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**BUDGETARY MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN UGANDA**

CASE STUDY: BARCLAYS (ABSA) BANK UGANDA LIMITED

A dissertation presented to

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SSENYONGA Eric
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Supervisor: Kimera Jude

Co-supervisor: SSegawa Edward

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DEDICATION

This piece of work is dedicated to my wife and family for their sacrifice, love and care during the course of my MBA studies.

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ABSTRACT

The study examined the effect of budgetary management practices on financial performance of commercial banks in Uganda, a case of Barclays (Absa) Bank Uganda Limited under three research objectives; i) to examine the effect of budget planning on financial performance of Barclays (Absa) Bank Uganda limited; ii) to examine the effect of budget implementation on financial performance of Barclays (Absa) Bank Uganda; iii) to examine the effect of budget monitoring and control on financial performance of Barclays (Absa) Bank Uganda.

By employing a cross- sectional study with a case study design on a sample of 152 and adopting both qualitative and quantitative research approaches, the study used self-administered questionnaires to collect primary quantitative data while an interview guide enabled collection of qualitative data. Data entry and processing was done using Statistical Package for Social Scientists (SPSS, Version 25) and analyzed using both descriptive and inferential statistics.

Achieving a response rate of 82.23%, the findings of Pearson's two tail statistic revealed that all the examined measures of budgetary management practices (budget planning, budget implementation as well as budget monitoring and control) were positively and significantly associated with financial performance with correlation coefficients of ($r = 0.653^{**}$; $p < 0.01$, $r = 0.695^{**}$; $p < 0.01$ and $r = 0.490^{**}$; $p < 0.01$) respectively. On the other hand, regression analysis revealed that on the overall, budgetary management practices explains 62.6% of the variation in financial performance at Absa and that budget implementation had the highest positive contribution to financial performance indicated by ($\beta = 0.48$; $p = 0.000$) followed by budget planning with ($\beta = 0.281$; $p = 0.000$) and trailed by budget monitoring and control with ($\beta = 0.241$; $p = 0.000$).

The researcher concludes that all measures of budgetary management practices are positively and significantly associated with financial performance and that all measures positively predict financial performance although budget implementation proved to have the highest contribution to financial performance at the bank. The study recommends that management should simultaneously employ all the tools of the budgetary management practices since on the overall, budgetary management practices accounts for 62.6% of the variation in financial performance at the bank and the fact that all the tenets of budgetary management practices positively relate with financial performance as well as positively and significantly predicting financial performance.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction to the study

In the quest for better performance and well scheduled activities, organization develop strategies, plans and budgets that are designed around the skills, resources and other augmented logistics that would enhance their performance in all aspects (CIMA, 2015). Business organizations use long-term budgets to lay out the planned financial goals and actions over periods ranging from one to ten years. Long-term budgets are part of an integrated business strategy that along with production and marketing plans, guides the firm towards strategic goals (Gitman, 2016). This study focused on budgetary management practices and financial performance of the commercial banks in Uganda.

Budgetary management practices were pursued as the study's independent variable and was construed to mean budget planning, budget implementation as well as budget monitoring and control. On the other hand, financial performance was pursued as the study's dependent variable and was conceptualized in terms of profitability, liquidity and Return on Assets. The subsequent sections of the chapter present the background to the study, statement of the problem, objectives of the study, research hypotheses, and scope of the study, the significance of the study, the justification, and conceptual framework for the relationship between study variables as well as definitions of key terms.

1.1 Background to the study

World over, institutions or organizations from all domains strive to perform in various aspects such as market performance (sales and market share), Abubakar et al., (2015); financial

performance (profits, return on assets, return on investment and liquidity) and shareholders returns (annual dividend earned, economic value added and the share price), Blount (2014). However, it is of prime importance to note that whether market or shareholders' returns, they must both translate into financial/monetary results and thus financial performance is the most justified measure of organizational performance, (Mui et al., 2016).

Globally, the financial performance of respective organizations became a global concern as it continued to stagnate over the last decade especially after the global financial crisis that rocked the world in the late 2000s (World Economic Forum, 2018). For example in the USA, the firms' stock values /prices have continued to fluctuate, there has also been an increase in the number of loss making firms, more mergers and acquisitions while some firms have totally collapsed (World Economic Forum, 2018). The same trend has been witnessed in Europe with a number of corporations having challenges with financial performance as company profits, Return on Capital Employed (ROCE), liquidity as well as solvency have continued to be threatened over the past decade (Oduro & Aseidu, 2017). In Latin America and Asia, the same occurrences manifested with business losses, increased level of gearing, insufficient liquidity, mergers and acquisitions as well as total collapse of firms being evident in these regions (Shrivastava et al., 2018). Important to note; in the quest for better performance and well scheduled activities, organizations develop strategies, plans and budgets that are designed around the skills, resources and other augmented logistics that would enhance their performance in all aspects (CIMA, 2015). Business organizations use long-term budgets to lay out the planned financial goals and actions over periods ranging from two to ten years.

In Africa, a number of firms have met several financial performance challenges where solvency issues, liquidity problems, unsatisfactory ROCE, low profitability volumes among others continues to surface (Economic Commission for Africa, 2017; Amoah et al., 2018).

In Uganda, while several organizations including banks have registered strides regarding financial performance especially through registering higher profits, higher liquidity levels, strong asset bases as well as commensurate returns on their investments poor (Kansiime, 2018); organizational performance continues to make headlines in Uganda's leading dailies (Muhumuza, 2018). The vice manifests itself in both state-owned enterprises and private organizations including SMEs (Enterprise Uganda, 2018). Several corporations have been collapsing or simply merging with others due to their inability to continue in business on their own. In the manufacturing sector, Ssembuule group which is Uganda's pioneer electronics and steel manufacturer collapsed in the mid-1990s while Uganda Transport Corporation, Uganda Airlines represent state owned enterprises that went to limbo with UTL still struggling to capture the market since its inception over half a century ago (Business Focus, 2018).

Further, statistics from the banking industry indicate that seven commercial banks collapsed between 1999 and 2016 despite some of the banks being ranked as some of the best performers in the country (Bank of Uganda, 2017). Similarly, GEM (2017) ranks Uganda as the world's leading entrepreneurial economy as of June 2017 with 28% of adults owning or co – owning a business. Enterprise Uganda (2017) further asserts that Ugandans are opportunists by nature and hence an account for the rapid growth of entrepreneurship together with a high competition for formal jobs. However, despite the high annual growth rate of entrepreneurship, only a few of Uganda's business survive and with majority remaining informal and eventually die off. According to GEM (2017),

while 10% of Ugandans start businesses every year; nearly 20% of the establishment discontinue over the same period with the problem being very common among youth entrepreneurs. It is therefore important to understand the factors for successful organization performance so as to shape them to sustainability.

Regarding the banking industry in Uganda, it is comprised of 24 commercial banks whose total assets grew by 10.2% up from 9% in the year 2018 owing mainly to a pickup in lending, investment in government securities and placements with non-resident financial institutions. According to Bank of Uganda (2018), private sector credit increased to 12.2% going by September numbers, while the ratio of Non-performing Loans (NPLs) to total loans in the banking industry reduced from 5.6% as at the end of 2017 to 4.4 percent as at the end of September 2018.

However, despite the double-digit growth, the industry recorded high impairment levels of 10.2% (Bank of Uganda, 2018). Relatedly, statistics indicate that banking sector profitability dropped by 4% Year on Year as at June 2017 compared to 18% growth same time in 2016. In the same manner, the sector liquidity reduced from 52.9% in March 2018 to 44.1% in March 2019 though it remained well above the statutory minimum (Bank of Uganda, 2019).

In the quest for better performance and well scheduled activities, organization develop strategies, plans and budgets that are designed around the skills, resources and other augmented logistics that would enhance their performance in all aspects (CIMA, 2015). Business organizations use long-term budgets to lay out the planned financial goals and actions over periods ranging from two to ten years. Long-term budgets are part of an integrated business strategy that along with production and marketing plans, guides the firm toward strategic goals (Gitman, 2016). So, in this regard, long-term budgets are closely related to strategic plans. Capital budgets, as one example of long-term budgets, are emphasized in financial accounting and budgeting literature. Capital budgets

details the planned expenditure for facilities, equipment, new products, and other long-term investments.

The complete capital budgeting process involves a series of actions, including generating investment project proposals consistent with the firm's strategic objectives, estimating after-tax incremental operating cash flows for the investment projects, evaluating project incremental cash flows, selecting projects based on a value-maximizing acceptance criterion, reevaluating implemented investment projects continually, and performing post audits for completed projects (Horne & Wachowicz, 2018). Apart from long-term budgets, short-term budgets are used to guide day-to-day operations. Short-term (operating) budgeting specifies the acquisition and use of financial and other resources over a short-term period, which most often covers a period of 1 years (Garrison et al., 2013). The complete short-term budgeting in an organization consists of a number of separate but interdependent budgets preparations. This study therefore aimed at examining the effect of budgetary management practices on financial performance of the Commercial banks in Uganda using a case of Barclays (Absa) Bank Uganda.

1.1.1 Background to the case study - Absa Bank of Uganda Limited

Absa Bank Uganda Limited, formerly known as Barclays Bank of Uganda Limited, is a commercial bank in Uganda fully licensed by the Bank of Uganda. Licensed and under the supervision of Bank of Uganda, the bank is primarily involved in meeting the banking needs of individuals, small and medium sized businesses (SMEs), and large corporations. The bank was until November 2019 known as Barclays bank Uganda which status and brand changed thereafter to Absa bank Uganda after Barclays PLC sold majority of its shareholding in Barclays Africa

Group to Absa Group. As of December 2018, the bank was the fifth-largest commercial bank in Uganda, with assets valued at UGX: 1.47 trillion, about 136,500 account holders, 43 branches, and 85 ATM outlets (Barclays – Absa bank Annual Report, 2018).

Worth mentioning however is that much as the bank prides in its long stay in Uganda, a wide branch network, a reasonable profitable volume as well as a wide range of products and solutions, Barclays bank Uganda is one of poor performing banks regarding non-performing loans having recorded the highest amount of NPLs of UGX 107 billion in 2017 and UGX 70.4 billion in 2016 though this indicated a slight improvement from UGX 96 billion recorded in 2015, (Bank of Uganda Annual Report, 2017). It this state of financial performance that motivated the researcher to carry out an examination into the effect of budgetary management practices and financial performance of commercial banks in Uganda using Absa (Barclays) bank as a case.

1.2 Problem Statement

In order to realize maximum benefits from business undertakings, firms of whichever size incorporate the aspect of budgeting/planning with regard to the available resources and the activities they would wish to undertake (Bose, 2011). Normally large firms come up with goals and as well prepare various budgets to see that they achieve the set goals. These budgets may be short term used to guide day-to-day operations or long term in nature (Bodie & Merton, 2010). Since businesses work for profit, they tend to measure their inputs in terms of resources injected and estimate the output in terms of revenues, by so doing, they are able to determine any variances between the inputs and outputs (Kasigwa, 2016).

Absa (Barclays) Bank Uganda continues to undertake budgetary management practices through budget planning, budget implementation as well as budget monitoring and controls all aimed at

achieving sound financial performance through sound profitability, solvency, Return on Investment, Asset turnover, sound liquidity position, reduced NPLs, minimal attrition and eventually sound public trust and confidence, (Absa Bank Annual Reports, 2016; 2017; 2018).

However, despite the aforementioned undertakings, Absa (Barclays) has always found it a challenge to register consistent financial performance. For example, the bank's profits have stagnated over the years, NPLs growing to a tune of 107billion in 2017 from 70.4billion in 2016 representing a 51.4% growth. At the same time, loan write – offs increased over the period from 14.9billion in 2016 to 15.2billion in 2017 before jumping to 23.4billion in 2018, (Barclays Bank Uganda annual reports, 2016; 2017; 2018; Ssenyonyi, 2018; BoU, 2018). All this happens amidst a holistic budgeting process at the bank that defines the performance targets to the respective departments and staff at the bank matched with a heavy investment in assets, research and product development as well as attraction of the best talent in the industry (Absa Bank Uganda annual reports, 2016; 2017; 2018). The researcher therefore sought to examine the effect that budgetary management practices have on financial performance paying particular emphasis to Absa Bank Uganda.

1.3 Objectives of the study

1.3.1 General objective

To examine the effect of Budgetary Management Practices on financial performance of the commercial banking industry in Uganda

1.3.2 Specific Objectives

1. To examine the effect of budget planning on financial performance of Barclays Bank Uganda limited

2. To examine the effect of budget implementation on financial performance of Barclays Bank Uganda
3. To examine the effect of budget monitoring and control on financial performance of Barclays Bank Uganda

1.4 Research Hypotheses

H_0 : Budget planning has a positive and significant effect on financial performance

H_0 : Budget implementation has a positive and significant effect on financial performance

H_0 : Budget monitoring and control has a positive and significant effect on financial performance

1.5 Scope of the study

1.5.1 Geographical scope

The study was carried at Barclays (Absa) bank Uganda headquarters located at plot 2-4 Hannington Road, Kampala Uganda whose geographical coordinates are: 06°48'40.0"S, 39°17'12.0"E (Latitude:-6.811111; Longitude: 39.286667). The research also extended to Barclays (Absa) Bank branches of the Kampala business district.

1.5.2 Content scope

The study concentrated on budgetary management practices and financial performance of commercial banks in Uganda. Budgetary management practices were measured in terms of budget planning, budget implementation as well as budget monitoring and control in the commercial banks. On the other hand, financial performance of commercial banks was studied in terms of profitability, liquidity and Return on Assets (ROA).

1.5.3 Time scope

The study was conducted in between January and March, 2020 and covered the period 2016 to 2020. According to the Bank of Uganda Annual reports as well as Absa (Barclays) Bank's Annual reports over the highlighted period, the bank's financial performance stagnated with the bank topping the list of NPLs across the industry in 2018 amidst volatility in profits and liquidity.

1.6 Significance of the study

The study is expected to benefit the following groups namely;

Bank Management: The bank managers would get to understand the core elements of budgetary management practices that influence financial performance and therefore capitalize on them to motivate staff towards their effective execution. Thus, the managers might be empowered by the findings of this study to be able to carry out effective training needs assessment of staff regarding budgetary management practices and hence allocate training resources to the right cause.

Policy makers and Regulators : As officers charged with the responsibility of formulating policies, their understanding of relevant budgetary management techniques as well as how such interventions influence financial performance might be vital in various policy designs. The findings of this study might help them in formulating workable policies to motivate banks to manage budgets for better results.

Researchers/Scholars: The findings of this study could form a basis for further research especially for those interested in budgetary management practices within the commercial banks

and how well it can be improved. Further still, the findings might be used as literature in related future studies.

