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Determinants of Budgetary Performance in Health Institutions in Masaka Diocese - Uganda



James Kizza*

Lecturer, Department of Economics and Statistics, Kyambogo University

Email: Kizzajames2016@gmail.com



Lucy Ekyagonza

Scholar, Department of Business Administration and Management, University of Kisubi



Mubiru Pontious

Lecturer, Department of Business Administration and Management, University of Kisubi

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Abstract

Budgeting is an activity that helps institutions deliver on their strategic objectives within the available resource envelop. This study investigated the determinants of budgetary performance Health Institutions in Masaka Diocese - Uganda. The specific objectives were to establish the relationship between budget planning, budget participation, budget control and budgetary performance at the selected health institutions for the four-year period stretching from July 2016 to June 2020. The study adopted a cross sectional research design. A self-administered questionnaire was used to collect data from a sample of 73 respondents purposively selected based on their position and responsibility held at the hospital. The STATA 14.0 software aided in data analysis. The study findings revealed that budget planning, budget participation and budget control are significantly positively correlated to budget performance. Collectively, the predictor variables explained 78.4% of the variation in the health institutions budget performance. It is recommended that the health institutions strengthen the control processes to ensure improved budget performance and be able to deliver on their mandate.

Keywords: Budgeting; Budget planning; Budget participation; Budget control; Budget performance.

1. Introduction

Budgeting is a time-consuming activity that requires the active involvement of all stakeholders especially the budget/vote holders (Shim and Siegel, 2005). Budgeting answer the question of how to do more with less in the hard realities of declining financial resources especially during crisis situations. Budgets are about delivering value for money (Sapała, 2018a). The value for money is more realized through the principles of accountability and transparency. The principles of accountability, transparency and supervision are discussed in (Lulu et al., 2022). (Lulu et al., 2022) found supervision to be more closely associated with budget performance when considered in terms of value for money.

The concept of budgeting dates as far back as the 1920s as an essential tool used by organizations to manage costs and cash flows (Hope and Robin, 2003). The budgeting process enables the estimation of the expected revenues to finance proposed expenditures in a given fiscal year. For effective results, the budget process need to be conducted in an open and transparent manner (Sapała M., 2018b). That is, the budgeting process should bring on board all employees especially the budget holders given that they are directly involved in the budget implementation process. When employees are involved in the budgeting process, they are more likely to appreciate the spirit in which the budget was formulated. As a result, they are more likely to play an active role in minimizing wasteful

expenditures. The minimization of wasteful expenditures is a key ingredient of the value for money budget (Lulu *et al.*, 2022). During the budgeting process, a timeframe should be provided for adequate consultations, research, evaluation and feedback on the budget proposals before the budget is finally presented to the board for approval. The budget process is normally guided by the finance committee of both the management and the Board. During budgeting, goals are set to guide employee efforts and drive the organization towards the attainment of the organization strategic objectives.

Performance refers to the completion of predetermined activities (Neely, 2007). Performance measures how well we are doing, if we are meeting our goals, if our customers are satisfied and where improvements are necessary. When a person/organization enters into contractual obligations and successfully executes the contractual obligations, the contract is said to have been performed. Budget performance is defined as the comparison between the planned and actual performance (Mott, 2012). Budget performance is measured more often using financial measures such as return on assets, but is at times measured using non financial measures in terms of how the budget delivers to the expected targets. Lulu *et al.* (2022) defines budget performance in terms of the ability of the budget to prioritize usage on essential activities and elimination of wasteful spending. In this study, budget performance is measured in reference to budget utilization. In particular, we measure budget performance in terms of the approved budget enabling the attainment of the hospital annual goals, the hospital's ability to meet its day to day financing obligations, the ability of heads of units operating within their budget limits and flexibility in the budget spending.

During budgeting, estimates of revenues and expenditures are forecasted. Budget performance consists of the analysis of both revenue and expenditure performance. In the current study, we are particularly interested in the effective utilization of the budget funds in relation to the hospital vision and mission. A good budget performance is reflected in situations where the realized revenues are as close to the planned revenues; and the actual expenditures closely reflect the planned expenditures. We consider good budget performance to refer to the ability of the health institution being able to use the approved budget to provide quality health care services to the patients. When budget outcomes do not match original objectives, the entire budgeting process loses relevance, which often has adverse effects on the intended clientele.

