship between budget preparation and performance of not for profit organizations represented by ($r = 0.694$, $P<0.05$). The study also revealed that there is a positive and significant relationship between budget approval and implementation and performance of not for profit organizations represented by ($r = 0.745$, $P<0.01$). The study further revealed that there is a positive and significant relationship between budget control and performance of not for profit organizations represented by ($r = 0.771$, $p<0.01$). Regression analysis indicated that budgeting contributes to performance of not for profit organizations by 67.1% indicated by the Adjusted R value. Budget control contribute more to the performance of not for profit organizations than the other factors with a Beta of 0.474, Budget approval and implementation had a Beta of 0.319, and lastly Budget preparation with a Beta of 0.115.

Consequently, it is concluded that budgeting activities of Budget preparation, budget approval and implementation and budget control are playing a significant role in the performance of not for profit organizations with budget control having the biggest contribution. The study recommends not for profit organizations to much emphasis on budget control as well other budget activities all of which enhance the performance of not for profit organizations.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

This study examined the effect of budgeting on the performance of not for profit organizations, and Nebbi catholic Diocese was used to carry out the study. According to this study, the independent variable was budgeting; and performance of not for profit organizations was the dependent variable. This chapter systematically explored the background of the study, statement of the problem, purpose of the study, objectives of the study, research hypotheses, scope of the study, Justification of the study, significance of the study, conceptual framework, operational definition of terms and conclusion.

1.1 Background of the study

The history of budgeting and performance can be traced from the Bible precisely the days of the story of Joseph in Egypt. It was reported that nothing was given out of treasury without a written order. Budgeting comes from the word budget which is a French word meaning bougette purse. Since the 19th Century, budgeting in Europe has been a major tool used by organizations to address the issues of planning and control. The use of budgets has helped the management of companies in Europe attain specific objectives (Mulumba, 2009).

Budgeting in African continent, was first introduced in the 1920s as a tool to manage costs and cash flows in large industrial organizations (Mohandes E.W.M 2018). Johnson (1987) on the other hand states that it was during the 1960s that companies began to use budgets to dictate what people needed to do (Ruthrock, 2013). In the 1970s performance improvement was based on meeting financial targets rather than effectiveness of companies then faced problems in the

1980s and 1990s when they were not willing to spend money on innovations in order to stay with the rigid budgets, they were no longer concerned about how customers were being treated, only meeting sales targets became essential (Saito, 2008). Bradstreet reports (2004) on budgeting and business failure suitably summarizes that currently failure of many businesses emerges from the fact that budgeting is the foundation of any vibrant and successful business or organization is weak or absent. Studies by various researchers have stressed that organizations need to give more consideration to budgeting as a key component of management control and a vital tool in enabling the attainment of organization goals and as a foundation for performance evaluation (Covaleski et al, 2003).

In Uganda, the budget is the key instrument through which organization base on to implement activities. Budgeting is a useful tool for planning since it represents a plan (Ruthrock, 2011). Control has generally been viewed as a way of making events conform to a plan. Budgets have embodied the outcomes of predictive models of expense and investment and provided the instruments that allow actions such as resetting objectives and redesigning of the system to be articulated (David, 2010). Following the uncertainties prevailing in the business environment today, managers and stakeholders have poised and prepared to compete favourably under the rapidly shifting conditions (Brooke, 2013). In order to survive under these environmental complexities and vagueness managers and stakeholders of all sectors have time and again required sharp tools, proven management techniques such as budgetary control to forecast the major changes which are likely to affect the business while they choose future direction and dimension of resources needed to attain selected goals. This in Uganda has called for formulation or drawing of budgets annually in organizations to estimate receipts and expenditure (Onyacha, 2004). However, the budget making process in most organizations has been characterized by deviations between actual and planned budgets.

Historically, budgeting has been synonymous with financial planning and authorization for the next fiscal year. However, more recently budgeting has always been seen as a tool in the implementation of strategic plans. According to Gilani (2004), a budget is a plan that forecasts future plans and helps companies to effectively allocate resources to meet those expenses. A budget provides a plan of action over a period of time, which aids the operations. According to Lega and Vendramini (2008), budgeting is a management control tool. Budgeting is a means through which organizations/people plan and formally express their plans in quantitative terms. It is a tool that management uses to achieve the plan (Amanya, 1999). Budgeting serves functions of financial and management control. Financial control results to the control of financial resources while management control ensures that the activities of the parts of the enterprise are coordinated. Budgeting produces budgets which perform a number of functions. Budgets are produced to aid the planning of annual operations. It is therefore clear that budgeting process at the initial phase of its progress was concerned with planning of costs but with time its concerns was with the measuring of the actual achievements of people, departments and firms.

Performance management and measurement systems developed as a means of monitoring and maintaining organizational control, which is the process of ensuring that an organization pursues action plans that leads to the achievement of overall goals and objectives. These goals should in turn be direct manifestation of the mission and strategic orientation of an organization. At its outset, performance measures were concerned with inputs aspects, mainly financial resources, a practice that was later criticized and mostly abandoned. As such, the earliest roots of performance management can be traced back to the use of cost benefit analysis in the 1960s; to management by objectives in the 1960s and 1970s; and to output budgeting in the 1960s. Estimating the performance of the organizations has always been of interest to management teams and researchers. The history of performance is classified into six different subcategories.

Various ideas and opinions on each of the performance subcategories are discussed. The terms performance and effectiveness are used interchangeably because problems related to their definition, measurement and explanation are virtually identical (Kaplan, 1994). Over a 35-year period, a survey of four leading management journals shows that the two concepts are not independent and that is until 1978. Since then, performance has become the most dominant concept (Joseph and Dai, 2009).

The study was underpinned by the Legitimacy theory. The legitimacy theory was developed by Prabhu and Neu (1998), who suggest that business organizations must consider the rights of the community at large, not merely those of investors. When an actual disparity exists with a budget framework, then there is risk of the organization not attaining its set goals. Prabhu & Neu (1998) also argues that the legitimacy of an organization is constructed and maintained through symbolic action, which forms part of the organization's public image.

From conceptual perspective, Lucey (2003) defined a budget as a quantitative manifestation of a plan of action prepared for the entire business of the departments, for functions such as sales and production or for financial resource matters such as cash, capital expenditure, manpower purchase, etc. According to Brook and Palmer (1984), budgets can also be defined as quantitative standards defined in advance against which future performance is measured. According to Appiah-Mensah (1993), defines budget process as the process of budget preparation, approval, implementation, continuous monitoring and responding to deviations from budgets, to ensure that predetermined objectives are achieved. Therefore, there is no budget process without budget control. Similarly, budget control is incomplete without the budget process.

According to Chen (2002), organizations performance means the transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between input and achieved outcome (effectiveness). According to Rao and Argote (2006), organizations performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizations performance involves the recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. In recent years, many organizations have attempted to manage organizations performance using the balance scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance, customer service, social responsibility and employee stewardship (White, 2005). The goal of any organization is not only to survive, but also to sustain its existence by improving performance. In order to meet the needs of the highly competitive markets, organizations must continually increase performance (Arslan & Staub 2013).

Not for profit organizations are organized group for public or mutual benefit other than generating profit for owners or investors (Salamon 1999). They can take various forms from informal associations, local churches or traditional charities serving the poor to labour unions, self- help groups or museums, hospitals and large universities; although they may be different in size and form, not for profit organizations share five common characteristics: they are organized, private (separate from the government) self-governing, not for profit-distributing and voluntary. The not for profit distributing characteristic means that – contrary to the common belief – not for profits can generate profit or earnings but are prohibited from distributing it to owners or directors. The profit must all be used to support the mission of the organization (Anheier 2014).

The legal form of not for profit organization can vary, however, the Internal Revenue service differentiates two major types: the 501(c)(3) and the 501(c)(4) organizations. Although both types are exempt from taxation, only the 501(c)(3) or public benefit organizations are eligible for tax-deductible donations from individuals or corporations. 501(c)(4) are called social welfare organizations, many civic leagues and advocacy organizations which represent social and political causes belong to this group (Anheier 2014).

Since the early history of the United States, volunteers have formed groups to help people in need or to promote cultural, social or educational causes. In colonial times, Americans already liked to think of themselves as a "self-governing nation" who did not trust government involvement and preferred to address social problems locally (Ott and Dicke 2016, 59). Charity was seen as a religious duty and people in need could rely on their neighbours or the community to help them. Churches collected money for the needy while the wealthy ones founded schools such as Harvard and Yale Colleges.

This study was underpinned by the Legitimacy theory. The legitimacy theory was developed by Prabhu and Neu (1998), who suggest that business organizations must consider the rights of the community at large, not merely those of investors. When an actual disparity exists with a budget framework, then there is risk of the organization not attaining its set goals. Prabhu & Neu (1998) also argues that the legitimacy of an organization is constructed and maintained through symbolic action, which forms part of the organization's public image.

To legitimize its operations and improve financial management, the Roman Catholic Church has in the recent past, undertaken landmark reforms in fiscal administration in general and budgeting in particular. These of reforms have been instituted to improve the budgeting in the Roman Catholic Church. The key reforms are evidenced by the review of the existing budgeting policies and procedures. The changes introduced focus on streamlining the budgeting processes to involve enhanced oversight and task allocation between various players. Equally important, is the establishment of the different committees at the different levels to deal with grievances arising in relation to financial management. Like many other Catholic dioceses, Nebbi Catholic Diocese (NCD) has realized the significance of budgeting in determining organizations performance. In response, Nebbi Catholic Diocese (NCD) has put in place strategies to promote budgeting.

Nebbi Catholic Diocese is cognizant of the fact that successful organizations performance and growth are a function of effective budgeting. Therefore, the need to strike an appropriate balance between budgeting and performance is paramount. Oversight of budgeting is a key responsibility of the pastoral team. The team not only define the diocese's budgeting, they put in place budget management frameworks for preparation, approval & implementation and control whereas, different committees/teams are involved in the day-to-day budget management activities (Nebbi Catholic Diocese Financial Report, 2017). A strong culture of budget planning and control has been built across the diocese, all staff and the pastoral team are aware and conscious of budgeting and budget performance is fully embedded in all key decision making processes. Robust systems and processes are in place to provide an effective control mechanism. The Diocese has put in place frameworks for managing the budgeting including policies and procedures that provide adequate guidance on all processes and act as a system of internal controls (Nebbi Catholic Diocese Financial Report, 2018). Additionally, a significant number of process flows has been automated to reduce risks associated with human errors and potential dishonest actions as well as enhancing operational efficiency.

Despite the setting up of various bodies to oversee the budgeting, the contribution of the process to the efficiency and effectiveness of the Diocese still remains a nightmare. In light of growing Diocese performance challenges, the Diocese has put in place strategies to improve service delivery and reduce costs.

However, these efforts are yet to yield the much needed results. The Diocese financial reports of 2015, 2016 and 2017 showed that there was none adherence to set budgeting procedures blamed on inadequate stakeholder participation, not providing for feedback channels on budgets and insufficient budget controls undermining the financial performance of the diocese (Nebbi Catholic Diocese (NCD) Financial Report, 2018). The reports further showed that there was inadequate financial disclosure, absence of audit reports, misrepresentation of financial information and publication of unaudited reports blamed on poor financial management. According to Nebbi Catholic Diocese (NCD) Financial Report (2017), published financial statements are often incomplete lacking statements of financial position that quantifies diocesan assets and liabilities, lack statements of cash flows and disclosure notes which state exactly what is being accounted for.

The Diocesan Finance Committee report (2018) identified lapses in financial reporting at the Diocese sighting omission of a great deal of financial information in financial reports. Stakeholders such as priests and laity are given little or no access to scrutinize audited financial statements to assess the stewardship of diocesan resources. The study intends to establish further the budget process of the Diocese and explain the organization performance currently being witnessed.

1.2 Statement of the Problem

According to Suberu (2010), Budgeting is one of the most successful management accounting procedures that can obtain attractive prizes if properly understood and effected. Budgeting drives management planning, provides the best framework for judging subsequent performance, and promotes effective communication and coordination among various segments of the organization (Horngren, 2004). Budget expedites effective utilization of existing funds, advance decision making, and provide a bench mark to measure organization performance. The attainment of budgeting relates to the identification of organization's goals, allocation of responsibilities for achieving these goals, and thus its execution (Drake & Fabozzi, 2010).

Nebbi Catholic Diocese (NCD) operates on annual budgets that are prepared by the finance committee and often approved for implementation (Diocesan Finance Committee, 2015, 2016, 2017 & 2018). The well-planned budget and well implemented always helps the Diocese realize its goals and objectives such as faithful satisfaction, proper project implementation and quality service delivery (Diocesan Finance Committee report 2018).

Inspite the presence of a budget schedule through a broadly consultative and extremely participatory budgeting application approved by Nebbi Catholic Diocese every fiscal year, with the aim of having minimal budget variances, it is believed that the budget performance is still poor in Nebbi Catholic Diocese (Financial Report, 2016), This is especially in terms of poor decision making, service delivery and efficiency (Financial Report, 2017). Budget variances consistently continue to exist during implementation. This is because budgets are not evidently connected to the strategic planning process and approved policies. The discrepancy among expenditures and revenues are continuous which leads to mini-budgets, supplementary budget estimates and reallocations of budget lines (Financial Report, 2018). This is posing a big threat to the Diocese as a whole, hence a call for investigation. This study therefore intended to examine exactly how the entire budgeting can affect the performance of the Diocese.

1.3 Purpose of the Study

The study examined the effect of budgeting on performance of not for profit organizations in Uganda.

1.4 Objectives of the Study

The study was guided by the following objectives;

i) To ascertain the effect of budget preparation on performance of not for profit organizations in Uganda

ii) To examine the effect of budget approval and implementation on performance of not for profit organizations in Uganda.

iii) To assess the effect of budget control on performance of not for profit organizations in Uganda.

1.5 Research Hypotheses

i) Budget preparation has a positive and significant effect on performance of not for profit organizations.

ii) Budget approval and implementation has a positive and significant effect on performance of not for profit organizations.

iii) Budget control has a positive and significant effect on performance of not for profit organizations.

1.6 Scope of the Study

1.6.1 Content Scope

The study was confined to examine the effect of budgeting on performance of not for profit organizations. Budgeting was conceptualized as budget preparation, approval & implementation and budget control whereas, performance of not for profit organizations was measured according to effectiveness, efficiency and service delivery. Budgeting policies & regulations and Catholic Dioceses policies & guidelines were considered as moderating variables to the performance of not for profit organizations.

1.6.2 Geographical Scope

This study was conducted in Nebbi Catholic Diocese which is located in the West Nile region of Uganda in Nebbi district, in the Ecclesiastical province of Gulu. The study area was chosen because that is where the researcher identified problem being so pertinent in line with the topic under study.

1.6.2 Time Scope

The researcher reviewed data for a period of four years (2014 - 2018) the period during the compilation of evidence for the research because that was when the problem most exhibited itself and it enabled the researcher to make valid conclusions about the study. This period the Diocese came under a lot of criticism for lack of accountability and mismanagement of funds meant to implement planned activities.

1.7 Justification of the study

The study will be important because budgeting tends to have strong influence on the performance of not for profit organizations. Budgeting is as important in today's globally competitive operating environment as it were in traditional settings. In fact, it becomes even more important when just-in-time (JIT) or total quality management (TQM) concepts and techniques are applied and when computers and other electronic operating data accumulation devices are used (Drury, 2004).

Nebbi Catholic Diocese (NCD) has witnessed poor funds absorption, lack of funds mobilization and lack of accountability for donor funds received among others, that downplayed the achievement of value for money and prompt service delivery in the Diocese. The study will further emphasize the importance of complacency to budgeting that will in turn provide the expected performance of Catholic Dioceses (CDs).

1.8 Significance of the Study

i) It is hoped that the findings of the study will guide policy makers on the prominent issues required to improve performance of not for profit organizations. This information will be useful particularly to legislators in establishing legal frameworks and regimes to regulate the operations of such institutions as well as guide decisions of managers in addressing the day-to-day challenges of budgeting that are still being faced.

ii) It is hoped that the findings of the study will guide future research in on performance of not for profit institutions in general and church institutions, including the Catholic Church. The findings of the study will therefore provide a basis for descriptive analysis on the relevance of budgeting in Catholic Dioceses such as Nebbi Catholic Diocese (NCD).

iii) The findings of the study will thus contribute and also add useful information to that which already exists in regard to determinants of performance in Catholic Dioceses (CDs).

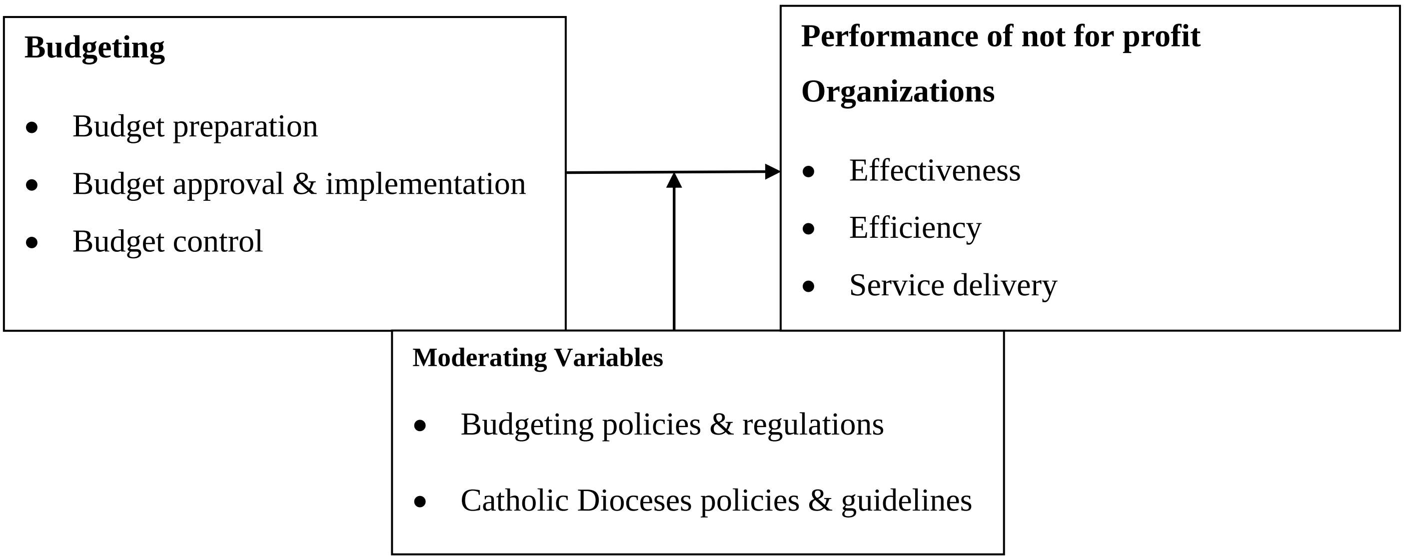
iv) It is hoped that the findings of the study will also promote the researchers existing knowledge in understanding the association between budgeting and performance of Catholic Dioceses, hence enhancing her skills in empirical research. This knowledge will also be of paramount significance to researchers in the discipline.