1.7 Justification of the study

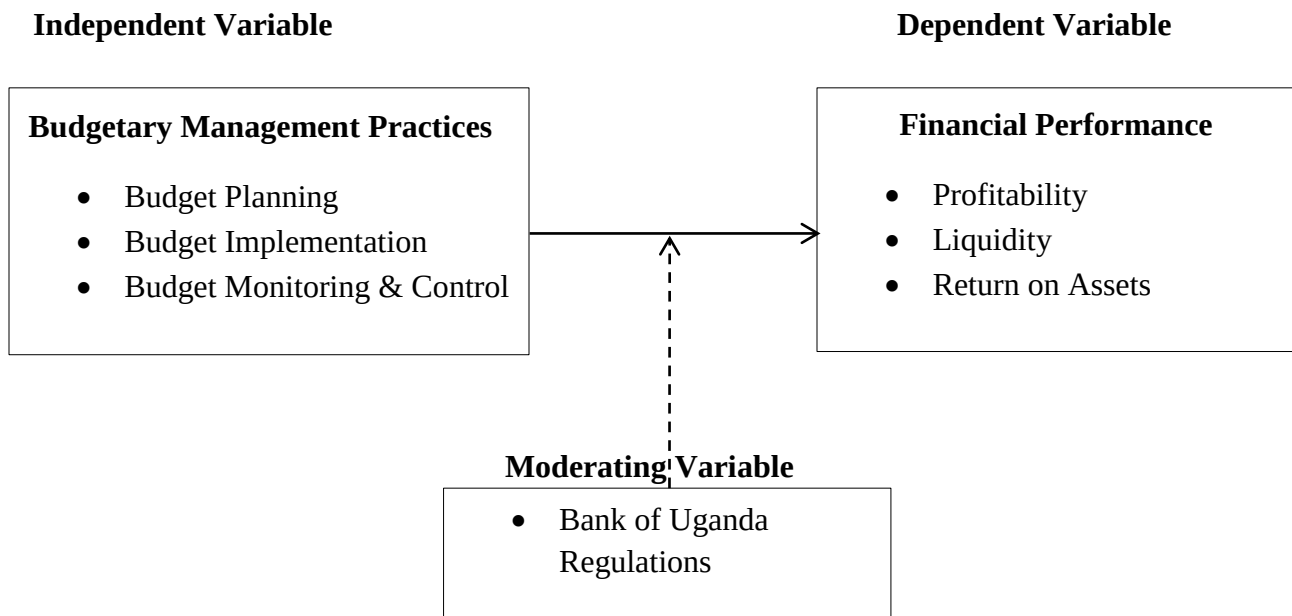
The study is justified on grounds that previous researches such as Bruns & Waterhouse (2015); Otley (2017); Adjei (2016) Kerzner (2017); Siyanbola (2013); Makanga (2016); Mutanda (2014); Mwanza (2017); Nyambura (2014) as well as Nyagengo (2014) related budgetary management with performance of other sectors like NGOs, Construction, Projects, Local Governments as well as Government Parastatals leaving out the banking sector. Further still, it is evident that banks engage in budgetary management practices for improved performance in all aspects but still grapple with performance challenges including financial performance. This study therefore examined the effect of budgetary management practices on the financial performance of the commercial banks in Uganda using a case of Absa (Barclays) Bank Uganda.

1.8 Conceptual Framework

This is the diagrammatical relationship between the study variables. The study is built on Budgetary Management Practices as the independent variable which was conceptualized to mean budget planning, budget implementation as well as budget monitoring and control according to Johnson et al. (2013); PM4Dev (2015). To this, Johnson et al. (2013), argued that budgetary management practices hinge on three main attributes of planning, implementation and control while PM4Dev (2015) reasoned that for effectively achieving the budget objectives; each aspect of budget management needs to be exhaustively explored coupled with well – coordinated activities throughout the budget year. On the Other hand, financial performance is the study's

dependent variable which is broken down into profitability, liquidity and Return on assets (Fujo & Ali, 2016). According to Fujo & Ali (2016), these are the commonest measures of financial performance used by majority of the organizations from Small and Medium Enterprises to large corporations. The researcher pursued the regulatory requirements in the banking sector as the study's moderating variable for the prime study variables.

Figure1: Conceptual framework



Source: Adopted from Johnson et al., (2013) and (Fujo & Ali, 2016); modified by the researcher.

Based on the conceptual framework in figure 1, the researcher hypothesizes that budgetary management practices function through budget planning, implementation, monitoring and control interact to inform financial performance of the bank. In this regard, the researcher was of the view that an informed budget management functions through participatory budgeting, well-coordinated implementation as well as tailored monitoring and control works immensely to improve financial performance through increased and sustainable profits, adequate liquidity as well as commensurate return on assets. It is however important to note that much as the bank might have sufficient control

over the budgetary management processes, it hardly controls the central bank regulations which might have an influence on the financial performance of the bank. For example, the central bank regulations on minimum capital reserves, loan securitization, interest rates and core capital exposures among others may have a huge effect of core activities of the bank in her pursuit of adequate financial performance. The researcher gives more light on these tenets of the moderating variable in the next chapter.

1.9 Definition of terms

Budgetary Management: Drury (2001) defines budgetary management as a process of establishing budgets relating to the responsibilities of executives to the requirements of a policy and the continuous comparison of actual results with budgeted results either to secure by individual action the objective of that policy or to provide a basis for its revision.

Budget Planning

Budgetary planning (budget-setting or budget preparation) refers to developing quantitative goals of the organization and preparing various budgets (McDonald, 2016). Budget planning entails the process of constructing a budget and then utilizing it to control the operations of a business.

Budget Implementation: Budget implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals (Lucy, 2008).

Budget Monitoring and control: Budgetary control is a process of comparing the actual results with the planned results and reporting on the variations called variance (Lucy, 2010).

Financial performance: This term is used as a general measure of a firm's overall financial health over a given period of time Fujo & Ali (2016), measured in terms of overall profitability, Return assets, liquidity, and solvency, timely collection of receipts and settlement of payments.

Profitability: It is defined as the ability of a company to use its resources to generate revenues in excess of the expenditure Pandey (2010). This gain is compared to the cost of capital, or discount rate, to determine value-added potential.

Liquidity: Liquidity refers to an enterprise's ability to pay short-term obligations as well as a company's capability to sell assets quickly to raise cash, Pandey (2010).

Return on assets: Return on Assets (ROA) refers to the contribution of an asset relative to the amount of money invested in it, (Pandey, 2010).

1.10 Conclusion

In conclusion, the chapter has provided an insight on the background of the study by stating the problem, the purpose of the study, the objectives of the study, the scope of the study and the conceptual framework which identified the dependent as well as the independent variable. This chapter thus provided grounds for reviewing theories and existing literature with regard to the study objectives.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of the existing facts about the study. It presents a review of the theories that underpin the study, a conceptual review as well as empirical review of the interrelationships among the study variables. The chapter also presents a synthesis of literature about the study variables and also identifies a literature gap the study attempts to address.

2.1 Theoretical Review

2.1.1 Goal-Setting Theory

The goal-setting theory was initiated in the 1960s by Locke, who worked towards its development through a number of works (Locke & Bryan, 1966a; 1966b; Locke & Bryan, 1968; Locke and Latham, 1990) following nearly 400 laboratory and field studies (Lunenburg, 2011).

Lunenburg (2011) reported that the first theoretical statements concerning goals setting appear in Locke's doctoral dissertation whose research objective was to find out how the levels of intended achievement were related to actual levels of achievement. In one of their works, Locke and Bryan (1966) advanced the goal-setting concept, stating that, when an individual had specific and difficult goals, the performance effects would be more pronounced than when performers were given ambiguous and 'do your best' instructions. The studies were extended to show that goal-setting incorporates knowledge of results in order to achieve motivation and to contribute to the level of work output (Locke & Bryan, 1966) and as such, rewards for goal attainment must resonate with quantifiable goals.

The goal-setting theory advocates that specific challenging goals lead to higher output compared with unclear goals such as ‘do your best’, or easy goals (Locke & Latham, 1990). According to the goal setting theory, there are four mechanisms by which goals affect performance namely; by giving direction, mobilizing efforts as well as calling for persistence and development of strategies for goal attainment. However, the theory suggests that for goals to effectively improve performance, they must meet the following conditions:

- i. Goals must be quantifiable
- ii. Goals must be specific and not ‘do your best’
- iii. The individuals must have the ability to attain the goals
- iv. There must be goal commitment
- v. There must be rewards for goal attainment

The Goal-setting theory was adopted for this study given its applications in a number of previous studies and scholars such as (Terpstra & Rozell, 1994; Ghandour et al. 2007; Nyambura, 2014; Mwanza, 2017) in providing a relationship between goal setting and organizational profits as well as overall organizational performance.

2.2 Overview of Budgetary Management Practices

The Chartered Institute of Management Accountants (CIMA, 2015) defines budgetary management as a process of establishing budgets relating to the responsibilities of executives to the requirements of a policy and the continuous comparison of actual results with budgeted results either to secure by individual action the objective of that policy or to provide a basis for its revision. It is therefore a system of managing and controlling costs and resources which include the

comparing of actual performance with budgeted results and subsequently acting upon the actual results to minimize the variance and achieve maximum results.

According to Johnson et al., (2013), budget management is a process of identifying, measuring and communicating valuable financial information that enables well-grounded assessments and decisions by the respective information users. Thus, budgetary management practices include budget planning, budget implementation as well as budget monitoring and control.

2.2.1 Budget Planning

Budget planning is the process by which a company or individuals evaluate their earnings and expenses and project their monetary intakes and outtakes for the future. Budget planning entails the process of constructing a budget and then utilizing it to control the operations of a business. The goal is to lay out all necessary components and brainstorm future goals. Budget planning may be completed in one meeting or it may take weeks of evaluating available data to finalize. The process takes the following steps namely;

Obtain strategic direction from the board of directors. This step is needed to set the general direction of the plan, such as to add a new product line or to terminate a subsidiary.

Create a calendar of budgetary milestones. Specific due dates are needed to ensure that the management team creates their respective portions of the budget on a timely basis, so that these pieces can be rolled into the main budget model.

Create budgeting policies and procedures. This documentation is needed to give direction to those managers involved in the creation of the budget.

Preload the budget. In some cases, it is more efficient to supply managers with a preliminary budget model that already contains an estimated budget. The estimated budget is based on

historical results, adjusted for inflation. Managers can then focus their attention on the more critical changes to the budget model. Issue the preliminary budget model, with policies, procedures, and milestone dates, to the responsible managers. The person in charge of the budget then provides support to these managers as they adjust the supplied budget model.

Aggregate and revise the model. As budget segments are returned by managers, the segments are aggregated into a master budget model, which is then reviewed by senior management. These managers will likely mandate changes to the model, such as adjustments in capital spending or expense levels. These mandates necessitate a series of revisions by those managers who create the model.

Once all parties are satisfied with the budget model, the board of directors signs off on it and the accounting department loads it into the accounting software, resulting in budget versus actual financial statement.’

With reference to Barclays (Absa) Bank, the bank’s annual reports for the years 2015 to 2019 indicate that during the budget planning phase, management set the overall targets for the respective financial year which are then broken down into four (4) quarters each covering three months. Further still, the aggregated targets of the bank are subdivided and distributed to small units of the bank’s structures like the branches and other centers like finance as well as internal audit among others. The budgeted performance is also broken down to individual employees of the bank which in turn forms the basis for performance appraisal. Usually, management of branches and units at the bank represents their team members during the preamble to the budget and equally communicate the expectation of senior management to the team members.

2.2.2 Budget implementation

Budget implementation is the execution of financial indicators approved for the budgetary year. Appropriations are the amount of funds set in the budget for expenditure of budgetary institutions and other entities receiving funds from the budget, performing public administration functions as well as for the acquisition of fixed tangible and intangible assets and strategic reserves. During the budgetary year, the appropriation manager has the right to receive this amount for funding of the approved programmes from the funds accumulated in the budget by submitting the request for payment to the institution administering the state treasury or to the municipal administration. Expenditure (cash) is budget funds paid from the treasury account directly to suppliers, all transferred funds from bank accounts and amounts paid out from the cash office in cash.

Budget implementation involves turning strategies and plans into actions in order to accomplish strategic objectives and goals. Usually, implementing the strategic plan is as important, or even more important than the strategy (Olsey, 2018). Expenditure control is an important part of budget implementation and financial resources management accountability system (Kerzner, 2017). However, given the nature and size of businesses and the amount of capital that is used by most of Projects, most of them find themselves in a position where they don't appropriately budget for their expenditures but only allocate and disburse funds depending on the demand of the products on the market (Makanga, 2016). Because of this, resource allocation may not be according to the best practice to ensure proper allocation and accountability but rather depending on the amount of money at their exposure, the level of the demand as this in most cases would have a big impact of the profit levels of the firm (Ogoole, 2014).

The other aspect worthy consideration is the fact that most organizations when it comes to financial management, they don't use external skills parse but rather the owners are in most cases in direct

control to avoid misallocations that would ensue when it is done by an external person (Orley, 2015). This greatly affects the performance of small and medium enterprises in all settings be it in the developed and developing world in the sense that director's drawings and other indirect expenses may not be controlled easily yet over time it would have a cumulative effect (Pandey, 2013). In this case therefore, budgetary implementation remains vital for any success in business operations to be registered which dictates the survival of an enterprise.

During implementation of budgets at the Barclays bank, the process is managed according to responsibility centers although all activities should flow from the ones identified during the planning phase. It is the responsibility of the human resource department to ensure that the required personnel are availed to the respective execution units to ensure staffing capacity is never compromised. Accordingly, the activities are talked about in relation to how they were budgeted which is done in observation of the defined implementation schedule to avoid colliding.

2.2.3 Budgetary Control

Batty (1982), defined budgetary control as a system which uses budgets as a means of planning and controlling all aspects of producing and or selling commodities or services. The terminology of CIMA (2006) defined budgetary control as the establishment by executive the requirement of policy and the continuous comparison of actual with budgeted results, either to secure by individual action, the objectives of that policy or to provide a basis for its revision. Lucey (2010) defined budgetary control as the process of comparing the actual results with the planned results and reporting on the variations called variance. All the above definition are true as we tend to prepare revenue and expenditure variance analysis to be able to deduce areas of divergences for which the management needs to watch to avoid embarrassment as any adverse variance will

translate into inability to meet the corporate objectives which will eventually lead to disagreement with stakeholders.

Further still, budgetary control involves calculating budget variance. Budget variance surfaces when there is a difference between the actual amount incurred or realized, and the corresponding budgeted (forecasted) figure (Garrison, et al., 2013). It can be further divided into favorable variances and unfavorable variances. For revenue items, if actual revenues exceed budgeted revenues, the variance is favorable; while if actual revenues are less than the budgeted figure, this is unfavorable budget variance. Properly planned budgets can serve a multiplicity of functions. It is a process that makes people plan and to formally express their plans in quantitative terms. It is a tool that management uses to achieve the plan (Drury, 2008). Budgeting serves the functions of financial and management control. Financial control relates to control of financial resources while management control ensures that the activities of the enterprise are coordinated (Otley, 2017). Adjei (2016) was of the opinion that once a budget has been drawn up, it can be used as an instrument of control by continually comparing actual with budget performance. Since all activities are ultimately capable of being expressed in financial terms, the breadth of control possible is very great. Hence budget control is part of the overall system of responsibility accounting within an organization, as costs and revenues are analyzed in accordance with areas of personal responsibilities of the budget holders through permitting financial monitoring. Budgetary control relates expenditures to the personnel responsible for the various expenditures at the various cost centers so that each manager is held responsible for the cost by which he has control.

Budgetary control involves departmental or sectional or functional heads in the organization, receiving a copy of budget relating to his activities (Gosh, 2015). Each month he will receive a copy of budget report showing visibly where he has over or under spent his budgeted allowance.

From this he will be able to decide on the corrective step to take. This is in agreement with the fact that variances are the responsibility of departmental or sectional heads and every one of them has to explain the variance and act in time to stop future occurrence of adverse variances. Professor Pogue underscores this practical aspect of budgetary control, when he states that if the actual sales as compared the budget always results in adverse variance, provided it is realistic and attainable, it is not advisable to revise the figure just because they were not attained. Therefore, it can be concluded that budgetary control on its own controls nothing but rather it is management acting on the information received by way of results that exercise control, in short, management holds the control yardstick. Batty (2013) budgetary control is a system which takes budget as a means of producing and or selling commodities or services. Siyanbola (2013) stated that budgetary control aims at the performance of three primary functions of planning, corporation and control aided by feedback and corrective action. But Buyer and Holmes (2014) considered budgetary control as a means of control in which the actual state of affairs is empowered with that planned for, so that the appropriate action may be taken with regards to any deviations before it is too late. At Barclays Bank, budgetary control according to the annual reports of the bank is done by comparing the planned results against actual results achieved. Usually, the bank has a budget monitoring team that works hand in hand with other oversight functions of the bank especially the compliance unit and the audit department that help in streamlining the entire budgeting function. Usually, the bank undertakes corrective actions to the budget by reviewing the budget activities on a quarterly and on a monthly basis since the overall performance results are a consolidation of monthly and quarterly results.

