

Effect of Budgetary Process on Financial Performance; Case Study of Selected Savings and Credit Cooperative Societies in Hoima District, Uganda

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Abstract:- The study examined the effect of budgetary process on the financial performance of selected Savings and Credit Cooperative Societies (SACCOs) in Hoima District. It considered two major variables which included budgetary processes and financial performance in SACCOs. The budgetary process considered variables; budgetary planning, budgetary participation and budgetary control.

A sample of seven prominent SACCOs was selected from a list of about 60 other registered SACCOs in Hoima district (Hoima District statistician report 2018). The selected SACCOs were Bugambe, Buhimba, Kigorobya, Kitoba, Self-help, Hoima Entrepreneurs' Development Association (HEDA) and Kolping Entrepreneurs Development Project (KEDEP).

The study adopted descriptive correlational and cross-sectional survey design, and followed a quantitative approach. The study population was 210 respondents. The study used (Krejcie & Morgan, 1970) to obtain a sample of 136. The sample was obtained using a proportionate stratified and simple random and sampling technique. Data was collected using self-administered questionnaires and analyzed using Statistical Package for Social Sciences (SPSS Version 16).

From the regression table results, it inferred that financial performance is affected by budgetary processes of budgetary planning, budgetary participation and budgetary control in the selected SACCOs in Hoima district. This was indicated by the *p-values* recorded: *budgetary planning* ($t=2.280, p=0.001$), *budgetary participation* ($t=3.065, p=0.004$) and *budgetary control* ($t=3.962, p=0.003$); The Pearson's correlations conducted at 95% confidence interval and 5% confidence level 2-tailed, correlation magnitude were 0.788, 0.881 and 0.672 respectively. Results confirmed a significant relationship between the budgetary process and financial performance.

Keywords:- Budget, Budgetary Process, SACCO Performance, Financial Performance, Hoima District and Saccos.

I. INTRODUCTION

World over, SACCOs have been major sources of financial resources that members and investors have benefited to create job opportunities for improved income and welfare of a "common man". It has been possibly due to the ability of these movements to mobilize enough funds from members and at times from well-wishers (Rutto & Oluoch, 2017). They have created more credit, expanded volumes of savings, accumulated capital goods and better business performance (Mmari & Thinyane, 2019). SACCOs have been appreciated in the whole world as vital avenues of greater volumes of economic growth. It is estimated to over a billion people use these movements or associations and this constitutes the International Cooperative Alliance (ICA) - the global apex body for all Cooperatives worldwide. The international statistics show that in the year 2011, 117 countries registered credit organizations giving a sum of 89,026 Co-operatives and members equivalent to 260,164,742 and Uganda in particular 1,261 credit unions registered (WOCCU report, 2017). In the year 2016, World over there were 68,000 credit co-operatives with a membership of over 235 million which showed growth. The evolution of SACCOs in Uganda dates back in 1965 when the government was trying to create group cooperatives in order to generate capital and also increase rural production in agriculture, forestry and fishing industries. SACCOs became vibrant from 1965 to 1970 and due to changing political interests, cooperatives collapsed. In 1985 the current National Resistance Movement (NRM) government reviewed its policy on the revitalization of cooperatives in Uganda; from the statutory acts, ministry of trade and cooperatives was empowered to restructure and review operational policies of cooperatives.

Particularly for Hoima district, has a statistical number of about 60 registered SACCOs (District statistician report 2018) and (Uganda National Household Survey Statistical Report, 2016/2017). This was largely as a result of the failure of the formal banking system to adequately respond to the needs of the population in the area. This expansion was also on the account of the Governments intervention of building a strong savings and investment culture especially in the rural areas through SIDAs and BUTO as well as the interventions

of the private investors who have the financial ability to start up these co-operatives and lending institutions. This helped in the widening of the scope of financial service provision (Danovi, 2010). Therefore, high performance of SACCOs promotes development of vibrant economic businesses all over the district by creating entrepreneurial morale to small businesses. It is indispensable for financial performance and budgetary process; In other words, budgetary process impact financial performance of SACCOs.