1.9 Conceptual Framework

The framework shows the relationship between budgeting and performance of not for profit organizations as the key variables of the research. The model shown in the figure below illustrates this relationship clearly. It was noted by Drury (2000), that budget is positively related to performance of not for profit organizations. Hence, the Punctuated Equilibrium theory of budgeting was used to explain the relationship between the variables. Baumgarher and Jones (1993) established their concept of “punctuated equilibria” that addresses both incremental and large budget changes. It asserts that there is a state of equilibrium followed by a punctuated change followed again by equilibrium. The state of equilibrium is during quiet changes of incremental change. Punctuations are breaks from the equilibrium norm. Punctuated equilibrium theory involves environments of stability shifting into environments of instability (Jordan, 2002). Thus in order to establish stability in terms of budget changes, the budget and budget control measures put in place by an organization become essential to the overall performance system of ensuring stability of environment. On the basis of the above theory the theoretical model for this study has been provided below:

Figure 1: Conceptual Framework

Independent Variable **Dependent Variable**



Source: Adopted from Baumgarher and Jones (1993), the Punctuated Equilibrium model and modified by the researcher.

The model shows the effect of budgeting on performance of not for profit organizations. The conceptual framework demonstrates the effect of budget preparation, budget approval & implementation and budget control on performance of not for profit organizations. While budget preparation, budget approval & implementation and budget control was the independent variables, performance of not for profit organizations was the dependent variable. The conceptual framework illustrates that performance of not for profit organization depends on the degree of budgeting. Performance of not for profit Organizations was measured according to effectiveness, efficiency and service delivery. The relationship between budgeting and performance of not for profit organizations was moderated by the budgeting policies & regulations and Catholic dioceses policies & guidelines. For instance, some of the diocesan policies like those to participate in budgeting should be fully wedded in the church may undermine the senior managers' ability to be realistic to provide quality budgeting directives and the lower managers need to be truthful in reporting "bad news" relative to budget performance.

1.10 Operational definition of terms

Budget

According to Chartered Institute of Management Accountants (CIMA official Terminology, 2005), a budget is defined as a quantitative statement for a defined period of time, which may comprise of scheduled revenues, assets, liabilities and cash flows. A budget provides a focus for the organization, aids the co-ordination of activities and facilitates control."

A budget can also be defined as a master financial document or a "*blueprint for action*" that set out the expected contribution from the operation or control of an organization in terms of anticipated cash flows or revenues and expected expenditures over a certain period of time. (John, 2006)

Budgeting,

Budgeting like any other activity, is subject to the interpretation of each practicing organization. Budgeting is the process of preparation, implementation and operation of budgets decisions into specific projected financial plans for relatively short periods of time. In other words, budgeting is the process of "translating financial resources into human purposes" (Wildavsky, 1986).

Budgeting is also viewed as a process of identifying, gathering, summarizing and communicating financial information of an organization's future activities. Blumentritt (2006) further explained that budgeting processes include a review and study of the prior period's financial results, projections for sales, operating expenses (fixed, variable, and semi-variable) and financing expenses, examination of proposals for capital expenditures, and means of rolling up and rationalizing figures from different functional departments to ensure they meet company-wide profit expectations. In this paper, the following definitions are adopted:

Budget: refers to a comprehensive plan in writing, stated in monetary terms that outline the expected financial consequences of management's plans and strategies for accomplishing the organization's mission for the coming period.

Budgeting: refers to the process of preparation, implementation and operation of budgets decisions into specific projected financial plans.

Performance

Didier Noyé (2002) believes that the performance consists in ″achieving the goals that were given to you in convergence of enterprise orientations″. In his opinion, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective.

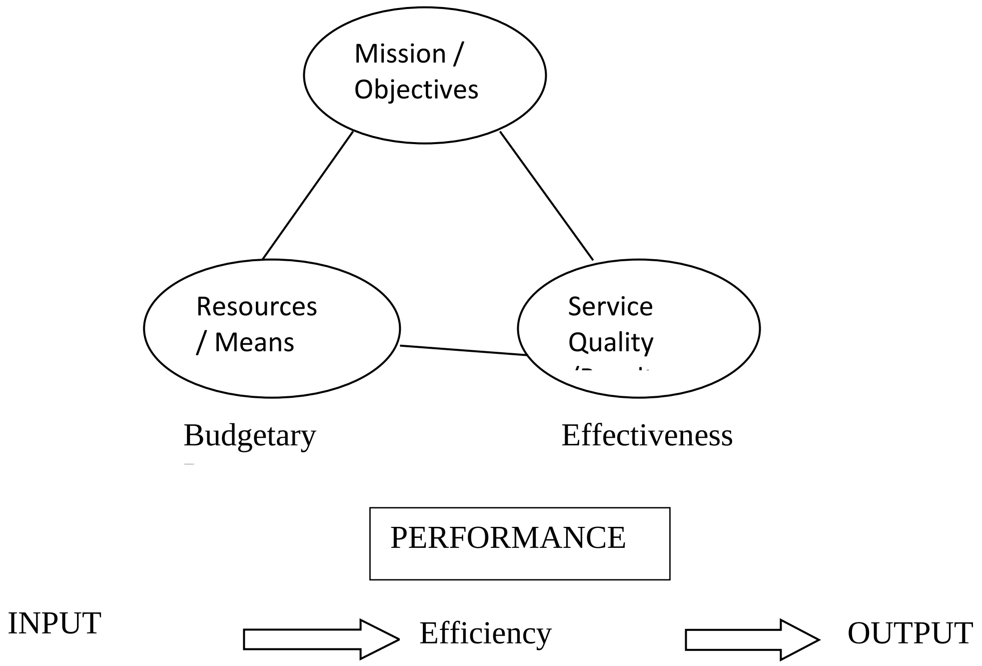
According to Rolstadas (1998), performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, quality, productivity, quality of work, innovation and profitability. Performance is closely related to the achievement of the criteria listed above, which can be regarded as performance objectives.

Neely (2007), also believes that performance should be considered as quantifying the efficiency and effectiveness of actions. This quantification can be expressed both qualitatively and quantitatively. According to this definition of Neely and other authors, performance is closely related to efficiency and effectiveness

According to Profiroiu (2001), defining performance in the public sector involves ″the existence of a relationship between objectives, means and results so that performance is the result of simultaneous exercise of efficiency, effectiveness and adequate budgetary process″. The content of this definition is also found in the work of the author Matei, L. (2006) and is graphically represented in the following figure:

Figure 2: A model of Performance

Definition of Performance



Source: Matei, L., Public Management – Second Edition, Economic Publishing House, Bucharest, 2006, page 192.

In the context of this study, performance of not for profit organizations will be taken to mean the existence of a relationship between objectives, means and results so that performance is the result of simultaneous exercise of efficiency, effectiveness and adequate budgetary process, as it appears in the works of Matei, L. (2006).

1.11 Conclusion

This chapter presented the background of the study, statement of the problem, purpose of the study, objectives of the study, research Hypotheses, scope of the study, justification of the study, significance of the study, conceptual framework and operational definition of terms; meant to give a firm background to the study. This has led to the realization that budget process pushes managers to take time to create strategies, targets and goals before activity begins. Budget preparation helps management focus on the future years. The budget process forces managers to assess current operating conditions and aid in forecasting and implementing needed changes to effect expected quality performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter entails the theoretical review and actual review of literature related to budget preparation, budget approval & implementation and budget control on organisational performance. It particularly focuses on the major themes of the study; budget preparation and organisational performance; budget approval & implementation and organisational performance; and budget control and organisational performance. Relevant literature was drawn from various sources. An attempt will be made to fill the research gap between the past writers and the present situation.

2.1 Theoretical Review

The study will be underpinned by the Legitimacy theory. The legitimacy theory was developed by Prabhu and Neu (1998), who suggest that business organizations must consider the rights of the community at large, not merely those of investors. When an actual disparity exists with a budget framework, then there is risk of the organization not attaining its set goals. Neu (1998) also argues that the legitimacy of an organization is constructed and maintained through symbolic action, which forms part of the organization's public image. While the symbolic aspects of an institution’s actions have been central to legitimacy, these textually mediated discourses which have more recently been seen to fulfil similar functions. Given the inaccessibility of most institution’s activities, the public have come to rely on words and numbers available in annual reports and environment statements as proxies for these activities.

Therefore, institutions use information provided in sustainability reports as a communication mode to establish legitimacy and a mode of managing public finances. As organizations draw budgets they have to consider the rights and interests of all stake holders. In relation to my study, legitimacy of an organization is constructed and maintained through symbolic actions like budget planning, which forms part of the organization's public image. The theory is relevant in that it recognizes the importance of budget process by religious organisations with the aim of remaining sustainable in the long run. It holds the view that the level of an organization’s performance is determined by its ability to remain effective, efficient and offer quality service delivery. The theory was used to enable religious organisations to address the critical performance challenges they are facing. By so doing the model was used to help dioceses align budget preparation, budget approval & implementation and budget control so as to diagnose specific areas of strength and weakness and enhance organisational performance.

2.2 Overview on Budgeting

Gacheru (2012) defines budgeting as the process whereby the plans of an organization are interpreted into an itemized, approved and organized plan of operation, stated in dollars for a given period. Budgeting at both management level and operation level looks at the prospect and places down what has to be attained. Control checks whether the plans are being grasped and put into remedial measures where nonconformity or short fall is observed is necessary (Karanja, 2011). Budgeting is a set of techniques by which governments portion resources among applicants and control the amount each applicant employs (Nickson & Mears, 2012). In this background, the budget can be used for three drives: as a tool of economic policy; economic management; and as a mechanism for accountability. The budget is an apportionment device that tries to exploit the role of public disbursement to national benefit (Surajkumar, 2005). This can be attained by confirming that the budget process effectively apportions scarce resources so that the minimal unit of outflow attains the same negligible advantage in each group of outflow.

Planning as part of the budgeting procedure comprises a stretched range of planning, strategic planning and short-term planning (Sizer 1989), additional stresses that short term budgeting need to admit the environment of today, and the physical human and financial resources accessible to the organization. Planning encompasses choosing objectives and action to achieve them. It is looking forward and organizing for it, which links it to budgeting. By planning the organization is capable to judge where it is thought to be in relations to objectives and goals (Abdullahi, 2012). Good planning is characterized by clear objectives and goals. Budget control is a structure of management control in which real income and expenditure are related with scheduled income and expenditure, so that you can see if plans are being tracked and if those plans need to be altered in order to make a profit (Fang, 2006). Comparing budgets with actual operational results is referred to as budget control. Such budget control helps planning, coordination between departments, decision-making, monitoring of operating results and motivation of personnel to achieve business objectives. The principle is the same for small businesses as well as large ones (Needles, 2011). The essentials of budget control are many as reported by Kiringai (2002) and not limited to planning and control of business operations, being widely used as a standard device of planning and control, as a valuable aid to management through planning, coordination and control, as a tool which measures the managerial performance of an organization and promotes good morale and generates harmony in the organization, it promotes efficiency and facilities management by exceptions and finally helps in promoting a feeling of cost consciousness among the employees in the organization (Mathis, 2009).

Budget control is the organism of regulating costs through budgets (Middlemist, 2006). It entails comparison of real performance with the budgeted with the view of determining whether what was scheduled agrees with definite performance. If nonconformities ensue motives for the variance are determined and approval of corrective action to match actual performance with ideas is completed. The simple objectives of budget control are planning, coordination and control (Arora, 1995). Budgetary monitoring and control is a deterrent process against misappropriation of funds in terms of procedures and rules that establish the boundaries of financial behaviour. Feedback is a significant role of budgeting for achieving the projected value and criteria in planning, controlling, leading and staffing. According to Gacheru (2012), feedback is generally positively associated with budget performance. It focuses on the extent to which employees have achieved expected levels of work during a specified time period. The reports should be simple and suitable for the level of understanding for the user. They should be presented promptly to enable timely actions to take place. Reports should be accurate to enable the making of corrective decisions based on the reports. It has to be noted that the principle of exception should be utilized where possible. Therefore, literature reviewed in this section has been obtained from secondary sources and it focuses on budget preparation, budget approval & implementation, budget control and performance of not for profit organizations as below:

2.2.1 Budget Preparation

Budgeting planning or budget-formation or budget preparation refers to emerging measureable goals of the organization and organizing numerous budgets (Bodie & Merton, 2010). Organizations use long-term budgets to layout the planned financial goals and actions over periods ranging from two to ten years (Gitman, 2016).

According to Goldstein (2005), following budgeting system in an organization help in setting priorities by assigning limited resources to those undertakings that are most essential to the organization. Initialization of preparation of budget starts with selection of a budget committee which will have the ultimate responsibility of preparing the budget and other related works. The next step will be to prepare a budget manual or budget guidelines in case a budget manual is not in use. Lau (2013), further asserts that organization should have budget committee to provide general guideline for preparing budgets for effective budgeting process.

Kung et al (2013), argue that in preparing a budget, a firm’s management needs to be forward looking in assessing future situations as they pertain to the firm’s strategic goals. They further say that budget preparation allows management time to work out any problems the company might face in the future coming periods. This extra time enables the firm to minimize the adverse effects that anticipate problems could have no operations. Because all divisions are not likely to think alike and have the same plan for the operations, completion of a budget for all units of an organization also mandates coordinating, operations among all budgeted units and synchronizing the operating activities of various departments. Budgeting is a method for financial control which involves the planning and use of a budget. Planning and control and related resources and their costs are the keys to good management. The process of developing plans for an organization's expected operations and controlling operations helps to carry out those plans is known as budget control. Budgets also aid in coordinating and communicating these plans to various levels of management (Kariuki, 2010). Short term or one year plans are generally formulated in a set of period budgets. A period budget is a forecast of operating results for a segment or function of a company for specific period of time (Caldwell, 1996). These follow several management accounting tools which include knowledge of responsibility accounting reporting systems, cost behaviour patterns and the use of cost, volume profit analyses help management project revenues and costs for departments or products.

According to Horace et al (2007), preparation of the budget is the responsibility of the budget director in an organization, who suggests procedures for budget preparation and gives assistance to those responsible for preparing preliminary budgets for their departments. He further said that the budget director also reviews the departmental budgets to make certain that they are compatible and will achieve the common goals. The budget director then assembles the final departmental budgets and prepares the master budget.

Edward et al (2002), asserts that budgets are usually prepared for a set time period, and although the firm's budget period can be independent of the fiscal year, the budget year for most organizations coincides with their fiscal year. They argue that the preparation of the master budget starts with a review of the firm's strategic goals, long-term objectives, and long-range plan. Some firms refer to the process of preparing a master budget as profit planning or targeting. However, the process is not complete until the top management accepts the projected financial statements for the budget period. The projected financial statements include the income statements, balance sheet, and cash flow statements. Neely (2001), states that the process of organizing and approving a budget is a way of interpreting the general objectives of the organization into thorough, realistic plan of action.

However centrally to the above authors, Terry (2003) further noted that budget preparation is a time consuming but vital task, where planning steps are repeated and revisions are made and there is considerable discussion and argument. She views that generally a budget committee meets at regular intervals and would be serviced by a budget officer, usually the accountant. The committee's task is to co-ordinate and review the budget programme, establish procedures and timetables, produce and update a budget manual explaining the objectives, role and procedures involved in the budgeting system. It is not the committee's task to prepare individual budgets for particular departments or functions.

Thomas et al (2002) noted that regardless of the budgeting process an organization uses, its top management has the ultimate responsibility for the budgets and seeing that management at all levels understands and supports them. They thus argue that the budgeting process usually should include;

A budget committee which is composed of members of the senior management who oversees all budget matters,

Budget period which are usually prepared for a set time period, most commonly one year. Although a firm's budget period can be independent of its fiscal year, the budget year for most organizations coincides with their fiscal year,

Budget guidelines. An organization forms its budget guidelines for the coming period based on its strategic goals and long-term plan. One responsibility of the budget committee is to provide these initial budget guidelines that set the tone for budget and govern its preparation etc.

Pollock (2000), viewed planning and budgeting as indispensable in bringing a sense of direction and control in the use of a Church 's financial resources. This requires the drafting and implementation of policies to ensure that expenses are made within budget limits and for transparency and accountability (Fishman, 2007).

Pollock (1990), stated that when budgets are viewed properly they can be used as control mechanisms, and in actual fact are a planning tool and operational guide to help local churches achieve their short and long-term objectives. He also identified three types of budgets that are applicable to churches namely the fixed budget, flexible budget and the zero base budget (Pollock 1990). For there to be a sense of direction and control in the use of a church 's financial resources the church must properly draw up a plan and budget for its activities.

2.2.2 Budget Approval and Implementation

According to Zietlow, J. et al (2018), budget approval process is indicative of good practice. That once a budget is agreed on by all parties, assuming some participation has been allowed, a commitment is fostered. After the initial preliminary budget amounts are determined, a budget meeting is set with the board's finance committee. The overall board receives the proposed budget at its meeting which is usually at least two weeks after the finance committee meeting. Ray et al (2001) noted that a standing committee which generally consists of the president, vice president and managers will usually be accountable for general policy matters connected to the budget package and for managing the setting of the budget itself. They further say that the budget committee is the one which approves the final budget and receives periodic reports on the progress of the company in attaining budgeted goals. Gary et al (2005), agrees with Ray et al

(2001), that the budget committee reviews the budget for consistency with the budget guidelines, attainment of the desired short-term goals, and fulfilment of the strategic plan. They noted that the budget committee gives final approval, and the chief executive officer then approves the entire budget and submits it to the board of directors.

Ablorh-Quarcoo (2015) observed that a proposed budget usually gives the projected revenues and expenditures to be incurred in a particular period that can be used by the Church. It provides the means by which future resources are channeled into purpose oriented utilization. The budget becomes an expression of the congregation ‘s identity and priorities. The budget process allows decision-makers to look at the financial implications of their plan in terms of how much a program will cost and what are the anticipated revenues to finance that program (Robert, 2000). The financial decision making in religious organizations like Christian religion is being taken by the church officials in charge of finance for instance, Parish Council, Finance Committee and Financial Administrator with the overall conclusion by the pastor or priest for the particular church. Because of the vital importance of the financial decisions to the church. It is therefore, essential to set up a sound and effective organization for the finance functions, with the Bishop having the ultimate responsibility of carrying out the financial functions (Ozotamgbo, 2009).