2.3 Overview of Financial performance

This term is used as a general measure of a firm's overall financial health over a given period of time Fujo & Ali (2016) and it is measured in terms of overall profitability, Return on assets, liquidity, and solvency, timely collection of receipts and settlement of payments.

Financial performance is an extent to which a company's financial health over a period of time is measured (Farah et al., 2014). In other words, it is a financial action used in order to generate higher sales, profitability and worth of a business entity for its shareholders through managing its current and non-current assets, financing, equity, revenues and expenses. Its main purpose is to provide complete to the point information to shareholders and stakeholders to encourage them in making decisions, (Njeru, 2012). Relatedly, Financial performance entails measuring of the results of a firm's policy and operations in monetary terms based on the allocated resources to most viable projects that generate returns which maximize shareholders' wealth, (Waweru & Ngugi, 2014). For this study, the indicators of financial performance to be adopted include profitability, liquidity and Return on Assets.

2.3.1 Profitability as a measure of financial performance

Profitability ratios are financial metrics used by analysts and investors to measure and evaluate the ability of a company to generate income (profit) relative to revenue, balance sheet assets.

Tarmizi and Wasiuzzaman (2017) submitted that the capital and asset quality have an inverse relationship with bank profitability while liquidity and operational efficiency have a positive influence on Islamic banks. Further, Zahid, Hussein and Azizuddin (2016) examined the performance between Islamic and commercial banks in Malaysia. They revealed that Islamic banks are better than commercial banks in liquidity and profitability. Furthermore, Mohammed and

Kamaruddin, (2013) explained in their study also from Malaysia that the liquidity and capital adequacy for Islamic banks is better than conventional banks. According to Pandey (2010), profitability is ability of a company to use its resources to generate revenues in excess of its expenses. In other words, this is a company's capability of generating profits from its operations. Therefore, profitability of a Commercial bank can be measured by the gross profit margin, the operating profit margin as well as the net profit (Pandey, 2010).

At Barclays as a purely service business, profitability is defined as a function of income and the associated expenses to earning this income. The bank primarily sales loans to the customers which in turn ranks as the bank's biggest asset while the interest earned on these loans ranks as the bank's prime income. On the other hand, the interest expenses on deposits as well other operating costs including bad debts are treated as expenses incurred in generating the incomes with the difference giving a profit if revenues outweigh expenses while the reverse is a loss. Existing records show that the bank's profits have stagnated over the years with NPLs growing to a tune of 107billion in 2017 from 70.4billion in 2016 representing a 51.4% growth. At the same time, loan write – offs increased over the period from 14.9bn in 2016 to 15.2bn in 2017 before jumping to 23.4bn in 2018, (Barclays Bank Uganda annual reports, 2016; 2017; 2018; Ssenyonyi, 2018; BoU, 2018).

2.3.2 Liquidity as a measure of financial performance

Liquidity measures the ability of the firm or business to meet financial obligations as they come due, without disrupting the normal, ongoing operations of the business. Relatedly, solvency measures the amount of borrowed capital used by the business relative to the amount of owner's equity capital invested in the business (Harford, 2010). A study of Kumbirai and Webb (2010)

investigated the liquidity, profitability and credit quality performance of South Africa's commercial banks for the period of 2005-2009 and found that the global financial crisis had adverse effect on South African banks which had resulted into falling profitability, low liquidity and deteriorating credit quality of the banking sector. Moreover, European Central Bank (2010) in its report on EU banking structures concluded that Return on Equity (ROE) was not a good measure of bank performance.

It is a part of performance as it reflects the level of profitability through equity capital. This approach had not proved adequate in the present volatile and competitive environment. ROE is not risk sensitive as it failed to discriminate the best performing bank from the other in terms of sustainability of their results during the recent crisis. The report concluded that the main parameter of bank performance must include earning, efficiency, risk taking and leverage. Aremu (2011) evaluated the liquidity and asset management of Nigerian banks for the period of 1975-2009 using different liquidity ratios. Liabilities to Assets, Loans to Assets, Loans to Deposits, Cash to total liabilities and Log (total assets) are representing size of bank. The study found that out of three banks, two are more liquid than the third one. The study concluded that Central Bank of Nigeria (CBN) remains liquid at all times to avoid the liquidity crisis.

Further still, Khrawish (2011) examined the determinants of commercial banks performance in Jordan for the period of 2000-2010. The study found significant and positive relationship between ROA and bank size, total liabilities to total equity, total equity to total assets and net interest margin. The results showed negative relationship between ROA and annual growth in GDP and inflation rate of the commercial banks. The study concluded that internal factors are the major performance determinants of Jordanian banks in comparison to external factors.

2.3.3 Return on Assets as a measure of financial performance

Return on Assets (ROA) measures the contribution of asset relative to the amount of money invested in it, (Pandey, 2010). ROA is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability or to compare the efficiency of different investments. ROA explicitly takes into account the assets used to support business activities and determines whether the company is able to generate an adequate return on these assets rather than simply showing robust return on sales. Asset-heavy companies need a higher level of net income to support the business relative to asset light companies where even thin margins can generate a very healthy return on assets. Majed et al (2012) discovered that three ratios of ROA, ROE and ROI together showed a strong and positive relationship with share prices with 45.7% relationship. He also tried to identify the individual effect of ROA, ROE and ROI and succeeded in concluding that ROA and ROI have positive but low relationship with market share price but failed to get the relationship of ROE with market share price individually.

2.4 Empirical Review

In this section, the researcher presents a detailed review and analysis of existing facts published or otherwise regarding the study objectives. This is presented in line with the study objectives hereunder;

2.4.1 Budget Planning and Financial Performance

Rabiu et al., (2015) examined the role of the budget and budgetary control on organizational performance using a case of Tahir Guest house in Kano-Nigeria. The research findings analyzed

through regression analysis indicated that budget planning; administration and the entire budget process have a significant relationship /impact on organizational performance. Thus, for an organization to perform, the top management of an organization should maintain appropriate standards on budget administration, preparation and an engaging budget process. Relatedly, Zimmerman (2014) observed that the first step in financial planning is determining the performance criteria through financial budgets. He adds that such budgets are commonly used by manufacturers on a monthly basis to aid clear definition of performance objectives. Lopez & Hiebl (2014) submitted that in order to compete effectively well with larger firms, Projects should use tools that help them to manage their resources and control their business operations. Thus, budget preparation is one of the management accounting tools that small businesses need to use so as to determine the activities to be met so that goals and objectives are achieved (Mbubo 2015).

Warue and Wanjira (2013) assessed the budgeting process in small and medium enterprises in Nairobi Central business district paying particular attention to the hospitality industry. The findings revealed that employing computerized accounting contributed highly to improved budgeting (Budgeting planning) then did firm size, ownership structure, workers' participation and the managerial skills. This implies that having information that qualify is very important in harnessing an informed budgetary planning process than paying attention to the firm size. In a related study, Silva and Jayamaha (2012) investigated the relationship between the budgetary process and organizational performance using a case of Apparel industry in Sri Lanka. Using descriptive statistics, correlation analysis and regression analysis, the results showed that the entire budgetary process has significant association with organizational performance. They further recommended that best organizational performance results when there is proper congruence among

all the steps in the budget process and that everything should start at planning and climax with evaluation.

Okpanachi & Muhammed (2013) investigated the budgetary planning procedure and effective performance measurement in the Nigerian hospitality industry. The findings revealed that a well-coordinated budget planning including the coordination of setting targets is an effective tool for performance evaluation of individuals and units/departments in an organization. Therefore, for better performance, budget planning ought to be well coordinated. Katiti (2005) submitted that achievement of organizational goals calls for budgeting / planning on how to arrive at the targeted positions. These plans, he adds should be made by making comparison of the benefit to be attained at the lower possible costs and that at all times the program accountant should be involved in the budget planning process given their role as a key person in financial matters and planning.

Donasian (2014) investigated the effectiveness of the budgeting process in achieving organizational goals using a case of Tanzania Electrical Services Mechanical and electrical Services Agency. The findings indicated that informed budget planning is paramount in enhancing resource mobilization as well as harnessing efficient utilization of the resources. The study also recommended that organizations should carefully concentrate on goal setting to match the goals with the prospective and available resources. Similarly, Vitus (2004) had earlier investigated the role of budgeting in achieving organizational performance. He observed that by the start of an annual budget cycle, the managers of any organization should have formalized their views and identified the most likely outcomes and targets they will work to achieve for the commencing year in terms of profits ,sales, costs and outreach among others. Thus, effective budgeting should

start with a proper planning phase that identifies the targets and then matches them with the resource base to ensure the objectives are achieved.

2.4.2 Budget Implementation and Financial performance

Muleri (2001) Cited in Onduso (2013) studied budgeting practices in Non-Governmental organizations in Kenya with intent of establishing the effectiveness of the budgeting practice among the British NGOs in Kenya. The research findings revealed that there is limitation on the budgeting process which leads to cost cutting to achieve cost efficiency and effectiveness. He added that much as profits were the main indicator of performance in the Private sector entities, budget management needs to be measured against the background of sound financial policies. Further still, Obulemire (2006) submitted that public schools in Nairobi used budgets mostly to implement short term operational plans with majority of the long-term plans being implemented without prior budgets. This thus explains why projects continuously failed since implementation was never planned and as such effective implementation of projects in the organizations requires prior planning rest all efforts will never succeed.

In a related study, Ouduso (2013) examined the effect of budgets on the financial performance of manufacturing companies in Nairobi city. Employing a cross- sectional research design together with correlation and regression analysis, the study findings revealed that there is a strong positive relationship between budgeting and financial performance of manufacturing firms. The study thus recommended that effective budget implementation should be facilitated through capacity building, robust systems and process prioritization and close monitoring for evaluation.

Maduekwe & Kamala (2016) examined the use of budgets by Project in Cape Metropole, South Africa. The study findings revealed that most of the Project used budgets especially for planning purposes, measuring performance as well as future planning purposes and control. The study added that budgets were perceived to be effective, but lack of top management support and absence of qualified personnel limited the implementation of budgets in the Project. A study by Ugawuanyi and Ebe (2012) examined the impact of accounting practices on the budget implementation in government owned enterprises found in Enugu state. The findings revealed that improper accounting practices existed among public enterprises in Enugu state and that appropriate budgetary implementation is hardly kept by majority of the industries.

Muthinyi (2009) explained the challenges of budget implementation at the commission of higher education in Nairobi Kenya. The results revealed that the budget was an important communication tool linking well the plans (objectives) to the tasks and activities that ought to be implemented to achieve the project goals and hence the organizational objectives. Thus, budgeting leads to increased trends in decentralization. Similarly, a budget is among the major tools for implementation of the objectives and policies of the organizations. In other words, budgeting provides the basis for decision making in the organization. Budgeting plays an important role not only to organizations but also to individuals on how to spend in relation to the income available. Further still, budgets play other managerial roles such as planning, controlling, communication and motivation. A well formulated budgeting system enables the organization to reach its goals more successful (Drury, 2004). The rapid changes in today's business environment render a rigid approach to budgetary control obsolete. It is no longer helpful to compare actual results to that forecasted anything up to 15 Months previously (Pandey, 2002). He argues that amongst the

requirements of a more appropriate system, would be the building in of accountability to explain the differences between actual and planned performance.

A survey by CIMA (2009) revealed that the smallest companies had the more use of operational budgets and preferred less sophisticated budgeting methods. CIMA adds that this is basically due to greater control and oversight of expenditure by the owners of such companies. Relatedly, another study by Armitage and Webb (2013) investigated the use of budgets by Projects in Canada. The study findings revealed that operating budgets such as the master budgets and quarterly budgets were perceived to be important in guiding organizational management for better performance. The study also concluded that Project/Smaller companies were more likely to focus on cash component of the operating budget and that as the size of a project increased, the sophistication of the operating budget also increased.

Nderitu (2007) examined the effectiveness of cash budgeting at Telkom Kenya which is a public institution. The study focused on cash budget management process as an important tool of planning and controlling activity flow. The results indicated that although the cash budget as a management and control tool was in place at Telkom Kenya limited, it was not effective in improving the management of cash. Thus, proper budgeting not matched with the requisite implementation work plan can't enable an organization to enhance its performance. Ahmed (2004) investigated the use of budgets among 160 Projects of Malaysia that engaged in the manufacturing sector. The results indicated that majority of the Projects (76%) employed budgets and that the rate of budget usage increased as the size of the project increased. The result also indicated that commonest among the

types of budgets used were the operational budgets, production budgets as well as the purchase and sales budgets.

Nyakarura, Irene and Lyria (2016) studied the challenges of budget implementation in the public sector using a case of Meru County in Kenya. Through the use of multiple regression analysis, the study found out that the challenges to budget implementation were related to institutional constraints capacity on use of Integrated Financial Management Information Systems (IFMIS) and the oversight of the audit function. Mutanda (2014) sampled 100 Projects from South Africa and investigated the extent of budget use (implementation) in guiding organizational Project performance. The results revealed that many project managers didn't understand what financial planning meant and as such, these managers were unable to manage the finances effectively to harness achievement of Organizational objectives. A similar study by Mwanza (2017) examined utilization of budgets by Projects in the manufacturing industry in the cape Metropole. The results revealed that much as projects prepared budgets for guiding their activity flow, they faced vast challenges in implementing and utilizing these budgets. The study recommended that future interventions by department of projects regarding financial planning should focus more on micro and very small enterprises.

2.4.3 Budget Monitoring, Control and Financial Performance

Unegbu (2011) examined the implications of an effective oversight and audit on public sector financial management in Kenya. The findings indicated that an ineffective oversight function could lead to fraud, noncompliance with internal policies and procedures, ineffective financial decision for successful operations including those that hamper the effective implementation and control of

the budget. Vijayakumar & Nagaraja, (2012) add that having an effective oversight and audit function within an organization are key to achieving significant performance, efficient resource allocation, optimal usage and enhancing sustainability of interventions.

Kpedor (2012) investigated budgetary control and performance evaluation systems of Allterain services group. The study aimed at ascertaining the role of the budget in the company and how the key actors of the budget engage its users in their daily operational activities. The findings indicated that while budgetary control is a tool implored by management to keep track of actual performance, many key actors do not work within the budget due to lack of proper induction and proper role profile of the offices they occupy. Similarly, Mwaura (2010) concluded that budgetary participation affects return on capital employed and return on assets to a great extent.

Feizizadeh (2012) carried out a study on strengthening audit effectiveness and found that most of the companies measure and quantify the performance and effectiveness of their business activities in order to enhance transparency and accountability in financial reporting. Therefore, effective and satisfactory organizational performance hinges on proper monitoring and control of the undertaken/implemented activities as per the budget coupled with an effective reporting mechanism. Shaku (2011) and Nyathi (2017) submitted that technically well qualified owners/managers with strong budgeting skills are most likely to achieve business success. Further still, Needless & Crosson (2013) as well as Zimmerman (2014) argues that budgets are very useful to projects since if well/effectively used they aid in measuring the actual revenues and costs against the budget. They achieve so by employing standard costing which facilitates comparison of budgeted amounts to actual values.

Blansfield (2002) cited in Kavit (2013) investigated whether US companies had a fully integrated planning process that combine long term operational planning, performance measurement and reporting. Employing a sample of 250 respondents, the study findings indicated that just a small proportion of the companies had a fully integrated process that paid attention to long term operational planning, performance measurement and reporting. This implies that every firm ought to have in place a framework for monitoring and controlling as well as reporting on the performance elements for better coordination of its activities.

