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EFFECT OF BUDGETING PRACTICES ON FINANCIAL PERFORMANCE OF NON-GOVERNMENTAL ORGANIZATIONS: A CASE OF WOMEN FOR WOMEN RWANDA

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ABSTRACT

The general objective of the study was to assess the effect of budgeting practices on financial performance in Non-Governmental Organizations (NGOs) in Rwanda. It intended to achieve the following objectives: To Investigate budget process how affect financial performance of WfW-Rwanda, to examine how the budget implementation process affect financial performance of WfW- Rwanda and to assess how budget monitoring and evaluation effects financial performance of WfW- Rwanda. For this study, descriptive and correlation analysis used. Due to the nature of the topic, the researcher used both quantitative and qualitative research methods. The data was collected from a sample size of 171 respondents who are the employees and beneficiaries of WfW- Rwanda, selected using convenient sampling technique. The data was collected using interview for key informants who are top managers and questionnaire for others. Data was analyzed using multiple regression to test the hypothesizes of the research. Regression analysis revealed a positive relationship ($R = 953$). The R coefficient of 0.953 indicates that the predictors of the model which budget preparation process, Budget implementation and budget monitoring and evaluation, have a correlation of 95.3% with the dependent variable (financial performance of Women for Women Rwanda) The study also revealed that a combination of budget preparation process, Budget implementation and budget monitoring and evaluation together contributed to 90.8% ($R^2 = 0.908$) of the financial performance of Women for Women Rwanda. The findings showed that a unit change in budget preparation process, would lead to increase in financial performance of Women for Women Rwanda by a factor of 0.212 which is the most predator of the research, a unit change in Budget implementation, lead to increase in financial performance of Women for Women by a factor of 0.237 and a unit change in budget monitoring and evaluation would lead to increase in financial performance of Women for Women by a factor of 0.452. The study also found that all the p-values were less than 0.05, this indicates that all the variables were statistically significant in influencing the financial performance of Women for Women Rwanda. That was indicated by the fact that there is relationship between the variables of the research and null hypotheses rejected. With all mentioned above, researcher conclude that budgeting practices contribute to financial performance of NGOs. The study recommends that Women for Women Rwanda, its performance can be affected by budget monitoring and evaluation, budget preparation process and the Budget implementation which are critical on its performance. With the study findings the researcher recommends to Women for Women Rwanda , should engage its self-more in budget

preparation process, Budget implementation and the budget monitoring and evaluation which are helpful to its performance.

Key words: Budget and financial performance

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INTRODUCTION

Over the past decade there has been a significant increase in the number of NGOs around the world with the aim of providing different services such as poverty reduction. However, some of the NGOs face a number of challenges that undermine performance. Challenges encountered cover institutionalizing networked Monitoring and evaluation systems at all levels and national coordinating organ, including regular and timely progress reporting. Other challenges include building the requisite human and financial capacity for impact assessment and framework for following up the implementation of organizational decisions (Tiondi, 2011).

Even if their success varies in different areas, non-governmental organizations have been instrumental in promoting sustainable development on a global scale. However, NGOs are not just concentrating their efforts on influencing governments and intergovernmental relations. With the different gatherings and seminars of the executive directors of social society organizations, NGOs have started to focus on strong companies, many of which can compete with entire countries in terms of resources and impact.

The budget is the tool that offers a process for recognizing and focusing on departures from the plan when things don't go as expected. The budget offers the metrics by which to assess whether goals were attained successfully or not, and it makes it easier to take prompt remedial action (Walther, 2016). Even though NGOs have contributed significantly to Rwanda's social, political, and economic development, it is crucial to assess the function of budgeting and ascertain the effectiveness of Rwandan NGOs.

Researcher revealed that there are few studies conducted on budgeting affect the financial performance of non-governmental organization including Elijah (2020) conducted research on the effect of budgetary monitoring and its effectiveness of non-governmental organization in Rwanda. A case study of Imbaraga Famors Organization in Northern Province. Maniriho (2017) stated that despite the huge amount of resources used by the NGO to implement projects and despite the fact that these projects play a big role in promoting human rights in the community, it is not clear how effectively the monitoring and evaluation is done and its contribution to decision making by the NGO.