According to Mwaura (2010), implementation is a concept in budgeting where managers execute decisions as planned and spent on the planned activities as budgeted for. Gacheru (2012) states that budget implementation is a way of involving the individual members of an organization in the realization of the set goals and objectives of the organization within the limits of their resource. The implementation reports are in turn used to assess and or reward the individuals for their achievements in budgeted goals, and the same implementation reports also have an influence on the determination of future goals and budgets. Hassan et al (2015) argued that a cautious budget implementation acts as check for all budget holders in a given organization to remain on track within their set objectives, line of activities and resource limitations. According to Agusti (2012), the full and proper implementation of budget involves liaison and discussion between all levels of management. It is an important formal avenue of interaction between top and lower level management regarding the organization's long term objectives and the practical problems of implementing these objectives. The collective participation process of the budget implementation can improve the budget holder's attitude to the budget system and make it more likely that he will accept and own the targets contained in the budget system and take responsibility for the implementation report.

Poon, Pike and Tjosvold (2010) asserts that a well implemented budget report can be used for future planning and goal setting, for motivating subordinates and for coordinating interdependence. It is thus said to be an essential part of effective budget control (Walker 2014). Every person answerable for attaining results should be involved in the implementation of budgets. No scheme of budget control can thrive short of the common consideration of superiors and subordinates. The organization should connect the result of budget implementation reports to all the appropriate staff. Budgets have an essential portion to play in the communication of objectives, goals and tasks all over the organization. Supported properly, this can have substantial profits in encouraging co-operation at all stages (Karanja, 2011). Joint implementation promises complete co-operation and assurance for making budgets effective. Involvement in budget implementation also makes budgets realistic and guiding tool of organizational operation (Nickson& Mears, 2012). To guarantee that the process of executing the budget is effective, the administration and the workforces should work collectively to guarantee that the wellbeing of all stakeholders are completely embodied when making key decisions concerning budget distributions in key projects (Subramaniam & Ashkanasy, 2011).

Robin (2013) argues that the person with the responsibility for implementing a budget is called a ‘Budget Holder’, and is usually a Programme or Project Manager, not a finance person. He says that they use the budget to guide the implementation, checking before spending that items are budgeted for, and allocating expenditure to appropriate budget lines.

2.2.3 Budget Control

Malcolm (2014) explains budget control as a method whereby concrete outcomes are linked with budgets. He adds that any alterations are made the concern of key persons who can exercise control act or review the previous budgets, and that they enable managers to monitor organizational functions. Waren (2011) stated that budget controls provide for variance within the organization performance at dissimilar divisions bearing on one another; this consequently makes management of several managerial and juniors needed in attaining budget targets. Weikart et al (2013), further said that the executive director must monitor the implementation of the budget. Variance report is one of the most vital tools the executive director and finance officer can use to keep control of spending in their organization. The report is prepared on a regular basis; monthly or weekly, lists revenue and expense budgets and the actual expenses to date, so that the executive director has an understanding of what revenue has come in and what has been spent. Barr & McClellan (2018), asserts that Audit requirements exist for both private and public organizations. An external audit provides an independent review of the decisions made in a unit or department. Both financial and management reports are issued when an audit occurs, and after review the responsible persons in the department agree to necessary changes in unit policies and procedures in order to comply with the audit findings. A regular follow up is then conducted to ensure that the desired changes have been adopted. P. 29.

According to Dalton, B. & Butcher, J. (2014), Budget control is a term that is used to describe the process of managing individual line items within a household or business budget so that expenditures over and above the allocated amounts do not take place. He asserts that this type of control is necessary in order to make sure that operational expenses do not exceed the projected revenue for the period, creating a net loss.

Chartered Institute of Cost and Management Accountants (CICMA), (1975) defined budget control as the setting up of departmental budgets linking the tasks of the managers to the necessities of policy and constantly matching actual with budgeted outcomes either to secure by individual act the objective of that policy or to offer a basis for its review. According to Anthony (1970), Control is a process by which management ensures itself that so far it is possible, actions taken by the members of the organization conform to the managements plans and policies. Control is seen by Osisioma (1989) as the regulation of activities of an organization so that performances are in accordance with the functions of management. However, according to Lucey (1996), as a good control, planning is concerned with inside resource distribution to accomplish certain objectives. While control is concerned with the task of coordinating and using the allocated resources (Labour, machine, space and finance) to achieve predetermine level of efficiency. He is of the opinion that there are very real practical problems in developing separate budgets but it remains that a single budget is used for planning and control.

According to Pogue (1989), budget will control nothing as it is not on itself a control mechanism but a yardstick by which actual results can be compared as and when they occur and thus provide management with an aid to control cost. Budget control therefore acts as guard on the executive capacity by controlling their scope of expenditure. In a religious organization, it helps the budget committee or church committee to control church expenditure. It aims at realistic approach to project by management of an organization.

Subsequently, budget control is a managerial task which comprises the formation of budget and creating obligation, relating definite performance by that of budgeted and acting upon result to achieve the desired goal. The purpose of budget control is to ensure that operation and performance conforms to plans. The control aspect of budget activities is a management function which involves taking action on adverse variance that are controlled (Ozotamgbo, 2009). Improvement of the quality of requests and the accuracy of submitted budget documents will only occur if feedback is given to the persons making the budget proposal. It is only through such feedback that the staff and faculty members involved can improve their work and future proposals. If the proposal cannot be fully funded but can be supported at some lower level, then information sharing is also critical. Some new programs fail because budget managers make unilateral decisions of what can be eliminated or modified in the program plan. The person(s) who made the proposal should be consulted regarding where reductions can be made in the program that will have the least negative influence on the proposed new program plan (Barr & McClellan 2018), P. 102.

The Institute of Internal Auditors (IIA) defines Internal Control System as a procedure for assuring attainment of an organization's goals in functioning effectiveness and efficiency, dependable financial reporting, and agreement with laws, guidelines and policies. Taking the above definitions therefore, Internal Control System encompasses everything that controls risk to an organization because it is a way by which an organization's wealth are focused, supervised and measured. The Committee of Sponsoring Organizations (COSO) definition of Internal Control Systems, relates to the aggregate control system of the organization, which consist of many individual control procedures. Most organizations enforce Controls in the Accounting and Finance sections whereby at the end of each financial period, auditors are invited to verify the effectiveness of the controls systems (Nortey 2019). For churches, it is a good practice to put internal control systems in place, inspite of trusting church employees and members to work faithfully (Kolthoff et al, 1990). This helps to stem the wave of embezzlement by directing, monitoring and controlling church activities to maintain good ethics, good governance and enhance the habit of best practices (Tanui et al, 2016). Churches are prime targets to those who seek to embezzle financial resources specifically because their internal controls are disgracefully negligent (Henrickson, 2012). Since administration of Church ‘s finances is a sacred trust, it is very important for the pastors to establish a strong system of internal control because it is the responsibility for overall stewardship of the Church (Mason, 2009). According to Jordan et al (1999), inadequate internal controls can hinder the management responsibilities of church leaders and workers and place them in a position where they may be tempted to engage in questionable activities and accounting practices, or could subject individuals to unwarranted accusations of such activities. Duncan & Stocks (2003), asserted that, pastors have a reasonable ability to recognize strengths and weaknesses in internal control systems that exist in the Church even though a good percentage seem not to have formal training in business or accounting. They however, concluded that although pastors recognize the importance of Internal Control Systems, they tend to disregard it and rather choose to trust Church employees and members rather than to implement basic internal control procedures in their Churches. Fleckenstein & Bowes (2000) also stated that religious organizations replace internal control guidelines with compassion and trust. Internal Control System is a very essential tool to be used in Churches hence the need for it to be fully implemented.

2.3 Overview on Performance of not for profit Organizations

According to Chen (2002), organizations performance means the transformation of in-puts into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness). Effectiveness of the organization depends on the three basics performance determinants which include; efficiency and process reliability; human resource and relations and innovation and adaptation to environment (Yuki 2006). Efficiency is defined as a term practiced by organization or firm to use people and resources to carry out important operations in a way which minimizes the costs. When the resources are used in a proper way as compared to the competitors the cost of operation will decrease and the profit margin will increase. Efficiency is important when the competitive strategy of the firm offers products and services at lower rates than the competitors.

Human resource relation is defined as trust, organizational commitment, collective identification and cooperation among the employees (Yuki and Tabler 2002). Most organizations view their performance in terms of effectiveness in achieving their mission, purpose or goals. Most public organizations, for example, would tend to link the larger notion of organizational performance to the results of their particular programs to improve the lives of a target group (Abul, H. 2009). At the same time, a majority of organizations also see their performance in terms of their efficiency in deploying resources. This relates to the optimal use of resources to obtain the results desired. Finally, in order for an organization to remain viable over time, it must be both financially viable and relevant to its stakeholders and their changing needs.

In the organizations performance framework, these four aspects of performance are the key dimensions to organizations performance. Organizations exist within certain external contexts or environments that facilitate or impede their performance. Key factors in the policy or regulatory environment, and in the economic, political, socio-cultural, environmental and technological contexts, affect how the organization does its work, or the work it does (Grobler et al, 2004). Internally, performance is driven by the organization's motivation to perform, which refers to the organization culture, history, mission, values and incentive systems (Usha, 2008). These factors affect the quality of work, the nature of how the organization competes, and the degree of involvement of internal stakeholders in decision-making processes. Performance is driven, in part, by organizations capacity, which we now understand as existing in seven basic areas: strategic leadership, human resources, financial resources, infrastructure, programming and process management, and inter-institutional linkages (Usha, 2008).

2.3.1 Effectiveness

The Not for profit's path to effectiveness to a great extent can be defined as appropriate attention to leadership, governance and planning. Any exemplary not for profit board functions as an essential resource for its organization; a source of knowledge, expertise, vision, resources and contacts in the community.

Kibbe, B. et al (2004), states that Organizations effectiveness is the ability of an organization to define a meaningful mission, generate the tangible and intangible resources required to advance the mission, and deploy those resources efficiently and well in the accomplishment of its work. Accordingly, they suggested four organizational capacities that significantly contribute to and can sustain organizational effectiveness over time; technical Capacity to define, deliver and evaluate programs consistent with promising practices in the field, management Capacity to align policies processes and resources with desired outcomes, resource development capacity to assemble adequate physical and human resources as well as a diverse, reliable, and sustainable flow of financial assets, and leadership capacity to build support among varied departments, participate in social and policy dialogue, and govern the organization in such a way as to continuously renew its position in a changing context. Zietlow et al (2007), identified three basic categories of financial policies that not for profit organizations should have: accountability and regulatory compliance policies, financial and financial management policies, and data integrity policies. Accountability and regulatory compliance policies encompass matters such as filing Form 990, avoiding conflicts of interest, and meeting other requirements of behaviour or disclosure required by law. Coe (2011), defined an internal control as a procedure, affected by an organization’s board of directors, supervision and other employees that offers realistic guarantee concerning the attainment of objectives with respect to the effectiveness and efficiency of procedure, consistency of financial reporting, and agreement with appropriate law and guideline. (Coe, 2011, p. 31). As Charles Coe (2011) explains, the first step is to create a “control environment” (p. 34). This includes adopting codes of conduct and conflict of interest policies; implementing professional management of staff (for example, job descriptions, background checks, annual performance evaluations, and other recommended practices); maintaining an independent board and providing information to the board; a management style that includes communication with staff and fiscal conservatism; and an organizational structure that assures the flow of information. Management and the board then need to create a robust information or communication system and regularly monitor the effectiveness of the control system through audits, financial reports, and internal control and compliance reports (Coe, pp. 35–40).

According to Bagnoli and Megali, (2011), for not for profit organizations, effectiveness is the ability to achieve goals and implement strategies while using resources in a socially responsible manner. However, effectiveness is measured by comparing the results achieved against the agreed outcomes (Kathleen Kelly (1998). Worth, M. (2017), asserts that, financial ratios and benchmark data may provide some insights into a not for profit organization performance, but mission is the heart of the matter. It is the very purpose for which a not for profit exists. Therefore, the most important indicators of effectiveness should be related to its success in accomplishing that mission. The outcomes approach to measuring program effectiveness has gained wide acceptance, partly through the early efforts of the United Way of America during the 1990s. As a result, nonprofit Organization can now reasonably measure effectiveness in the logical flow in the areas such as activities and outcomes or impacts. Activities are what the program does with the inputs to fulfill its mission for example, feeding and sheltering the homeless families, providing job training, educate the public about child abuse, create mentoring relationships for youth. Outcomes are the benefits for participants or changes that occur in the individuals as a result of their participation in the program for example, new knowledge expanded job skills, or a better position in life, changed attitudes or values, modified behaviour, improved condition, altered status. The outcome perspective is shared into two dimensions. The first dimension focuses on the customer or client satisfaction and the second dimension on the behavioural and environmental changes. Customer or client satisfaction is seen in the target population's met and satisfied needs, whereas the behavioural and environmental changes can be seen in participant's lives through learned skills, improved condition or modified behaviour. The behavioural and environmental changes are seen in the target population's state or conditions. Outcome perspective is focused on the benefits and differences which have been accomplished through the organizational activities. (Lee & Nowell 2014). As further asserted, all departments share the same facilities, and the accounting system classifies occupancy-related costs as common indirect costs (Weikart et al 2013).

An effective and a sound financial management system Creation is very vital for the church existence and the management of risks associated with mismanagement and fraud. The presence of a strong financial management system contributes to achieving the goal of the church through the provision of reliable financial data, safeguarding of the church 's assets and records, evaluating operational efficiency and control through a budget and encouraging adherence to prescribed policies and regulations (Hayles et al (2014).

2.3.2 Efficiency

According to Kelly, K. (1998), Efficiency is a measure of the proportion of resources used to produce outputs or attain inputs-cost ratios. Although efficiency may help an organization be more effective, the two concepts are not interchangeable he said. Choley, C and Schobel, K. (2016), states that efficiency is about “doing things right.” Efficiency is a measure of how well a nonprofit organization turns its inputs for example, financial resources and human resources into outputs. With many nonprofit organization looking for limited donations, it is important for the nonprofit to focus on achieving the best output result using the fewest inputs, and therefore, an efficient input/output ratio. Or again efficiency could be the accomplishment of a given set of tasks with the least amount of input resources necessary (with no sacrifice to quality), for example, nonprofit organizations can arrange to share a service and the cost of it with the aim of promoting efficiency. The arrangement might be small and temporary, such as a shared office space situation. Each promotes efficiency to different degrees. Inputs are the resources dedicated to the program, including money, staff, volunteers, facilities, equipment, and supplies as well as the constraints imposed by the external environment, for instance, laws, regulations, funders’ requirements. Outputs are the direct products of the activities and are often relatively easy things to measure; for example, number of class taught, number of counselling sessions conducted, number of educational materials distributed. Number of hours of service delivered, and number of participants served (Worth, M (2017). He asserts that measuring outputs does not make the connection to the program’s goals, which are generally to change in some way the individuals it serves and to make a lasting difference in their lives.

Deborah Stone (1997), summarizes Summer H. Slichter’s position on efficiency saying that it is a “comparative idea” and “a way of judging the merits of different ways of doing things.” Stone goes on to say that efficiency has become "the ratio between input and output, effort and results, expenditure and income, or cost and resulting benefit. Stone, (1997, 61)." In the context of the public sector, efficiency is probably best described as "an ideal meant to guide how society chooses to spend its money or allocate its resources in order to get the most value Stone, (1997, 65)." It is therefore understandable why individual donors; watchdog organizations and funding institutions are concerned with the financial efficiency of the not for profit organizations they support. Coe (2011), observed that, audits and other compliance reports can be used to monitor the effectiveness of the control system. Ensuring that appropriate policies and controls are in place is a fundamental aspect of the governing board's responsibility.

Financial and financial management policies are established by the governing board. They may identify allowable ranges for specific financial indicators or ratios. Commonly used ratios include those related to profitability, liquidity, asset management, and long-term solvency. Cash management strategies may include speeding up the receipt of payments, managing the timing of expenses, reducing inventories, and obtaining a line of credit to cover temporary cash needs (Zietlow et al.,2007, pp. 146–154). A not for profit organization can be faced with a situation where it may have sent bills to clients for services that it has provided, or it may have pledges from donors that have not yet been received. Those are accounts receivable and need to be taken into consideration along with the cash it has in the bank, since they represent money that it has earned or is entitled to receive. Alternatively, a not for profit may receive payment on a grant or contract for services that it is going to provide in the future. It has received the cash, but it hasn't yet earned it, and it has future expenses to which it is obligated as a result of the terms of the grant or contract (Worth 2017). According to Henrickson (2012), financial management techniques to ensure long-range financial health of the Church includes development of annual budgets, having personnel as budget officers, Treasurer and Finance committee, implementing financial policies and procedures like use of requisition form, and appointing an independent financial oversight team. Commercial organizations have the responsibilities to report on the stewardship of their resources and the emphasis of their accountability is on the utilization of the resources to earn a profit. But in not for profit organization, the emphasis is placed on accountability and stewardship (Ozotamgbo, 2009). A balanced theology of Christian financial stewardship requires that members demand accountability from church leaders for their stewardship of finances contributed by the members through giving and other means (Malphurs & Stroope, 2007).

2.3.3 Service Delivery

Service delivery refers to the actual delivery of a service and products to the customers or clients (Lovelock and Wright, 2002). It is therefore, concerned with the where, when, and how a service or product is delivered to the customer and whether this is fair or unfair in nature. The service concept refers to the outcome that is received by the customer (Lovelock and Wirtz 2004) and is made up of a "portfolio of core and supporting elements" (Roth and Menor, 2003) which can be both tangible and intangible. It is a description of the service in terms of its features as well as in terms of the benefits and value it intends to provide customers with (Heskett 1987). Alternative terms for the service concept include: service offering, service package, and service or product bundle (Roth and Menor, 2003). It is the role of 'delivery' to ensure that the expected service outcome is received by the customer. The service concept defines the how and the what of service design, and helps mediate between customer needs and an organization's strategic intent (Goldstein et al. 2002). The most compelling accounts of what service delivery systems comprise of are offered by Heskett (1987), Goldstein et al. (2002), and Roth and Menor (2003). In summary, service delivery systems include "the structure (facilities, equipment, etc.), infrastructure (job design, skills, etc.) and processes for delivering a service" (Goldstein et al. 2002, p. 132). A service delivery system is made up of multiple, interdependent service processes (Johnston and Clark, 2001) which constitute a hierarchically-organized process architecture (Smart et al 1999) and an integrated design approach is required to ensure adequate coordination between processes within the whole service system (Sousa and Voss, 2006).

In order to impact in service delivery, organizations need to provide effective service which meets the needs of the recipients. When the service meets the needs of the recipients, then it is likely to be perceived to be good or of high quality. In the business sectors, there is a big concern on provision of quality service with an aim to improve organizational performance. In this regard, scholars have documented the prominent determinants of quality service as integrity, reliability, responsiveness, availability and functionality (Jonson, 1995). Service reliability involves the provision of service as promised, at the promised time and doing it right the first time; handling customer problems in a dependable manner and keeping customers informed (Mang'eli, 2013).