Nyambura (2014) examined the effect of budgetary control on Non-Governmental organizations in Kenya. The findings of the study revealed that there exists a weak positive effect of budgeting control on performance of NGOs. The study recommended that employees need to be sensitized on budgeting controls and the effects on performance of organizations. Accordingly, Serem (2013) established that there is a weak positive effect of budgetary control on performance of NGOs in Kenya. Similarly, Peter (2011) investigated budgetary control in NGOs in Kenya aimed at establishing how accurately the budget anticipates the level and direction of actual results as well as establishing the factors that influence budget accuracy. The study results revealed that budgetary control practices in NGOs vary significantly between relief projects and developmental projects. This implies that the controls will have to be defined drawing from the nature of activities that an NGO in question engages into though the objective of controlling the activities aims at achievement of organizational objectives.

Shad (2010) observed that budgets which lack credibility will always have aggregate expenditure out – turn compared to the original approved budget. This view seems to suggest that throughout

the execution of activities in a particular financial year, implementation has to be in close liaison with monitoring so that control objectives are achieved and that if monitoring is not effective, most likely expenditure will surpass the planned amount. Therefore, to avoid misallocation of the budget lines, there is need for tight monitoring and control of the activities being implemented. Consequently, the budget system should have effective controls at each stage of the expenditure cycle to link appropriations and budget items.

Carolyn et al., (2007) examined the effect of budgetary control on financial performance using a sample of large US cities Financial Bonds. The results revealed that effective level of budgetary control is significantly and positively related to bond rating. A similar study by Dunk (2007) came out in Europe on budgetary participation and managerial Performance in NGOs revealed that there is a positive relationship between budgetary control, participation and Managerial performance among NGOs. Relatedly, Epstein & McFarlan (2011) investigated the efficiency and effectiveness on performance of NGOs in Denmark. The results indicated that budgetary control was one of the most important tools for achieving efficiency of an NGO. A similar study by Nyagengo (2014) carried out to identify the determinants of effective budget implementation among local authorities in Kenya. The results revealed that effective budget control improved the performance of local authorities.

2.5 Moderating variables

The regulations set by the central bank to guide the banking industry are believed to have an effect on both budgetary management practices and financial performance of Barclays bank. For example much as the bank undertakes budget planning, it cannot exceed the maximum allowed loan amount

by the central bank to a single borrower and at the same time the central bank guidelines on loan collateralization may influence the amount granted. Similarly, the regulatory requirements may affect the extent of loan recoveries and hence affect the portfolio at risk; the loan loss provisions thereby affect profitability since loans are the largest income earning asset of the bank.

Further still, whereas the bank might have clear tools for budget implementation; the central bank's policy on interest rates guided by the Central Bank Rate has an impact on the interest rates charged by Absa bank which in turn influences its financial performance by influencing both quality and quantity of the loan book and in turn affects the earning capacity of the loan assets.

2.6 Conclusion

A summary of the reviewed literature indicates that a host of scholars have associated budgetary management practices with organizational performance. For example Rabiou et al., (2015); Okpanachi & Muhammed (2013) among others examined budgetary management practices in the hospitality industry; Hiebl (2014); Silva & Jayamaha (2012) among others looked at budgetary management practices in manufacturing sector while Zimmerman (2014); Mwanza (2017) and Mutanda (2014) among others explored budgetary management in project management. Similarly, Warue and Wanjira (2013) looked at budgetary management in SMEs while Peter (2011); Nyambura (2014); Onduso (2013) among others studied the budgetary management in the NGO sector. It is therefore evident that little has been studied on budgetary management in the banking industry. This current study therefore attempted to address this literature gap by examining the effect of budgetary management on financial performance in the banking industry in Uganda.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes the research methodology that was employed during the execution of this study to guide achievement of the study objectives by clearly elaborating on the various phases that were followed in completing the study. The chapter thus describes the research design, study area, the target population, sample size and sampling procedure, data collection and underlying tools to be used, data analysis tools as well as the validity and reliability of the data collection tools, ethical considerations as well as the limitations to the study.

3.1 Research Design

The study was cross sectional in nature with a case study design. Cross-sectional research involves using different groups of people who differ in the variable of interest but share other common characteristics, such as socioeconomic status, educational background, and ethnicity, (Amin, 2005). The design was chosen because of its ability to address the objective of the study in investigating the relationship between the variables of the study. The design takes into consideration aspects like the size of sample in relation to the target population, the variables under the study, the approaches to the research, and the methods employed in data collection. Relatedly, the study adopted both quantitative and qualitative research approaches. The quantitative approach was used to gather numerical facts about the case being investigated while the qualitative approach was employed to attach means and digest the views emanating from the quantitative approach.

3.2 Study area

The study was carried out at Absa (Barclays) bank Uganda whose Head Office is located at Plot 2-4 Hannington Road, Kampala Uganda. Started around 1927 in Uganda, the bank is 100% a subsidiary of Absa group limited and operates a total of 38 fixed branches spread across Uganda with 17 branches located in Kampala. The geographical coordinates of the bank's headquarters are: 06°48'40.0"S, 39°17'12.0"E (Latitude:-6.811111; Longitude: 39.286667). However, attention was paid to Kampala based branches for convenience in data collection and the fact that majority of the budgeting decisions are executed with Kampala.

3.3 Study Population

The study population was limited to staff members of the bank spread across Uganda in various departments and units. According to the HR data of the bank, this bank has about 850 members of staff ranging from Relationship Officers, Credit sales supervisors, relationships managers, members in credit risk management, credit analysts, Branch managers, operations, procurement, accounts and finance and those in HR among others hence offering a reasonable proportion of staff that are well versed with the core activities in the banking industry. For convenience and given the time constraints, the target population was selected from the Kampala based branches including head office which have an estimated population of about 246 members of staff according to HR records of the bank for the year 2019.

Table 3.1: Study Population

S/N	Category of staff	Population
1.	Relationship officers	51
2.	Branch Managers	17
3.	Product managers	8
4.	Regional managers	6
5.	Branch Supervisors	17
6.	Banking officers	48
7.	Internal audit	10
8.	Finance department	12
9.	Credit Analysts	06
10.	Procurement Staff	06
11.	Recovery officers	10
12.	IT staff	07
13.	HR staff	08
14.	Sales Staff	40
	Total	246

Source: Absa (Barclays) Bank HR records, 2019

3.4 Sampling Procedures

3.4.1 Sample Size

The study utilized a sample of 152 respondents drawn from 246 staff members in Kampala branches based on Krejcie & Morgan (1970) sample size determination tables. The said staff falls under functional departments of credit, risk, compliance, Sales and marketing, finance, audit, operations and HR. These members of staff are party to the budgetary management activities of the bank and hence believed to offer sufficient responses to the data tools.

Table 3.2: Sample size determination

S/N	Category of staff	Population	Sample Size	Sampling Technique
1.	Relationship officers	51	32	Stratified Random sampling
2.	Branch Managers	17	10	Stratified Random sampling
3.	Product managers	8	5	Stratified Random sampling
4.	Regional managers	6	4	Stratified Random sampling
5.	Branch Supervisors	17	10	Stratified Random sampling
6.	Banking officers	48	30	Stratified Random sampling
7.	Internal audit	10	6	Stratified Random sampling
8.	Finance department	12	7	Stratified Random sampling
9.	Credit Analysts	06	4	Stratified Random sampling
10.	Procurement Staff	06	4	Stratified Random sampling
11.	Recovery officers	10	6	Stratified Random sampling
12.	IT staff	07	5	Stratified Random sampling
13.	HR staff	08	5	Stratified Random sampling
14.	Sales Staff	40	24	Stratified Random sampling
	Total	246	152	

Source: Absa (Barclays) Bank HR records, 2019

The sample size corresponding to each category of the population was determined using the following formula below.

$$\text{Sample size} = \frac{\text{target population in each category of the population}}{\text{Total target population}} \times \text{total sample size}$$

3.4.2 Sampling Techniques

The 152 respondents were selected using stratified random sampling. Stratified sampling technique that groups members with homogeneous characteristics together after which each member chosen can ably represent the group. This technique was applied to the staff in the respective branches and other departments/units of the bank associated with budgetary management activities to arrive at the preferred sample size.

3.5 Data Collection Sources

3.5.1 Primary data

Kothari (2004) describes primary data as those which are collected afresh and for the first time, and thus happen to be original in character. Morrison et al. (2007) adds that primary data are those items that are original to the problem under study. Primary data was collected from the defined sample sizes relating to the budgeting activities of the bank using both a questionnaire and an interview guide.

3.5.2 Secondary data

Secondary data is the data that have already been collected by and readily available from other sources (Morrison et al., 2007). Secondary data was obtained from the financial reports of the bank for the period under review, annual supervisory reports of BoU, and financial journals as well as library searches and this was achieved generally through literature review.

3.6 Data Collection Tools

3.6.1 Self-Administered Questionnaires (SAQs)

Quantitative data was collected with the help of SAQs that were distributed to the 152 selected respondents who were chosen through both random sampling and convenience sampling techniques. This instrument was chosen due to its ability to collect a large volume of data from reasonably a large sample in a short period of time in an efficient manner. Thus structured/close ended questions were drafted in the questionnaires aimed at obtaining specific responses from the respondents. The respondents to the questionnaires were both lower and middle management since they actively participate in planning and implementing the budget.

3.6.2 Interview Guide

Qualitative data aimed at obtaining a more explained view on the situation surrounding financial performance at Absa Bank were sought from the heads of departments and senior managers using an Interview guide. The participants are believed to have a comprehensive understanding of both the key practices of budgetary management employed by the bank as well as the extent of financial performance at Absa Bank for the period under review. Similarly, an interview guide is deemed relevant for the current purpose of the study given its ability to collect information that digs deep into the problem being investigated.

3.7 Measurement of the study variables

A nominal scale was used to measure the first section of the questionnaire since it contained demographic characteristics of the respondent. Further, the researcher employed a Likert scale to assess the different attributes in the data collection tools. Thus, a scale of 1 to 5 was used where 1 represents strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree while 5 = Strongly Agree.

3.8 Quality Control

3.8.1 Reliability of the Research Tools

The reliability of the data was ensured through testing the data collection instrument for the reliability of values (Alpha values) for each variable under study as recommended by (Cronbach, 1946). This was carried out at Stanbic bank where sample questionnaires (20) containing the questions intended to be used while conducting the actual study were distributed of which 10 were returned. The researcher collected and processed the sample questionnaires using SPSS for determination of alpha values presented in Table 3 below.

Sekaran, (2003) suggested that Alpha values for each variable under study should not be less than 0.7 for the statements in the instruments to be deemed reliable while Dall'Oglio et al (2010) suggested that a 0.5 Cronbach Alpha value can be legitimate and acceptable with a short scale (that is to say few items) adding that when the statements are fewer than 20 for a variable, a value of 0.50 is satisfactory. Based on Dall'Oglio et al (2010), the tool was accepted as reliable thus used to collect data for the study.

Table 3.3: Reliability Statistics

S/N	Variable	Number of questions	Cronbach Alpha(α)
1.	Budget Planning	09	0.714
2.	Budget Implementation	07	0.513
3.	Budget Monitoring and control	09	0.877
4.	Financial Performance	10	0.501

Source: Field data (2020)

3.8.2 Validity of the instruments

On the other, the validity of the data collection instruments was done with the help of experts to edit the questionnaire. The researcher forwarded the structured questionnaire to the supervisors for reviewing and fine tuning to ensure that the key aspects concerning the study variables are captured. Thus, the researcher then used the formula below to compute content validity index;

$$\text{Content validity index (CVI)} = \frac{\text{No. of items declared valid}}{\text{Total No. of items in the instrument}} = 30/34 = \mathbf{0.882}.$$

Amin (2005) concluded that if the overall Content Validity Index of the instrument is greater or equal to 0.7, then the instrument was accepted as valid.

3.9 Data Management and Processing

The research process started by the researcher obtaining a letter of introduction from the Faculty of Business Administration and Management at Uganda Martyrs University which was presented to the authorities at the Bank for permission to collect data. Following sanctioning by the bank, the researcher took the questionnaires to the respondents to collect relevant data. Upon retrieval, each questionnaire returned was checked for completeness and thereafter assigned an identification number to ease tracking of the respondents' views during data entry. All items were assigned numerical codes that were used to enter data and processing using the software.

3.10 Data analysis and presentation

3.10.1 Quantitative data Analysis

Quantitative data was entered and processed using Statistical Package for Social Scientists (SPSS) software and presented in frequency Tables, graphs and charts. Descriptive statistics (mean and standard deviation) were used to describe the general opinions of the respondents on the key statements measuring both the independent variable and the dependent variable. Similarly, correlations were performed to describe the inter relationships between the constructs of budgetary management and financial performance. In particular, the correlations were operationalized using the model below;

$$r_{xy} = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{\{(n \sum x^2) - (\sum x)^2\}} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

Where;

n = The number of paired observations (the sample size)

$\sum xy$ = The sum of the gross product of xxx approaches or factors and DV

$\sum x^2$ =The sum of all the squared values of IV Approaches or factors,

$\sum y^2$ =The sum of all the squared values of DV implementation,

$(\sum x)^2$ = The sum of IV approaches Squared

$(\sum y)^2$ =The sum of DV Implementation factors squared.

On the other hand, multiple linear regression models were utilized in determining the effect of budgetary management on financial performance. Equally, multiple linear regression models were utilizing in examining the effect of the tenets of budgetary management (budget planning, budget implementation as well as budget monitoring and control) on financial performance. In particular, the linear model below was used;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where,

Y = Financial Performance at Absa Bank as measured by profitability, Return on Assets and Liquidity.

X_1 = Budget planning

X_2 = Budget Implementation.

X_3 = Budget Monitoring and control

β_0 = value of the intercept which relates to finance performance of the bank without first visiting the budgetary process.

β_i = the extent of the explanatory variables which measures the sensitivity of Y changes in i

ε = Error term,

3.10.2 Qualitative Data Analysis

Qualitative data was analyzed through the thematic approach. The researcher then consolidated the outcomes of quantitative data with qualitative data analysis to ensure more elaborate meaning is drawn from the findings.

3.11 Ethical Considerations

According to Resnik (2011), there are several reasons for adhering to ethical norms in research. Norms promote the aims of research, such as knowledge, falsifying or misrepresenting research data, promote the truth and avoid error. The following issues were considered; the process commenced by the researcher obtaining a letter of introduction from the Faculty of Business Administration and Management of UMU which was consequently presented to the authorities at the bank for permission to conduct the study at the bank. Upon clearance, the researcher delivered questionnaires to the respondents to collect relevant data for the study purpose. Upon retrieval, each questionnaire returned were checked for completeness and thereafter assigned an identification number to ease tracking of responses during data entry.

The respondents made their decisions to participate based on their adequate knowledge of study.

The researcher sought an informed consent to carry out the study from all the respondents. As a primary goal of ethics in research, the researcher ensured that no one is harmed or faces adverse consequences from research activities and as such secrecy was observed. The researcher observed extreme confidentiality while handling information from respondents. The researcher undertook the following to avoid infringement on the rights of respondents by ensuring that participants are selected without bias, informing the respondents about the rationale of the research, informing the participants that consent was sought from the management of the bank before commencement of this study and assuring respondents that their names would not appear in the report.

3.12 Limitations of the Study

- Due to busy work schedules some respondents lacked adequate time to participate in the study. However, the researcher made appointments with respondents in order to arrange for the appropriate time for them to participate in the study and provide responses to the questionnaire.
- Some respondents were occasionally hesitant to reveal the required information for fear that their jobs could be threatened. The researcher however assured the participants that maximum confidentiality with regards to their responses would be observed and also informing them that the data was only sought for academic purposes.