Budget planning is the process of developing and maintaining a budget that will enable an organization attain its strategic objectives. The budget planning process is rooted in an organization's strategic or business plan. Through budgeting, an organization is able to make better-informed decisions based on the realities of what is expected to be collected and how this can best be allocated to attain pre-determined strategic objectives. The budgeting process should adopt a participatory approach where all key budget holders are actively involved in the budgeting process (Lulu *et al.*, 2022). When people are involved in a particular activity, it is easy for them to own the agreed upon revenue generating strategies and spending positions. This in turn will ease the process of budget monitoring and may have a positive influence on the budget performance of an institution. When key staff is not involved in the budgeting process, the collective responsibility required in budget implementation may not actualize as the frontline implementers will take it to be the budget of the budget committee (Hope and Robin, 2003). Budget monitoring enables the effective and timely budget control procedures. During budget control, budget variances are monitored; the source of the variance established and needed actions to have the budget on course implemented.

The health sector is faced with challenges of insufficient resources (Barroy, 2018). Inadequate as the case may be, the efficient utilization of the realized resources is critical to deliver better health services. The Roman Catholic Church oversees approximately 26 percent of the world's medical services, which makes the church to be among the world's largest non-government supplier of healthcare services¹. Most of the health services controlled by the Catholic Church of up to 65 percent are said to be in the developing countries. This global picture is not very different from that of the Catholic Church contribution to the health care sector in Uganda that is estimated at 25 percent². Masaka Diocese is among the oldest Catholic Dioceses in Uganda. The Diocese runs several health services overseen by the Masaka Diocesan Medical Services (MDMS) that coordinates the diocesan health facilities, medical supplies and Community Based Health Services. The management of these health facilities is entrusted to the indigenous religious congregations operating in the Diocese.

Masaka Diocese covers over six districts with several health institutions at various levels. Notably, it has two hospitals and several health institutions at the level of Health Centre 3 and 4 that offer a wide range of health services to the community. The services offered include among others; out Patients services, specialized services including medical, surgical, pediatrics and gynecological services, antenatal, immunization and nutrition unit, HIV counselling and testing, ultra sound scan, laboratory blood bank services, community health care, and laboratory training school (Strategic Plan Book 2019-2024). The health institutions conduct annual budgeting where annual targets are set in relation to the strategic objectives and the expected annual cash flows. As the ideal should be, Masaka Diocese and its donors require the health institutions to operate within acceptable variances of $\pm 15\%$ (St. Joseph's hospital Charter 2019). A closer look at the financial statements of one of the major health institutions for the past four years revealed income variances of between 34 - 365% under/over estimated revenue, and on the expenditure variances of between 22% - 220% over/under estimated (Hospital Master Budgets 2016 to 2020). The health facilities face challenges as manifested by stock outs of medical supplies, poor rating compared to other health institutions supervised by the Uganda Catholic Medical Bureau and MDMS, high labor turnover of specialized staff and threats of budget cuts by donors. These challenges are not surprising in instances of budget deficits, but are a cause of concern in light of budget surpluses. There is no known study that has been undertaken to explain the determinants of budget performance at Health institutions managed by the Catholic Church in Uganda. This study contributes to the understanding of the determinants of budget performance at health institutions managed by the Catholic Church in Masaka Diocese.

The study was guided by three specific objectives 1) to establish the relationship between budget planning and budget performance 2) to establish the relationship between budget participation and budget performance and 3) to establish the relationship between budget control and budget performance at health institutions in Masaka Diocese. From the following study objectives, we tested the following hypotheses: H1 There is no significant relationship between budget planning and budget performance. H2 There is no significant relationship between budget participation and budget performance. H3 There is no significant relationship between budget control and budget performance at Health institutions in Masaka Diocese. The specific period of study interest was the four-year period stretching from July 2016 to June 2020. This is a period that the financial statements of the health institutions managed by the Diocese depicted wide variations between the planned and the actual budgets.