Budgeting and budgetary process is an essential aspect without which an enterprise cannot achieve much (Babalola, 2008). Every enterprise irrespective of the nature and size, greatly depends on budgets and plans of finances in order to achieve their goals (Suberu, 2010). A study of (Egbunike, 2017) showed that it is imperative for organizations to produce enough, sufficient and optimal output at the least cost as possible for firms and businesses. More interestingly, it was found that budget/budgetary control is a means of evaluating the performance (Egbunike, 2017). The subject of financial performance has received significant attention from scholars in the various areas of business and strategic management. The reason why the budget is prepared, is to enable vital motives of planning, enabling communication, harmonizing, allocating resources, control profits and operations, evaluating performance and providing incentives. According to (Baldvinsdottir & Gustafsson, 2010), the budget is a control function, however today there are several objectives and purposes of the budget and the purposes differ with various institutions. Instead of expressing a budget as astatically financial plan or blueprint, the term “budgeting” refers to the act of preparing a budget or the activities of predicting and qualifying future requirements for finance. Budgeting in this regard is viewed as enabling the different functions of management control further, state that the budget represents their numbers and their benchmarks against which their performance is measured, (Faith & Richard, 2013). Budgeting involves the institution of programmed goals, the coverage of tangible performance domino effect and assessment of performance in terms of the predetermined goals.

A study by Mukah (2018) revealed that budgetary controls are useful instruments for an economy because they allow planning for expenditure thus enabling efficient use of the financial resources. This reduces wastage of resources and assist in finding out weaknesses of organizations. These findings are in line with those of (Qi, 2010) who conducted a study on the impact of the budgeting process on performance in Small and Medium Enterprises (SMEs) in China and discovered that more formalized budgetary controls lead to a higher growth in profit of a firm. Similar results were also put up by (Faith, 2013) in her study on the effects of budgeting process on efficiency of commercial and manufacturing parastatals in Kenya.

Budgets (also termed as financial plans) for most organizations form an integral part and serve a variety of management function (Kibunja, 2017). The study emphasized on stakeholder engagement in the budget process to ensuring goal achievement and management of resources for public benefit. According to Samuelsson et al. (2016), budgeting is a key policy instrument for public management and management of the firm; it is a familiar activity to many as it is practiced in our private lives as well as in businesses, government and voluntary groups. The use of budgets in government circle long preceded its application in enterprises or the business sector. The key obstacles in the area of budgeting process are failure to document, failure to make optimal use of budgets and failure to follow the entire budget as planned. Other challenges are inability to link and relate the budget actions and outcomes. This is even observed with government ministries and departments in Uganda when they fail to account the fundings, key programmes and activities on top of revenue production situations. (Bourmistrov & Kaarbøe, 2013) found that unbundling the budget functions (planning, forecasting, control, and evaluation) allowed leaders to use new forecasting processes to establish stretch goals and improve strategic decision-making. Studies on budgetary process and its influence on organizational, financial and budget performance have been undertaken. With budgetary processes being at the centre of increasing SACCO performance and controlling costs, then the need to examine the role of budgetary control system in organizations’ financial performance was of paramount importance.

➤ *The Goal Setting Theory*

This study was based on the goal setting theory, developed by (Locke & Latham, 2002) within SACCOs psychology. The theory postulates that, for an organisation to be more efficient and effective, then individuals must have control and influence for performance. The initial belief intends that; through participation in decision making can enhance goal attainment because of the feel committed and responsibility attachment. That these individuals feel attached to the organization and therefore get committed to ensure organizational targets are realized. However in 1997, Lam, Simon, and Wagner made reviews as regards to participation in decision making and formulation. They concluded that participation in planning and budgeting (decision making) is just a way of information exchange (sharing) rather than a way of goal attainment. Locke & Latham (2002) concluded that all goal outcomes are mediated by task knowledge and motivation without cognition is useless. This is controversial to cognition without motivation is also useless because people may have no desire to respond and act to what is known. Therefore a budget is one way of setting an organization at goals and targets for a specific period of time. Therefore, the primary aim of goal setting must lead to better performance and only when people strive to do their best (Locke and Latham 2002). Thus the budgets should be set

standard and quite challenging members and employees to achieve more for improved performance.