Mentioned studies that were done previously did not focus on how budget preparation process, budget implementation process and budget monitoring and evaluation on performance of non-governmental organization in Women for Women Rwanda. In this view, the current study intends to fill the gaps of knowledge. By assessing the budget preparation process, budget implementation and monitoring and evaluation in order to determine their effect on performance of WfW-Rwanda.

Objectives of the study

The objectives of the study were divided into general objective and specific objectives.

The general objective

The general objective of this study was to assess how budgeting affect the financial performance of non-governmental organization in Rwanda.

Specific objectives

The specific objectives were:

- i. To Investigate budget preparation process how affects financial performance of WfW-Rwanda
- ii. To examine how the budget implementation process affects financial performance of WfW- Rwanda
- iii. To assess the effect of budget monitoring and evaluation on financial performance of WfW-Rwanda

Hypothesis of the research

The research tested the following hypothesizes:

Ho₁: The budget preparation process has no effect financial performance of WfW-Rwanda,

Ho₂; The budget implementation process has no effect on financial performance of WfW- Rwanda,

Ho₃: The budget monitoring and evaluation has no effect on financial performance of WfW- Rwanda.

LITERATURE REVIEW

This chapter is entitled the literature review presents the theories relate to the variables of this research, it starts with the theories on budgeting, continue with the theories on financial performance.

Budget preparation process and financial performance of organization

Rayees (2020) conducted research on budget preparation process on financial performance of non-governmental organizations in Bihar in India. The major goal of the study was to determine, using the priority-based budgeting theory, how the budgetary process affected the financial performance of NGOs working in Bihar's rural development and health sectors. The financial performance of NGOs working in Bihar's rural development and health sectors was significantly influenced by the budgetary process, according to regression analysis, and tests for statistical significance confirmed this finding ($r=0.419$). Therefore, effective budget management techniques have a favorable financial impact on NGOs working in Bihar's health and rural development sectors. In terms of policy creation, the government and the management of NGOs should look into and put into place sustainable laws and policies that are intended to enhance budgetary management and hasten the financial performance of NGOs.

Robert *et al* (2020), carried out a research on the effect of budgetary processes on organizational performance: a case of marine state agencies, Kenya. The study utilized descriptive research design. The study was conducted in Mombasa County in Kenya. The sample size of the study was 70 respondents. Data collection tool was questionnaires that were distributed among 70 respondents. Both primary and secondary data were collected. Primary data were collected through questionnaires while secondary data were collected from the organization's archives because few respondent's census was utilized. Content validity was utilized. Collected data was analyzed through multiple regression analysis to determine the relationship between the variables. Collected data was presented through tables. From the analyzed results, it was revealed that there was a positive significant relationship between budgetary processes for intense budgetary planning, budgetary control and budgetary implementation, monitoring and evaluation on organization performance. The regression was 0.834a and R. square of 0.65. For the correlation, there was a positive coefficient between budgetary processes and organization performance. The study recommended that organizations should embrace budgetary process in order to realize superior performance.

Budget implementation and financial performance of organization

Faith (2020), conducted research on determinants of budget implementation in non-governmental organizations operating in Kakamega county KENYA. *The study focused on determinants as budget participation, budget control and donor financing regulations. In a bid to effectively achieve these objectives, the study adopted a descriptive survey design based on samples drawn from across the 40 registered NGOs in Kakamega County Kenya. The unit of observation comprised of 160 senior management staff, 80 Finance staffs and 172 programme staff of the 40 NGOs.* Therefore, the target population of this study was total 412 respondents. A two-stage sampling technique was adopted where stratified random sampling was used to select the category of staff amongst the NGOs after which simple random sampling was used to select respondents within the staff categories. The study used Krejcie & Morgan table, (1970) to calculate the sample size which was 201 respondents. Data was collected by use of structured questionnaires which were self-administered. Data was analyzed by use of both inferential and descriptive statistics using SPSS version 25. Result of multiple regressions revealed that the determinants jointly and independently influenced effective budget implementation amongst NGOs in Kakamega County, Kenya. Jointly the three constructs namely participative budgeting, budget control and donor financing regulations contributed 76.7 % of the variation in budget implementation (R Square = 0.767). The t values of the constructs were also positively and significantly related to effective budget implementation where $P < 0.05$. All these together led to the rejection of the null hypothesis. This implies that the management of NGOs should securing stakeholder participation besides investing in budget control and adherence to financing regulations of NGOs through its policy framework which translate to effective budget implementation.