3.13 Conclusion

The research followed a cross sectional design employing both qualitative and quantitative approaches and covered a target population of 246 staff members in Absa (Barclays) Bank's Kampala based branches from which a sample of 152 was drawn using Sampling technique of stratified random sampling. SAQs and Interview guides were employed as data collection tools whose reliability and validity was ensured through the pretesting approach. Data entry, analysis and presentation were done through SPSS and Excel as well as tables and graphs. The entire process of data collection commenced only after the researcher was cleared by Uganda Martyrs University and consequently by the respective authorities at Absa Bank Uganda Limited findings of which are presented, analyzed, interpreted and discussed in the next chapter.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

The chapter presents study findings as generated from the field under the themes/objectives that guided the study as well as a summary of the basic characteristics of the study respondents. Similarly, the chapter also presents an analysis and discussion of the study findings with a view of forming a basis for conclusions as well as formulating salient recommendations that would drive the budgetary management practices for improved financial performance of commercial banks in Uganda.

4.1 Response Rate

The study sought to collect data from a sample of 152 respondents who were members of staff at Barclays (Absa) bank. However, a total of 125 questionnaires were received back as fully/completely answered by the respondents indicating a response rate of 82.24% (125/152). This is deemed a sufficient response according Babbie (2004) submitting that return rates of at least 60% are acceptable to analyze and publish the findings from a particular inquiry.

4.2 Demographic Characteristics of the respondents

The study examined various characteristics of respondents with intent of establishing how such characteristics affect the main variables of the study. In particular, the study examined gender, age, highest level of education, working experience as well as the position held by respective respondents at the bank and the findings are presented hereunder;

4.2.1 Age of the respondents

Respondents were examined on age and the results contained in table 4.1 below were obtained.

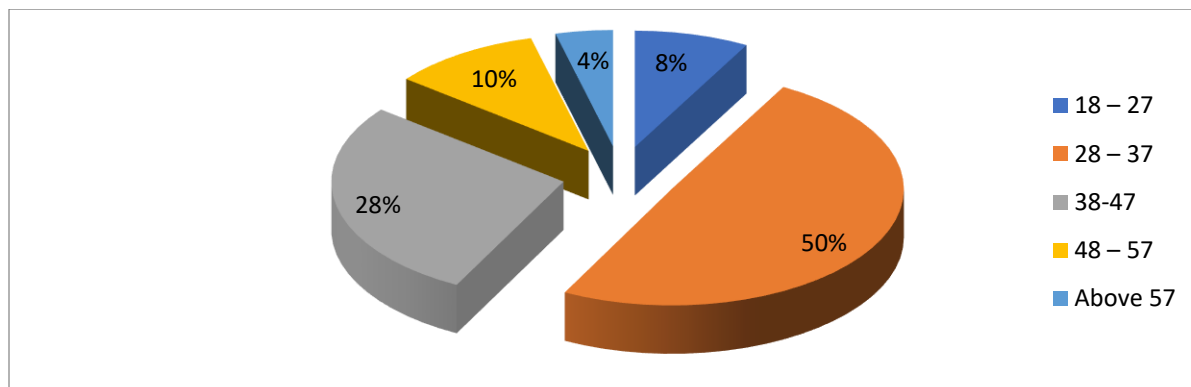
Table 4.1: Age of Respondents

Age Group	Frequency	Percent (%)
18 – 27	10	8.0
28 – 37	62	50.0
38 – 47	35	28.0
48 – 57	13	10.0
Above 57	5	4.0
Total	125	100.0

Source: Field data (2020)

From the table above, it emerged that majority of the respondents (50%) were aged between 28 and 37 years followed by 28% aged between 38 and 47 years with 10% aged between 48 and 57 years. Others were 8% aged between 18 and 27 years while only 4% were above 57 years. The findings intimate to the fact the majority of the participants were within their most economically active age brackets with zeal and enthusiasm to achieve their career aspirations. The results are also presented in figure 2 below to aid visual basic interpretation and analysis.

Figure 2: Age of the respondents



Source: Field data (2020)

4.2.2 Gender of the respondents

The feedback regarding respondents' gender is as presented in table 4.2 below.

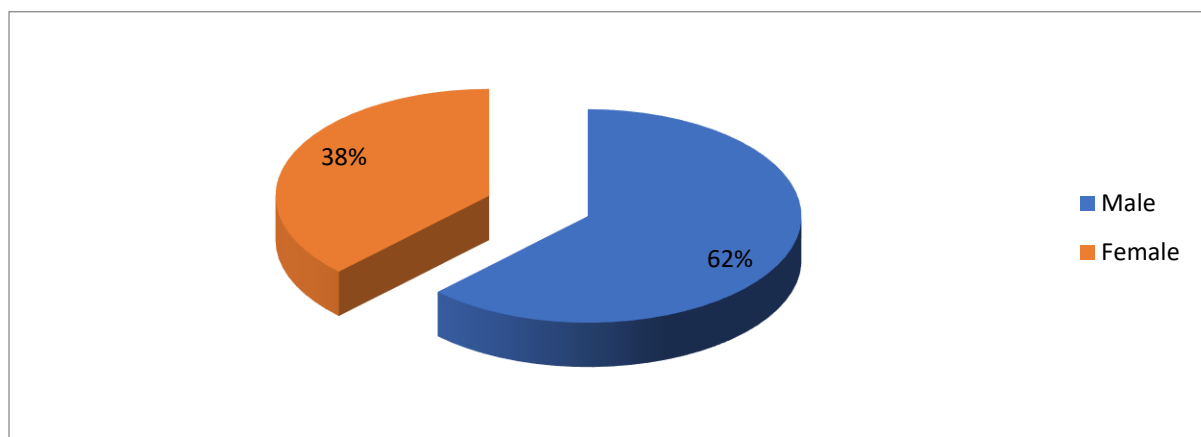
Table 4.2: Gender of Respondents

Gender	Frequency	Percent (%)
Male	78	62
Female	47	38
Total	125	100.0

Source: Field data (2020)

The results of table 4.2 above indicate that both women and men participated in the study implying representation of both genders. However, whereas both sexes were represented; more men (62%) compared to women (38%) participated in the study. These results probably imply that both females and males employed by Absa bank have an understanding of both budgetary management and high its tenets interact to inform financial performance at the bank. The results are also presented in figure 3 for visual basic interpretation.

Figure 3: Gender of respondents



Source: Field data (2020)

4.2.3 Highest level of education of respondents

Table 4.3 below presents the highest level of education of respondents.

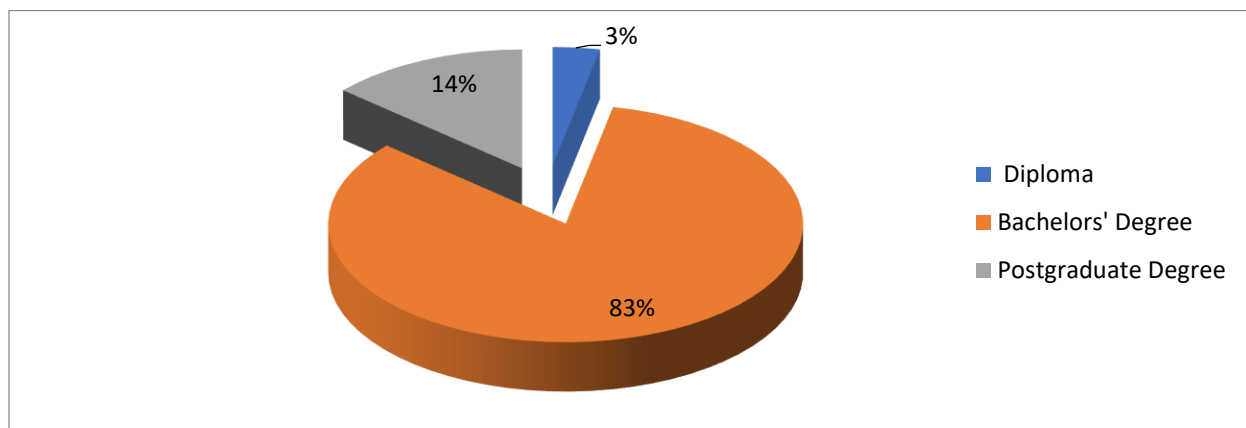
Table 4.3: Highest Level of Education of Respondents

Qualification	Frequency	Percent (%)
Diploma	4	3.0
Bachelors' Degree	104	83.0
Postgraduate Degree	17	14.0
Total	125	100.0

Source: Field data (2020)

The contents of table 4.3 indicate that majority of the respondents (97%) were graduates while 3% held diplomas as the highest level of education. Further still, of the graduates, 14% also held postgraduate qualifications. The study findings probably intimate to the fact that the respondents had the basic qualifications to read; internalize and give credible response to the contents of the data collection tools. Equally, the respondents could interact with both budgetary management and financial performance indicators with ease. The results were also presented in figure 4 below to permit visual basic interpretations.

Figure 4: Highest Education Level of Respondents



Source: Field data (2020)

4.2.4 Working Experience at the bank

Table 4.4 presents the working experience of respondents at the bank.

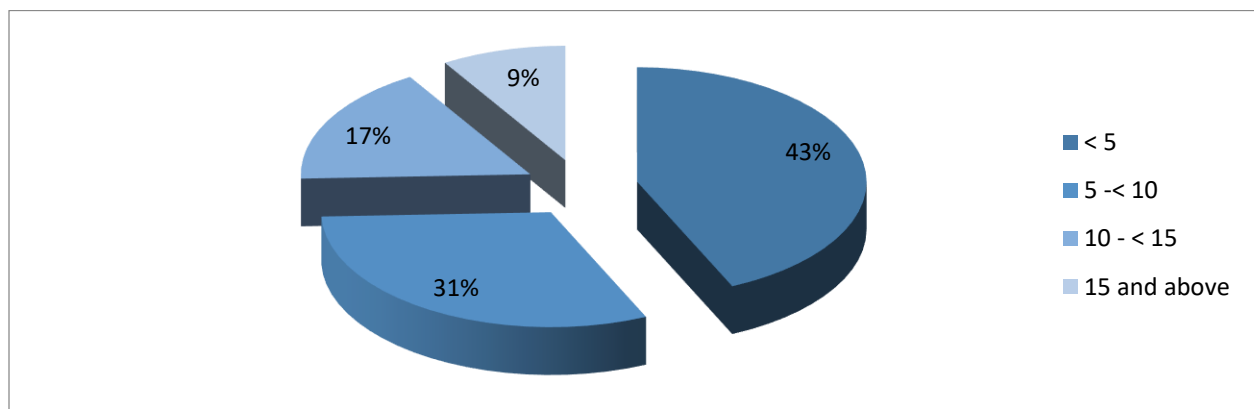
Table 4.4: Working Experience at the bank

Years of experience	Frequency	Percent (%)
< 5	54	43.0
5 - < 10	39	31.0
10 - < 15	21	17.0
15 and above	11	9.0
Total	125	100.0

Source: Field data (2020)

The contents of table 4.4 revealed that majority (43%) had less than 5 years working experience followed by 31% who had worked for 5 to less than 10 years while 17% had worked for 10 to less than 15 years. Only 9% had been in employment with the bank for 15 years and more. This probably implies that most of the respondents had stayed with the bank relatively long enough to understand the dynamics that surround the budgetary management process and how these impacted the performance of the bank in various aspects. The same results are also presented in figure 5 to enhance visual interpretations.

Figure 5: Working Experience by respondents



Source: Field data (2020)

4.2.5 Current Position at the bank

Respondents were asked about the current positions they occupied in the service of the bank, the findings from which are presented in table 4.5 below.

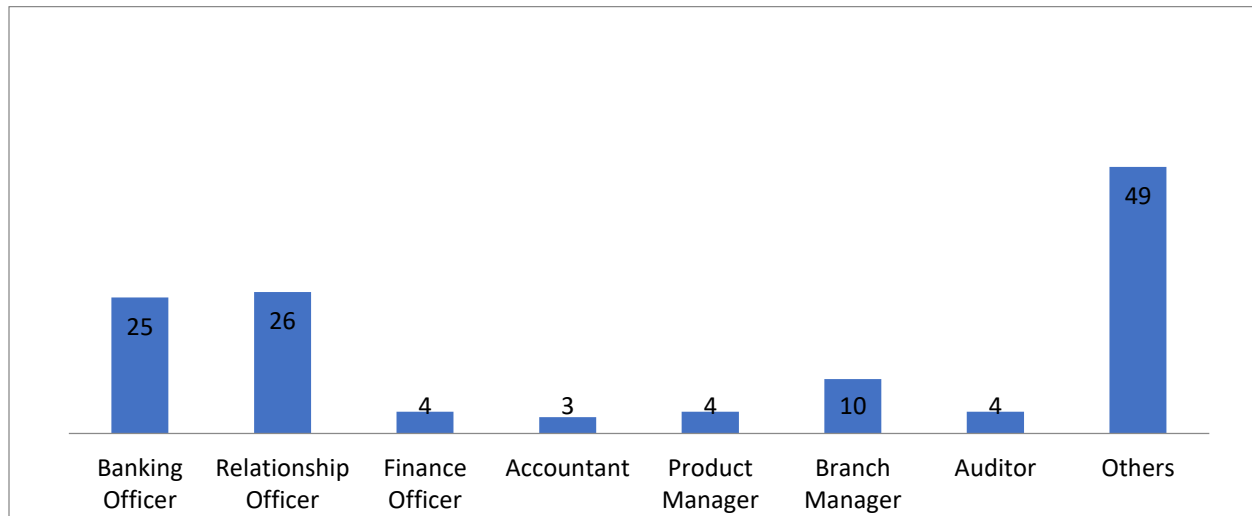
Table 4.5: Current Position at the bank

Position	Frequency	Percent (%)
Banking Officer	25	20.0
Relationship Officer	26	20.8
Finance Officer	4	3.2
Accountant	3	2.4
Product Manager	4	3.2
Branch Manager	10	8.0
Auditor	4	3.2
Others	49	39.2
Total	125	100.0

Source: Field data (2020)

Results of table 4.5 indicate that 20.8% of the study participants were relationship officers, 20% were banking officers and 8% branch managers. Further still, 39.2% belonged to others (Regional managers, Branch Supervisors, Credit Analysts, HR staff, Recovery officers, IT staff and Sales Staff as well as Procurement Staff). The results also revealed that 3.2% worked as finance officers, auditors as well as product managers while 2.4% were accountants. The results probably imply that data were sought from technically well-informed individuals who interacted with budgetary management practices routinely and hence were believed to give credible responses. The same results are also presented in figure 6 below to aid visual basic interpretations.

Figure 6: Current Position of Respondents at the bank



Source: Field data (2020)

4.3 Descriptive statistics on study objectives

To measure the research objectives and also provide answers to research hypotheses, the researcher formulated several statements to capture varying opinions of respondents on the extent of budget planning, budget implementation and budget monitoring and control at Barclays (Absa) bank and how such activities influenced financial performance of the bank as presented in subsequent sections below. To achieve this, the researcher formulated statements under variable of budgetary management on which respondents could rate their opinions on a scale of 1 – 5(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree).

4.3.1 Descriptive statistics on Budget planning at Barclays (Absa) bank Uganda Limited

In the first objective, the researcher aimed at examining the effect of budget planning on the financial performance of Barclays (Absa) bank in Uganda. To achieve this, the researcher formulated statements on which respondents could rate their opinions on a scale of 1 –

5(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree). The responses as captured from the field are as presented in table 4.6 below.

Table 4.6: Descriptive Statistics Budget Planning at Barclays (Absa) bank Uganda

Statements	N	Min	Max	Mean	Std. Dev.
Absa has a budgeting committee that executes planning on behalf of the bank	125	1	5	3.76	.996
The bank starts the budget process by establishing performance objectives to be achieved.	125	1	5	3.17	1.006
Accounting systems are used to generate information that supports the planning phase	125	1	5	3.98	1.051
The budget planning phase at Barclays bank is comprehensive and attracts inputs from all staff members	125	1	5	3.43	1.067
Usually top management offers full support of the planned activities to ensure achievement of the objectives	125	1	5	3.29	1.054
Budgeting eases resource mobilization for the bank	125	1	5	2.89	1.477
Budgets are used as a communication medium for the bank's plans and objectives	125	1	5	3.24	1.411
The entire budget planning phase is premised on accurate information forecast	125	1	5	3.90	1.139

Source: Field data (2020)

It emerged that respondents were undecided on whether Absa has a budgeting committee that executes planning on behalf of the bank as respondents were neutral with a mean of 3.76 and SD = 0.996. This could be attributed to the bank lacking fully constituted budgeting committee that consolidates the various views submitted by other members of staff to perform the budgeting function and hence direct efforts towards achieving sustainable financial performance. A standard deviation of 0.996 is however a reflection of relatively higher variation amongst the views generated from the respondents about the statement and hence might have an adverse effect on data reliability. The results are in disagreement with Mbubo (2015) reasoning that the budget preparation phase is one of the key management tools that businesses need to use so as to determine

the activities to be met so that goals and objectives are achieved adding that having a committee charged with the budgeting activities is paramount to aligning resources for improved performance.