Innovation has become prominent within the leadership literature as an underlying and important aspect of service delivery. According to Chen et al (2009), innovation in service delivery orientation refers to an organization's openness to new ideas and propensity to change through adopting new technologies, resources, skills and administrative systems. Service delivery innovation has also been described as an overall process of developing new service offerings in the organization (Johnston and Clark, 2001). Baker and Sinkula (2007), also highlighted that a broader framework of service delivery innovation involves simultaneous examination of multiple innovation antecedents and consequences in the service concept. Hence, the service concept then serves as a driver of the many decisions made during the innovation and design of service delivery systems and service encounters. According to Sijbom et al (2015), service delivery innovation that is reactive is triggered by problems observed by employees and managers who will highlight problematic practices and routines that they are responsible to oversee. One reason for perceived service delivery problems is the mismatch between what the organization intends to provide (its strategic intent and what its customers/clients may require or expect (customers/clients' needs) (Johnston and Clark, 2001).

The church by nature is supposed to be a role player in the pursuit of transparency and accountability in the general society hence the need for the church to pay serious attention and put appropriate measures to ensure proper management of its finances, which is mostly generated through offerings, tithes and donations. However, the congregation to evangelization of peoples in Rome has instructed the entire Dioceses to comply with Cannon law in respect of; offering the ecclesial community and guarantee of transparency and of the faithful administration of church goods (Cannon 1287B). Businesses exist primarily to make profit, whereas churches are there to provide spiritual and social services to its members and non-members who may be in need. Funds given for a specific project in a church are restricted towards that project. It must not be directed for use for any other purpose except the one specified by the donor (Ozotamgbo, 2009).

2.4 Empirical review

This section focuses on what previous scholars had to say about how the different aspects of the budgeting

process influence the way the organizations performs.

2.4.1 Budget Preparation and Performance of not for profit Organizations

Preparation of budgets involves the actual formation of budgets that should include all the targeted activities to be accomplished within a specified period of time. The duty of budget preparation is time and again seen as an accounting action that focusses on the yearly repeated budget whereas planning is understood as a mid-term action. The procedure of preparing and harmonizing a budget is a means of transforming the general objectives of the organization into complete, possible plans of action. In this line, the yearly budget guarantees control over collective expenditure and produces complete financial statements on resource exploitation but is not concerned with broad strategic growth above the medium-term (Needles, 2011; Preetabh, 2010). The budget format and grouping rest on the structure accepted in each organization. Sizer (1989) states that preparation as part of the budgeting scheme includes a long range planning, strategic planning and short term planning. Further, he stresses that short term budgeting must admit the environment of today, and the bodily human and financial resources at existing accessible to the organization. Arora (1995) argues that preparation as contains choosing objectives and action to attain them. It is forward looking and organizing for it, which relates it to budgeting. Through planning the organization is capable to judge where it is thought to be in terms of objectives and goals.

The beginning of the budget cycle should be started early in the year preceding the budget year. The organizational structure, the size and complexity of its administrative structure and the level of centralization in budget development will affect the budget improvement procedure and the time required to approve the final budget document. Preparing the budget is not synonymous with preparing a cash flow statement. The budget projects the amount of resources available to meet the prospective financial obligations of an organization. An operative budget structure must be directed on a year-round basis. Preparations should contain an assessment of the past to see if real and projected revenue ensued in promising or unfavorable results. There should also be projections founded on past skills as well as forthcoming anticipations such as new platform needs, taxable property projects, new businesses and industry, projected employment trends, inflation, etc. This study may entail employees, transportation directors, food service supervisors, plant executives, program directors and at times backing from outside advisors.

The budget formation and analysis are tracked by board analysis and adoption of the budget. The residual year is dedicated to budget control, which consist of matching projected revenues and appropriations with real dealings and assessing budget modification requests. Budget preparation and administration are important aspects of overall district operations. Providing adequate resources for programs within the constraints of available funding presents administrators with a significant challenge. Sound preparation discusses significances and the planning control cycle. Since there are numerous undertakings to be performed, it's authoritative that they are listed in order of preference. Budgets are put in place in prior of the budget times centered on predicted set of conditions or environment. The main choices are made as part of the extended term planning procedure. Paybacks of budgeting ensue to the whole organization if both the short and long term values of the budgets are considered (Otley, 1987). Nevertheless, the yearly budgeting procedure leads to the improvement of those plans, since managers must produce detailed plans for the implementation of the long-range plans.

Short of the yearly budgeting process, the burdens of routine functional problems may lure superiors not to plan for forthcoming tasks (Scott, 1987). Additionally, it is proposed that budget process involvement also helps as an informational role whereby juniors can collect, interchange and spread job-pertinent information to facilitate their decision-making process and to connect their private information to institutional decision makers (Topper, 2007).

2.4.2 Budget Approval & Implementation and Performance of not for profit Organizations

Organizations throughout the world have set objectives to achieve, so private companies also have their objectives that need to be achieved. Implementing budget is a way of converting the overall aims and plans of the organization into detailed flexible way of action on yearly basis. Budget implementation refers to the actual execution of the budget laid down on paper (Kasumba, 2011). Successful budget implementation refers to accountability, execution and reporting. Implementation is an action that takes place all through the financial year and is a critical point for any organization to perform. Budget creation and budget execution encompasses the process of identification of public desires and the resolve of the superiority of goods and services to gratify these desires through the partisan process, by economic scrutiny with the general improvement plan objectives. Organization structure is taken to be the backbone of the organization that provides a foundation within which an organization function (Romilde, 2013). Thus, structural deficiencies may affect budget implementation (Ogoi, 2013).

Blum and Smith (2008) argued that the intention behind implementing budgets is to allow a greater degree of flexibility and autonomy in making decisions. Each member of the team must also recognize that she or he has specific responsibilities to ensure that budgets are successfully implemented. At the same time, if autonomous teamwork is valuable to a company, then that company may also be well advised to reward and recognize behaviour that generates positive results through autonomous teamwork. However, it is important to note that from the point of view of good systems, the concept of successful budget implementation. Clungston et al (2010) stated that autonomous work teams can help to have the budget successfully implemented. However, unclear job description can result in a huge financial burden for management, in terms of productivity and performance (McVeigh, 2013). The absence of clear job specifications, among other things, can impact poorly on the successful implementation of the budget.

Likewise, functional departmentalization can be used in all types of organizations for successful budget implementation. Normally departments are created in the enterprise with certain degree of autonomy and freedom. The manager in charge of a department can take independent decisions within the overall framework of the organization. The feeling of autonomy provides job satisfaction and motivation which lead to easy implementation of the budget. Therefore, it would be important to understand corporate practices and successful budget implementation within the current context.

2.4.3 Budget Control and Performance of not for profit Organizations

Budgeting offers a comprehensive plan of action for an organization above a stated period of time. Through planning, difficulties are predicted and resolutions thought. This aids to lessen the costs and attainment of goals is improved (Mathis, 2009). Through budgeting, superiors harmonize their efforts so that goals of the organization are match with the objectives of its parts. In budgeting, the emphasis is not only to formulate the budget but more significantly to have a follow-up operation for budgeting and perform conferring to known data. In addition, budgets are also known as a financial manifestation of a country's plan for a period of time (Fang, 2006).

Budget control comprises the setting of a budget, recording of real attainments, determining and scrutinizing the variances between actual and budgeted presentation and taking appropriate corrective action so that budgeted performance may be realized (Cook, 2008). Budget control is the scheme of regulating costs through budgets. It consists of contrast of definite performance with the budgeted with the view of determining whether what was planned conform with real performance. Where deviations occur explanations for the variance are determined and approval of corrective action to counterpart actual performance with plans is done (Arora, 2005). The simple intentions of budget control are planning, harmonization and control. This is hard to deliberate short of stating the other (Arora, 2005). Control confirms that objectives as laid down in the budgets are realized. Management is able to know about this through information availed to it by subordinates (Middlemist, 2006). A contrast is therefore made among plans and concrete performance, the variance among the two is conveyed to management for taking curative action. The control procedure is not imaginable short of planning (Needles, 2011).

Effective control system aids achievement of the purpose for which is intended. Effective control systems depend on moral facts, are well linked, well-harmonized, convenient and economical to the organization (Mathis, 2006). Budgets reflect estimates of future events, and what is considered acceptable performance. Comparing actual with budgeted results provides meaningful information and indicates the need to analyze and investigate over and under spending. The action taken on over and under spending is one of the most important aspects of a budget control system (Middlemist, 2006). Performance of any organization is often evaluated by measuring success in meeting the budget. When the budget control is successfully implemented, the organizations objectives will be realized and once this has been done the organization is said to have achieved at performance level (Turyakira, 2004). Resbery and Lormorie (2006), stated that in practice, many organizations compare actual performance with the original budget, but if the circumstances expected when the original budget was set differ, there will be a planning and control conflict.

2.5 Moderating variables

2.5.1 Budgeting policies and regulations

As a good steward of public funding, we also strive to embrace and implement the most transparent and dynamic financing and budgeting processes possible. In today's volatile economy, with declining revenue levels anticipated over the foreseeable future, effective budget management and monitoring practices have become more important than ever to ensuring that the Diocese is effectively allocating its limited resources to be able to fulfill its goals and provide a high level of customer service during a volatile economic climate (PHA public service 2012). The Budget Policies & Procedures document has been restored to establish and maintain effective management of financial resources, while providing a structured approach to the allocation of resources to achieve its goals. A comprehensive annual budget is prepared for all funds expended, and is done so in accordance with Generally Accepted Accounting Principles ("GAAP"). This document was created as a guide for Authority personnel and an informative tool to give the public a glimpse into the Authority's budget processes and its commitment to integrity and quality. The Authority's governing principles for the creation of this document avoid unwavering commitments to:

Best Practices – Ensuring that the PHA is on the cutting-edge of budget practices and processes, upholding its commitment to cost-effective budgetary management, and moving toward a culture of program- and performance-based budgeting that provides departments with the necessary autonomy to best serve our clients and stakeholders, while also fostering a communicative culture of accountability and flexibility. Through a commitment to best practices, the Diocese like PHA is dedicated to the implementation of a budget process that takes advantage of modern technologies and streamlines the activities required to create and manage its annual budget.

Collaboration – Creating and continually evaluating a budget process that allows for communication and collaboration to ensure that our personnel and stakeholders not only understand the processes in place, but feel a sense of investment in continually upholding, adhering to, and improving those processes. As Diocese modifies its budget practices and moves towards a program based budgeting approach, effective collaboration among administrative and operating departments will be critical in minimizing disruptions in transaction processing and service delivery.

Transparency & Accountability – Implementing policies and practices that ensure all stakeholders, both internal and external, are provided access to financial and program information provides a wealth of advantages for Diocese. The very act of developing and periodically disseminating financial information and program results will improve the effectiveness of the organizations operations.

2.5.2 Catholic Dioceses Policies and Guidelines

The Catholic Church encourages dioceses belonging to the same region or country to form a body that unites and brings them together in which concerns of common interest are discussed, approved and implemented. Policies that will enhance growth and mutual understanding are made. This body is often called the Conference of Bishops or Episcopal Conference. As a body recognized in the canon law as a juridical person (can. 449 § 2), it is permitted to make rules and guidelines that will be beneficial to member dioceses. Thus, it provides that the Episcopal Conference can legislate, among other things on the contributions of the faithful to the Church and how these contributions are to be managed (cf. can. 1262, 1265 § 2, 1272, 1297).

In accordance with this provision, the Conference of Catholic Bishops (CCB) an umbrella body of all the Catholic bishops, for instance, has its rules and regulations on proper accountability in the administration of ecclesiastical property published under the title, Diocesan Financial Issues (DFI). This document serves as an aide to Diocesan Financial Officers, Religious Treasurers and other personnel responsible for the financial administration of dioceses and religious institutions of the Roman Catholic Church; and addresses and offers best practices in financial administration matters that could be considered unique to dioceses and religious institutions (Diocesan Financial Issues). Furthermore, the document is developed to ensure that the Church is responsible for the financial resources which have been entrusted to it; which includes safeguarding Church assets, exercising prudence in financial matters, accountability to those who provide monetary support to the Church and to regulatory authorities, and compliance with all civil regulations. In this way, the Church shows its commitment to the highest standards of fiscal integrity and accountability (ibid).

Accountability is a term that could be understood and interpreted differently by different people depending on their disciplines or sectors or work. For instance, "auditors discuss accountability as a financial matter, political scientists view it as a political imperative and legal scholars as a constitutional arrangement, while philosophers treat accountability as a subset of ethics" (Okpala, 2012). Thus, in terms of definition, accountability "has often evaded clear definition" (Ebrahim, 2003). Because of this, attempts by scholars to propose a clear definition of the term have produced myriads of descriptions instead of a definition. For instance, Kettl (2012) sees accountability as "the process of holding administrators responsible for their actions, especially their compliance with the law and their effectiveness in managing programs" (p. 565). He further states that it "is the ability of policymakers to control administrators' actions" (p. 8). This is re-echoed by Worth (2014) who, in discussing the theme of accountability posits that "to be accountable essentially means being required to answer, to take responsibility, for one's actions" (p. 127).

Meanwhile, this segment of the study has explained accountability in its various interpretations and what it means in this study. Accountability entails its components of transparency, answerability, compliance and enforcement. These components are borne in mind in the legislations that guide administration of temporal goods in the Church as reviewed above. The importance of acquiring material goods for the Church is to help it fulfil its mission; and the Church as an institution adopts these laws on accountability to foster better stewardship among administrators of temporal goods of the Church, who are required to be servant leaders (Greenleaf, 1977) following the example of Jesus Christ.

A budget, being simply a plan for the fiscal year (Coe, 2011) serves as a tangible expression of what organization’s real priorities are (Worth, 2014). Because it conveys the organization’s mission and priorities (Coe, 2011), it is highly suggested that Nebbi Catholic Diocese should create a budget system that would become a standard of practice in all the parishes. A budget system that captures an operating budget, a capital budget and a cash budget (Worth, 2014) will ensure that the lean resources of the parish are distributed and spent according to needs and priority. Thus, every parish will be on the same page to know what is required at each point in time.

2.4 Summary of Literature Review

A review of literature on budgeting unearths three core components: a budget as a tool, a process (approval and implementation) and a control mechanism. These if managed properly are responsible for the proper management of an organization’s effective and efficient budgeting process. From the review of extant literature, it is also clear that budgeting has been adequately practiced in developed economies which has enabled organizations to remain sustainable as compared to the economies of developing countries such as Uganda and for this reason the study set out to examine the effect of budgeting in regard to budget preparation, approval & implementation and control on performance of not for profit organizations in religious organizations in Uganda.

Much as the available studies unearthed the importance of budgets in organizations particularly in the public sector, not many studies focused on examining the relationship between budgeting and performance in the not for profit subsector particularly within religious institutions. The several financial scandals reported in the church therefore point to significant gaps in financial management of these institutions with little available data and this is the gap this study seeks to address. To bridge this gap, a study on the effect of budget preparation, approval & implementation and control on organizations performance in Nebbi Catholic Diocese(NCD) will contribute to the existing literature on the subject in developing countries such as Uganda. This is because literature revealed that during the budget preparation, approval & implementation and control by organizations such as the dioceses, it was important for the organizations to focus on developing strategies which were in line with budget preparation, approval & implementation and control as this would make the organizations perform better and therefore remaining sustainable.

CHAPTER THREE
METHODOLOGY

3.0 Introduction

This chapter provides the description of how the study was conducted. It gives details of the research design that was adopted, nature of sample, sampling procedure, data collection procedures and the final data analysis techniques to be applied. It gives the framework within which data was collected and analyzed.

3.1 Research Design

Peniel (2015), defined research design as the outline of a plan for collecting and analyzing data. According to Creswell (2009), research design is a plan, structure and strategy of investigation purporting to answer research questions. This study adopted a case study research design. A case study is suitable when studying a particular subject in detail. This design espoused; enabled concentration on only Nebbi Catholic Diocese so as to examine it in detail with respect to the variable of the study. The design was descriptive and analytical in nature.

The study utilised both qualitative and quantitative research methods since both supplement each other in order to guarantee that they yield the best outcomes. Quantitative research depends on words rather than numbers, and can be generally described as research the findings of which are not produced by means of quantification (Strauss and Corbin, 1990). It adopted a holistic view that seeks discovery from involvement in the actual experiences and aims to prove an in-depth understanding of social phenomena by exploring and interpreting collected data (Williams, 2011). The qualitative techniques involved use of interview guides to collect and analyze data in a methodical way in order to come up with valuable recommendations and decisions. The researcher got to the field and took extensive field notes which were subsequently coded and analyzed in a variety of ways (Sekaran & Bougie, 2010).

Quantitative research is often used to question relationships between variables yielding results that are predictive, exploratory, or confirmatory (Williams, 2011). The quantitative methods involved mainly the use of the Likert scale to measure responses such as strongly agree, agree, not sure, disagree and strongly disagree respectively. Quantitative techniques mainly contain rational analysis and exhibition of statistical data attained from the field predominantly by use of Statistical Package for Social Sciences (SPSS) computer package.

3.2 Area of study

The study focused on Nebbi Catholic Diocese located in the West Nile region of Uganda in Nebbi district, Nebbi town in the Ecclesiastical province of Gulu.

3.3 Study Population

Sekaran and Bougie (2013), defines population as the entire assembly of people, occasions, or things of concern for which the researcher wants to make suggestions. Amin (2005) defines population as a whole collection, all members or units of a group that is of concern in a specific study. The primary study population comprised of the staff and volunteers at Nebbi Catholic Diocese involved in operations, budgeting, approval, implementation and control at the diocese. According to the record of Nebbi Catholic Diocese (2018), there are 120 operations and support staff at the diocese. The study population was 120 respondents comprising of 65 operations staff, 35 committee members and 20 project managers. The unit of analysis was performance of not for profit organizations and the unit of inquiry was Nebbi Catholic Diocese and the researcher limited the study to only the employees of the Diocese.

Table 1: Population distribution of respondents

Category	**Population**
Manager	20
Budget Committee Member	35
Officer	65
Total	**120**

Source: Nebbi Catholic Diocese (2018)

3.4 Sample Size

A sample refers to a sub set of the population. It comprises of some members selected from it for the study. Some, but not all elements for the population would form the sample, (Sekaran, 2003). Given that the study population was large, a sample size was selected from the population and used to represent the views of the entire population. Entire sample size of 92 was selected from the population size of 120. The sample size was achieved by using the Krejcie and Morgan's (1970) table of population sampling. In the table below, the population size is represented by (N) and the Sample size by (S).

Table 2: Sample Size and Sampling Technique

Category of Respondents	**Population**	**Sample Size**	**Sampling Technique**
Managers	20	15	
Budget Committee members	35	27	Stratified random sampling
Officers	65	50	
Total	**120**	**92**	

Source: Nebbi Catholic Diocese (2018)

3.4.1 Sampling Techniques

According to Oso and Onen (2009), a sample can be defined as part of the target population that has been systematically selected to represent it. Amin (2005), also defines a sample as a collection of some elements of a population. To study the complete population is often impossible, therefore, the researcher selected a representative sample of the whole collection. This assisted the researcher to guarantee efficiency, effectiveness and exactness in data collection procedure given the detail that the range of operation is limited as affirms by sekaran, (2003).