2. Literature Review

2.1. Theoretical Propositions

This study was guided by the goal setting theory of Locke and Latham developed in the late 1960s. The goal setting theory presupposes that clearly set and challenging goals that are measurable through feedback improve organizational performance. The challenging goals enlist employee commitment that results in improved performance. Budgets are used to set performance goals of the various functional units of an organization (Odongo and Kidombo, 2020). The goals drive the employees or organization towards what needs to be attained and the effort needed to attain the set goals at a given period of time, usually a year. The goal setting theory help to explain how the budgeting process aid budget performance through aiming to attain clearly set goals that are challenging, and where employees are provided with timely feedback on the attainment of set goals. During the budgeting process, organizations set goals, and such goals point to where the organization wants to be. The clarity of the budget goals is a motivator to employees that desire to contribute towards the success of the organization. The provision of feedback on the attainment of set goals by an individual or department is an incentive for the improved performance at the individual, department and the overall organization. Heads of units are given budgets in tandem with what is expected of their units towards the overall realization of the organization vision and mission. The effective utilization of the allocated budget is a key component of good budget performance for any organization. The ability of any unit to effectively utilize the allocated budget has a bearing on the unit holder's understanding of the purpose of the allocated budget. The involvement of employees in the budgeting process creates ownership and the consequent acceptance of the budget goals as advanced in the goal setting theory.

2.2. The Budgeting Process and Budget Performance

The budget process involves the involvement of vote holders in the setting of targets to be achieved in a given financial year. Good budgets are dynamic in nature given that the budget needs to be monitored and adjusted to suit the prevailing environment (Shim and Siegel, 2005). In unstable macro environments, there is always a possibility of a deviation between what is planned and the actuals. What is characteristic of most developing countries is that due to the high vulnerability of the economies to inflation pressures, what is normally spent often exceeds what is planned to be spent on certain activities. Given that the planned revenues may not move in the same direction as the expenditures during periods of inflation, this necessitates making adjustments in the core expenditures in relation to the available or planned revenues. What is unique however about health institutions in Masaka Diocese is that the budget variances over the study period are a mixture of deficits and surpluses. In such a scenario that is not usually common as most institutions suffer budget deficits, a study to investigate the determinants of budget performance is worth undertaking. The reality of budget variances justifies the need for regular monitoring of the budget. This important aspect of monitoring budget variances and taking appropriate actions to harmonize revenues and expenditures constitutes what is referred to as budget control. The need to adjust the budget to suit the prevailing changing macro environment without sacrificing the core goals of an institution qualifies the need to have dynamic budgets in organizations. In this study, the term budgeting process is conceptualized in terms of budget planning, budget participation, and budget control. Kaab (2023) underscore the need to provide support to employees during budget implementation including the training of employees on budget preparation and control.

2.3. Budget Planning and Budget Performance

The process of generating accurate, short-term plans for all of the organization's roles, departments, and activities is known as budgeting planning. The short-term plans and objectives of the budget must be related to the organization's long-term goals and objectives. The budget can be created in one of two ways: by first creating an overall budget for the organization, which is then broken down into more detailed budgets for various parts of the organization (the top-down approach), or by first creating budgets for various parts of the organization, which are then combined to create the overall budget (the bottom-up approach). It is important that during the budget-planning phase, the budget goals be linked to the institution's vision and mission. The insufficiencies in the budget planning process is one of the explanations often provided in the literature for inefficient budget implementation (Mia Alfin Dahana, 2020a). A good budget should be well planned, realistic, communicated and flexible. Budget communication is associated with improved budget performance (Jatmiko, 2022). Flexibility in the budget allows the health system to meet the changing needs (Roselin, 2021) of its patients as it was during the Covid-19 pandemic.

The planning phase is important in arriving at the budget goals for a specific period. Budget goal clarity is crucial for improved budget performance. The study established the existence of a positive association between budgetary planning and the financial health of an organization. The budget should allow for flexibility within

acceptable limits to account for possible resource and environmental changes during the budget implementation phase. Effective budget planning goes with information sharing or awareness creation where key stakeholders are kept abreast of the budgeting process and their expected contribution (Sapala, 2018a). To achieve its goals and ensure effective implementation, it is essential that staff involved in budget implementation is adequately trained in the various budget aspects (Roselin, 2021). During the planning process, potential sources of funding are identified, and the more diversified the funding sources, the better for an institution (Ahmed A. A. *et al.*, 2015a). The hospitals need secure sources of adequate funding if they are to provide satisfactory quality health services (Michael *et al.*, 2020). This of course is on the assumption that wasteful expenditures are minimized and value for money is ensured. This would mean that the spending units abide by the principles of economy, efficiency and effectiveness (Lulu *et al.*, 2022; Zaato J. J., 2015). Diversified sources of funding is associated with reduced financial vulnerability of an institution (Anonymous, 2019). We therefore hypothesize that “There is no significant relationship between budget planning and budget performance at St. Joseph Hospital Kitovu”.