Edwin (2019) carried out a research on budget implementation and financial performance of the county government of Elgeyo Marakwet, Kenya. descriptive research design was used to guide the investigation of the stated objectives. The target population for this study were the accounting officers at Elgeyo Marakwet County. A census sample of the 79 accounting officers was used in the study. Primary data was collected using standardized and validated questionnaires, administered through a drop and pick method. Correlation and regression analysis showed that while some processes had a positive effect on performance. The regression statistics indicate that there is a positive and statistically significant influence of budget planning, financial resource availability, budgetary staff capacity, and audit processes on financial performance. The study recommends continuous strengthening of budget planning processes, greater investment in the human resource capacity, efficient allocation of financial resources to the budgeting process, and strengthening of existing audit controls and oversight systems in order to achieve higher levels of transparency, accountability, efficiency, and financial performance.

Budget monitoring and evaluation and financial performance of organization

Augustino (2020) carried a research on budget evaluation and performance of non-governmental organizations in Tanzania. The study used a case study design and data were collected using interviews and questionnaires through which primary data were collected from a total of 15 employees of White Ribbon Alliance. Data were analyzed both qualitatively and quantitatively. The content analysis method was used to analyze collected data to research questions. The study found out that the effective usage of monitoring and evaluation system found to satisfactorily performed in tracking the budget planned activities in relation to organizational goal and targets. Though some shortages are still facing in the budget and budgetary process slowing the organization performance. The study concluded that budgeting plays a very significant role in influencing performance of NGOs. Finally, the study recommended that NGOs should prepare, implement and evaluate budget timely, information relevant to budgeting should be shared to all people responsible in the budgeting process, and compliance to laws, guidelines, rules and procedures.

Elijah (2020) conducted research on the effect of budgetary monitoring and its effectiveness of non-government organization in Rwanda. A case study of Imbaraga farmers Organization in northern province. A descriptive research design was adopted in this study; population of this study was 62 employees of Imbaraga farmers organization in Northern Province. In this study a sample of 45 employees of Imbaraga farmers organization in Northern Province was selected. In this study purposive sampling technique was used. The results of the findings indicated that the coefficient of correlation (R) is 0.874 indicating that there was a strong positive relationship between Budget evaluations on effectiveness of Imbaraga farmers Organization in Northern Province. The study concluded that there was a positive relationship between effect budgetary control and its effectiveness of non-governmental organization in Rwanda. Based on the above findings and conclusion, the following recommendations were given to not only the Imbaraga Farmers Organization Northern province but also to the future researchers. Imbaraga Farmers Organization in Northern Province should ensure that they have effective at; proper planning, Monitoring and control of budget process, Budget evaluation and adequate availability of financial resources and Effectiveness of non-governmental organization indicators that were studied are Organizational performance and Organizational Sustainability of Imbaraga Farmers in Northern Province

Theoretical Framework

This part reviews the theories that guided this study by providing perspectives through which this study is grounded.

Agency Theory

The agency theory has been developed by Jensen & Meckling (1976) to explain the relationships linking shareholders and managers. Consequently, in a standard principal-agent (P-A) relationship, a principal, typically the shareholder, hires one or more agents, typically managers, to perform a task, typically maximizing the principals return on his/her investment. Each actor has a clear role in this

relationship 12 and it is usually admitted that both the principal and the agent come from the same sector.

However, this transfer of power from the principal to the agent can contribute to tensions between both actors (Wassmer & Chiambaretto, 2013). From an agency perspective, we can say that principals are donors and NGOs beneficiaries while managers are agents, such that we are in presence of a stewardship relationship (Van Slyke, 2007).

Agency theory explains, predicts, and sets the limits of relationships between financial parties. Theoretically, desired executive performance is assured in exchange for compensation when the executive meets the needs of his/her organization as a financial steward. When the executive chooses to manipulate the financial results through managerial activity and that activity maximizes the return to the executive rather than financial return to an organization in the form of return on investment or equity we say there is an agency problem (Peterson, 2010). From this perspective budgeting being one of important tools of financial management is crucial in solving the agency problems to ensure that the principals are satisfied due to efficient performance of NGOs as the result of budgeting.