J mark (2002) in his study results of the budget theory, it was explained that social motivation defines well budget and budgeting as far back as in the ancient bible times when Joseph budgeted and stored grains which lasted the treasure without a written order. Biblically, it is said that Joseph budgeted and stored grains which lasted the Egyptians throughout the seven years of famine. Following that, budgets were first introduced in the 1920s as a tool to control and manage costs and cash flows in large industrial organization (Bartle & Shields, 2008). The evolution of scientific management philosophy however put more efforts on having detailed information as basis for taking decisions thus leading to tremendous development of management, accounting and budgeting techniques (Bartle & Shields, 2008). At early stage of development, budgeting was concerned with preparing and presenting credible information of legitimize accountability and to permit correct performance evaluation and consequently, rewards (Khan & Hildreth, 2002), however the function and focus of budgeting has shifted considerably over the years.

➤ *Empirical Studies*

In this section, literature relating the budgetary process to financial performance is discussed. It was noted that studies relating the two are generally scarce in the African context (Adongo & Jagongo, 2013) and almost none existent in Hoima District, indicating that institutions neglect the issue of research on how their policies and processes work, their success and the factors behind them. That is possibly why Johanna (2012) has noted the different challenges organisation face when measuring control effectiveness.

According to Goodluck (2019), some of the most important factors which influence performance of SACCOS: duration or time taken to process loans; amount of defaulters; size of membership; capital adequacy; credit evaluating criteria; and financial liquidity. Time spent in processing loans for members is one of the most important factors which determine performance of SACCOS. Wijewardena and De Zoysa (2001) suggested that the effect of budgetary process on organizational performance may differ from enterprise to enterprise depending on the effectiveness of implementation. This implies that having budgetary process on paper may not give good results if they are not well implemented. It has been recognized by many researchers that an organization can have a sound budget system and budgetary plans but fail

to realize its intended targets/goals. This postulates that the rules of the game by which the budget is formulated and implemented are very significant and therefore influence outcomes (Schick, 1999). It was upon this background that the study examined influence of budgetary process to the financial performance of SACCOS in Hoima District.

➤ *Financial Performance*

Financial performance with variables of profitability, return on investment and market share growth was used, just to determine the effect of budgetary process in the SACCOS of Hoima district (Murphy et al., 1996). However, the use of these measures to evaluate financial performance has been criticized for being too narrowly focused. In a pioneering work by Hopwood, the role of reliance on accounting performance measures (RAPM), accounting data in performance evaluation were emphasized and pointed out five negative aspects.

It was found out that not all relevant dimensions are included in the budget report, such as the level of skills of managers, the economic cost function, short term nature of budgets and only limited at representing accounting data for budget outcomes. Finally, accounting reports can fail to perfectly satisfy the requirements for any single purpose, since the reports are used to serve many purposes.

II. MATERIALS AND METHODS

➤ *Description of Study Area*

Hoima District is located in mid-western Uganda at 00°37'N 30°37'E and is a neighborhood of Buliisa District to the in the north, bordered by Masindi District to the northeast, Kyankwanzi District in the east, Kibaale District to the south, Ntoroko District to the southwest and the Democratic Republic of Congo across Lake Albert to the west. The location of the district headquarters is approximately 230 kilometres (140 mi), by road, northwest of Kampala, the capital of Uganda and the largest city in that country. It covers 5,933 Square Kilometer area.

Hoima is among the recently developing Districts in Uganda with its growth resulting from discovery and exploitation of oil in the Albertine graben. It has an approximate population size of 573,903; 49% male, 81.4% rural (Uganda Bureau of Statistics, 2018). The ethnicity is Bantu speaking with Banyoro and Batooro groups.