Kothari (2004) defined sampling as a formulation of a procedure of selecting the subjects or cases to be included in the sample. In other words, a sampling technique is a plan for obtaining a sample from a given population. This study used stratified random sampling method to select the sample. Stratified random sampling involves process of stratification (different strata are made on the basis of different factors such as life stages, income levels, management level etc.) and a random sample is then drawn from each stratum (Sekaran & Bougie, 2010). Stratified random sampling divides the population into a number of groups based on certain attributes, then applying random sampling (simple or systematic) to each group during selection process (Saunders et al., 2009). Simple random sampling require researcher to select a sample at random from the sampling frame using either random number from the table manually or on computer, or by an online number generator (Saunders et al., 2009). In the case of systematic sampling, the researcher begins sampling with a random selection of an element in the range of 1 to k and then every k^{th} element in the population is selected as sample (Cooper & Schindler, 2006). The k^{th} element or skip interval is calculated as:

K = skip interval = population size / sampling size

The cases of the population were all considered because they possess the required information.

3.5 Data Collection Methods and Instruments

Kothari (2004) identified three ways in which data is made available to the researchers namely: records, events, conditions or memories about the subject, and opinions of people regarding the subject. Data for the study was obtained from records and classification of data. Records store data in readable forms that can be transcribed. Examples of records include reports, publications, documents, files and databases (Sekaran & Bougie, 2010). This study used mainly the data bank of the diocese regarding its budgeting process and performance evaluation. The three forms of data sources described above which the researcher used during the study can be classified into two major categories namely primary and secondary sources.

3.5.1 Primary Sources

Primary sources refer to sources from where first-hand data on variables being studied are obtained. Sekaran and Bougie, (2013) stated that a primary data is a type of data that focus on the information that is taken from the primary source (first hand) through survey, interviews, or an observation. In this research the primary data was collected from the employees of Nebbi Catholic Diocese using questionnaires and interview guides to get their views on the topic being studied.

3.5.2 Secondary Sources

Secondary sources are those that provide already existing information. Secondary data are indispensable for much of the research conducted about organizations (Sekaran, 2003) and can be accessed through the internet, study of textbooks, journals and other published or unpublished information. This help to capture what other scholars has written about the topic under study.

3.5.3 Data Collection Instruments

The tools that the researcher used for collecting data included the following; self-administered questionnaire and interview guide.

i) Questionnaire

According to Sugiyono (2012), a questionnaire is a technique of collecting data which is done by giving a set of questions to respondents to be answered. It is a carefully designed instrument for collection of data in accordance with the research questions. The justification for using this instrument is that it is less expensive and does not require the researcher to be present for the respondent to complete. It was used to collect data from the employees of the Diocese; mainly the project managers and committee members, this is because they have a high level of literacy, and are able to read, understand and interpret the questions besides possessing the information required for the research. The interval Likert Scale questionnaire was designed on values assigned and ranked 1 to 5 in order of; 1-Strongly Disagree, 2-Disagree, 3-Not Sure, 4-Agree and 5-Strongly Agree.

ii) Interview guide

According to Hamza (2014), an interview is a purposeful discussion between two or more persons. The interview helps to gather a detailed explanation of the human belief within the context in which they occur. It also helps the researcher to get reliable and valid data which are relevant to the research question. An interview guide is something that provides information to guide the interview process. It can be a list of subjects from which interview questions can be derived during the interview (Oso & Onen, 2009).

The researcher used interview guides to collect qualitative data that encompasses clarifications so as to have a moral take of the case study. In-depth information was collected from key informants who were more knowledgeable about the items under study.

3.6 Data Quality Control Methods

To ensure that there is quality control of the data to be collected by the questionnaire, the researcher provided some measures of control. The quality control measures include; validity and reliability as explained below:

3.6.1 Validity Tests

Onen & Oso (2009), defined Validity as the degree to which the research tool measure precisely what they are thought to measure. In order to make sure that quality and relevant data was collected, the research instruments are tested for validity and reliability as follows. The researcher used content validity to pre-test the instrument for validity. Likewise, the researcher's tool was reviewed by experts to reinforce its ability to collect data. The experts were asked to examine the items in the questionnaire one by one, marking those that they consider relevant to the study as 'R' and others considered as irrelevant as 'IR'. Their assessments were then used to compute the Content Validity Index (CVI) to further determine the validity. A method whereby the number of items regarded as relevant was divided by the total number of items on the questionnaire were assumed to attain the content validity index (CVI) to compute content validity thus:

$$CVI = \frac{\textit{Number of items rated as relevant}}{\textit{Number of items in the questionnaire}}$$

The results were as follows

42/46*100

=91.3%

The questionnaires were therefore 91.3% which is very valid according to Rosenthal and Rubin (1982), who wrote that 0%-20% is very low, 21%-40% is low, 41%-60 is valid enough, 61%-80% is valid and 81% - 100% is very valid.

3.6.2 Reliability Tests

Reliability refers to the ability of a research instrument to measure the same construct or variable consistently across different samples (Amin 2005). An instrument is said to be dependable if it produces the same results whenever it is constantly used to quantify a concept for the same respondents even by other researchers. After achieving the required validity of the questionnaires, the questionnaires were pre-tested to ensure reliability of the tools and to ensure that errors are highlighted and rectified. Data collection tools were tested, piloted and refined. The experimental study put into attention the language spoken and understood by respondents. The reliability coefficient of the administered questionnaire was computed using Cronbach Alpha coefficient of internal consistency aided by the SPSS program. All Cronbach's Alpha coefficient were expected to be above 0.7, which should be the minimum threshold Cronbach's Alpha value that a questionnaire should have in order to collect reliable data (Sekaran & Bougie, 2013). Hence the Cronbach's Alpha reliability coefficients for items analyzing the variables in this study are indicated as bellow;

Table 3: Summary of Cronbach's Alpha findings

Variable	Number of items	Alpha Value
Budget preparation	10	0.826
Budget approval and implementation	10	0.802
Budget control	10	0.847
Performance of not for profit Organizations	16	0.887

Source: Primary data (2020)

The findings of the above reliability tests showed that the reliability of all the items were good according to the rule of thumb. The reliability average obtained after running the SPSS gave a value of 0.841 which indicates a high level of internal consistency for our scale with the researcher's sample. Sekaran & Bougie (2013) recommends a minimum alpha value of 0.7 although they also stated that sometimes values below 0.7 can realistically be expected while a value of 0.9 is rated as excellent. However, the alpha value in this study was 0.841 which is way above the minimum recommended by Sekaran & Bougie (2013) of 0.7 which shows that the instrument had a high level of internal consistency.

3.7 Data Management and Processing

Data was collected and analyzed using both qualitative and quantitative techniques. Descriptive and analytical techniques of analysis were employed whereas, secondary data was analyzed using document review. As far as the data collected using questionnaire is concerned, suitable codes were assigned to the Likert responses that were used to answer the questions. Strongly disagreed was assigned code 1, disagree was assigned 2, not sure 3, agree 4 and strongly agree was assigned code 5.

3.8 Data Analysis

Data was entered into the SPSS accordingly to show how respondents would have answered the questions. In particular, descriptive analysis was conducted to describe the sample and the state of the variables as described by the respondents: descriptive analysis was used to present the results of the sample characteristics. Inferential analysis involved running correlation and multivariate regression analysis as discussed by (Kothari, 2004).

3.8.1 Qualitative Data Analysis

Qualitative data was analyzed into a manageable form and a narrative constructed around it. Examples were used in the narrative in order to review trends and compare the respondents' opinions of the issues being discussed. The data was classified into simple content categories, themes and sub-themes, closely examined and compared for similarities and differences.

3.8.2 Quantitative Data Analysis

Later data collection, the data was tested for errors to highlight validity, consistency and totality of responses. The data was coded and analyzed using the Statistical Package for the Social Sciences (SPSS) software. Quantitative data was analyzed using descriptive statistics and correlation analysis. Descriptive statistics was applied on respondents' background variables and some other response in the questionnaire. Data was first presented in form of frequencies and percentages and then more systematically using tables and or figures. This helped to reduce the size of verbal narratives and to make judgments of the trends of performance of not for profit organizations more easily. The researcher carried out Pearson's coefficient of correlation analysis to examine relationships between Budgeting and performance of not for profit organizations. Regression analysis was also carried to ascertain the effect of Budgeting on the performance of not for profit organizations.

3.9 Ethical Considerations

The researcher considered the conduct of the research and gave attention to the ethical issues associated with carrying out the study by adhering to the following procedures:

Permission of the respondents was sought to conduct research involving them. This was done by seeking permission from the management of the diocese through an introductory letter from the university and allowing the respondents to choose to be a part of the study or not. Written or verbal informed consent from all respondents was sought before interviews were conducted and the purpose and objectives of the study was carefully explained to the respondents.

The researcher took into consideration the privacy and confidentiality of the respondents by safe guarding the information of the respondents and providing explanation for the relevance of the information they provide as well as who it was shared with.

The researcher ensured that there was anonymity of the respondents by requesting the respondents not to provide their names, designations and contacts. Here the researcher designed the tools in such a manner that the respondents were required to provide personal details.

The major ethical problem in this study is privacy and confidentiality of the respondents. This is because the researcher had to gain access to staff lists and files which was an infringement on the privacy of the respondents. This however was the only way of constructing a sampling frame and generating a representative sample.

3.10 Limitations of the Study

i) Unwillingness of respondents to fill questionnaires and withholding information due to fear of being victimized. However, the researcher convinced them that the information they provide was to be used solely for academic purposes and kept confidential. The researcher ensured that there were regular visits to the respondents followed with reminders to fill the questionnaires.

ii) The questionnaire in particular was based on likert scales which are always subject to the respondents' biases. Although not verified with certainty, respondents had that tendencies of avoiding extreme positions (central tendency bias). However, qualitative data was supportive of the quantitative data.

3.11 Conclusion

This chapter provided the description of how the study was conducted. It gave details of the research design adopted, nature of sample, sampling procedures data collection procedures and final data analysis techniques to be applied. It also gives the framework within which data was collected analyzed.

The study employed both qualitative and quantitative methods to analyze data. Questionnaire was the main tools for data collection in addition to the interviews. The validity and reliability of instruments were ensured through expert reviews by supervisors and presenting the items to determine the acceptable Cronbach alpha value.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents how data was collected from respondents, the response rate, background information of the respondents and descriptive empirical results about budgeting and performance of not for profit organizations. The study has examined and presented findings on its objectives which looked at examining the effect of budget preparation, budget approval & implementation and budget control on performance of not for profit organizations (NGOs) using a case study of Nebbi Catholic Diocese (NCD).

The study was further organized under sub-section of descriptive and inferential findings. The descriptive results from questionnaires are in system of means and standard deviations. The inferential data is accessible in form of correlations and regressions to show the nature of connection and degree of the effect the independent variable has on the dependent variable. It further offers qualitative outcomes from interviews, in form of quotations and narrative subjects as per respondents' opinions in respect to the study objectives. The variables of non-demographic survey questions were measured on 5-likert scaled range: 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree, 5-Strongly Agree.

4.1 Response Rate

The researcher administered 105 questionnaires but 92 respondents actually participated representing a response rate of 87.6%. This response rate is considered excellent because according to Blaikie (2009) samples with response rate above 50% are regarded to be good enough. Amin (2005) on the other hand noted that studies of this nature a response rate of 70% is considered valid. This therefore means that the findings of this research is valid.

4.2 Biodata of respondents

The background information for the study includes gender, age, education level, duration taken in organization and position in organization.

4.2.1 Gender of Respondents

Gender is a social construct that society uses not only to organize itself but to show the level of development attained in the society without considering the different sex. It is an essential aspect that helps in determination of the livelihood of both female and male. This therefore, shows the gender who actually participated in the study in terms of female and male as presented in table

Table 4: Gender of Respondents

Gender		Frequency	Percent
	Male	53	57.6
	Female	39	42.4
	Total	**92**	**100**

Source: Primary data (2020)

Figure 3: Gender of Respondents

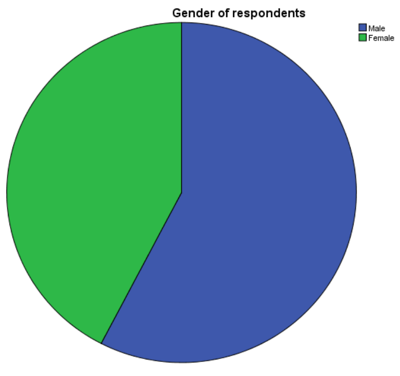


Table 4 and Figure 3 (pie chart) revealed that, 57.6% of the respondents were male while 42.4 were female. This respondents' distribution indicates that male were the dominant participants who possibly possess the knowledge of budgeting compared to the female participants. This implies that the key roles within the Diocese is being carried out by male employees.

4.2.2 Age bracket of Respondents

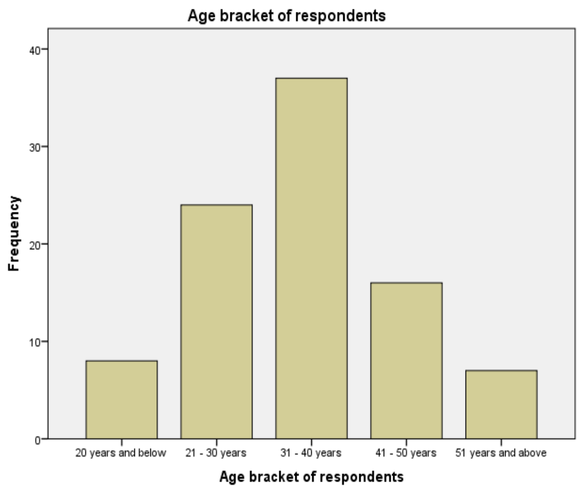
The study sought to establish the age distribution of the respondents. The study findings are as presented in table 4.2 below.

Table 5: Age Bracket of Respondents

Gender		Frequency	Percent
	20 years and below	8	8.7
	21 - 30 years	24	26.1
	31 - 40 years	37	40.2
	41 - 50 years	16	17.4
	51 years and above	7	7.6
	Total	**92**	**100**

***Source: Primary* data (2020)**

Figure 4: Age Bracket of Respondents



The findings presented on the age bracket of the respondents in Table 5 and Figure 4 and the Bar chart established that 37 (40.2%) of the respondents were in the age bracket of 31 – 40 years, followed by 24 (26.1%), those with the age between 21 – 30 years, next followed by 16 (17.4%) for respondents within the age bracket of 41 – 50 years, and again 8 (8.7%) representing those of 20 years and below and the lowest being 7 (7.6%) for the age bracket of 51 years and above. These findings indicate that participant to this study were mainly those in youthful age as evidence by the age bracket between 31-40 years and 21-30 years respectively, and with the highest frequencies. Generally, the findings indicate that there was gender representation.

4.2.3 Highest level of education attained

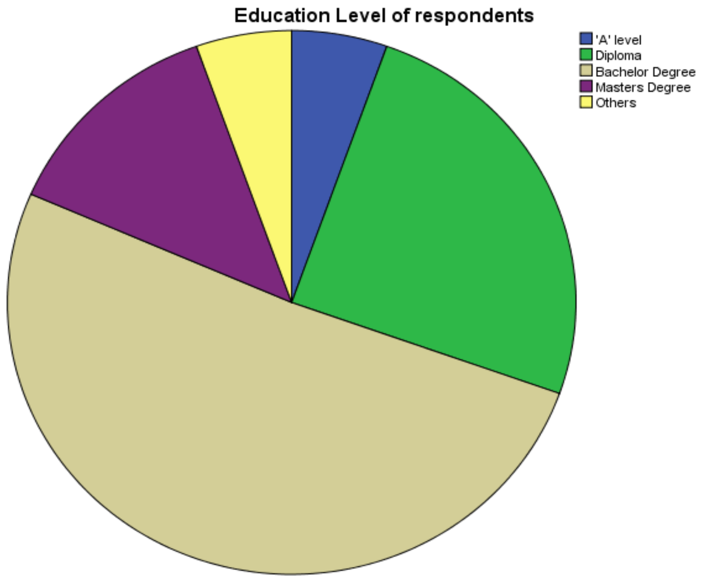
This was centered on establishment of the level of education and profession qualification of the respondents. The respondents were requested to indicate their education level and the findings using descriptive statistics as presented below;

Table 6: Education Level of Respondents

Education Level	Frequency	Percent
'A' level	5	5.4
Diploma	23	25.0
Bachelor Degree	47	51.1
Master’s Degree	12	13.0
Others	5	5.4
Total	**92**	**100**

Source: Primary data (2020)

Figure 5: Education Level of Respondents



The above result in table 6 and Figure 5 and pie chart shows that majority of respondents are Bachelor degree holders at 51.1%, followed by Diploma holders at 25.0%, followed by Master's degree holders standing at 13.0%, followed by those with certificates ('A' level) and other qualifications either CPA or post graduate diploma respectively at 5.4%, with the majority of respondents possessing a Bachelor degree at 47 (51.1%). It possibly illustrates the level of technical knowledge about budgeting. Nebbi Catholic Diocese has the capacity to deliver quality services to the community since majority of staff are well trained with degrees, masters' degrees, diplomas and some had acquired professional qualification. This also guaranteed reliability and validity of the data.

4.2.4 Duration taken in Organization

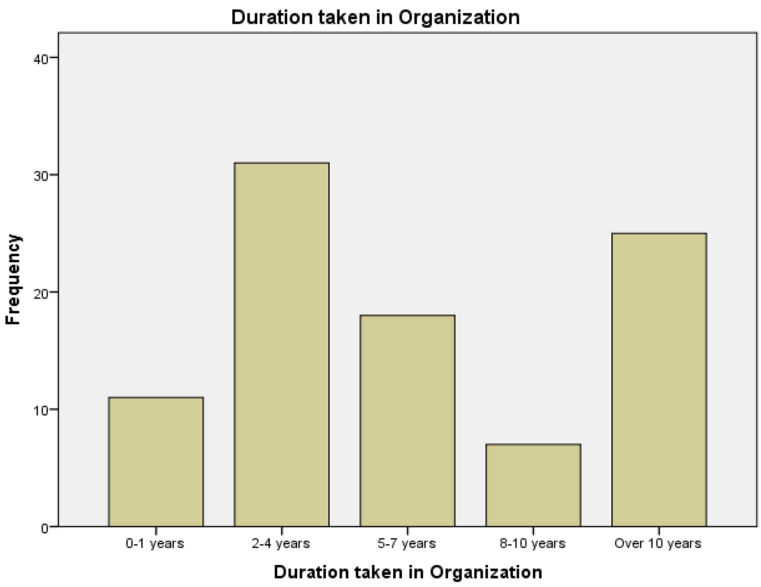
The study was set to ascertain the duration of the respondents in the organization where the study was being done which was categorized as 0-1 year, 2-4 years, 5-7 years, 8-10 years and over 10 years. The respondents were requested to indicate the period spent in the organization and the descriptive statistics findings are presented in Table 7.