2.4. Budget Participation and Budget Performance

Budget participation is used to refer to the involvement of all budget holders and the institution budget technical team in the budgeting process. Participative budgeting is promoted in management accounting literature because it gives managers a sense of belonging (“this is our Budget”) and enhances the likelihood that they will work harder to meet the organization’s budget goals (Mia Alfin Dahana, 2020a). Participatory budgeting is an aspect of transparency that promotes accountability and improves budget performance (Pramudiati N. and Kusmawati, 2023). Budget transparency in the non-profit organizations is associated with enhanced social credibility and sustainability of the enterprise. Stress the need for budget credibility that reflects the implementation of the agreed targets enabled by timely allocation and efficient utilization of the availed resources. Budget credibility is raised among the key challenges of budget implementation in the public sector characterized by government failure to honour its budget commitments (Musiega Anita *et al.*, 2022b).

The literature indicates the existence of a positive relationship between budget participation and performance (Almasi *et al.*, 2015; Barsky, 2013; Mudeheli *et al.*, 2020a). This is however contrary to the findings of whose study revealed a negative association between budget participation and the financial health of the studied enterprises. When people are actively involved in the budgeting process, they feel ownership of the budget and are more likely to work towards the accomplishment of the set budget goals. The employees of an organization are pivotal in the monitoring, control and evaluation of budget performance. Participation ensures continuous improvement and commitment of an institution in delivering value for money (Marjolijn *et al.*, 2016). The budget holders play a key role in the process of budget implementation, and hence have a great influence on the budget performance.

Budget participation enables information sharing which often leads to improved budgeting and decision-making. Budget participation requires that each key revenue or cost center has representation during the budgeting process. Drawing reference from the public sector, representation of key units ensures budget ownership by breaking down barriers between citizens and the government (Anonymous, 2007). The participation in the budget process ensures resources are allocated where they are best needed, and may as well lead to improved revenue generation for development purposes. Participation in the budgeting process in the public sector is linked to reduced corruption, improvements in transparency and accountability of entities. The overall effect of this is manifest in the feelings of ownership of the public budget, efficiency of entities and improved performance (Anonymous, 2007). Shah’s views on budget participation were drawn from the public setting, which may not necessarily replicate the private sector setting.

The issues surrounding participation includes the selection of who participates as not everyone can be involved. Participation yields better results if it is continuous as opposed to one off arrangement say conducted at a pre-budget meeting. The participatory budgeting process apart from providing opportunities for participation creates strong bonds among the budget team and user departments. Relating the public sector experience to our study setting, we draw the need to have the participants’ role clearly clarified to help manage their expectations. For example, it should be explained that not all that they suggest as budget proposals will be reflected in the final budget. When employees are actively involved in the budgeting process, they gain firsthand access to the budget information, which makes it easy to monitor the budget implementation. By allowing budget participation, transparency, which is one of the pillars of budget performance, is enhanced. Transparency implies involving as many stakeholders in the budgeting process as possible and was found to be positively associated with budget performance (Lulu *et al.*, 2022). We therefore set the hypothesis that “There is no significant relationship between budget participation and budget performance at the health institutions managed by Masaka Diocese”.

2.5. Budget Control and Budget Performance

Budgeted figures are only useful if there is frequent monitoring against actual figures and action taken to remedy any adverse variances (Roselin, 2021). Budgetary control is the process where the planned activities are compared to the actuals, and necessary performance adjustments regularly done as may be necessitated (Harelimana, 2017). Budget control is a deterrent process against misappropriation of funds in terms of procedures and rules that establish the boundaries of financial behavior (Kaab A. and 2023; Pramudiati Ningrum *et al.*, 2023). Effective control system results in an effective, efficient, and economical budget targets (Zaato J J and 2015). The budget control process involve several steps. These include establishing the actual position, comparing the actuals with the budgeted, ascertaining variances, establishing reasons for the variance and taking action to manage the variance to keep the budget in line. Budget control involves monitoring of the actual revenue or cost data with the target. Budget

control is positively associated with implementation (Mudeheli *et al.*, 2020a). The way the budget is implemented has a reflection on budget performance at any given time in any given organization. Budget control aims to ensure that budgets are implemented by spending as planned to generate the desired outcome (Musiega Anita *et al.*, 2022b). A close monitoring of the budget implementation process ensures value for money by promoting transparency and accountability (Musiega Anita *et al.*, 2022b).

Budget control is effective when it actively involves the vote holders as this helps minimize wasteful spending thus help manage potential variances. Closely related to the activities of budget control is supervision, which if effectively carried out, tend to have a positive relationship with budget performance (Lulu *et al.*, 2022). A positive relationship is reported between budget control and financial performance of institutions (Pramudiati Ningrum *et al.*, 2023; Roselin, 2021). This however contradicts findings that budget control is negatively associated to the financial health of an organization. In the study conducted on budget planning and budget execution at Jakarta Province, it was revealed that budget execution, which followed established procedures and regulations, led to suboptimal budget absorption (Mia Alfin Dahana E., 2020b). Budget monitoring is a continuous process of comparing the actual performance with the targeted performance. This as well involves regular reporting of variances to the responsible officers, ascertaining the reasons for the differences between actual and budgeted performance and taking the suitable corrective action. Budget reporting is one of the recommended best practices in financial management that endears an organization to potential funders (Anonymous, 2006; Pyanov *et al.*, 2021; Shuib and Jamailah, 2013).

Budget variances can be favorable when actual revenues exceed budgeted revenues or an unfavorable variance when actual revenues are less than the budgeted figure. Favorable or positive budget variances tend to indicate efficient cost management and improvements in net income. The negative budget variances indicate ineffective cost management and lower net income. The variations whether positive or negative may be caused by inaccurate data, an increase in expenses, unplanned/ chance events and effective or ineffective activities. The variances are majorly an area of concern when they interfere with the satisfactory delivery of services. This is especially true when the planned revenues fall short of the expenditures. This of course assumes that the shortages are not caused by wastages.

Institutional budgeting is intended to achieve the efficiency and effectiveness objectives enabled through budget monitoring. Through efficiency, institutions aim to achieve more with less inputs while through effectiveness, the ultimate goal is the attainment of the intended results. The value for money principle is more oriented to the concept of performance budgeting where organizations are increasingly concerned with what they are achieving with the financial resources employed as opposed with a more traditional focus on what has been spent (Sapała M., 2018b).

Budgets operate within acceptable limits as set by an institution based on known world best practices. The literature suggests a $\pm 10-15$ budget variance as acceptable, and this is in line with set budget variance at one of the health institutions studied (St. Joseph's hospital Charter 2019). Flexibility in the budget is identified among the essential components of an organization's financial resilience if this is within generally accepted limits (Anonymous, 2019; Roselin, 2021). The concern that prompted this study is the wide variances experienced for the years 2016 to 2020 with income variances of between 34 - 365% under/over estimated revenue, and expenditure variances of between 22% - 220% over/under estimated (Hospital Master Budgets 2016 to 2020). Could this be a case of weak financial capacity characteristic of nonprofit institutions in Africa as cited variously in the literature ((Anonymous, 2018; Musah *et al.*, 2020; Yamron, 2020)? Based on this we set the hypothesis that "There is no significant relationship between budget control and budget performance at the health institutions managed by Masaka Diocese".

The literature reviewed reveals both contextual and conceptual gaps that the current study has attempted to address. The study by on budgetary planning, involvement, control, and evaluation on the financial health of manufacturing enterprises was done in Kenya. The study on budgetary controls and financial performance by was done in the field of Consulting and Services. Musiega Anita *et al.* (2022b) conducted a study on budget execution on the efficiency of county health systems in Kenya. Conducted a study on budget planning in the context of the university while Pramudiati, study was on the determinants of budget performance based on the value for money concept at the Gunung Kidul Regency Government. We have not come across a study addressing the determinants of budget performance in not for profit hospitals founded by the Catholic Church in Uganda. The extent to which various aspects of the budget process influence budget performance in health facilities founded by the Catholic Church in Uganda is not yet known. This study contributes towards the understanding of the determinants of budget performance in health facilities founded by the Catholic Church in Uganda, with specific reference to Masaka Diocese.

3. Materials and Methods

The study adopted a cross sectional research design where data was obtained at a single point in time. Five health institutions under Masaka Diocese were studied to help us understand the relationship between the predictor and the response variables. The targeted study population was 90 staff from whom a sample of 73 respondents was selected using formula for sample size determination. The data was collected using a self-administered questionnaire that followed a five-type Likert scale where one (1) represented disagreement with the item under consideration and five (5) represented agreement. The score 3 signified a neutral status. In this study we take a cut off of 3.5 to represent agree and below 2.5 to represent disagree. The scores between 2.5 and 3.4 are interpreted as being neutral on the item at hand. The study respondents were selected purposively based on their position that places them in the position of directly or indirectly managing the budget. The sample was composed of top management, heads of departments and operational staff from the medical and finance department, store managers and maintenance staff. The reliability of the study instrument was obtained using Cronbach alpha coefficient where a value of more than 0.9

was posited on all the study constructs. The obtained value falls within the minimally acceptable range of 0.70 -0.95 (Tavakol and Dennick, 2011) implying that the study instrument was reliable. The descriptive statistics, correlation tests and multiple regression tests were all estimated using STATA 14 version. The theoretical model that guided this study is given as: Budget performance (Y) = $\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$, where α is the intercept, $\beta_1 \beta_2 \beta_3$ are Coefficients, X_1 is Budget planning, X_2 Budget participation, X_3 Budget control and ε is error term. Throughout the research process, ethical principles of informed consent, anonymity, privacy, confidentiality, voluntariness and identification have been observed.

4. Discussion of Research Findings

4.1. Budget Planning and Budget Performance

The descriptive statistics posited an overall mean (3.66) and standard deviation (1.19) implying an agreement in responses but a wide variation in opinion. This wide variation in opinion was evident on all items used to test this objective with the exception of the item that acknowledged the existence of a department responsible for budget coordination. The wide variations in opinion were recorded on consultation during budgeting, budgeting being a key tool of decision-making and the budgeting unit having qualified and experienced staff. The high variation in responses may imply that although the unit or facility may seek for information, the opportunity may be given to a few members. Much as there was agreement on the budget being a key tool of decision making, the variations in opinion may be supported by the wide variations reported by one of the health facilities between the planned and the actuals (Hospital Master Budgets 2016 to 2020).

The opinions were also varied on whether income sources are identified at the budget planning stage and the annual budget being dependent on projected revenues. This variation may be explained by the possibility of unexpected sources of income flowing in like from philanthropic organizations that had not been planned for. This changes the budget performance making it largely dependent on realizable as opposed to projected revenues. The opinions also differed on the adequacy of time given for budgeting and the provision of training for budget holders. This can be explained from experience where after soliciting for the budget inputs, most of the budget harmonization process is done by the budget or finance department. The important role of training as a determinant in budget performance is underscored by Kaab (2023). At times, little explanation is provided to non-finance department staff on how the budgeting is done apart from requesting for their budget proposals.

The opinions also differed in the area of budget holders being provided with clear annual budget goals and the budget preparation following an approved framework. The agreement from the respondents being given clear budget goals is in support of literature that attribute sound budget planning to the statement of clear objectives and goals (Berkun, 2008). This is also in line with the goal setting theory that guided the study that stress the need to set clear goals to enable the attainment of set objectives. The wide variations in opinion on the items testing the effectiveness of budget planning in the health institutions studied needs to be addressed if these institutions are to register improvements in budget performance. Budget planning that is participatory helps minimize wasteful spending (Lulu *et al.*, 2022; Zaato J. J., 2015) and enable effective budget implementation (Mia Alfin Dahana E., 2020b).

4.2. Budget Participation and Budget Performance

The descriptives posited the overall mean (2.87) and standard deviation of (1.29) implying a state of neutrality in the responses but a wide variation in opinion. There was disagreement on the conduct of pre-budget preparations though opinions widely differed. This may explain the wide variations in budget performance experienced in the health institutions. According to (Mia Alfin Dahana E., 2020b), inefficiencies in planning tends to fail budget implementation. Pre- budget trainings are useful to ensure active participation of budget holders in the budgeting process. Information on budget allocation is provided to the units concerned and where revisions are expected or executed, explanation is provided. Through the various budget meetings organized during the budget process, the budget goals are agreed upon. There is room for discussing budget performance for the various health units. The participatory nature of the budgeting process at the health institutions is in support of the literature that stress the need to share information during the budgeting process (Anwar, 2022; Lusthaus *et al.*, 2022). Sharing of budget information is credited with enabling clarity of budget goals and real time feedback which is in line with the goal setting theory.

Much as respondents agreed that they are involved in the budgeting process, they were non-committal on the issue of their views being incorporated and reflected in the overall hospital budget. This may explain why respondents neither agreed nor disagreed on the transparency of the budgeting process. The literature suggests transparency in the budgeting process to be among the recommended financial management practices that enables an organization to attract funding especially from donors (Panayotou, 2022; Wandera, 2017). Transparency is positively associated with improvements in budget performance (Lulu *et al.*, 2022). The respondents' feeling of ownership of the prepared budget was balanced as shown by the responses falling in the neutral range (Mean 2.82). What these findings reveal is the feeling among the respondents not to own up to the activities in the budget participation process. In government owned institutions, the limited participation in the budgeting process is cited among the causes of budget failure (Musiega Anita *et al.*, 2022b). Whereas some authors support the existence of a positive relationship between budget participation and budget performance (Almasi *et al.*, 2015; Mudeheli *et al.*, 2020b), others studies like posit a negative relationship. The neutral responses recorded in the current study point to the existing contention of the role played by budget participation in the budget performance of an institution.

4.3. Budget Control on Budget Performance

The descriptive statistics posited the overall mean (3.75) and standard deviation of (1.06) implying an agreement in responses but a wide variation in opinion. There was uniformity in agreement that the hospital conducts regular audits and has clear approval procedures. The active involvement of management in budget evaluation and control is supported by (Roselin, 2021) argument that monitoring improves the relevance of budgeting. The budgets are open to reviews to allow for some flexibility when needed and all payments are stamped paid. The flexibility in budget spending to suit changes in the environment and patient needs is a good practice supported by several authors (Anonymous, 2019; Roselin, 2021). The flexibility in budget spending is also supported by (Sapala M., 2018b) who emphasize the need for budget evaluation to focus more on the usefulness of the budgeted funds. Approved budget lines guide all spending and any spending outside the approved vote has to get authorization from the board.

There was agreement but wide variations in opinion on the ability of the accounting system to track expenditures and the use of an accounting software like Quick books. From the informal interaction with the staff, the health institutions especially at the hospital level make use an accounting software. The variation may perhaps be in the skills gap of some staff in the use of this software. The health institutions have a budget committee and the variation in opinion may perhaps arise from the inadequate information about the composition of these committees. There is a clear monitoring framework, monthly performance reports are prepared and variances reported. The budget goals are clear and measurable, budget reviews are followed by timely feedback and audit queries over the last five years have dwindled. The agreement that budget control is positively influencing budget performance at the health institutions studied is in line with (Lulu *et al.*, 2022; Musiega A. *et al.*, 2022a).

4.3.1. The Correlation Analysis

The Pearson correlation test was run to test the relationship between the study variables and the results are presented in Table 1.

Table-1. Correlation Analysis

	Budget planning	Budget participation	Budget control	Budget performance
Budget planning	1			
Budget participation	0.79***	1		
Budget control	0.76***	0.67***	1	
Budget performance	0.70***	0.72***	0.87***	1

The correlation results revealed the existence of a very strong significant positive relationship between budget control and budget performance ($r=0.87$, $p<0.01$). This finding is not very different from (Lulu *et al.*, 2022). The only difference is that Lulu *et al.*, uses the construct supervision, which of course is a key element in budget control. We can also deduce from (Kaab, 2023; Pramudiati N. and Kusmawati, 2023) that since budget control is associated with preventing funds misappropriation, it has a positive influence on budget performance. A very strong significant positive relationship exists between budget participation and performance ($r=0.72$, $p<0.01$). This is supported by Lulu *et al.*, (2022) but contradict. Likewise, a very strong significant positive relationship exists between budget planning and budget performance ($r=0.70$, $p<0.01$). This finding is in line with.

4.3.2. The multiple regression test

The multiple regression tests were performed to determine the contribution of the independent variables on the dependent variable. The test is important in modelling the relationship between the predictor and the response variable. The results are presented in Tables 1 and 2.

Table-2. Parameter estimates

Variable	Coef.	Std.Err.	t	P>t	95% CI	
Budget planning	-0.13	0.13	-1.01	0.317	-0.380	0.125
Budget participation	0.26	0.08	3.42	0.001	0.110	0.416
Budget control	0.55	0.06	8.71	0	0.422	0.673
Intercept	1.10	3.42	0.32	0.748	-5.714	7.914

The estimated equation from Table 1 is given as $(Y) = 1.10 + 0.26X_2 + 0.55X_3$. These findings imply that a unit increase in budget participation improves budget performance of the health institutions by 26% while a unit increase in budget control improves the health institutions budget performance by 55%.

Table-3. Model summary

Source	SS	df	MS	Number of obs	73
				F(3, 69)	88.25
Model	8257.74809	3	2752.583	Prob > F	0
Residual	2152.27931	69	31.19245	R-squared	0.7932
Total	10410.0274	72	144.5837	Adj R-squared	0.7843
				Root MSE	5.585

Results from the model imply that the independent variables studied explain 78.4% of the variation in the health institutions budget performance. The high explanatory power of budgetary control in the context of budgetary performance is in support of earlier findings of researchers like (Lulu *et al.*, 2022; Musiega A. *et al.*, 2022a).

Table-4. Multicollinearity Test

Variable	VIF	1/VIF
Budget planning	3.51	0.284496
Budget participation	2.7	0.370696
Budget Control	2.42	0.41346
Mean VIF	2.88	

A multicollinearity test was done to test whether or not a correlation is observed in the independent variables of a regression model by observing the tolerance and variance inflation factor (VIF) values. A tolerance value < 10 or equal to VIF value > 10 would indicate multicollinearity. The results revealed tolerance = $0.811 > 10$ and VIF value = $1.232 < 10$ indicating that our data had no issues of multicollinearity. This implies that our estimates are reliable.

5. Summary, Conclusion and Policy Recommendations

This research investigated the determinants of budgetary performance in health institutions in Masaka Diocese – Uganda. Based on the study findings, the conclusions and policy recommendations are drawn as per research hypothesis

5.1. Summary and Conclusion

Hypothesis 1: There is no significant relationship between budget planning and budget performance. The study findings have revealed the existence of a strong positive and significant association between budget planning and budget performance. The explanatory power of budget planning to the overall budget performance was however found to be insignificant. Much as there was a general agreement that the institution conducts budget planning, the opinions were highly varied. The insignificant explanatory power of budget planning in relation to budget performance may be explained by the wide budget variations in the study period. The positive correlation registered in the analysis is testimony that planning matters in budget performance if the planning phase is well done and all involving. The wide variations in opinion among respondents could be minimal if the budgeting process is clearly explained to those involved, the identification of the yearly activities are participatively agreed upon and potential funding sources identified by the participation of all (Anonymous, 2019; Ahmed A. A. A. *et al.*, 2015b; Marjolijn *et al.*, 2016; Sapala M., 2018b).

H2 There is no significant relationship between budget participation and budget performance. Budget participation has a strong positive and significant relationship with budget performance. The overall contribution of budget participation to budget performance was fair and significant. This finding corroborates other research studies done by (Almasi *et al.*, 2015; Barsky, 2013). The participation of the budget users and implementers in the budgeting process creates feelings of ownership of the approved budget, which leads to improved budget performance. This finding rhymes with the experiences in the public sector where participatory budgeting not only creates feelings of ownership of government activities, but is as well credited with improved revenue generation (Anonymous, 2007). Budget participation is needed to deliver value for money (Marjolijn *et al.*, 2016) as resource allocation is guided by some form of consensus among the spending and income generating units.

H3 There is no significant relationship between budget control and budget performance. Budget control was found to have a very strong positive and significant relationship with budget performance. Among the variables studied to help explain budget performance at the health institutions, budget control provided the best explanatory power of 54.7%. This result emphasizes the need to constantly monitor the budget to ensure all planned activities are on track and any noticeable variations corrected in time. Tracking budget performance if accompanied by timely reporting is in line with the recommended best practices in financial management that endears an organization to potential funders (Anonymous, 2006; Pyanov *et al.*, 2021; Shuib and Jamailah, 2013). Tracking the performance of the budget is one way of ensuring the budgeted activities deliver value for money by minimizing misappropriation.

5.2. Policy Recommendations

Budget planning is an essential element of sound budget performance of an organization. Often times, the preparation stage is given lip service where concerned units are mostly involved at the stage of providing proposed annual budget estimates. It is recommended that full involvement of all budget revenue and spending units be involved right from the time of collecting budget estimates, prioritization of annual budget activities and during the monitoring, implementation and evaluation of the budget performance.

The hospital management should make the budget process participatory to create a sense of ownership of the hospital activities and consequently deliver value for money

There is need to constantly monitor the budget to ensure all planned activities are on track, followed by timely reporting and action taken for any noticeable variation in time as an ideal financial management practice.

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