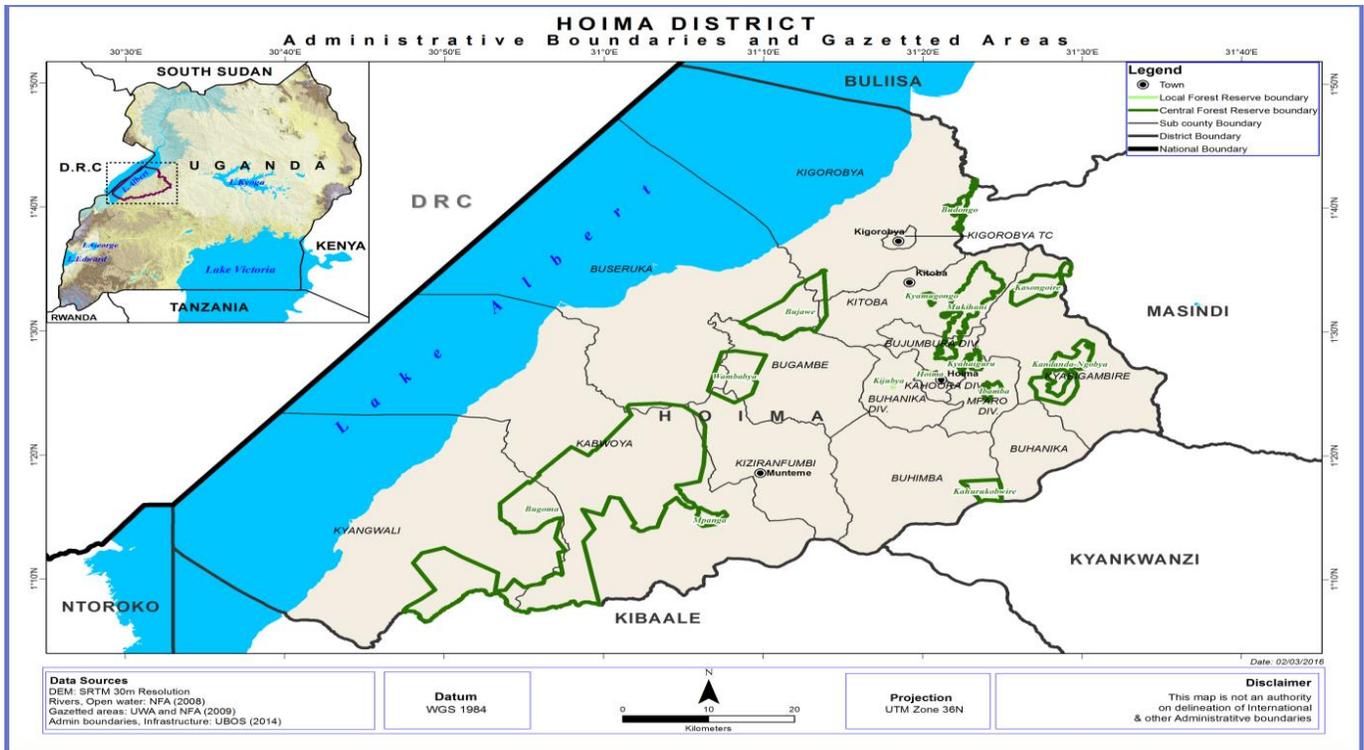


Fig 1:- Geographical Location of the area of study. It shows location of Hoima district in Bunyoro sub-region, mid-western part of Uganda with an expanded segment of Hoima district (study area).

The study area was selected because it is recently increasing in the number of investment opportunities by the different SACCO stakeholders. This was against the few commercial banks available Centenary, Bank of Africa, Post bank, KCB bank, Equity bank DFCU bank, Stanbic, Barclays and opportunity bank, other micro finance institutions like Hofokam, Finca and pride, which could not provide adequate financial solutions to the ever increasing need for financial investments. Hence the need to consider mushrooming of SACCOs in the district.

Hoima district had registered about 60 SACCOs and these had greatly bridged the saving-investment gap that existed in Hoima district (Aurthor observation, 2019). However these SACCOs lacked appropriate budgetary process; budget planning, participation and control for improved financial performance.