However, when interviews were conducted results revealed that a budget committee of the bank existed. To this, the following was submitted;

“...that is a very big question, right? ...well, usually we have a budget committee of the bank housed in the finance department that comes up with the various elements of performance for every trading year. The team working together with the research unit of the bank and members of senior management review the budgets and performance for the previous period, looks at the industrial performance and the objectives of Absa in the period which guide the budgeting elements especially the budget preparation phase. Once the performance targets are established, the budget committee also puts into consideration the position of the Absa group and comes up with the budget draft which at this point attracts interactions from the other relevant stakeholders especially the Head finance, head credit, head HR, head Marketing and Strategy, Operations as well as branch management. After deliberations, the budget is approved and set into execution..., ” said one of the interview participants.

When respondents were asked the statement, “the bank starts the budget process by establishing performance objectives to be achieved”, they were neutral with a mean of 3.17 and SD = 1.006. This could be attributed to the absence of a participatory budgeting process where the desired performance by the authorities at the bank is simply imposed on the respective officers. This way, majority of the staff members might simply be asked to implement what they never planned for which might be influencing mismatch in performance results compared to plans. There is however

a high variation amongst the opinions sought from the respondents indicated by a standard deviation of 1.006 which might negatively affect the reliability of the data. The results are consistent with Rabiou et al., (2015) who submitted that budget planning; administration and the entire budget process have a significant relationship on organizational performance and that for an organization to perform, the top management of an organization should maintain appropriate standards on budget administration, preparation and an engaging budget process.

The results revealed that respondents were undecided on whether accounting systems are used to generate information that supports the planning phase as respondents were in neutral with a mean of 3.98 and $SD = 1.051$. This could be hinged on the absence of tailored accounting software by the Absa bank that would enable those charged with the budgeting function to track, generate and even process information that in turn aids a smooth budget planning process. For example Absa might be lacking tailored accounting systems that record bank information relating to its tariffs, products as well as collecting fees at programmed intervals thereby supporting the budgeting process which translates into financial performance. With a standard deviation of 1.051, there is a high variation amongst the opinions of the respondents about the statement and which might have adverse effects on data reliability. The findings disagree with Warue and Wanjira (2013) who submitted that employing computerized accounting contributed highly to improving budgeting planning than did firm size, ownership structure, workers participation and the managerial skills since such systems worked to improve information quality is very important in harnessing an informed budgetary planning process.

It was not established whether the budget planning phase at Barclays bank is comprehensive and attracts inputs from all staff members as respondents were neutral with a mean of 3.43 and SD of 1.067. This could be attributed to the bank allowing only selected members of staff to participate in the planning phase. For instance, the branches might be represented by the branch managers while other units could be represented by the respective heads, a practice that might hardly capture the input of every one. There is however a higher variation amongst the views of the respondents about the statement indicated by a standard deviation of 1.067 which might negatively affect data reliability. The findings are in agreement with Okpanachi & Muhammed (2013) who submitted that comprehensive and well-coordinated budget planning including the coordination of setting targets is an effective tool, for performance evaluation of individuals and units/departments in an organization.

Results from interviews were also in agreement with the descriptive statistics regarding the extent of budget participation by submitting the following;

“...being a subsidiary of a multinational entity, we get a reasonable share of guidelines from our mother company in South Africa. Similarly, whereas management and the board take part in the budgeting process, most of the authority is from South Africa. Precisely, budget participation is low as those charged with implementation hardly have their input in the planning phase...”

submitted a participant to the interviews.

Respondents were indifferent on whether usually top management offers full support of the planned activities to ensure achievement of the objectives with a mean of 3.29 and SD of 1.054. This could be associated with witnessed incidences of the management coming up with targets and waiting patiently to see them achieved without necessarily availing enabling logistics to foster

achievement of these targets by staff save for routines like salary. A standard deviation of 1.054 is however a reflection of higher variation amongst the views of the respondents about the statement which might affect data reliability adversely. The findings are consistent with Rabiou et al., (2015) who submitted that budget planning; administration and the entire budget process have a significant relationship on organizational performance and that for an organization to perform, the top management of an organization should maintain appropriate standards on budget administration, preparation and an engaging budget process.

On whether budgeting eases resource mobilization for the bank, respondents were in disagreement with a mean of 2.89 and SD of 1.477. This could be attributed to the fact that the bank has known funding sources and hence a budget might do just too little in facilitating its resource mobilization activities. With a standard deviation of 1.477 however, there is a greater variation amongst the opinions gathered from respondents about the statement which in turn might negatively affect the reliability of the data. The findings deviate from those of Donasian (2014) who indicated that informed budget planning is paramount in enhancing resource mobilization as well as harnessing efficient utilization of the resources adding that organizations should carefully concentrate on goal setting to match the goals with the prospective and available resources.

It was not established whether budgets are used as a communication medium for the bank's plans and objectives as respondents were neutral with mean 3.24 and SD 1.411. This might be attributed to the fact that budgets are either under stated or over stretched thereby being reflective of the objectives of the bank to the staff. There is however a higher variation amongst the views obtained from the respondents about the statement indicated by a standard deviation of 1.411 which might

affect data reliability adversely. The results are in disagreement with Zimmerman (2014) who observed that the first step in financial planning is determining the performance criteria through financial budgets adding that such budgets are commonly used by firms on a monthly basis to aid clear definition of performance objectives.

It emerged that respondents were undecided on whether the entire budget planning phase is premised on accurate information forecast as respondents were neutral with a mean of 3.90 and SD = 1.139. This could be due to the bank lacking robust information systems that would enhance generation of information from the internal processes. Thus, performance for the periods of interest whether monthly, quarterly or even annual might hardly be sourced to enhance comparisons between periods and also form the basis for executing budget planning. A standard deviation of 1.139 is however a reflection of higher variation amongst the views of the respondents about the statement and in turn might affect data reliability. The findings are contradicting with Warue and Wanjra (2013) who submitted that computerized accounting contributed highly to improving budget planning through improving information qualify thereby harnessing an informed budgetary planning process.

4.3.2 Descriptive statistics on Budget implementation at Absa bank Uganda Limited

In the second objective, the researcher aimed at examining the effect of budget implementation on the financial performance of Barclays (Absa) bank in Uganda. To achieve this, the researcher formulated statements on which respondents could rate their opinions on a scale of 1 – 5(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree). The responses as captured from the field are as presented in table 4.7 below.

Table 4.7: Descriptive Statistics on Budget Implementation at Absa Bank Uganda

Statements	N	Min	Max	Mean	Std. Dev.
The bank has a framework for implementing its budgets	125	1	5	2.93	1.193
The bank has technical staff that oversee its budget implementation	125	1	5	3.97	1.209
The budgets are easy to understand and follow during the implementation stage.	125	1	5	2.53	1.516
The budgets are well communicated throughout the bank which makes implementation a smooth process.	125	1	5	3.10	1.208
The bank has enough capacity to execute the budgets it prepares.	125	1	5	2.78	1.237
The bank appreciates the role of the budget in guiding its activities and strives to operate within the budget specifications	125	1	5	3.21	1.159
During implementation, collision of activities is avoided to ensure smooth and efficient operations	125	1	5	2.93	.960

Source: Field data (2020)

It was not established whether the bank has a framework for implementing its budgets as respondents were in disagreement with a mean of 2.93 and SD of 1.193. This could be attributed to the routine nature of the banking activities that hardly give the respondents thinking that the budgets are being implemented under a particular set of guidelines. For example, much as the bank might have defined the number of customers a particular officer should serve a day; it is very rare for this to cross the minds of the respective officer while going about the daily tasks. Relatedly, the low levels of participation in the planning process might be reason for the respondents to fail to appreciate whether the bank indeed has a framework for budget implementation. A standard deviation of 1.193 is however a reflection of high variation amongst the opinions of the respondents about the statement and this might affect data reliability negatively. The results are inconsistent with Olsey (2018) who reasoned that effective budget implementation thrives on establishing guidelines that involve turning strategies and plans into actions in order to accomplish

strategic objectives and goals adding that implementing the strategic plan is as important, as or even more important than the strategy.

It emerged that respondents were undecided on whether the bank has technical staff that oversee its budget implementation since the respondents were neutral with a mean of 3.97 and SD of 1.209. This may be attributed to the bank lacking mechanisms for breaking down the overall budgets into individual responsibilities and then tasking everyone to act on their individual targets. For example, whereas the HR department in liaison with branch management and line managers continuously foster staff performance targets within stated timelines aimed at triggering staff efforts towards the performance objectives, the performance of the bank in key areas remains a challenge. A standard deviation of 1.209 is however a reflection of higher variation amongst the views of the respondents about the statement and consequently might affect data reliability negatively. The findings contradict with Maduekwe & Kamala (2016) who reasoned that most of the businesses or projects used budgets especially for planning purposes, measuring performance as well as future planning purposes and control adding that lack of top management support and absence of qualified technical personnel limited the successful implementation of budgets.

The results revealed that budgets were not easy to understand and follow during the implementation stage as respondents were in disagreement with a mean of 2.53 and SD of 1.516. This could be attributed to the budgets being either over ambitious, confusing or simply lacking congruence with the current trends in the business environment. For example, if budgets are over stretched, they might end up causing frustration to the implementing officers and when the budgets don't reflect reality of the situation on ground, they demotivate the officers responsible for their

implementation resulting into underachievement of the performance objectives. There is however a greater variation amongst respondents' opinions about the statement indicated by a standard deviation of 1.516 which might adversely affect the reliability of the data. The findings are in agreement with CIMA (2009) submitting that companies had the more use of operational budgets and preferred less sophisticated budgeting methods due to greater control and oversight of expenditure by the owners of such companies. The findings are also consistent with Armitage and Webb (2013) who submitted that operating budgets such as the master budgets and quarterly budgets were perceived to be important in guiding organizational management for better performance.

It was not established whether the budgets are well communicated throughout the bank which makes implementation a smooth process since respondents were neutral with a mean of 3.10 and SD of 1.208. This could be attributed to a less engaging budgeting process that results into imposition of targets to the respective members of staff which in turn affects performance. It could also be to absence of tailored communication media that would enable staff to grasp the performance targets of a particular period thereby affecting performance negatively. However, a standard deviation of 1.208 is a reflection of high variation regarding respondents' opinions about the statement and might negatively affect the reliability of the data. The results are consistent with Muthinyi (2009) who reasoned that well (clearly) formulated budgets were an important communication tool linking well the plans (objectives) to the tasks and activities that ought to be implemented to achieve the performance objectives of departments and hence the overall organizational performance objectives.

It was not established whether the bank had enough capacity to execute the budgets it prepares as respondents were in disagreement with a mean of 2.78 and SD of 1.237. This could be attributed to continuous underachievement of the budgeted performance at the bank especially by the bank underscoring on the overall profits, NPL volumes as well as deposit growth. A standard deviation of 1.237 is however a reflection of higher variation regarding the views of the respondents about the statement and this might negatively affect the reliability of the data. The findings are in agreement with Nyakarura et al., (2016) who reasoned that the challenges to budget implementation were related to institutional constraints capacity, limited use of on use of Integrated Financial Management Information Systems (IFMIS) and the oversight audit function.

It could not be established whether the bank appreciates the role of the budget in guiding its activities and strives to operate within the budget specifications as respondents were neutral with a mean of 3.21 and SD of 1.159. This might be attributed to communication of the budget implementation process which renders the respective officers unaware of whether the bank sticks to the budget while implementing its activities and whether it sticks to the budget specifications during implementation. A standard deviation of 1.159 is however an indicator of higher variation amongst the views of the respondents about the statement which might negatively affect the reliability of the data. The results are consistent with Drury (2004) who observed that a budget is among the major tools for implementation of the objectives and policies of organizations by providing the basis for decision making in the organization. Further still, budgets play other managerial roles such as planning, controlling, communication and motivation and that a well formulated budget system enables the organization to reach its goals more successfully.

However, results from interviews revealed that several members of management, board and staff undertake tailored activities to put the budget into effect. Here the participants had the following to say;

“...we have the board at the top which scrutinizes the budget and sanctions it in accordance to the vision, mission and objectives of Absa group and keeps availing the necessary resources to facilitate budget implementation. The senior Management working with the branch network and other revenue units such as finance, marketing and credit implement the planned activities of the bank. These could be supported by other stakeholders as and when need arises for prudent and effect implementation of the budgeted activities...”

It couldn't be established whether during implementation, collision of activities is avoided to ensure smooth and efficient operations as respondents were in disagreement with a mean of 2.93 and SD of 0.960. This could be attributed to the fact that most of the activities are augmented and can simultaneously be carried out without necessarily colliding to foster smooth and efficient operations that result into better performance. There is a relatively high variation amongst the views of the respondents about the statement indicated by a standard deviation of 0.96 which might have a relatively adverse effect on the reliability of the data. The results are consistent with Mwanza (2017) who observed that much as firms prepared budgets for guiding their activity flow, they faced vast challenges in implementing and utilizing these budgets adding that future interventions by department of respective organizations regarding budget implementation should focus on elimination of colliding activities.

4.3.3 Descriptive statistics on Budget monitoring and control at Absa bank Uganda Limited

In the second objective, the researcher aimed at examining the effect of budget monitoring and control on the financial performance of Barclays (Absa) bank in Uganda. To achieve this, the researcher formulated statements on which respondents could rate their opinions on a scale of 1 – 5(1=Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree). The responses as captured from the field are as presented in table 4.8 below.

Table 4.8: Descriptive Statistics on Budget Monitoring and Control at Absa Uganda

Statements	N	Min	Max	Mean	Std. Dev.
The bank has in place a team responsible for budget review	125	1	5	3.73	.945
Management employs budgetary control to keep track of actual performance	125	1	5	3.64	1.073
The planned revenue and expenditure are always strictly observed.	125	1	5	4.44	1.050
Proper control is always exercised on cash to ensure uninterrupted operations.	125	1	5	3.86	1.037
Only the activities identified during the planning phase can be implemented to avoid conflict	125	1	5	3.54	1.215
The managers of various units usually check their performance against the set targets	125	1	5	3.43	1.303
The expenditure of the bank is always within manageable limits and we rarely operate deficit budgets.	125	1	5	3.62	1.127
Variances in the budget are investigated every time they arise	125	1	5	3.50	1.060
Corrective Action is taken to address variance in the budget	125	1	5	3.58	1.025

Source: Field data (2020)

It emerged that respondents were undecided on whether the bank has in place a team responsible for budget review as respondents were in neutral with a mean of 3.73 and SD of 0.945. This could be attributed to absence of an established budget committee that would among other things perform budget monitoring and review to harness satisfactory performance at the bank. There is however a relatively higher variation regarding the views gathered from respondents about the statement

indicated by a standard deviation of 0.945 which would adversely affect the reliability of the data. The results are inconsistent with Unegbu (2011) who submitted that an ineffective oversight function could lead to fraud, noncompliance with internal policies and procedures and well as ineffective financial decision for successful operations including those that hamper the effective implementation and control of the budget. The findings are also in agreement with Vijayakumar & Nagaraja, (2012) reasoning that having an effective oversight and audit function within an organization are key to achieving significant performance, efficient resource allocation and optimal usage and enhancing sustainability of interventions.