Table 7: Duration taken in Organization

Duration in Organization		Frequency	Percent
	0-1 years	11	12.0
	2-4 years	31	33.7
	5-7 years	18	19.6
	8-10 years	7	7.6
	Over 10 years	25	27.2
	Total	**92**	**100**

Source: Primary Data (2020)

Figure 6: Duration taken in Organization



From Table 7 and Figure 6 (Bar chart above), the findings show that the highest number of respondents i.e. 31(33.7%) had been in the organization for between 2 – 4 years. The findings further established that the year distribution of over 10 years followed with a statistic of 25 (27.2%). Followed by respondents with a statistic of 18 (19.6%) who had been in the organization between 5 – 7 year. It was also discovered that 11(12.0%) respondents were between 0 - 1year. Finally, categories of respondents with a statistic of 7 (7.6%) who have taken the durations of 8 - 10 years. This implies that sampled respondents have required experience above two years which guaranteed reliability and validity of the data.

4.2.5 Position held by respondents

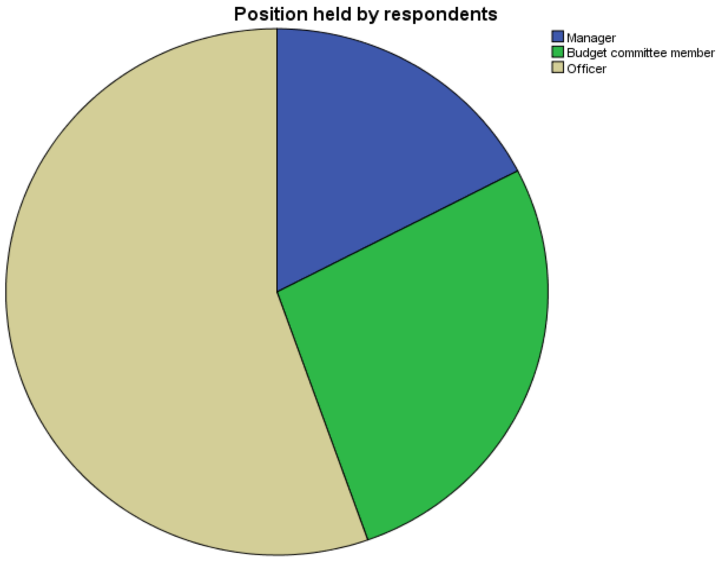
The study wanted to ascertain the various positions held by respondents centered on their roles and duties in the organization. The findings of the several respondents are accessible in Table 4.5.

Table 8: Position held by respondents

Position of Respondents	Frequency	Percent
Manager	16	17.4
Budget committee member	25	27.2
Officer	51	55.4
Total	**92**	**100**

Source: Primary Data (2020)

Figure 7: Position held by respondents



The findings presented in Table 8 and Figure 7 the pie chart revealed that those holding the positions of officers are the majority constituting 51 (55.4%) of the respondents, with Budget committee members being 25 (27.2%) and Managers at 16 (17.4%). This implies that all significant participating categories in budgeting at Nebbi Catholic Diocese (NCD) were involved in the study which guaranteed collection of data from the most appropriate people.

4.3 Descriptive Statistics

Findings are presented using descriptive statistics mainly mean and standard deviations on a likert scale range questionnaires following the study objectives. This presents the budget preparation, budget approval & implementation, budget control and performance of not for profit organizations. A likert scale of 1 to 5 was used where 1 represented strongly disagree, 2 represented disagree, 3 represented not sure, 4 represented agree and 5 represented strongly agree. For purposes of this study, mean values between 1.0 to 3.5 represent disagreement and mean values between 3.6 to 5.0 represent agreement.

4.3.1 Descriptive statistics on Budget Preparation

The study sought to establish respondents' opinions on the effect of budget preparation on performance of not for profit organizations. The study posed questions to ascertain this effect and they are presented in form of descriptive data as below.

Table 9: Descriptive Statistics on Budget Preparation

Statement	N	Min	Max	Mean	Std. Deviation
Budget guidelines are issued before preparing budgets	92	2.00	5.00	4.43	.62
Our organization has a budget Director and budget committee.	92	1.00	5.00	4.22	.71
Before budgeting; income sources and expenses are identified	92	3.00	5.00	4.45	.62
Our Organization budget goals are specific and clear	92	3.00	5.00	4.33	.65
We identify high priority programs to include in the budget	92	2.00	5.00	4.28	.62
Programs and plans are the basis for allocating financial resources	92	2.00	5.00	4.39	.63
Budget aids coordination and communication of plans to various levels of management	92	2.00	5.00	4.33	.69
All our units are involved in the budget process	92	1.00	5.00	4.09	.83
Each financial year has a specific focus or theme on which the budget is based	92	2.00	5.00	4.11	.86
Budgets are prepared according to the strategic plan	92	2.00	5.00	4.42	.62
Valid N (list wise)	92				

Source: Primary Data (2020)

From table 9 above, revealed the attributes of budget preparation at Nebbi Catholic Diocese (NCD). Regarding whether there are budget guidelines issued before preparing budgets indicate a mean of 4.43 and standard deviation of 0.62. This implies that respondents are in agreement with the statement as given by the mean result. The standard deviation indicates a moderate dispersion from the mean. Majority of the respondents agreed which denotes that there are budget guidelines being followed in NCD which facilitate effective budget preparation and create an environment of quality service delivery throughout the Diocese. The findings agreed with Lau (2013) who asserts that organization should have budget committee to provide general guideline for preparing budgets for effective budgeting. Additionally, from the interviews, one of the respondents mentioned that;

"The Accounting Policies and Procedures Manual in place requires that the plan and budget is communicated clearly to all stakeholders but this does not happen and the stated period for beginning budget process for new fiscal year is generally not followed".

Findings on whether the organization has a budget director and budget committee indicates a mean of 4.22 and standard deviation of 0.71. Standard deviation indicates minimum dispersion from the mean. This implies majority of the respondents agreed that NCD has the budget director and committee responsible for budget preparations with full support of all staff and top management which is essential for the success of budgeting. It is therefore, important for any budgeting to provide tangible results there must be a those assigned with authority and responsibility to coordinate budget preparation. This finding concur with Horace et al (2007) who said preparation of the budget is the responsibility of the budget director in an organization, who suggests procedures for budget preparation and gives assistance to those responsible for preparing preliminary budgets for their departments.

Findings as to whether income sources and expenses are identified before budgeting, the responses indicate the mean score of 4.45 and standard deviation of 0.62. Standard deviation indicates a moderate dispersion from the mean. A good number of respondents agreed that income sources and expenses are identified before budgeting. This implies that management of NCD possess the required knowledge of budgeting and responsibility that it entails; such as being certain about the sources of its funding that support its activities. This coincide with Caldwell (1996) who said that there are several management accounting tools which include knowledge of responsibility accounting reporting systems, cost behaviour patterns and the use of cost, volume profit analyses help management project revenues and costs for departments or products.

On finding out whether the organization's budget goals are specific and clear, respondents agreed to this statement with a mean score of 4.33 and standard deviation of 0.65. This standard deviation indicates a small variation from the mean. Majority of respondents agreed to the statement which implies that the responsible person reviews the departmental budgets to make certain that they are compatible and will achieve the common goals. The findings agreed with Edward et al (2002) who asserts that budgets are usually prepared for a set time period, and although the firm's budget period can be independent of the fiscal year, the budget year for most organizations coincides with their fiscal year. They argue that the preparation of the master budget starts with a review of the firm's strategic goals, long-term objectives, and long-range plan.

Findings also revealed that respondents agreed that the organization always identify high priority programs to include in the budget with the mean score of 4.28 with a minimum dispersion indicated by the standard deviation of 0.62. The implication is that the organization has well set programs for which budgets are done in the order of priority. This is in line with what Goldstein (2005) said that following budgeting system in institutions aid in setting priorities by assigning scarce resources to individual activities that are utmost significant to the organization.

To ascertaining whether programs and plans are the basis for allocating financial resources, respondents agreed with a mean score of 4.39 and standard deviation of 0.63. This implies that the organization always base itself on the different programs and plans when allocating the scarce resources. Managers on committee do participate in developing plans and formulation of policies for effective execution of budgeting. The findings agreed with Terry et al (2003) who noted that budget preparation is a time consuming but vital task, where planning steps are repeated and revisions are made and there is considerable discussion and argument. She views that generally a budget committee meets at regular intervals and would be serviced by a budget officer, usually the accountant. The committee's task is to co-ordinate and review the budget programme, establish procedures and timetables, produce and update a budget manual explaining the objectives, role and procedures involved in the budgeting system.

Findings whether budget aids coordination and communication of plans to various levels of management, indicate the mean score of 4.33 and the standard deviation of 0.69. Standard deviation indicates minimum dispersion from the mean. The vast majority of the respondents agreed to the statement which implies that budget aids coordination and communication of plans within the organization. The findings agreed to Kariuki (2010) who stated that Budgets also aid in coordinating and communicating these plans to various levels of management. During an interview with a key respondent, it was revealed that;

"*Budgeting helps organizations to estimate revenues, plans expenditures and restrict any spending that is not part of the plan. Without a budget an organization can easily get bogged down with day to day problems and miss the bigger picture he said. He further stated that the success of our organization is due to the time management allocate to create and manage* *budgets, prepare and review organization plans and regularly monitor the financial situation and organization performance".*

On whether all units are involved in budgeting, respondents agreed with a mean of 4.09 and standard deviation of 0.83. Standard deviation indicates minimum dispersion from the mean. A good number of the respondents agreed which implies that during budgeting the organization involve all the units within the organization. This concur with the findings of Kung et al (2002) who asserts that because all divisions are not likely to think alike and have the same plan for the operations, completion of a budget for all units of an organization also mandates coordinating, operations among all budgeted units and synchronizing the operating activities of various departments. This was evidence with an interviewee response that;

"The process of generating a budget offers opportunities to staff involve, enabling them to share the organization's dream; and attractive the team in revising and relating the budget with actuals can offer information that highlights the strengths and weaknesses of the organization".

Respondents were required to show whether each financial year has a specific focus or theme on which the budget is based. Majority of the respondents agreed to the statement as indicated by a mean score of 4.11 and standard deviation of 0.86. Standard deviation indicates a small variation from the mean; implying that there is always a specific focus or theme that guide their budget preparation; this could be picked from the strategic plan of the organization. This coincide with Edward et al (2002) who argued "that the preparation of the master budget starts with a review of the firm's strategic goals, long-term objectives, and long-range plan".

On whether the budgets are prepared according to the strategic plan, majority of the respondents agreed that budgets are prepared according to the strategic plans with the mean score of 4.42 and standard deviation of 0.62. This means that it is important to review strategic plans because they are normally prepared to act as guiding tools and reviewing such plans means that the organization wants to remain focused. The findings seem to agree with Gacheru (2012) who looks at budgeting as the procedure whereby the plans of an organizations are interpreted into detailed, approved and organized plan of action, stated in dollars for a specified period.

4.3.2 Descriptive Statistics on Budget Approval & Implementation

The study also sought to ascertain the opinion of respondents about the organization's budget approval and implementation. Through questions posed the response are presented in form of descriptive data as below;

Findings in table 4.7 revealed that majority of respondents agreed that budget committee chair always present the proposed budget to the board with a mean score of 4.34 and standard deviation of 0.74. The standard deviation indicates minimum dispersion from the mean. This implies that the budget committee chair always presents the proposed budget to the board. These findings agreed with Zietlow, J. et al (2018) who stated that budget approval process is indicative of good practice. That once a budget is agreed on by all parties, assuming some participation has been allowed, a commitment is fostered.

Table 10: Descriptive Statistics on Budget Approval & Implementation

Statement	N	Min	Max	Mean	Std. Deviation
The Budget committee chair always present the proposed budget to the board	92	1.00	5.00	4.34	.74
The Budget committee always agree on a draft budget	92	1.00	5.00	4.23	.73
The Budget committee ensures any necessary changes are made before taking the final approved budget to the board	92	3.00	5.00	4.36	.58
Approved budgets are shared at all management levels before implementation of activities	92	1.00	5.00	4.23	.83
Only activities budgeted for are implemented	92	1.00	5.00	4.09	.89
The proposed budget reflect all the financial items expected for the next fiscal year	92	1.00	5.00	4.24	.68
The implementation of budgets involve all parties responsible for achieving results	92	1.00	5.00	4.19	.89
The Budget committee always monitor the implementation of the budget	92	1.00	5.00	4.05	.89
Both Management and employees are involved in the budget implementation	92	1.00	5.00	4.12	.78
The outcome of budget implementation reports are communicated to key staff at all levels	92	2.00	5.00	4.24	.63
Valid N (list-wise)	92				

Source: Primary Data (2020)

After the initial preliminary budget amounts are determined, a budget meeting is set with the board's finance committee. The overall board receives the proposed budget at its meeting which is usually at least two weeks after the finance committee meeting.

Findings on whether budget committee always agree on a draft budget indicates a mean of 4.23 and standard deviation of 0.73. There is a minimum dispersion from the mean. The vast majority of the respondents agreed which implies that budget committee always agree on a draft budget. These findings concur with Gary et al (2018) who asserts that the budget committee reviews the budget for consistency with the budget guidelines, attainment of the desired short-term goals, and fulfilment of the strategic plan.

To ascertaining whether budget committee ensures necessary changes are made before taking the final approved budget to the board, respondents agreed with a mean score of 4.36 and standard deviation of 0.58. The standard deviation indicates a minimum dispersion from the mean. This implies that the organization has committed committee who are skillful in matters of budgeting. The findings agreed with Ray et al (2001), who noted that the budget committee gives final approval, and the chief executive officer then approves the entire budget and submits it to the board of directors.

Respondents were required to show whether approved budgets are shared at all management levels before implementation of activities. Majority of the respondents agreed with the statement as indicated by a mean of 4.23 and standard deviation of 0.83. The standard deviation denotes a minimum dispersion from the mean. Implying that the organization involve management at different levels to participate in budgeting activities. The findings agreed with Agusti (2012) who stated that the full and proper implementation of budget involves liaison and discussion between all levels of management. It is an important formal avenue of interaction between top and lower level management regarding the organization's long term objectives and the practical problems of implementing these objectives. The collective participation process of the budget implementation can improve the budget holder's attitude to the budget system and make it more likely that he will accept and own the targets contained in the budget system and take responsibility for the implementation report. During the interview, it was observed that*;*

"there have been some challenges in managing and complying with the financial policies and directives of the Diocese. Most of the respondents were of the opinion that the complex nature of

the Diocese directive hampered understanding by all stakeholders, which caused the issue of non-compliance. The complexity of the directive mainly had to do with the inconsistency in policies, the absence of detailed information to enhance interpretation, and the bureaucratic nature of approval process in the Diocese. Policies are seen to be complicated and it is difficult to interpret and this can possibly lead to misappropriation of funds".

Whether only activities budgeted for are implemented, respondents agreed to this statement with a mean of 4.09 and standard deviation of 0.89. The standard deviation shows a minimum dispersion from the mean. The implication is that the management of the organization implements only activities that are budgeted for. These findings are in agreement with Mwaura (2010) who said implementation is a concept in budgeting where managers execute decisions as planned and spent on the planned activities as budgeted for. During an interview a respondent stated that;

"O*nce budget has been approved by their board, implementations begins with control and monitoring, expenditure tracking, budget variance analysis, linking the project activities to the set objectives and better use of resources to achieve targets. This involve implementation of policies that ensure expenses are made within budget limits and for transparency and accountability".*

Findings also revealed that respondents agreed that the organization's proposed budget reflect all the financial items expected for the next fiscal year with the mean score of 4.24 with a minimum dispersion indicated by the standard deviation of 0.68. The implication is that only monetary items are to be included in the budget of a given period. This is in line with what Ablorh-Quarcoo (2015) observed that a proposed budget usually gives the projected revenues and expenditures to be incurred in a particular period that can be used by the Church. It provides the means by which future resources are channeled into purpose oriented utilization.

Regarding whether the implementation of budgets involve all parties responsible for achieving results, indicates a mean of 4.19 and standard deviation of 0.89. The standard deviation indicates minimum dispersion from the mean. Majority of the respondents agreed which implies that NCD budgeting integrates budget implementations with control and monitoring of activities to achieve the set targets. The findings agreed with Karanja (2011) who indicated that all persons accountable for attaining outcomes should be involved in the application of budgets. No scheme of budget control can thrive short of the common consideration of managers and subordinates.

Findings on whether the budget committee always monitor the implementation of the budget indicate a mean of 4.05 and standard deviation of 0.89. This standard deviation indicates minimum dispersion from the mean. Majority of the respondents agreed with the statement, implying that NCD has a committee responsible for monitoring the different activities for successful implementation. These findings agreed with Robin (2013) who argued that the person with the responsibility for implementing a budget, uses the budget to guide the implementation, checking before spending that items are budgeted for, and allocating expenditure to appropriate budget lines.

About the statement that both management and employees are involved in the budget implementation, respondents agreed to the statement with a mean of 4.12 and standard deviation of 0.78. Standard deviation shows a minimum dispersion from the mean. The implication is that NCD at the implementation stage of the budget, both management and employees are involved. The findings agreed with Subramaniam & Ashkanasy (2011) who asserts that to guarantee that the procedure of applying the budget is effective, the superiors and the workforces should work collectively to ensure that the wellbeing of all shareholders are wholly signified when making key decisions relating budget distributions in key projects.

Findings on whether the outcome of budget implementation reports are communicated to key staff at all levels indicates a mean of 4.24 and standard deviation of 0.63. Standard deviation of this findings indicate a minimum dispersion from the mean. Majority of the respondents agreed that outcome of budget implementation reports is always communicated to key staff, thus fostering trust and good working relationship in the organization. These findings agreed with Karanja (2011) who noted that "organization should connect the result of budget execution reports to all the important staff. Budgets have an essential part to play in the communication of objectives, targets and tasks all over the organization".