➤ *Research Design*

The study undertook descriptive correlational and cross-sectional survey design, and followed a quantitative approach designed using questionnaires on a 4-linkertz style with responses; Strongly Agree ranked as '4', Agree ranked as '3', Disagree ranked as '2' and Strongly disagree ranked as '1'. The study described profile of respondents like gender, level of education, marital status among others. The researcher described the level of budgetary process practiced by the SACCOs such as budgetary planning, participation and control and how budgetary process impacts financial

performance. A correlational survey research design was used to find out the linkage between budgetary process and financial performance of selected SACCOs in Hoima District. Correlation studies aimed at establishing whether or not and to what extent an association existed between budgetary process; budgetary planning, budgetary participation & control and performance of SACCOs financially (Wanyoike & Richu, 2014). The proximity of the researcher was also favourable since it enabled the researcher to carry out study work adequately within the required period of time.

The study was conducted using questionnaires distributed to the respondents. About 136 questionnaires were issued as per the sample size of 136. This gave adequate and fair representation for conclusive results.

➤ *Study Population and Sample Size*

The target study population was 210 respondents purposively and randomly selected from different selected SACCOs. General, Credit managers and members/customers were majorly the respondents of the study in HDLG. The respondents of the study were at least one SACCO manager and five (5) clients or other employees from each SACCO. Thus a sample size of 136 respondents selected using Krejcie and Morgan (1970) out of the population. This gave an adequate representation of the industry in which Selected SACCOs existed.

III. RESULTS

The results about response rate indicated 91.2% response rate. This gave credible and fair conclusion about the research results. Findings about the bio data of respondents was also obtained. As observed from *figure 2* below, either sexes (females and males) participated in the

study since the study was not limited to a particular sex. Although the findings indicate that most (54.8%) of the respondents were females compared to the (45.2%) who were males. This meant that women are found popularly using SACCOs to obtain financial services as opposed to men (Researcher, 2019).

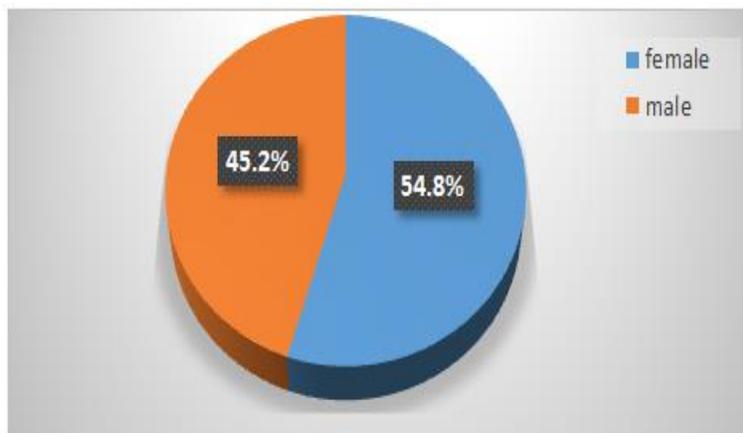


Fig 2:- Shows gender of respondents. It shows a bigger percentage of Males than Females involved in the research study

Results from table 1 indicate that, Kitoba SACCO had the biggest number of valid respondents with 22(17.7%). This was followed by kedep and Kigorobyas with 21 (16.9%) and 21 (16.9%) respectively while Self-help had 19(15.3%), Buhimba 17(13.7%), Bugambe 14(11.3%) and Heda 10(8.1%). These findings implied that all selected SACCOs and respondents had adequate representation for the study. The results were found beneficial to discovering a wider perspective on budgetary process and performance of SACCOs financially in Hoima District local government.