Results further revealed that respondents were undecided on whether management employs budgetary control to keep track of actual performance since respondents were neutral with a mean of 3.64 and SD of 1.073. This could be attributed to the challenges the bank faces while tracking actual performance against the budget on clearly defined intervals which could be starting from daily tracking, weekly, monthly and quarterly among other tracking alternatives. This way the management might be unable to keep informed of the actual position of performance in relation to the budget at various intervals. A standard deviation of 1.073 is however an indicator of high variation amongst the views generated from respondents about the statement which might negatively affect data reliability. The results are however in agreement with Kpedor (2012) who observed that while budgetary control is a tool implored by management to keep track of actual performance, many key actors do not work within the budget due to lack of proper induction and proper role profile of the offices they occupy.

The interview results however seem to deviate from the descriptive statistics regarding budget control. The participants gave a detailed account regarding the budget control function submitting that;

“...during budget control, we begin by matching actual performance against the budget which helps to identify the variances in relation to the budget. The bank will always take immediate corrective action in case of negative variances. However, if the variance is positive and favorable, we study the factors that could probably be responsible for such occurrences. For example if we planned to extend loans worth UGX. 500billions in a particular quarter and we end up with UGX. 700billions, we analyze the cause of this. ...was it due to increase in demand for the bank’s credit products? ...was it as result of laxity in credit granting process? The aim of variance analysis is to ensure that we don’t become victims of complacency or excitement since banking business is so volatile...”

It emerged that the planned revenue and expenditure are always strictly observed as respondents were agreement to the statement with a mean of 4.44 and SD of 1.050. This could as a result of the bank having in place a mechanism that engaging into tracking actual revenue earned as well as expenditure incurred against planned. This could also imply that efforts are invested in ensuring while measures are taken to improve revenue performance, all has to be within the planned expenditure so as to keep the income to cost ratio as low as possible. A 1.05 value of standard deviation is however a reflection of high variation of with regards to respondents’ views about the statement and equally could negatively affect data reliability. The results are in agreement with Needless & Crosson (2013) as well as Zimmerman (2014) observing that budgets are very useful to organizations since if well/effectively used they aid in measuring the actual revenues and costs against the budget adding that that firms achieve so by employing standard costing which facilitates comparison of budgeted amounts to actual values.

The findings further revealed that respondents were not sure whether proper control is always exercised on cash to ensure uninterrupted operations since they were neutral to the statement with

a mean of 3.86 and SD of 1.037. This could be attributed to the fact the whereas the bank is obliged to ensure that customers have access to the deposits as well as banking services as and when they demand for them, ensuring control over cash and other aiding services for ensuring uninterrupted operations at times becomes a challenge. A standard deviation of 1.037 is however an indicator of higher variation amongst the opinions gathered from respondents about the statement which might negatively affect the reliability of the data. The results opine with Kavit (2013) who reasoned that just a small proportion of the companies had a fully integrated process that paid attention to cash control, long term operational planning as well as performance measurement and reporting which in turn eased coordination of activities.

It was not established whether only the activities identified during the planning phase can be implemented to avoid conflict as respondents were neutral with a mean of 3.54 and SD of 1.215. This could be attributed to absence of budget discipline at the bank that discourages those in implementation to stick to planned activities and programs which in turn would help the bank to guard against conflicting objectives and colliding yet mutually exclusive activities. There is however a higher variation regarding the views of the respondents about the statement indicated by a standard deviation of 1.215 which might adversely affect data reliability. The study findings are however are in agreement with Shad (2010) who observed that budgets which lack credibility would always have aggregate expenditure out – turn compared to the original approved budget adding that throughout the execution of activities in a particular financial year, implementation has to be in close liaison with monitoring so that control objectives are achieved and that if monitoring is not effective, most likely expenditure will surpass the planned amount.

It was not established whether the managers of various units usually check their performance against the set targets as respondents were neutral with a mean of 3.43 and SD of 1.303. This could be attributed to the fact that the system at the bank doesn't necessarily empower the section managers to check their performance against targets and instead the activity is centrally executed by the budget monitoring committee. A standard deviation of 1.303 is however a reflection of higher variation regarding the opinions generated from the respondents about the statement and hence might adversely affect the reliability of the data. The findings are contradicting Nyathi (2017) who submitted that technically well qualified managers with strong budgeting skills are most likely to achieve business success as they have capacity to employ standard costing which facilitates comparison of budgeted amounts to actual values.

It was revealed that respondents were not sure whether the expenditure of the bank is always within manageable limits and whether the bank rarely operate deficit budgets as respondents were neutral to the statement with a mean of 3.62 and SD of 1.127. This could be attributed to the fact that during implementation, additional activities others those planned are executed which in turn denies the bank a chance to keep expenditure within limits thereby attracting deficits. A standard deviation of 1.127 is however a reflection of higher variation amongst the views sought from respondents about the statement and this could have a negative impact on the reliability of the data. The results concur with Shad (2010) observed that budgets which lack credibility will always have aggregate expenditure out – turn compared to the original approved budget adding that throughout the execution of activities in a particular financial year, implementation has to be in close liaison with monitoring so that control objectives are achieved and that if monitoring is not effective, most likely expenditure will surpass the planned amount.

Respondents were generally neutral to the statement “variances in the budget are investigated every time they arise”, with a mean of 3.50 and SD of 1.060. This could be attributed to absence of an effective budget monitoring and review team that would identify and investigate variances in the budget in a timely manner to guide management on the next effective course of action to manage performance. There is however a high variation amongst the views generated from respondents about the statement indicated by a standard deviation of 1.06 which affect data reliability negatively. The results are however in line with Vijayakumar & Nagaraja (2012) who submitted that having an effective oversight and audit function within an organization are key to achieving significant performance, efficient resource allocation and optimal usage and enhancing sustainability of interventions.

It emerged that respondents were undecided on whether corrective action is taken to address variance in the budget as they were in neutral with a mean of 3.58 and SD of 1.025. This could be attributed to the bank lacking a well-coordinated budget process where each aspect of budget would be supervised by a competent person and also the fact that probably there is lack of well – coordinated information flow which would help the budget committee to gather all relevant information about budget performance and then work with management to execute corrective measures. A standard deviation of 1.025 is however an indicator of high variation amongst the opinions generated from the respondents about the statement and might affect data reliability negatively. The results are in agreement with Unegbu (2011) submitting that an ineffective oversight function could lead to fraud, noncompliance with internal policies and procedures as

well as ineffective financial decision for successful operations including those that hamper the effective implementation and control of the budget.

4.3.4 Descriptive statistics on Financial Performance at Absa bank Uganda Limited

To examine the level of financial performance at Absa, the researcher formulated statements on which respondents could rate their opinions on a scale of 1 – 5 (1=Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree). The responses as captured from the field are as presented in table 4.9 below.

Table 4.9: Descriptive statistics on Financial Performance at Absa bank Uganda Limited

Statements	N	Min	Max	Mean	Std. Dev.
Absa earnings are attractive	125	1	5	2.87	1.107
The bank's share price is sufficiently increasing	125	1	5	2.97	1.062
The bank is less geared (ratio of debt to equity)	125	1	5	3.59	1.056
The bank has a sound liquidity position	125	1	5	2.85	.984
The bank's deposit to credit ratio is always in agreement with the statutory minimum	125	1	5	3.71	1.220
The overall revenue and profits of the bank are satisfactory	125	1	5	3.00	1.136
The bank has a strong asset base	125	1	5	2.83	1.162
The bank is solvent and is a going concern	125	1	5	3.06	1.159
The bank maintains adequate cash levels	125	1	5	3.40	1.063
The profits of the bank have consistently increased every year	125	1	5	3.46	1.215
Global Mean and Standard deviation				3.12	1.12

Source: Field data (2020)

Regarding the statement, “Absa earnings were attractive”, the respondents disagreed with (Mean = 2.87; SD = 1.107). This may be attributed to the bank continuously registering performance challenges such as having high non-performing loans that affect its profitability thereby rendering the earnings unattractive. The results however reveal a high variation amongst the opinions of the respondents about the statement given a standard deviation of 1.107 which is believed to affect data reliability negatively.

Further still, respondents disagreed to the statement the bank's share price is sufficiently increasing (Mean = 2.97 and SD = 1.062). This may be as result of the bank not being among those listed in Uganda and hence it could probably become hard to tell the share price of the bank's shares since they are not publically traded. However, variation amongst the opinions of the study participants about the statement appears to be high since the standard deviation id higher than 1 and this might affect the data reliability adversely.

Respondents were neutral to the statement the bank is less geared (ratio of debt to equity) with mean of 3.59 and SD of 1.056. This could be attributed to the bank failing to meet several parameters that it defines as indicators of satisfactory financial performance such as level of earnings, share prices, liquidity position, the deposit/credit ratio, revenue and profit levels and asset base among others. The results are consistent with Fujo & Ali (2016) who reasoned that financial performance as a general measure of a firm's overall financial health over a given period of time measured in terms of overall profitability, Return assets, liquidity, and solvency, timely collection of receipts and settlement of payments.

Further still, respondents disagreed to the statement the bank has a sound liquidity position (Mean =2.85; SD = 0.984). This could be attributed to instances where the bank suffers from liquidity shortfall and probably fails to meet some obligations in time. There is however a relatively higher variation amongst the opinions of the respondents about the statement reflected by a standard deviation of 0.984 that might have negative effects on the reliability of the data.

The findings also revealed that respondents were neutral to the statement that the bank's deposit to credit ratio is always in agreement with the statutory minimum (Mean = 3.71; SD = 1.220). . This could be resulting from the fact that the bank might be falling short of the required ratio and

probably survives on injections from the mother company as buffer schemes. A standard deviation of 1.220 however reflects a high variation amongst the views gathered from the respondents about the statement which might impact on data reliability negatively.

Similarly, the research did not ascertain whether the overall revenue and profits of the bank are satisfactory (Mean = 3.00; SD = 1.136). This could be attributed to the fact the banks loses a lot of money in NPLs and bad debts that would otherwise have been used to boost both the profits and asset base. For example for the years 2017, 2018 and 2019 Barclays/Absa was reported as the worst hit bank by NPLs according to Bank of Uganda. This probably explains the some of the reasons profits at the bank keep stagnating.

Respondents however disagreed to the statement the bank has a strong asset base (Mean = 2.83; SD = 1.162). This could resulting from the ever worsening state of NPLs at the back that continue to threaten other bank assets like buildings since compensation to the accumulated NPLs is through profit adjustments that would have been used to boost the asset base. There is however a high variation amongst the views of the respondents about the statement indicated by a standard deviation of 1.162 which might ending up affecting the reliability of the data.

It was not disclosed whether the bank is solvent and is a going concern as respondents were neutral to the statement (Mean = 3.06; SD = 1.159). This could be attributed to the recent changes at the bank when it changed from Barclays to Absa which could point to going concern issue hence the response. A standard deviation of 1.159 is however an indicator of high variation regarding the views of the respondents about the statement and this might affect data reliability adversely.

The results also indicate that respondents were undecided on whether the bank maintains adequate cash levels since they were neutral with (Mean = 3.90; SD = 1.063). This may associated with the bank probably registering some challenging dealing large cash payouts where probably the

customers have to wait relatively longer or being referred to other branches especially the main branch for better service about their requests. There is however a high variation with regards to the views of the respondents about the statement given a standard deviation of 1.063 which might bear a higher negative impact on data reliability.

Further still, the participants were indifferent on whether the profits of the bank have consistently increased every (Mean = 3.46; SD = 1.215). This may resulting from the fact the bank's profits have been stagnating over the past 5 years according to Barclays bank annual reports for the years 2015 to 2019. A standard deviation of 1.215 however reflects a higher variation amongst the views of the respondents about the statement and this might result into negative effects on the reliability of the data. The findings also concur with Farah et al., (2014) who looked at financial performance as the extent to which a company financial health over a period of time is measured by paying attention to financial action used in order to generate higher sales, profitability and worth of a business entity for its shareholders through managing its current and non-current assets, financing, equity, revenues and expenses. They add that its main purpose is to provide complete information to shareholders and stakeholders to encourage them in making decisions.

The findings agree with the data from interviews as participants when asked their opinions on the question, "what the various indicators of financial performance adopted by the bank?" said the following;

"...these are quite many. However, we categorize them under various heads like those that point to our liquidity capacity, profitability, efficiency, solvency and those that address the interests of our investors. So we have Return on investment, Return on Assets, Operating margin, liquidity position, earnings per share (EPS) as the cost to income ratios among others as indicators of financial performance. The indicators guide the bank during the decision making process to ensure we keep a sound position of our operations and positioning ourselves to serve customers better..."

4.4 Correlation Statistics

The study through Pearson's correlation coefficient, attempted to establish the relationship between (i) budget planning, (ii) budget implementation and (iii) budget monitoring and control, respectively on financial performance of Barclays (Absa) Bank Uganda Limited. Correlation results are presented in the subsequent sub-sections and this theme.

4.4.1 Correlation between Budget planning and Financial Performance

To establish the relationships between Budget planning and Financial Performance, the researcher performed Pearson's two tail test statistic on the two variables. Results from which are presented in table 4.10 below.

Table 4.10: Correlation between Budget planning and Financial Performance

Budget Planning		Financial Performance
Budget Planning	Pearson Correlation	1
	Sig. (2-tailed)	.653**
	N	125
Financial Performance	Pearson Correlation	.653**
	Sig. (2-tailed)	.000
	N	125

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

The results of table 4.10 reveal that budget planning has a strong positive significant association with financial performance indicated by a correlation value of $r = 0.653^{**}$; $p < 0.01$. This implies that an improvement in budget planning activities results into a more than average improvement in financial performance. The findings are in line with Silva and Jayamaha (2012) as well as Rabi et al., (2015) whose works revealed that informed budget planning was positively and significantly associated with financial performance of an entity.

4.4.2 Correlation between Budget implementation and Financial Performance

To establish the relationships between Budget implementation and Financial Performance, the researcher performed Pearson's two tail test statistic on the on the two variables. Results from which are presented in table 4.11 below.

Table 4.11: Correlation between Budget implementation and Financial Performance

		Budget Implementation	Financial Performance
Budget Implementation	Pearson Correlation	1	.695**
	Sig. (2-tailed)		.000
	N	125	125
Financial Performance	Pearson Correlation	.695**	1
	Sig. (2-tailed)	.000	
	N	125	125

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

The results of table 4.11 reveal that budget implementation has a strong positive significant association with financial performance indicated by a correlation value of $r = 0.695^{**}$; $p < 0.01$. This implies that an improvement in budget implementation activities results into an almost proportionate improvement in financial performance of a firm. The findings concur with Ouduso (2013) and Mwanza (2017) submitting that properly coordinated budget implementation activities was positively and strongly associated with organizational financial performance.

4.4.3 Correlation between Budget monitoring, control and Financial Performance

To establish the relationships between Budget monitoring, control and Financial Performance, the researcher performed Pearson's two tail test statistic on the two variables. Results from which are presented in table 4.12 below.

Table 4.12: Correlation between Budget monitoring, control and Financial Performance

	Budget Control	Financial Performance
Budget Control	Pearson Correlation	1
	Sig. (2-tailed)	.490**
	N	125
Financial Performance	Pearson Correlation	.490**
	Sig. (2-tailed)	.000
	N	125

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

The results of table 4.12 reveal that budget monitoring and control has a moderate positive significant association with financial performance indicated by a correlation value of $r = 0.490^{**}$; $p < 0.01$. This implies that an improvement in budget monitoring and control activities results into an average improvement in financial performance of a firm. The findings are consistent with Serem (2013) and Nyambura (2014) who submitted that proper monitoring, reviewing and control activities was positively and moderately associated with organizational financial performance.

4.5 Regression Analysis for the study variables

In order to determine the overall effect of the independent variable (budgetary management) on the dependent variable (financial performance), the researcher performed multiple liner regression on the examined measures of budgetary management with financial performance. In particular, regression analysis was performed on budget planning, budget implement and budget monitoring and control to ascertain their effect on financial performance. The results of regression analysis carried out are presented in the subsequent tables below.

Table 4.13: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.797 ^a	.635	.626	.61144454

a. Predictors: (Constant), Budget Control, Budget Implementation, Budget Planning

The results contained in table 4.13 above indicate that on the overall, the examined measures of budgetary management account for 62.6% (R – Square Value = 0.626) of the variation in financial performance of Absa Bank Uganda while other factors which are not part of this study explain the 37.4 % of the variation in financial performance at the bank. In simple terms, the results off the regression model summary imply that budgetary management is a significant (strong) predictor of financial performance since it is responsible for more than 50% of the bank’s performance. The results are in agreement with Gitman (2016); Horne & Wachowicz (2018) as well as Garrison et al., (2013) who found a positive significant effect of budgetary management practices on financial performance of an entity.

Relatedly, when qualitative data was collected through the interviews, the results were in agreement with quantitative findings that the primary budgetary management tools employed by Absa Uganda are budget planning, budget implementation and budget control. Here, the following was said;

“...precisely we undertake the preparation of the budget as the beginning formal stage in quantifying our targets and objectives which also embeds the approval process. Following preparation and approval, we proceed with ensuring that the scheduled activities are implemented so that the budget is realized. We than perform the monitoring and review function of the budget to track deviations from the budget position. In short, we have the planning and approval phase, execution of the budget as well as the control aspect...”

Further still, the researcher also attempted to test the hypotheses that were stated in chapter one using the contents of table 4.14 below. The study results of table 4.14 demonstrate that the measures of budgetary management considered in the study are significant explanatory variables of financial performance at the bank. In here, Budget planning ($\beta = 0.281$; $p = 0.000$); Budget Implementation ($\beta = 0.480$; $p = 0.000$) as well as Budget Control ($\beta = 0.241$; $p = 0.000$) depict positive and significant contributions towards financial performance. These when put in a model appears as $Y = -(1.801E - 17) + 0.281X_1 + 0.48X_2 + 0.241X_3 + \epsilon$.

Thus the null hypotheses that i) budget planning has a positive and significant effect on financial performance; ii) budget implementation has a positive and significant effect on financial performance as well as iii) budget monitoring and control has a positive and significant effect on financial performance are then considered.

Table 4.14: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1.801E-17	.055		.000	1.000
Budget Planning	.281	.071	.281	3.945	.000
Budget Implementation	.480	.066	.480	7.320	.000
Budget Control	.241	.062	.241	3.918	.000

a. Dependent Variable: Financial Performance

Relatedly, the findings contained in Table 4.14 above clearly reveal that budget implementation has the highest positive contribution financial performance of Absa given a beta value of 0.480 which it a significant predictor of financial performance. This is followed by budget planning which predicted 0.281 of financial performance while budget control came last in predicting export performance with a 0.241 net contribution. Thus, budget planning as well as budget control are both weak in predicting financial performance at Absa while budget implementation is a moderate

predictor of financial performance at Absa. More precisely, the findings imply that unit improvement in budget implementation results into a 0.480 improvement in financial performance while a unit adjustment in budget planning results result into 0.281 adjustment in financial performance. On the other hand, a unit changes in budget control leads into a 0.241 change in financial performance. Budget implementation is the most significant predictor of the bank's financial performance according to this study probably because all good plans are usually unless they are put to proper and well – coordinated implementation so that the well drafted plans are actualized. Thus it is of no value to plan and fail to implement as the economic value added will be zero.

Accordingly, results from interviews were in agreement with quantitative data as participants revealed that;

“...budgetary management plays a key role in directing our activities and also stimulating members of staff to direct efforts towards achieving the objectives of the bank. This way, the bank is in position to gauge its performance within the Absa network and also within Uganda's banking industry. Thus budgetary management helps the bank to focus and make realistic decisions...”

4.6 Conclusion

Based on Pearson's two tails statistic, there exists a positive relationship between all the dimensions of the budgetary management with financial performance. Further still, going by the results of the regression model summary, the researcher concludes that budgetary management is significant predictor of financial performance as it explains 62.6%% of the variation in financial performance at Absa. However, whereas there is a positive relationship between all the dimensions of the budgetary management with the financial performance, the researcher concludes that only budget implementation is significant in predicting financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a summary of study findings based on the study objectives, the associated conclusions, the recommendations put forward by the study as well as the area suggested for further research.

5.1 Summary of the findings

Using a case study design and cross sectional study on a sample of 152 respondents, the study examined the effect of budgetary management on Financial Performance of commercial banks in Uganda; a case of Absa bank guided by three study objectives; i) to examine the effect of budget planning on financial performance of Barclays (Absa) Bank Uganda limited; ii) to examine the effect of budget implementation on financial performance of Barclays (Absa) Bank Uganda; iii) to examine the effect of budget monitoring and control on financial performance of Barclays (Absa) Bank Uganda. The study achieved a response rate of 82.23% and revealed the following findings as per the study objectives.

5.1.1 Budget planning and financial performance

The first objective of the study was to examine the effect of budget planning on financial performance of Barclays (Absa) Bank Uganda limited. At bivariate level analysis, the correlation showed a high positive significant association between the two variables ($r = 0.653$, $p = 0.000$). At multivariate analysis level, the regression results indicated that budget planning had a weak positive significant effect on the financial performance of Absa ($\beta = 0.281$; $p = 0.000$).

5.1.2 Budget planning and financial performance

The second objective of the study was to examine the effect of budget implementation on financial performance of Barclays (Absa) Bank Uganda limited. At bivariate level analysis, the correlation showed a high positive significant association between the two variables ($r = 0.695$, $p = 0.000$). At multivariate analysis level, the regression results indicated that budget implementation had a moderate positive significant effect on the financial performance of Absa ($\beta = 0.480$; $p = 0.000$).

5.1.3 Budget monitoring, control and financial performance

The third objective of the study was to examine the effect of budget monitoring and control on financial performance of Barclays (Absa) Bank Uganda limited. At bivariate level analysis, the correlation showed a moderate positive significant association between the two variables ($r = 0.490$, $p = 0.000$). At multivariate analysis level, the regression results indicated that budget monitoring and control had a weak positive significant effect on the financial performance of Absa ($\beta = 0.241$; $p = 0.000$).

5.2 Conclusions

Drawing from literature and the associated research findings, the following conclusions in line with the study objectives were drawn by the researcher namely;

Firstly, on the overall the researcher concludes that budgetary management practices are a significant predictor of financial performance as it explains 62.6%% of the variation in financial performance at Absa.

5.2.1 Budget planning and financial Performance

Given that Pearson's two tail statistic reveal existence of a positive significant relationship between Budget planning and financial Performance indicated by a correlation value of ($r = 0.653$; $p \leq 0.01$); it is worth concluding that efforts devoted to enhancing budget planning to harness financial performance are productive to a large extent. On the contrary, regression analysis indicates that Budget planning is a weak predictor of financial performance given a small positive of contribution of 28.1% on financial performance.

5.2.2 Budget implementation and financial Performance

Based on Pearson's two tail statistic that depict a positive significant relationship between Budget implementation and financial Performance indicated by a correlation value of ($r = 0.695$; $p \leq 0.01$); the researcher concludes that efforts devoted to enhancing budget implementation to improve financial performance are significantly productive. Relatedly, regression analysis indicates that Budget implementation is a moderate predictor of financial performance given a moderate positive of contribution of 48% on financial performance.

5.2.3 Budget monitoring, control and financial Performance

Given that Pearson's two tail statistic reveals existence of a moderate positive significant relationship between Budget monitoring, control and financial Performance indicated by a correlation value of ($r = 0.490$; $p \leq 0.01$); the researcher concludes that efforts devoted to enhancing budget monitoring and control averagely harness financial performance. On the contrary, regression analysis indicates that Budget monitoring and control is a weak predictor of financial performance given a small positive of contribution of 24.1% on financial performance.

5.3 Recommendations

This study based on the results as per the prior set objectives and conclusions makes the following recommendations for future redress.

In relation to the general objective, management needs to simultaneously employ all the tools of budgetary management practices since on the overall, budgetary management practices account for 62.6% of the variation in financial performance at the bank and the fact that all the tenets of budgetary management practices positively relate with financial performance as well as positively and significantly predicting financial performance.

Regarding budget planning, the researcher recommends that management should address the aspects of budget communication as well as ensuring budget participation by all departments to ensuring that there is congruence of objectives with activities and tasks to propel smooth running of operations for improved financial performance.

For Budget implementation, since results reveal that this facet of budgetary management practices moderately predicts financial performance, management should ensure that budgets are easy to understand, well – coordinated and always implementation process sticks to plans so as to avert unprecedented variances and achieve satisfactory financial performance.

With regard to budget control, management of the bank should only the activities identified during the planning phase can be implemented to avoid conflict as well as ensuring that the managers of various units usually check their performance against the set targets. Further still, management should ensure that the expenditure of the bank is always within manageable limits as well as taking

timely corrective action to address variance in the budget so as ensure improved financial performance.

Additionally, interview participants recommended that the bank should ensure there is effective participation of all stakeholders in the budget process. Here they had the following to submit;

“...well, a number of recommendations can be suggested. However, ensuring a participatory budget process that would make all stakeholders to have an attachment to the implemented activities will undoubtedly improve our performance. For example, our biggest problem at the moment is Non – performing loans; but you realize that we generally impose targets our credit officers and managers for them to implement. If these fully participate in the coming up with the performance targets, could be they would also strive to look for profitable and sustainable business to the bank...”

5.4 Suggested areas for further research

Going by the study findings, the researcher deems the following areas ripe for conducting further studies namely;

1. Bank of Uganda regulatory policies and financial performance of commercial banks in Uganda
2. Credit Risk Management and financial performance of commercial banks in Uganda
3. Macro-economic factors and financial performance of commercial banks in Uganda

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APPENDIX I: QUESTIONNAIRE TO MANAGEMENT AND STAFF OF ABSA (BARCLAYS) BANK UGANDA

Dear Respondent,

I am an MBA student of Uganda Martyrs University undertaking a study about the “Budgetary Management practices and Financial Performance of Commercial Banks in Uganda; A Case of Absa (Barclays) Bank Uganda Limited”. You have been selected to participate in the study as respondent and your responses to the questions contained in here will assist the researcher in making the study a success and conversely will be treated with utmost confidentiality. Your contribution to this study will be highly appreciated.

SECTION A: DEMOGRAPHICS

1. Age in years:

(a) 18-27 [.....] (b) 28-37[.....] (c) 38-47[.....] d) 48 – 57 [.....] e) Above 57[.....]

2. Gender

(a) Male [.....] (b) Female [.....]

3. Highest Education level:

(a) Certificate [....] (b) Diploma [....] (c) Bachelor’s degree [....] (d) Post graduate Degree [....] (e) Others _____ (Please specify)

4. Number of years spent working in at Absa (Barclays) Bank Uganda:

(a) < 5[.....] (b) 5 - < 10[.....] (c) 10-<15 [.....] d) 15 and above [.....]

5. Current position held at the bank

a) Banking Officer b) Relationship Manager c) Finance Officer d) Accountant
e) Head of Department f) Product Manager g) Branch Manager h) Auditor
i) Others (Specify).....

SECTION B: BUDGETARY MANAGEMENT PRACTICES

In the following sections, please indicate your response by ticking the most appropriate choice (1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = strongly agree)

S/N	BUDGET PLANNING AT ABSA (BARCLAYS) BANK UGANDA	1	2	3	4	5
BP1	Absa Bank has a budgeting committee that executes planning on behalf of the bank					

BP2	The bank starts the budget process by establishing performance objectives to be achieved					
BP3	Accounting systems are used to generate information that supports the planning phase					
BP4	The budget planning phase at Absa bank is comprehensive and attracts inputs from all staff members					
BP5	Usually top management offers full support of the planned activities to ensure achievement of the objectives					
BP6	Budgeting eases resource mobilization for the bank					
BP7	Budgets are used as a communication medium for the bank's plans and objectives					
BP8	The entire budget planning phase is premised on accurate information forecast					
BP9	The budget planning phase at the bank involves all staff members					
BUDGET IMPLEMENTATION AT ABSA (BARCLAYS) BANK UGANDA						
S/N	Budget implementation at the bank	1	2	3	4	5
BI1	The bank has a framework for implementing its budgets					
BI2	The bank has technical staff that oversee its budget implementation					
BI3	The budgets are easy to understand and follow during the implementation stage.					
BI4	The budgets are well communicated throughout the bank, which makes implementation a smooth process.					
BI5	The bank has enough capacity to execute the budgets it prepares.					
BI6	The bank appreciates the role of the budget in guiding its activities and strives to operate within the budget specifications					
BI7	During implementation, collision of activities is avoided to ensure smooth and efficient operations					
BUDGET MONITORING & CONTROL						
S/N	Budgetary Monitoring & control at Absa (Barclays) Bank Uganda	1	2	3	4	5
BC1	The bank has in place a team responsible for budget review					

BC2	Management employs budgetary control to keep track of actual performance					
BC3	The planned revenue and expenditure are always strictly observed.					
BC4	Proper control is always exercised on cash to ensure uninterrupted operations.					
BC5	Only the activities identified during the planning phase can be implemented to avoid conflict					
BC6	The managers of various units usually check their performance against the set targets					
BC7	The expenditure of the bank is always within manageable limits and we rarely operate deficit budgets.					
BC8	Variances in the budget are investigated every time they arise					
BC9	Corrective Action is taken to address variance in the budget					
SECTION C: FINANCIAL PERFORMANCE						
S/N	Financial performance at Absa (Barclays)	1	2	3	4	5
FP1	Absa's earnings are attractive					
FP2	The bank's share price is sufficiently increasing					
FP3	The bank is less geared (ratio of debt to equity)					
FP4	The bank has a sound liquidity position					
FP5	The bank's deposit to credit ratio is always in agreement with the statutory minimum					
FP6	The overall revenue and profits of the bank are satisfactory					
FP7	The bank has a strong asset base					
FP8	The bank is solvent and is a going concern					
FP9	The bank maintains adequate cash levels					
FP10	The profits of the bank have consistently increased every year					

Thank you for your Cooperation

APPENDIX II: Interview Guide for Selected Senior Management at Absa Bank Uganda Ltd

Dear Participant, I am an MBA student of Uganda Martyrs University undertaking a study about the “**Budgetary Management Practices and Financial Performance of Commercial Banks in Uganda; A case of Absa Bank Uganda Ltd.**” You are selected as participant to the interviews and by providing responses to the questions contained in this tool; you will assist the researcher in making the study a success. The researcher pledges to treat the recorded responses with utmost confidentiality and purely the feedback for only academic purposes.

Questions

1. How does Absa bank execute the budget process?
2. What are the various tools employed by Absa bank during budgetary management?
3. What the various indicators of financial performance adopted by the bank?
4. Who are the key players in budget implementation and what role does each play?
5. What is the extent of your participation in the budget process at Absa Bank?
6. How have budgetary management practices informed financial performance of the bank?
7. What activities does bank perform during budget control?
8. What advice would you give the bank as regards improving financial performance?

Thanks for your time

APPENDIX III: Krejcie & Morgan Table for determining sample size for finite population

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
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	100000	384

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

Source: Krejcie & Morgan, 1970

APPENDIX IV: SPSS outputs on Reliability

Reliability Statistics:

Budget Planning

Cronbach's Alpha	N of Items
.714	09

Reliability Statistics:

Budget Implementation

Cronbach's Alpha	N of Items
.513	07

Reliability Statistics:

Budget Monitoring and Control

Cronbach's Alpha	N of Items
.877	09

Reliability Statistics

Financial Performance

Cronbach's Alpha	N of Items
.501	10