4.3.3 Descriptive Statistics on Budget Control

The study sought to find out the level of budget control Nebbi Catholic Diocese (NCD) has in place. The study posed questions to ascertain response from different respondents which are presented in Table 4.8 below;

Table 11: Descriptive Statistics on Budget Control

Statement	N	Min	Max	Mean	Std. Deviation
Our organization uses a budget variance percentage when reviewing variances in reports	92	2.00	5.00	3.97	.73
Corrective action is always taken on budget variance	92	2.00	5.00	4.00	.68
Budget committee provides timely feedback to budget users to correct the detected errors	92	2.00	5.00	3.91	.78
Our organization conducts regular audit to evaluate implementation	92	2.00	5.00	4.23	.78
The management team reviews audit reports and takes corrective actions	92	1.00	5.00	4.21	.78
The budget defines goals and objectives that serve as bench mark for evaluation	92	2.00	5.00	4.24	.75
Our organization uses budget as a yardstick to compare actual results against projected budget items	92	2.00	5.00	4.25	.69
The financial controller checks all departmental expenses against budgeted items before more cash is released	92	2.00	5.00	4.27	.73
Our Organization ensures all actions taken by employees conforms to the management plans and policies	92	2.00	5.00	4.22	.62
The management regulates all activities of the organization to ensure performance are in accordance with management function	92	2.00	5.00	4.29	.64
Valid N (list-wise)	92				

Source: Primary Data (2020)

Findings in table 11 revealed that majority of the respondents were not sure whether Nebbi Catholic Diocese uses a budget variance percentage when reviewing variances in reports with a mean of 3.97 and standard deviation of 0.73. The standard deviation indicates minimum dispersion from the mean. This implies that control limits of standard cost/output within the budget facilitate determination of variance when compared with actual output. Variance is either adverse or favorable thus facilitate monitoring of activities. Organization prepares budget to meet the need of each project in order to achieve the set targets since projects vary in their demands. Although respondents were not sure with the statement, Waren (2011) agreed that budget control provide for variance within the organization performance at different sections bearing on each other; this therefore makes direction of several management and subordinates essential in attaining budget targets.

Respondents were also asked whether corrective action is always taken on budget variance. It was established that majority of the respondents assented to the assertion with a mean of 4.00 and standard deviation of 0.68. Standard deviation indicates a minimum dispersion from the mean. This implies that making use of variances in financial reporting enhances performance. These findings concurred with Pogue (1989) who stated that the purpose of budget control is to ensure that operation and performance conforms to plans. The control aspect of budget activities is a management function which involves taking action on adverse variance that are controlled.

On whether the budgets committee provides timely feedback to the budget users to correct the detected errors, majority of the respondents were not sure about the statement with the mean score of 3.91 and standard deviation of 0.78. The implication is that some new programs fail because budget managers make unilateral decisions of what can be eliminated or modified in the program plan. Inspite of varying views of respondents, the findings seem to concur with Barr & McClellan (2018) who said that improvement of the quality of requests and the accuracy of submitted budget documents will only occur if feedback is given to the persons making the budget proposal. It is only through such feedback that the staff and faculty members involved can improve their work and future proposals. If the proposal cannot be fully funded but can be supported at some lower level, then information sharing is also critical. The person(s) who made the proposal should be consulted regarding where reductions can be made in the program that will have the least negative influence on the proposed new program plan.

Regarding whether the organization conducts regular audit to evaluate implementation, indicates a mean of 4.23 and standard deviation of 0.78. The standard deviation indicates minimum dispersion from the mean. Majority of the respondents agreed which implies that NCD conducts financial audit always. The findings agreed with Nortey (2019) who observed that most organizations enforce Controls in the Accounting and Finance sections whereby at the end of each financial period, auditors are invited to verify the effectiveness of the controls systems. Internal controls were further discussed by these selected respondents during the interview process whose response was that;

"Internal audits are carried out in randomly selected departments and the results of the audits are beginning to put people on their toes".

The finding about whether the management team reviews audit reports and takes corrective actions, the respondents agreed with a means score of 4.21 and standard deviation of 0.78, which indicates a minimum dispersion of standard deviation from the mean. The implication is that a regular review and follow up is always conducted to ensure that the desired changes have been adopted. This finding assent to Barr & McClellan (2018), who asserts that Audit requirements exist for both private and public organizations. An external audit provides an independent review of the decisions made in a unit or department. Both financial and management reports are issued when an audit occurs, and after review the responsible persons in the department agree to necessary changes in unit policies and procedures in order to comply with the audit findings. P. 29.

The statement on whether the budget define goals and objectives that serve as benchmark for evaluation, respondents agreed to the statement with a mean of 4.24 and standard deviation of 0.75. The standard deviation shows a minimum dispersion from the mean. The implication is that the management of the organization's budget activities are ever guided by its set goals and objectives. These findings are in agreement with Lucey (1996) who asserts that, as a good control, planning is interested in the internal resource distribution to attain certain objectives.

Findings on whether the organization uses budget as a yardstick to compare actual results against projected budget items indicates a mean of 4.25 and standard deviation of 0.69. Standard deviation indicates a minimum dispersion from the mean. The majority of the respondents agreed with the statement which implies that the organization uses budget as their guiding tool that helps in comparing results against projected budget items. The findings agreed with Pogue (1989) who stated that budget will control nothing as it is not on itself a control mechanism but a yardstick by which actual results can be compared as and when they occur and thus provide management with an aid to control cost. Budget control therefore acts as guard on the executive capacity by controlling their scope of expenditure.

Whether the financial controller checks all departmental expenses against projected budget items, respondents agreed to this statement with mean 4.27 with standard deviation of 0.73. The standard deviation indicates small variation from the mean. This implies that budget control is crucial in the day-to-day operations since it acts as a financial guide in relation to expenditures to avoid unnecessary expenditures in organization. This finding is in line with Bronwyn (2014) who observed that budget control is a term that is used to describe the process of managing individual line items within a household or business budget so that expenditures over and above the allocated amounts do not take place. He asserts that this type of control is necessary in order to make sure that operational expenses do not exceed the projected revenue for the period, creating a net loss.

Respondents were also asked whether the organization ensures all actions taken by employees conforms to the management plans and policies. It was established that majority of the respondents consented to the assertion with a mean of 4.22 and standard deviation of 0.62. Indicating a minimum dispersion of standard deviation from the mean. The implication is that budgeting facilitate better resource allocation to achieve organization targets since budgeting creates a future plan to spent/ allocate resources/funds. These findings agreed with the statement of Anthony (1970), Control is a process by which management ensures itself that so far is possible, actions taken by the members of the organization conform to the managements plans and policies.

On whether the management of NCD regulates all activities of the organization to ensure performance are in accordance with management function, respondents agreed to that statement with a mean of 4.29 and with standard deviation of 0.64. Meaning budget control is a tool implored by management to keep track of actual performance to ensure budgeted standards are met. These coincide with the findings of Osisioma (1989) who stated that regulation of activities of an organization is key so that performances are in accordance with the functions of management.

4.3.4 Descriptive Statistics on Performance of Not for profit Organizations

The study sought to ascertain respondents' opinion on the performance of Nebbi Catholic Diocese (NCD) as revealed in table 4.9.

Findings in table 4.9 revealed that majority of the respondents agreed that the organization supports resource mobilization and skills training with a mean of 4.15 and standard deviation of 0.66. Standard deviation indicates a minimum dispersion from the mean. Meaning that the organization is position to mobilize resources to finance its activities and also to be able to carry out training of employees. The findings agreed with Kibbe, B et at (2004) who stated that Organizational effectiveness is the ability of an organization to define a meaningful mission, generate the tangible and intangible resources required to advance the mission, and deploy those resources efficiently and well in the accomplishment of its work.

Table 12: Descriptive Statistics on Performance of Not for profit Organizations

Statement	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
The Organization I work for supports resource mobilization and skills training	92	2.00	5.00	4.15	.66
The organization I work for uses finance policy in decision making process	92	2.00	5.00	4.23	.68
There is regular financial monitoring throughout the financial year	92	3.00	5.00	4.27	.65
The same accounting system is used by all departments in my organization	92	2.00	5.00	4.22	.82
Our Organization implements plans as per budget.	92	2.00	5.00	4.31	.68
We ensure that every expense incurred is budgeted for	92	1.00	5.00	4.04	.84
We encourage the use of clear requisition form before incurring any expense	92	1.00	5.00	4.28	.73
The Organization I work for ensures proper accountability is provided for any fund received	92	3.00	5.00	4.35	.56
Our organization settles its suppliers within 60 days	92	2.00	5.00	4.01	.84
We collect our receivables within one month	92	2.00	5.00	3.83	.93
We carry out quarterly financial reporting and Auditing	92	2.00	5.00	4.26	.84
There is adequate service delivery in our organization	92	2.00	5.00	4.09	.66
There is always timely service delivery in our organization	92	2.00	5.00	3.97	.78
Our organization provide service with a positive impact	92	2.00	5.00	4.15	.59
There is always quality service in our organization	92	2.00	5.00	4.18	.64
Our organization provides a reliable service to its clients	92	2.00	5.00	4.28	.56
Valid N (list-wise)	92				

Source: Primary Data (2020)

"Budgeting provides an estimate of expenditure and anticipates incoming revenue said a respondent during an interview. By referring to the budget our organization measures performance against expenditure and ensure that resources are available for initiatives that support the organization growth and development added by the respondent".

To ascertain whether the organization uses finance policy in decision making process, respondents also agreed with a strong mean of 4.23 and standard deviation of 0.68. Standard deviation indicates minimum dispersion from the mean. Majority of the respondents agreed with the statement implying that finance policy is being used as one of the tools that guides the decision making process within the organization. This concur with the findings of Zietlow et al (2007) who identified three basic categories of financial policies that not for profit organizations should have: accountability and regulatory compliance policies, financial and financial management policies, and data integrity policies.

Findings about whether there is regular financial monitoring throughout the financial year in NCD, indicates a mean of 4.27 and standard deviation of 0.65. Standard deviation indicates a moderate variation from the mean. A vast majority of respondents agreed to with the statement which implies that budgeting facilitate monitoring of financial activities throughout the fiscal year. The findings agree with Coe (2011) who asserted that Management and the board need to create a robust information or communication system and regularly monitor the effectiveness of the control system through audits, financial reports, and internal control and compliance reports (Coe, pp. 35–40).

The findings also indicated that the same accounting system is used by all departments in NCD with respondents agreeing with the statement indicating a mean of 4.22 and standard deviation of 0.82. The standard deviation shows a moderate variation from the mean. This means that there is uniform application of accounting systems throughout the organization which ensure effective performance. These findings were in line with Weikart et al (2013) who argued that all departments share the same facilities, and the accounting system classifies occupancy-related costs as common indirect costs.

About whether the organization implements plan as per budget, majority of the respondents were in agreement with a mean of 4.31 but with a standard deviation of 0.68. This standard deviation has a moderate dispersion from the mean, implying that the organization always uses strategic plan whenever drawing up its budget which in turn acts as a guide when implementing those plans to achieve its goals. The findings agreed with Bagnoli and Megali, (2011) who asserted that for not for profit organizations, effectiveness is the ability to achieve goals and implement strategies while using resources in a socially responsible manner. One of the respondents said;

"The Diocesan Manual directs the Diocese to hold budget workshops to provide employees the opportunity to know how the mission of the church will be tied to budget allocations and Diocese resources. Unfortunately, this workshop does not to take place in any of the departments".

Respondents were asked whether the organization ensure every expense incurred is budgeted for. Respondents consented to the assertion with a mean of 4.04 and standard deviation of 0.84. Indicating a minimum dispersion of standard deviation from the mean. The implication is that organization's spending are always guided by the existing budget. These findings agreed with the statement of Stone (1997) who said that efficiency is a "comparative idea" and "a way of judging the merits of different ways of doing things." Stone goes on to say that efficiency has become "the ratio between input and output, effort and results, expenditure and income, or cost and resulting benefit.

The statement on whether the organization encourage the use of clear requisition form before incurring any expense, respondents agreed to the statement with a mean of 4.28 and standard deviation of 0.73. The standard deviation shows a minimum dispersion from the mean. The implication is that the organization has put in place financial policies and procedures that encourage the use of requisition forms. These findings are in agreement with Henrickson (2012) who stated that financial management techniques to ensure long-range financial health of the Church includes development of annual budgets, having personnel as budget officers, Treasurer and Finance committee, implementing financial policies and procedures like use of requisition form, and appointing an independent financial oversight team. In an interview a respondent stated that;

"The implementation of policies can also fail where effective supervision in respect of financial policy adherence is absent. Other respondents however attributed this challenge to the fact that finance committee lack support from top management of the Diocese".

As to whether the organization ensures proper accountability is provided for any fund received, respondents agreed to the statement with a mean of 4.35 and standard deviation of 0.56. The standard deviation shows a moderate variation from the mean. This means that there is much emphasis on accountability for any fund received in all departments. These findings were in line with Ozotamgbo (2009) who argued that Commercial organizations have the responsibilities to report on the stewardship of their resources and the emphasis of their accountability is on the utilization of the resources to earn a profit. But in not for profit organization, the emphasis is placed on accountability and stewardship.

Findings on whether organization settles its suppliers within 60 days indicate a mean of 4.01 with a standard deviation of 0.84. Standard deviation indicates a moderate dispersion from mean.

The majority of respondents agreed with the statement implying that NCD always settles it suppliers within 60 days which ensure retention of suppliers. These findings seem to agree with Zietlow et al., (2007) who noted that financial and financial management policies are established by the governing board. They may identify allowable ranges for specific financial indicators or ratios. Commonly used ratios include those related to profitability, liquidity, asset management, and long-term solvency. Cash management strategies may include speeding up the receipt of payments, managing the timing of expenses, reducing inventories, and obtaining a line of credit to cover temporary cash needs (Zietlow et al.,2007, pp. 146–154).

To find out whether the organization collects its receivables within one month, respondents were not sure with a mean of 3.83 and standard deviation of 0.93. Standard deviation indicates minimum dispersion from the mean. Majority of the respondents were not sure with the statement implying that some financial matters within the organization are not exposed to everyone. But still findings concur with the view of Worth (2017) who observed that a not for profit organization can be faced with a situation where it may have sent bills to clients for services that it has provided, or it may have pledges from donors that have not yet been received. Those are accounts receivable and need to be taken into consideration along with the cash it has in the bank, since they represent money that it has earned or is entitled to receive.

About whether the organization carry out quarterly financial reporting and auditing, respondents consented to the statement with a mean of 4.26 and a standard deviation of 0.84. This a moderate dispersion of standard deviation from the mean. This implies that the organization is keeping up to the required financial management and financial reporting standards. Findings seem to concur with Coe (2011) view who observed that, audits and other compliance reports can be used to monitor the effectiveness of the control system. Ensuring that appropriate policies and controls are in place is a fundamental aspect of the governing board's responsibility.

To ascertain whether there is adequate service delivery in the organization, respondents also agreed with a strong mean of 4.09 and standard deviation of 0.66. Standard deviation indicates minimum dispersion from the mean. Majority of the respondents agreed with the statement implying that the organization is in position to render service adequately. This concur with the findings of Robert (2000) who stated that financial ministry has been an important element of the church from its inception. John Wesley recruited stewards so every local community of faith would have adequate financial support. From the earliest times, sacrificial giving has been accepted as a spiritual discipline. But in an interview some respondents expressed that;

"The threat to effective management of finances of the Diocese is lack of leadership training. Some leaders who handle the finances of the Diocese lacks the required training that equips them with the skill of managing funds. The Diocese also fails to organize periodic seminars and workshops especially when new financial policies are issued by the Diocese. This can in turn jeopardize the adequacy of service delivery".

Respondents were required to state whether there is timely service delivery in the organization. It was observed that the respondents were not sure with a mean score of 3.97 and standard deviation of 0.78 indicating a small variation in the responses. Yet the statement is in line with Lovelock and Wright (2002), Service delivery refers to the actual delivery of a service and products to the customers or clients. It is therefore, concerned with the where, when, and how a service or product is delivered to the customer and whether this is fair or unfair in nature.

The finding about whether the organization provide service with positive impact, respondents agreed with a means score of 4.15 and standard deviation of 0.59, which indicates a minimum dispersion of standard deviation from the mean. The implication is that the service offered by the organization is made up of a portfolio of core and supporting elements which can be both tangible and intangible. This finding assent to the views of following scholars, Heskett (1987), service delivery concept is a description of the service in terms of its features as well as in terms of the benefits and value it intends to provide customers with. Roth and Menor (2003), It is the role of ‘delivery’ to ensure that the expected service outcome is received by the customer. Goldstein et al. (2002) stated that the service concept defines the how and the what of service design, and helps mediate between customer needs and an organization’s strategic intent. In order to impact in service delivery, organizations need to provide effective service which meets the needs of the recipients.

Respondents were also asked whether there is always quality service in the organization. It was observed that majority of the respondents consented to the assertion with a mean of 4.18 and standard deviation of 0.64. Indicating a minimum dispersion of standard deviation from the mean. The implication is that the organization offer services that has all the required features that meets clients taste. These findings agreed with the statement of Jonson (1995) who asserts that when the service meets the needs of the recipients, then it is likely to be perceived to be good or of high quality. In the business sectors, there is a big concern on provision of quality service with an aim to improve organizational performance. In this regard, scholars have documented the prominent determinants of quality service as integrity, reliability, responsiveness, availability and functionality.

To find out whether the organization provide a reliable service to its clients, respondents agreed with a mean of 4.28 and standard deviation of 0.56. Standard deviation indicates minimum dispersion from the mean. Majority of the respondents agreed with the statement implying that clients are always satisfied with the services offered by the organization. This concur with the findings of Mang'eli, (2013) noted that Service reliability involves the provision of service as promised, at the promised time and doing it right the first time; handling customer problems in a dependable manner and keeping customers informed.

4.4 Correlation Analysis

In order to ascertain the relationship between variables and this was reached through running correlation analysis with the following results.

4.4.1 Correlation between Budget Preparation and Performance of Not for profit Organizations

The study wanted to find out the relationship between Budget Preparation and Performance of Not for profit Organizations and this was ascertained by conducting a correlation analysis and the results are shown in table 4.10 below

The study had an objective of asserting the effect of Budget Preparation on Performance of Not for profit Organizations. Correlation analysis was carried out to ascertain first whether Budget preparation and Performance are related before asserting the effect. Using the Pearson correlation co-efficiency, the study revealed a correlation result ($r = 0.694$, $p<0.01$), the level of significance is less than 0.01 as stated in the table which means that there is a positive and significant relationship between Budget preparation and Performance of Non-profit Organizations. This means that the performance of Not for profit organization is related to budget preparation by around 69.4%. This is in agreement with Kung et al (2002), who argued that in preparing a budget, a firm's management needs to be forward looking in assessing future situations as they pertain to the firm's strategic goals.

Table 13: Correlation between Budget preparation and Performance of Not for profit Organizations

Correlations			
		Budget Preparation	Performance of Not for Profit Organizations
Budget Preparation	Pearson Correlation	1	.694**
	Sig. (2-tailed)		.000
	N	92	92
Performance of Not for Profit Organizations	Pearson Correlation	.694**	1
	Sig. (2-tailed)	.000	
	N	92	92
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2020)

They further say that budget preparation allows management time to work out any problems the company might face in the future coming periods. This extra time enables the firm to minimize the adverse effects that anticipated problems could have on operations. Because all divisions are not likely to think alike and have the same plan for the operations, completion of a budget for all units of an organization also mandates coordinating, operations among all budgeted units and synchronizing the operating activities of various departments hence improving the performance of the Not for profit Organizations. Therefore, not for profit Organizations ought to prepare budgets in order to monitor their operations properly hence enhancing their performance.