The results were found beneficial to discovering a wider perspective on budgetary processes and performance of the selected SACCOs in HDLG.

| Name of SACCO | Frequency | Percent |
|---------------|-----------|---------|
| Bugambe | 14 | 11.3 |
| Buhimba | 17 | 13.7 |
| Heda | 10 | 8.1 |
| Kedep | 21 | 16.9 |
| Kigorobyas | 21 | 16.9 |
| Kitoba | 22 | 17.7 |
| Self Help | 19 | 15.3 |
| Total | 124 | 100.0 |

Table 1:- shows SACCO names and percentage contribution of respondents

Findings in table 2 indicate that majority 75(60.5%) of the respondents were members implying that they were customers or users of these SACCOs. This is in line with the local government policies of rising people’s income through such institutions. On the other hand, a total of 49(39.5%) respondents had a range of employees, cashiers, accountants, secretaries, treasurers and managers.

| Designation | Frequency | Percent |
|-------------|-----------|---------|
| Accountant | 7 | 5.6 |
| Cashier | 7 | 5.6 |
| Credit | 4 | 3.2 |
| Employee | 11 | 8.9 |
| Loans | 5 | 4.0 |
| Manager | 10 | 8.1 |
| Customers | 75 | 60.5 |
| Secretary | 4 | 3.2 |
| Treasurer | 1 | .8 |
| Total | 124 | 100.0 |

Table 2:- shows respondents’ designation or occupation

Results in table 3 shows that a bigger number of 42(46.7%) of the respondents agreed and inferred that many SACCOs were in operation for a period between 11 – 15 years, 37(41.1%) of the respondents indicated that the SACCOs had been in business for 6 – 10 years, and the minority 10(11.1%) have been in the bank for 16 years and above. However findings revealed that some respondents did not know how long the SACCOs were in existence. This was indicated by 34(27.4%) of the respondents who did not fill it on the questionnaire. These results therefore imply that majority of the SACCOs had existed for quite enough time to give the researcher relevant information regarding budgetary

| Name of SACCO | How long has your SACCO been in existence | | | | Total |
|---------------|---|--------------|---------------|------------------|-----------|
| | 1-5 years | 6 to 10years | 11 to 15years | 16 years & above | |
| Bugambe | 0 | 1 | 10 | 0 | 11 |
| Buhimba | 1 | 4 | 0 | 4 | 9 |
| Heda | 0 | 4 | 0 | 6 | 10 |
| Kedep | 0 | 0 | 17 | 0 | 17 |
| Kigoroby | 0 | 15 | 0 | 0 | 15 |
| Kitoba | 0 | 13 | 2 | 0 | 15 |
| Self Help | 0 | 0 | 13 | 0 | 13 |
| Total | 1 | 37 | 42 | 10 | 90 |

Table 3:- shows years of existence of the selected SACCOs

The study employed regression analysis to identify the linkage between the independent variable; budgetary process (Budgetary participation, planning and control) and the dependent variable (financial performance).

➤ *Results of Models Goodness of Fit Test*

To determine the association, dependent variable (financial performance) was regressed against the independent variables as Budgetary processes (Budgetary participation, budgetary planning and Budgetary control). The model summary is as shown in Table 4.

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .716 ^a | .532 | .479 | .1517 | 2.318 |
| Predictors: (constant), Budgetary participation, Budgetary planning, Budgetary control | | | | | |

Table 4:- Model Summary
Source: Researcher, 2019

The results from the table suggest there being a strong association between budgetary processes (budgetary planning, participation and control) and performance financially as evidenced by an *R-value of 0.716*. The results further accounts for 47.9% of the total variance in the selected SACCOs' financial performance as indicated by an adjusted *R-square* value. A durbin-watson statistic of 2.318 indicated that the regression model residuals were not easily correlated since the recorded durbin-watson statistic of 2.318 was greater than 1.5.

➤ *Analysis of Variance (ANOVA)*

The ANOVA was undertaken in order to test the regression model's goodness of fit. It recorded a significant level of 0.8% that meant the analytical model had goodness of fit and hence making it reliable in identifying the relationship between budgetary process (Budgetary participation, planning and control) and performance of SACCOs in Hoima district local government. The findings were as shown in table 5.

| Model | Sum of Squares | Df | Mean Square | F | Sig. | |
|---|----------------|-------|-------------|------|-------|--------------------|
| 1 | Regression | .868 | 15 | .125 | 3.359 | 0.008 ^a |
| | Residual | 3.527 | 93 | .037 | | |
| | Total | 4.394 | 108 | | | |
| a. Dependent Variable: Financial performance | | | | | | |
| b. Predictors: (constant), Budgetary participation, planning & control | | | | | | |

Table 5:- shows Analysis of Variance (ANOVA)^b
Source: Researcher 2019

➤ *The Estimated Model*

The regression coefficients indicated that at 95% confidence level, Budgetary planning, control and budgetary

participation had a combined positive effect on performance of selected SACCOs in Hoima district local government. The findings were as shown in table 6.

| Coefficients ^a | | | | | |
|---|-----------------------------|------------|---------------------------|--------|------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | B | Std. Error | Beta | | |
| (Constant) | 0.070 | .791 | | 3.617 | .001 |
| Budgetary planning | 0.194 | .085 | 0.234 | 2.280 | .001 |
| Budgetary control | 0.321 | .082 | .225 | 3.962 | .003 |
| Budgetary participation | 0.279 | .091 | .223 | .3.065 | .004 |
| a. Dependent Variable: Financial performance | | | | | |

Table 6:- shows Coefficients of Regression
Source: Primary data, 2019

The study found out that budgetary process (budgetary planning, budgetary control and budgetary participation) had a positive significant effect on the financial performance of selected SACCOs of Hoima District as evidenced by high *t-values* and *p-values* smaller than 0.05. The *p-values* recorded were: Budgetary planning ($t=2.280, p=0.001$), budgetary control ($t=3.962, p=0.003$) and budgetary participation ($t=3.065, p=0.004$).

The constant value of 0.07 indicates that if budgetary process was not there, the financial performance of the selected SACCOs in HDLG would merge at 0.07. For purposes of determining the regression equation, research

work estimated the error term of the model was found zero. If budgetary planning, budgetary control and budgetary participation were each increased by a unit, performance of SACCOs financially would increase by 0.070, 0.194 and 0.321 respectively.

➤ *Analysis of Correlations*

The study work further obtained the Pearson product-moment correlation analysis to check whether the study variables were associated. A *p-value* of 0.05 or smaller was used to indicate significant correlations. The findings were as shown in table 7.

| | | Financial performance | Budget participation | Budget planning | Budget control |
|--|---------------------|-----------------------|----------------------|-----------------|----------------|
| Financial performance Pearson Correlation of SACCOs Sig. (2-tailed) | | 1 | | | |
| Budgetary participation | Pearson Correlation | 0.881 | 1 | | |
| | Sig. (2-tailed) | 0.009 | . | | |
| Budget planning | Pearson Correlation | 0.788 | 0.523 | 1 | |
| | Sig. (2-tailed) | 0.017 | 0.016 | . | |
| Budgeting Control | Pearson Correlation | 0.672 | 0.743 | 0.597 | 1 |
| | Sig. (2-tailed) | 0.031 | 0.012 | 0.028 | . |

Table 7:- Shows combined Correlation Analysis matrix
Source: Researcher, 2019

The statistical information presented on budgetary participation, budget planning and budgetary control were later summarized using SPSS into single variables per factor by getting the means of each factor. This was followed by analysis of Pearson’s correlations conducted at 95% confidence interval and 5% confidence level 2-tailed. Statistically, it implied the data or information is relevant to make inferences or conclusions. From table 7, shows the matrix of correlation between the different aspects of budgetary processes (that is, budgetary participation, planning and control) and budget performance of SACCOs in

Hoima district local government. By observation from table 7, findings indicate a positive relationship between parameters of budgetary process and performance of the selected SACCOs financially in Hoima district local government and budgetary participation, planning and control of size 0.881, 0.788 & 0.672 respectively. This confirms that budgetary participation made the largest positive impact on the financial performance of SACCOs of Hoima, which was followed by budgetary planning while budgetary control had the least effect on the financial performance of SACCOs of HDLG. It tells us that

participation of members in budget formulation and design makes it easy to propose changes where necessary and even come up with follow up programs that enable the SACCOs progress in terms of financial growth and expansion (Drake, 2010).

IV. DISCUSSION OF FINDINGS

The study recorded a response rate of 91.2% which was considered internally consistent and fair conclusions. In regard to sex contribution to the study, results indicate that more females than males participated in research findings. It also implied females use SACCOs greater than the males. This implied that the selected SACCOs had implemented these variables though respondents had differing opinions in regard to their extent of applicability.

The major discovery was that formal budgetary planning if done in a formal way enhances higher growth of market; this is also true with adequate and formal budgetary control promotes increased profitability of these SACCOs. On the other hand, participation of members in budget design and formulation increases chances of more returns on investment.

The discoveries presented above show that if budgetary planning, participation and control are held at zero, a unit increase in budgetary participation would lead to a 0.881 increase in performance of SACCOs financially. The linkage was very significant since *p-value* is less than 0.05 (as observed from table 0.009<0.05). The study findings tell or confirm that inclusion of members in budget formulation as a way of participating ensures a more reliable and accurate figures and information which promotes organizational performance in terms of financial aspects (Hoqqe,2005). The discoveries further indicate that a unit increase in budgetary control would result to 0.672 increase in performance of SACCOs financially. This is confirmed by the significant relationship obtained by the *p-value* smaller than 0.05 as observed from the table of results. Actually controls in budgeting influence effectiveness of performance of SACCOs (Adongo, 2013). In totality, participation of members in design and implementation of budgets in SACCOs have a greater impact towards performance financially. This is evidenced from the table results where participation had the largest effect while budgetary planning had the least effect. And it is concluded that all variables were significant since *p-values* were less than 0.05.

V. CONCLUSIONS

The research work found out that, all respondents of the SACCOs confirmed that there is an established budget process towards return on investment as shown from results table 7. This gives an indication that the SACCOs' budgetary process goes through these key areas of planning, participation and control. This confirms an inference or

conclusion to be made that processes of budgeting have significant and moderate relationship towards investment, one way of measuring performance financially. It also concluded that there is an association between budgetary process and market share of SACCOs in Hoima district local government. This was clearly indicated in table 7 which showed a positive relationship.

Related to other studies about small and medium enterprises which work with unclear goals and face uncertainty, this study work however confirmed that SACCOs engaged in formal budgetary processes and formal planning promote financial performance in Hoima district local government. Also, it leads to achievement of higher growth in terms of sales and profit. This was confirmed with significant relationship between budgeting and profitability. Thus profitability and sales growth are influenced by organizational budgetary processes.

Profit growth is a major measure of SACCO performance just like any other profit making organization. Therefore budgetary processes if implemented in organizations yield positive results in a given period of time. Following this, one cannot rule out performance as one way of indicating positive trend of organizations. Actually, the results reveals that. One respondent told us, "Tikisoboka ku'goboramu otaina ensimbi munsaho ye'byobusubuzi", this literally and in English meaning, "No business entity can perform well without financial accumulation". The idea being that, no organization can say that it is performing without making profits and finances.

On the basis of the findings, the study recommends that SACCOs should carry out performance evaluation on every planned activities. This will censure the outcomes are attained within the required time frame. Also, budgetary costs should be a basis of choosing the most-fit financial performance technique for SACCOs since such performance systems can provide economic benefits of different sorts to them. Since most businesses do not have business plans, more emphasis need to be channeled towards drafting professional business plans for any project undertaken before implementation.

LIST OF ABBREVIATIONS

| | |
|--------|---|
| HDLG | :- Hoima District Local Government |
| HEDA | :- Hoima Entrepreneurs Development Association |
| ICA | :- International Cooperative Alliance |
| ICT | :- Information Communication & Technology |
| KEDEP | :- Kolping Entrepreneurs Development Project |
| NRM | :- National Resistance Movement |
| SACCOs | :- Savings and Credit Cooperative Organizations |
| SMEs | :- Small and Medium Enterprises |
| UBOS | :-Uganda Bureau of Statistics |
| WOCCUs | :- World Council of Credit Unions |

CONTRIBUTION OF THE AUTHOR

The corresponding author (Herbert Irumba) made efforts to perceive and conceptualize the research idea, gathered, analyzed the data and prepared the manuscript. Mr. Alinaitwe Godfrey (Co-Author) provided technical support and guidance of this work.

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