This is to say that, managers of NGOs (agents) are given a role of managing organizational financial resources by the board of directors (Principals) and in order to execute this role effectively they put a controlling mechanism which is budgeting in order to reach organizational goals. Through this process managers (agents) can easily control financial resources and solve the problem of mismanagement of funds and therefore enhancing performance of NGOs.

Traditional Budget Theory

In general, fixed budgeting refers to what is frequently referred to as traditional budgeting (Jonsson & Akerlund, 2012). The traditional method of budgeting outlines an income and expense plan. It outlines a list of precise financial commitments, such as those for housing, food, clothes, transportation, and other complex demands of households and other entities over a given period of time and in accordance with income level. It outlines the sources and uses of money and describes how income is made and spent.

According to Anthony and Govindarajan (2019), achieving organizational goals and objectives is the primary goal of the traditional budget. Different organizations may have different definitions of a budget. Ax, Johansson, and Kullven (2019) only asserted that each organization's definition of what a budget means to them, as opposed to a generally acknowledged definition, varies. Establishing objectives, identifying prospective courses of action, assessing different strategic choices, choosing an alternative course of action, monitoring actual results, and responding to deviations from plan are all important aspects of its position in an organization.

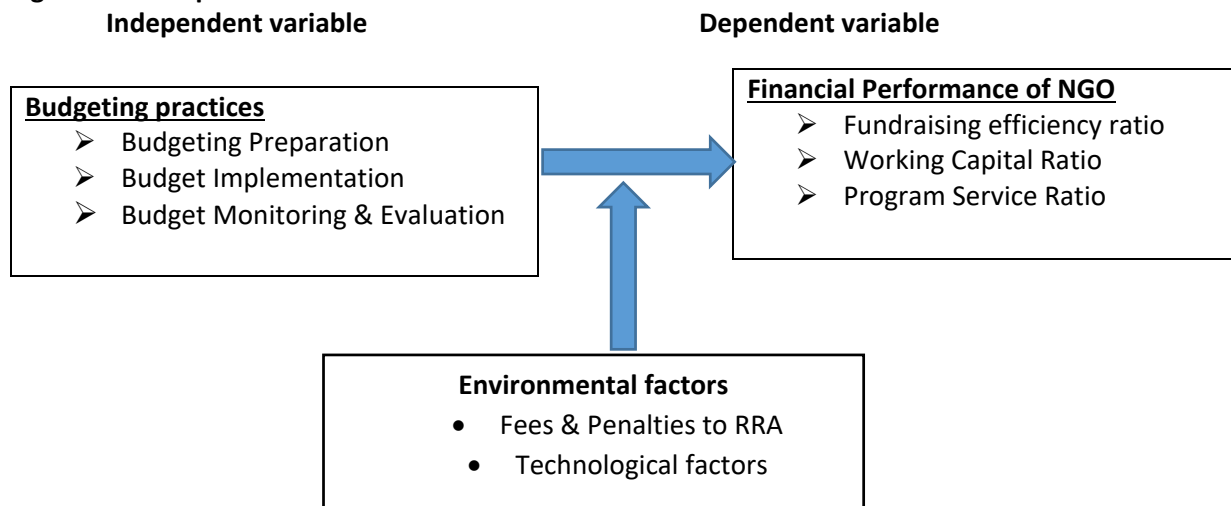
Traditional budgeting has always been one of the main financial procedures used by businesses. But it has maybe turned into one of the principal focuses of accounting criticism. Whatever one's opinion of budgeting, it is universally acknowledged that business has changed since the time the idea of budgeting was first introduced. In contrast to the previous stable markets, which were more supplier-driven, the transition has made the market dynamic, fiercely competitive, and customer-driven. Due to this, the focus has shifted from internal effectiveness where traditional budgeting is a beneficial tool to external effectiveness or competitive edge (Wallin, 2019).

The fact that management consultants are the most vocal critics raises an interesting question of whether or not their criticism is intended to persuade firms to adopt the management style they happen to support (Ekholm & Wallin 2019). Naturally, not all agree with the critics but there is a widespread dissatisfaction towards traditional budgeting (Bogsnes, 2020). There are numerous cited problems with traditional budgeting, but they can be summed up to three categories: time, process and centralization as well as people related (Hansen et al. 2019).

Conceptual Framework

From the empirical review above, different researchers have conducted studies in the field of budgeting (Figure 1). However, these studies focused on profit making organization. The current research will focus on budgeting on performance of non-making profit especially Non-governmental organizations.

Figure 1. Conceptual framework



Source: Researcher compilation, 2022

RESEARCH METHODOLOGY

This chapter presented a detailed description of the research methods that was used to collect relevant data to the study. It contains the research design, study population, sample size, data collection methods, data processing, data presentation, and data analysis and ended with ethical consideration.

Research Design

Researcher used descriptive research design approach; Kothari (2017) defines descriptive research studies which are concerned with describing the characteristics of a particular individual or of group. The research design helped the researcher to describe the budgeting and financial performance of Women for Women. For this study, descriptive and correlation analysis used. Due to the nature of the topic, the researcher used both quantitative and qualitative research methods.

Target Population

The population aspect however refers to the individual participant or object on which the measurement is taken; it is the unit of study (Cooper and Schindler, 2011). The population of the study was the employees and beneficiaries of Women for Women NGO totaled 300.

Sample Size and sampling technique

Sample size is part of the population that the researcher chooses to use in a research as a representation of the total population. The population of the study selected using Slovin's formula $n = \frac{N}{1+N(e)^2}$ (Kuzel, 1992) whereby n is the sample size, N is the total population and e is the sampling error (0.05). e

$$n = \frac{300}{1 + 300(0.05)^2}$$

$$n = \frac{300}{1 + 300(0.0025)}$$

$$n = \frac{300}{1 + 0.75}$$

$$n = \frac{300}{1.75} = 171$$

The sample size of the study is 171.

Table 1: Study population and sample size

Population-category	Population	Sample size
Employees	35	20
Beneficiaries	265	151
Total	300	171

Because respondents were chosen from several departments of the Women for Women NGO, the researcher used the stratified sampling technique to pick the research participants.

Data Collection Tools

During the study, the researcher used questionnaire, interview and documentary as data collection techniques.

Questionnaire technique

The questionnaire included closed-ended questions where respondents chose from the alternative answers. Questionnaire was chosen because of the following advantages: it saves time since many respondents can be dealt with at once, it allows easy analysis of data collected, it is easy to administer when the sample is literate.

In designing questionnaires, the researcher used Likert scale to measure the respondents' views on the critical factors of budgeting. The same rating scale was also used for the factors of NGO financial performance. Using Likert Scale, the respondent indicated whether he/she strongly agree (SA), agree (A), disagree (D), or strongly disagree (SD).

Interview

The researcher used this data collection instrument as a support to the questionnaires to seek clarification on some responses from the respondents and also to ascertain from some key persons in management the information regarding the budgeting and performance in WfW.

Documentary technique

It is important to indicate the review of existing literature reviewed by different authors. The researcher visited UoK library, and other libraries in Kigali, electronic sources, websites documents, where a great deal of literature by different authors about the subject matter was reviewed as well as used the financial statements of Women for Women NGO to measure its financial performance.

Data Analysis

The Pearson's correlation co-efficient method was used because it is most appropriate for determining whether there is linear relationship between independent variable (IV) and dependent variable (DV) that is the quantitative data. Pearson's product moment correlation was most suitable since it enables the researcher to identify whether there is a linear relationship between the study variables.

Multiple regression models were created in order to answer and find the effects and relationships between the variables of the study, based on the research objectives established in chapter one and null hypotheses.

The model used in the study took the form below:

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

X= Independent variables = Factors

X= f (X₁, X₂ and X₃)

Where:

X₁= Budget process (BP)

X₂= Budget implementation (BI)

X₃= Monitoring and evaluation (ME)

And

Y= Dependent variable = Performance of Women for Women

Therefore:

$$Y = \beta_0 + \beta_1 BP + \beta_2 BI + \beta_3 ME + \epsilon$$

Where β_0 is the intercept of representing the value of Y variables where other variable zero or absent, β_1 coefficient of X_1 when other variables were constant or absent, β_2 coefficient of X_2 when other variables was constant or absent, β_3 coefficient of X_3 when other variables was constant or absent, β_4 coefficient of X_4 when other variables was constant or absent. With Y financial performance of Women for Women and X practices of budgeting practices.

DATA INTERPRETATION, INTERPRETATION AND DISCUSSION

The findings of the research, as well as their interpretation and analysis, are presented in this chapter, all of which are based on the goals that were specified. Tables, figures, means, and standard deviation were employed to analyze and interpret data by the researcher in order to convey research findings and interpretation. In fact, the findings are presented based on specific objectives of the research which are to Investigate budget preparation process how affect financial performance of WfW-Rwanda, to examine how the budget implementation process affect financial performance of WfW-Rwanda and to assess investigate how budget monitoring and evaluation is done and its effect on financial performance of WfW- Rwanda.

Descriptive statistics

This section of the fourth chapter presents the descriptive of the research. Where mean and standards deviation for the responses from the respondents are presented.

Table 2: Respondents' level of agreement on budget preparation process

Budget preparation process	Mean	Std. Dev.	Comments
Strategic goals and objectives are effectively determined during Budgeting Preparation Process	4.65	0.42	Very strong mean and homogeneity
During budget preparation process Women for Women Rwanda develop and forecasts for revenues, costs and cash flows	4.54	0.36	Very strong mean and homogeneity
During the budget preparation process all the organization's activities are coordinating to facilitate the organization's performance	4.57	0.35	Very strong mean and homogeneity
Overall mean	4.58		Very strong mean

Source: (Field data, 2022)

As seen in table 2, all respondents strongly agree or agree with each of the three statements offered, this indicates that respondents give responses which are similar somehow. This shows how the budget preparation process is followed in Women for Women Rwanda

Strategic goals and objectives are effectively determined during Budgeting Preparation Process, during budget preparation process Women for Women develop and forecasts for revenues, costs and cash flows and during the budget preparation process all the organization's activities are coordinating to facilitate the organization's performance are the statements that respondents strongly agree and agree with, with a very strong overall mean of 4.58 and homogeneity standard deviation.

The results above are supported by the interview conducted by director of finance where she stated that quote, “Budgets are typically forward-looking in nature. Income is based on projections and estimates for the periods they cover, as are expenses. For this reason, organization often create both short- (monthly or quarterly) and long-term (annual) budgets, where the short-term budget is regularly adjusted to ensure the long-term budget stays on track”. End of quote.

The results are in with Lewis (2017) where he stated that there are several conventional budgeting methods, in part because there are no rules dictating how and how a particular budget form should be employed. However, when budgeting, it is important to consider elements like organizational structure, the type and complexity of internal operations, and management philosophy.

In this research, researcher also conducted interview with project coordinator and she stated that; quote “The role of stakeholders in the budgeting process is mainly to ensure that the advocacy for active and effective participation in the decision making process on developmental activities within the geographic areas was enhanced. This equally pertained to the financing of these activities as identified by the stakeholders themselves. For instance, some stakeholders may be involved in agriculture development activities while others could be involved in the health, education, business or water development activities”. End of quote.

Table 3: Respondents’ level of agreement on budget implementation

Budget implementation	Mean	Std. Dev.	Comments
Budget implementation enables Women for Women to plan, coordinate, control and evaluate its activities	4.56	0.32	Very strong mean and homogeneity
Budget implementation in Women for Women facilitate the use of resources efficiently and effectively	4.56	0.36	Very strong mean and homogeneity
Budget implementation facilitates the allocation of resources consistent with policy priorities; and good operational management	4.67	0.38	Very strong mean and homogeneity
Overall mean	4.59		Very strong mean

Source: (Field data, 2022)

In table 3; data gathered revealed that in most issues tackled, most of the respondents strongly agreed and agreed on the preset statements such as; budget implementation enables women for women to plan, coordinate, control and evaluate its activities, budget implementation in women for women facilitate the use of resources efficiently and effectively and budget implementation facilitates the allocation of resources consistent with policy priorities; and good operational management, that is presented by a very strong overall mean of 4.59 and standard deviation, that indicates that respondents give somehow similar responses to the statements which indicates how effective is the budget implementation in Women for Women. However, when it came to Budget implementation facilitates the allocation of resources consistent with policy priorities; and good operational management, some respondents represented by 16.4% were neutral.

Strategies for implementing the budget help ensure that the money set aside for the purpose is used wisely. Other budget implementation tactics include forecasting, personnel training and development, financial guidelines, and budget preparation. The tactics for implementing the budget included choosing a specific task force, creating a budget timetable, creating a budget manual, and creating follow-up training that included stages of the budget cycle (Lewis, 2017).

Table 4: Respondents' level of agreement on budget monitoring and evaluation

Budget monitoring and evaluation	Mean	Std. Dev.	Comments
Monitoring deals with the continuous assessment of the compliance with the financial regulations on daily basis in Women for Women	4.71	0.42	Very strong mean and homogeneity
There is a periodical of the financial reporting in Women for Women	4.71	0.42	Very strong mean and homogeneity
Policies and procedures designed to monitor the activities are followed in Women for Women	4.52	0.37	Very strong mean and homogeneity
Overall mean	4.64		Very strong mean

Source: (Field data, 2022)

As revealed in table 4, Monitoring deals with the continuous assessment of the compliance with the financial regulations on daily basis in Women for Women, there is a periodical of the financial reporting in Women for Women and Policies and procedures designed to monitor the activities are followed in Women for Women are the statements respondents strongly agreed and agreed relate to budget monitoring. The above activities are shown by a very strong overall mean of 4.63 and homogeneity standard deviation.

In order to properly understand what actions must be taken if major deviations are discovered, budget monitoring must entail assessment of a wide range of functions. Budget monitoring begins with a comparison of the budget to the actuals, but it should be expanded to cover how the organization is doing in terms of service delivery and other projects and activities.

According project coordinator at Women for Women *“One of the greatest benefits of M&E is helping Women for Women to track, analyze and report on relevant information and data throughout the life cycle of a project. This allows the project team to provide robust evidence for all their actions and decisions to stakeholders, donors and community members from day one. On the other hand, stakeholders and donors acquire the information and understanding they need to collaborate, communicate, provide inputs and make informed decisions about strategy improvements and project operations”*.

Table 5: Respondents' level of agreement on financial performance of Women for Women

Financial performance	Mean	Std. Dev.	Comments
Women for Women manage to raise enough funds to finance its activities	4.65	0.42	Very strong mean and homogeneity
Women for Women' working capital is effective and there is no interruption of its activities causes by financial problems	4.54	0.36	Very strong mean and homogeneity
Women for Women budget its financial spending effectively and efficiently	4.57	0.35	Very strong mean and homogeneity
Due to effective budgeting practices Women for Women manage to develop over 5 last years	4.56	0.43	Very strong mean and homogeneity
Overall mean	4.58		Very strong mean

Source: (Field data, 2022)

As indicated in table 5, among all the four statements provided all respondents strongly agree and agree with them. This indicate how Women for Women has performed well in terms of financial performance. The statements that respondents strongly agree and agree are Women for Women manage to raise enough funds to finance its activities, Women for Women' working capital is effective and there is no interruption of its activities causes by financial problems, Women for Women budget its financial spending effectively and efficiently and Due to effective budgeting practices Women for

Women manage to develop over 5 last years presented by a very strong overall mean of 4.58 and homogeneity standard deviation.

Budgets have extensively remained as base for performance evaluation in many organizations. This is viable way of performance evaluation by comparing performance indicators and budget results. This is in line with Behn (2003) indicating performance measurement as imperious to managers to use for evaluating, controls, budgets, motivates, promotes, celebrates, learn and improve.

According director finance of Women for Women “Successful development projects today are thus grounded in careful planning, rigorous data collection, meticulous implementation, and thorough analysis and reporting and this is where budgeting practices comes into play”.

Inferential Statistics

Further the study carried out inferential statistics to examine the model as conceptualized in chapter two. Pearson correlation analysis was used to show the strength of the relationship between dependent and independent variables while regression analysis was used to confirm or reject hypothesis of this research.

Table 6: Summary of Correlation

		Performance	Budget preparation process	Budget monitoring and evaluation	Budget monitoring and evaluation
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	171			
Budget preparation process	Pearson Correlation	.663**	1		
	Sig. (2-tailed)	.000			
	N	171	171		
Budget implementation	Pearson Correlation	.358**	.207*	1	
	Sig. (2-tailed)	.000	.000		
	N	171	171	171	
Budget monitoring and evaluation	Pearson Correlation	0.342**	0.41	0.562	1
	Sig. (2-tailed)	.000	.000	.000	

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

Results in Table 6 revealed that there was a positive and significant relationship between Budget preparation process and financial performance of Women for Women ($\rho=0.663$, p value <0.05). This implies that a unit change in the budget preparation process increases financial performance of Women for Women by 66.3%. Secondly, there was a positive significant relationship between Budget implementation and financial performance of Women for Women ($\rho =0.358$, p value <0.05). This implies that a unit change in Budget implementation increases financial performance of Women for Women by 35.8%.

Lastly, there was a positive and significant relationship between budget monitoring and evaluation and financial performance of Women for Women ($\rho =0.342$, p value <0.05). This implies that a unit

increases in budget monitoring and evaluation increases financial performance of Women for Women by 34.2%.

Table 7: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients			95% Confidence Interval for B	
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1 (Constant)	.562	.863		.292	.774	.262	.601
Budget preparation process	.816	.255	.212	3.849	.046	.185	.322
Budget implementation	.672	.482	.237	2.835	.047	.056	.443
Budget monitoring and evaluation	.572	.322	.452	1.265	.045	.068	.210

a. Dependent Variable: Financial performance of Women for Women

The model used in the study took the form below:

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

The regression output is laid on Table 7 Standardized coefficients (Beta) were used to determine the relative importance of the significant predictors of financial performance of Women for Women. The larger the absolute standardized coefficient, the larger the contribution of that predictor to financial performance of Women for Women as indicated by the T-statistics. The budget preparation process contributes to ($\beta=0.212$) to financial performance of Women for Women, followed by Budget implementation ($\beta=0.237$), and budget monitoring and evaluation ($\beta=0.452$).

In fact a unit change in budget preparation process, would lead to increase in financial performance of Women for Women by a factor of 0.212 which is the most predator of the research, a unit change in Budget implementation, lead to increase in financial performance of Women for Women by a factor of 0.237 and a unit change in budget monitoring and evaluation would lead to increase in financial performance of Women for Women by a factor of 0.452. The study also found that all the p-values were less than 0.05, this indicates that all the variables were statistically significant in influencing the financial performance of Women for Women.

Table 8: Summary of Hypotheses Testing Results

Hypothesis Formulated	Beta (β)	ρ – values	Choice	R ²
H ₀ 1: Budget preparation process has no significant effect on Financial performance of Women for Women	.212	.046	Rejected	.908
H ₀ 2: Budget implementation has no a significant effect on Financial performance of Women for Women	.237	.047	Rejected	
H ₀ 3: Budget monitoring and evaluation has no significant effect on of procurement	.452	.045	Rejected	

Source: (Researcher, 2022)

The table 8 the summary of hypothesizes test results, the first hypothesis said that budget preparation process has no significant effect on financial performance of Women for Women of public institution in Rwanda, second hypothesis said that Budget implementation has no a significant effect on Financial performance of Women for Women and the third hypothesis said that Budget monitoring and evaluation has no significant effect on Financial performance of Women for Women; therefore since the t-values were greater than 0.05 the researcher rejected all hypothesis of the research as it has been revealed that budget preparation process, Budget implementation and budget monitoring and evaluation contribute to the financial performance of Women for Women.

CONCLUSION

Budget preparation plays significant role in ensuring that Women for Women Rwanda organization financial and other resources are protected. Since it is an initial stage of budgeting it lays a solid foundation towards effective budgeting and hence leading to effective and efficient performance of organizations. From the findings the implementation of budgeting and budgetary controls as fundamental drivers of in NGO performance is satisfactorily done at the Women for Women Rwanda though it needs some improvements in certain areas.

Recommendations

The studies offer the following recommendations to make budgeting more effective and beneficial to the organization and other stakeholders. Organizations should take more seriously a budgeting process by making sure it is prepared, implemented and evaluated on time. This will help all the stakeholders' expectations to be met and hence reaching organizational goals and targets effectively and efficiently. NGOs should make sure that special arrangements are in place to ensure that donors understand importance of timely money disbursement to the organizations to avoid unnecessary delays which tend to make affect organizational operations. Government and regulatory bodies or agencies should acknowledge the work that has been done by these institutions in improving social and economic statuses of individuals and the country at large.

Area of Further research

This study employed a case study design from which one organization was used as a reference as well as the unit of analysis to represent other organizations future studies may go further and include other stakeholders such as government officials, donors and regulatory authority to offer more insights on the topic. Future researchers may consider including all or some of these stakeholders in order to have more empirical data on the study topic.

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