4.4.2 Correlation between Budget Approval & Implementation and Performance of Not for profit Organizations

The study sought to find out the relationship between Budget Approval & Implementation and

not for profit Organizations and this was ascertained by conducting a correlation analysis and the results are shown in table 4.11 below:

Table 14: Correlation between Budget Approval & Implementation and Performance of Not for profit Organizations

Correlations			
		Budget Approval	Performance of Not for Profit Organizations
Budget Approval	Pearson Correlation	1	.745**
	Sig. (2-tailed)		.000
	N	92	92
Performance of Not for Profit Organizations	Pearson Correlation	.745**	1
	Sig. (2-tailed)	.000	
	N	92	92
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2020)

The study had an objective of examining the effect of Budget Approval on Performance of Not for profit Organizations. Correlation analysis was carried out to first found out whether Budget approval & Implementation and Performance of Not for profit Organizations are related before asserting the effect. Using the Pearson correlation co-efficiency, the study revealed a correlation result ($r = 0.745$, $p<0.01$), the level of significance is less than 0.01 as stated in the table which means that there is a positive and significant relationship between Budget Approval and implementation and Performance of Not for profit Organizations. This means that the performance of the not for profit organization is related to budget approval and implementation by around 74.5%. This is in agreement with Blum and Smith (2008) who pointed out that the intention behind implementing budgets is to allow a greater degree of flexibility and autonomy in making decisions. Each member of the team must also recognize that she or he has specific responsibilities to ensure that budgets are successfully implemented. At the same time, if autonomous teamwork is valuable to a company, then that company may also be well advised to reward and recognize behavior that generates positive results through autonomous team work thereby improving the performance of the Not for profit Organizations. Therefore, not for profit Organizations ought to carefully approve and implement budgets in order to monitor their operations hence enhancing their performance.

4.4.3 Correlation between Budget Control and Performance of Not for profit Organizations

The study wanted to find out the relationship between Budget Control and Not for profit Organizations and this was ascertained by conducting a correlation analysis and the results are shown in table 15 below

Table 15: Correlation between Budget Control and Performance of Not for profit Organizations

Correlations			
		Budget Control	Performance of Not for Profit Organizations
Budget Control	Pearson Correlation	1	.771**
	Sig. (2-tailed)		.000
	N	92	92
Performance of Not for Profit Organizations	Pearson Correlation	.771**	1
	Sig. (2-tailed)	.000	
	N	92	92
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2020)

The study had an objective of examining the effect of Budget Control on Performance of Not for profit Organizations. Correlation analysis was carried out to first find out whether Budget control and Performance of Not for profit Organizations are related before asserting the effect. Using the Pearson correlation co-efficiency, the study revealed a correlation result ($r = 0.771$, $p<0.01$), the level of significance is less than 0.01 as stated in the table which means that there is a positive and significant relationship between Budget control and Performance of Non-profit Organizations. This means that the performance of not for profit organization is related to budget control by around 77.1%. This is in agreement with Cook (2008), who wrote that budget control consist of the preparation of a budget, recording of real achievements, determining and examining the variances between definite and budgeted performance and taking suitable corrective action so that budgeted performance may be achieved. Budget control is the system of monitoring costs through budgets. It encompasses comparison of actual performance with the budgeted with the view of determining whether what was planned agrees with real performance. Therefore, Not for profit Organizations ought to carefully monitor the implementation of budgets in order to enhance their performance.

4.5 Regression analysis

The researcher carried out a regression analysis with an aim of examining the effect of Budgeting as the independent variable with dimensions of Budget Preparation, Budget Approval & Implementation and Budget Control and Performance of Not for profit Organizations as the dependent variable. The results from regression analysis are presented in table 16 below:

Table 16: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826[a]	.682	.671	.25376
a. Predictors: (Constant), Budget Control, Budget Preparation, Budget Approval				

Source: Primary Data (2020)

Table 16 indicates that there is an effect of Budgeting processes of Budget preparation, budget approval and implementation and budget control on the Performance of Not for profit organizations. This is represented by Adjusted R of 0.671 meaning that proper budgeting contributes to the performance of not for profit Organizations by 67.1%. This implies that the balance of 32.9% variation is due to other factors which is not part of this study. The finding was in agreement with Gacheru (2012) who wrote that budgeting is the procedure whereby the plans of an organizations are transformed into an itemized, approved and systematic plan of action, stated in dollars for a certain period. Budgeting at both administrative level and operation level appears in the future and lays down what has to be realized hence contributing to proper planning and implementation of the operations of the organization which results into enhanced performance of an organization.

Table 17: Coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.520	.279		1.861	.066
	Budget Preparation	.118	.115	.115	1.034	.304
	Budget Approval	.304	.111	.319	2.734	.008
	Budget Control	.446	.081	.472	5.498	.000
a. Dependent Variable: Performance of Not for Profit Organizations						

Source: Primary Data (2020)

The findings in table 17 above reveal that Budget control contributes more to the performance of Not for profit organizations than the other factors with a Beta of 0.472. It is followed by budget approval and implementation with a Beta of 0.319, and lastly budget preparation with a Beta of

0.115. Based on this study, it can be implied that Performance of Not for profit organizations is best achieved through proper budget control. Budget control which involves actual monitoring of the implementation of the budget as well as a monitoring tool for the entire organizational operations highly contributes to the performance of not for profit organizations more than the other variables of the study as revealed in the regression analysis above.

This indicates that there is a direct effect of 47.2% of Budget control on performance of Not for profit organizations as when a prepared budget is properly controlled and monitored, there will be proper handling of funds and efficient operation of the organization which positively affects the performance of the Organization. This therefore accept the hypothesis of the study thus; budget control has a positive and significant effect on performance of not for profit organizations.

The regression results for Budget approval and implementation shows that there is a direct effect of budget approval and implementation of 31.9% on Performance of Not for profit organizations. This is so because when a budget is dully approved and implemented, there will be proper operations of the Organization hence promoting performance of the organization. Therefore, the hypothesis of the study is correct thus; budget approval and implementation has a positive and significant effect on performance of not for profit organizations.

Similarly, Budget preparation contributes 11.5% to the performance of Not for profit organizations. This is so because budget preparation enhances proper planning for the organization which facilitates efficient operations of the organization hence positively contributing to the performance of the organization. The result therefore, accept the hypothesis of the study thus; budget preparation has a positive and significant effect on performance of not for profit organizations.

4.6 Conclusion

The analysis of primary data shows that the independent variable of budgeting through its dimesions of budget preparation, budget approval and implementation and budget control all had a positive effect on performance of not for profit organizations as revealed in the findings of the study in this chapter. Regardless of the positive effect of budgeting on performance of not for profit organizations, there were some minor deviations which still existed. Further explanations and summary of findings are presented in the following chapter.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The study examined the effect of Budgeting on Performance of Not for profit organizations with specific reference to Nebbi Catholic Diocese.

The study adopted three specific research objectives which looked at assessing the effect of Budget preparation, Budget approval and implementation, and Budget control on Performance of Not for profit organizations. This chapter presents the summary of findings, conclusions and recommendations of the study and these are presented according to the findings per objective as discussed in chapter four.

5.1 Summary of Findings

5.1.1 Effect of Budget preparation on Performance of Not for profit organizations

The study revealed that the majority of the respondents agreed that Budget preparation improves Performance of Not for profit organizations; Using the Pearson correlation co-efficiency, the study revealed a correlation result ($r = 0.694$, $p<0.01$), the level of significance is less than 0.01 which means that there is a positive and significant relationship between Budget preparation and Performance of Not for profit Organizations. Regression analysis was done and findings showed that budget preparation was responsible for 11.5% variance in Performance of Not for profit organizations.

5.1.2 Effect of Budget approval and implementation on Performance of Not for profit organizations

The study revealed that the majority of the respondents agreed that Budget approval and implementation improves Performance of Not for profit organizations; the Pearson correlation co-efficiency revealed a correlation result ($r = 0.745$, $p<0.01$), the level of significance is less than 0.01 which means that there is a positive and significant relationship between Budget Approval and implementation and Performance of Non-profit Organizations. Regression analysis was done and findings showed that Budget approval and implementation was responsible for 31.9 % variance in Performance of Not for profit organizations.

5.1.3 Effect of Budget control on Performance of Not for profit organizations

The study revealed that the majority of the respondents agreed that budget control improves Performance of Not for profit organizations; The Pearson correlation co-efficiency revealed a correlation result ($r = 0.771$, $p<0.01$), the level of significance is less than 0.01 which means that there is a positive and significant relationship between Budget control and Performance of Not for profit Organizations. Regression analysis was done and findings showed that Budget control was responsible for 47.2% variance in Performance of Not for profit organizations.

5.2 Conclusion

5.2.1 Budget preparation and Performance of Not for profit organizations

The study findings showed that budget preparation affect Performance of Not for profit organizations by 11.5% as per the regression analysis. The researcher therefore concludes that budget preparation can greatly improve the operations of the business by proper planning in the organization which enhances Performance of Not for profit organizations.

In the case of Nebbi Catholic Diocese, Budgets are said to be prepared but when asked for, the copies could not easily be availed which casts some doubt on the efficacy of the budget as a tool. This lack of availability makes it difficult to follow the budget during its implementation and control.

5.2.2 Budget approval and implementation and Performance of Not for profit organizations

The study findings showed that there is an effect of budget approval and implementation on Performance of Not for profit organizations of 31.9% from the multi regression results. The researcher therefore concludes that appropriate approval and implementation of the budget helps the organization to properly manage its funds and operations hence promoting Performance of Not for profit organizations.

Approval and implementation are two important processes that ensure efficiency cost. Budget implementation is not only the responsibility of the accounting officer but all those involved in the critical administration of an organization. Failure to locate the budget makes its implementation difficult. Such a move is what could be responsible for the challenges encountered in Nebbi Catholiic Diocese and other religious institutions.

5.2.3 Budget control and Performance of Not for profit organizations

The study findings showed that there an effect of budget control on Performance of Not for profit organizations of 47.2% from the multiple regressions. The researcher therefore concluded that proper budget control helps in the close monitoring of the operations of the organization hence enhancing its performance.

5.2.4 Budgeting and Performance of Not for profit organizations

The findings of the study indicated that there is an effect of budgeting on the Performance of Not for profit organizations, this was indicated by the Adjusted R of 0.671 meaning that budget activities of budget preparation, budget approval and implementation and budget control affect the Performance of Not for profit organizations by 67.1%. The researcher concluded that proper budgeting helps in the smooth running of the business which contributes to the Performance of organizations.

5.3 Recommendations

Based on the findings and the analysis of the research done, it is recommended that Not For Profit Organizations, particularly religious institutions in general and Nebbi Catholic Diocese in particular should recognize the centrality of the budget as a tool, budget as a process and budget as control mechanism. This is possible through strengthening the budget control and monitoring activities with timely and collective participation of all stakeholders to cater for unexpected changing demands in the Diocese to improve the budget preparation and implementation process to achieve set targets.

The diocese uses QuickBooks Accounting package for data entry, analysis and reporting at the centre. However, rolling out this at departmental level and automating the budgeting process would ensure easy access to the budget as and when needed. This move would further strengthen implementation and control as budget performance would be tracked in real time. This study therefore strongly recommends automating the budgeting process and embrace e-commerce and e-budgeting through embracing use of information technology.

It is also recommended that, a deliberate effort is made by governments to strengthen monitoring of financial systems of Not for Profit organisations such as Nebbi Catholic Diocese. These organisations should also be required to strengthen the expenditure tracking control by integrating information technology, budget control system with a technical staff to monitor the project expenditure in order to reduce the wastage within the budgeting process to achieve the set organization's targets. This is because the same organisations contribute to the overall government

The study recommends that Nebbi Catholic Diocese should endeavor to operate within their budgets once prepared and approved in order to achieve its desired goals.

5.4 Suggestions for further research

In the process of carrying out the research study, there were some areas that could have been included in the study if it were not for the scope of the research study. In line with this, these areas were left out but could form an important part of another research study in the future.

The following areas are suggested to be addressed in order to supplement or compare the results of the study.

I. How to improve the budgeting process in Not for profit organizations?
II. Other factors that affects the Performance of Not for profit organizations other than Budgeting.
III. How to improve budget monitoring and Control in Not for profit organizations.

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APPENDIX I: QUESTIONNAIRE

Dear Respondent,

I am an MBA student of Uganda Martyrs University carrying out a study on the effect of **Budgeting and Performance of Not for profit Organizations** as part of the course requirement**.** Kindly provide me with information on the above topic. Your contributions are very important to this study. The information given here will be purely for academic purposes and will be treated with ultimate confidentiality.

Thank you in advance.

Section A: Respondent's Background

Please, tick (√) in the appropriate option or clearly write your response in the provided space on the following statements.

1. Gender

Male ☐ Female ☐

2. Age bracket

20 years and below ☐ 21-30 years ☐ 31-40 years ☐ 41-50 years ☐ 51 years and above ☐

3. Highest level of education attained

Primary Level ☐ 'O' Level ☐ 'A' Level ☐ Diploma ☐ Bachelor's Degree ☐

Masters Degree ☐ Others; Specify……………………………………….

4. How long have you been a staff of this institution?

0-1 years ☐ 2-4 years ☐ 5-7 years ☐ 8-10years ☐ over 10 years ☐

5. What position do you hold in this institution?

Manager ☐ Budgeting Committee Member ☐ Officer ☐

Section B: Budgeting and Performance of Not for profit Organizations

Please use the scales provided bellow to tick (√) the answer that best suits your opinion

1-Strongly Disagree (SD), 2-Disagree (D), 3-Not Sure (N), 4-Agree (A) and 5-Strongly Agree (SA)

Section C: Budget Preparation

S/N	**Statements**	**1**	**2**	**3**	**4**	**5**
1.	Budget guidelines are issued before preparing budgets					
2.	Our organization has a budget Director and budget committee.					
3.	Before budgeting; income sources and expenses are identified					
4.	Our Organization budget goals are specific and clear					
5.	We identify high priority programs to include in the budget					
6.	Programs and plans are the basis for allocating financial resources					
7.	Budget aids coordination and communication of plans to various levels of management					
8.	All our units are involved in the budget process					
9.	Each financial year has a specific focus or theme on which the budget is based					
10.	Budgets are prepared according to the strategic plan					

Section D: Budget Approval & Implementation

S/N	**Statements**	**1**	**2**	**3**	**4**	**5**
1.	The Budget committee chair always present the proposed budget to the board					
2.	The Budget committee always agree on a draft budget					
3.	The Budget committee ensures any necessary changes are made before getting the final approved budget from the board					
4.	Approved budgets are shared at all management levels before implementation of activities					
5.	Only activities budgeted for are implemented					
6.	The proposed budget reflect all the financial items expected for the next					

	fiscal year					
7.	The implementation of budgets involve all parties responsible for achieving results					
8.	The Budget committee always monitor the implementation of the budget					
9.	Both Management and employees are involved in the budget implementation					
10.	The outcome of budget implementation reports are communicated to key staff at all levels					

Section E: Budget Control

S/N	Statements	1	2	3	4	5
1.	Our organization uses a budget variance percentage when reviewing variances in reports					
2.	Corrective action is always taken on budget variance					
3.	Budget committee provides timely feedback to budget users to correct the detected errors					
4.	Our organization conducts regular audit to evaluate implementation					
5.	The management team reviews audit reports and takes corrective actions					
6.	The budget defines goals and objectives that serve as bench mark for evaluation					
7.	Our organization uses budget as a yardstick to compare actual results against projected budget items					
8.	The financial controller checks all departmental expenses against budgeted items before more cash is released					
9.	Our Organization ensures all actions taken by employees conforms to the management plans and policies					
10.	The management regulates all activities of the organization to ensure performance are in accordance with management function					

Section F: Effectiveness

S/N	Statements	1	2	3	4	5
1.	The Organization I work for supports resource mobilization and skills training					

2.	The organization I work for uses finance policy in decision making process					
3.	There is regular financial monitoring throughout the financial year					
4.	The same accounting system is used by all departments in my organization					
5.	Our Organization implements plans as per budget.					

Section G: Efficiency

S/N	Statements	1	2	3	4	5
1.	We ensure that every expense incurred is budgeted for					
2.	We encourage the use of clear requisition form before incurring any expense					
3.	The Organization I work for ensures proper accountability is provided for any fund received					
4.	Our organization settles its suppliers within 60 days					
5.	We collect our receivables within one month					
6.	We carry out quarterly financial reporting and Auditing					

Section H: Service Delivery

S/N	Statements	1	2	3	4	5
1.	There is adequate service delivery in our organization					
2.	There is always timely service delivery in our organization					
3.	Our organization provide service with a positive impact					
4.	There is always quality service in our organization					
5.	Our organization provides a reliable service to its clients					

Section I:

State any challenges encountered during Budgeting in your organization?

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APPENDIX II: INTERVIEW GUIDE

1. How does engaging in the budget preparation help management to identify any future problem within the organization.
2. As a staff of your organization, are you always involve in the process of planning and budget preparation.
3. What procedures do you follow while implementing and monitoring the approved budgets?
4. Does the organization have budget control that helps in expenditure tracking?
5. How does the Diocese allocate the limited resources to accomplish its set objectives?
6. Does the organization have a well-organized work schedule and reporting structure for the employees that enhances service delivery?

APPENDIX III: INTRODUCTION LETTER

Uganda Martyrs University

making a difference

Office of the Dean
Faculty of Business Administration and Management

Your ref.:
Our ref.:

Nkozi, 5th February 2020

Dear Sir/Madam,

Re: Research Work Assistance

Greetings from Uganda Martyrs University.

This is to introduce ALAM JESKA CAMPARA who is a student of this University. As part of the requirements for the award of the Master of Business Administration of this University, the student is required to carry out field research as part of the dissertation to conclude the programme.

I therefore request you to render the student such assistance as may be necessary and conduct the research.

Thank you in advance.

Yours Sincerely,

UGANDA MARTYRS UNIVERSITY OFFICE OF THE DEAN 13 FEB 2020 P. O. BOX 5498, KAMPALA FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

Mr. Ssebagala Cyprian
Associate Dean

Uganda Martyrs University P.O. Box 5498 - Kampala - Uganda
Tel: (+256)038-410603 Fax: (+256) 038-410100 E-mail: bam@umu.ac.ug

APPENDIX IV:

KREJCIE & MORGAN (1970) TABLE FOR DETERMINING SAMPLE SIZE FOR A GIVEN POPULATION.

Table for determining sample size for finite population.

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

APPENDIX. V CRONBACH'S RELIABILITY TEST RESULTS

i) Budget preparation

Reliability Statistics	
Cronbach's Alpha	N of Items

.826	10

ii) Budget approval and implementation

Reliability Statistics	
Cronbach's Alpha	N of Items
.802	10

iii) Budget control

Reliability Statistics	
Cronbach's Alpha	N of Items
.847	10

iv) Performance

Reliability Statistics	
Cronbach's Alpha	N of Items
.887	16

APPENDIX VI: A RULE OF THUMB FOR INTERPRETING ALPHA

Cronbach's Alpha	Internal Consistency
$0.9 \leq \alpha$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable