

**THE EFFECT OF BUDGETARY CONTROL ON EFFECTIVENESS OF NON
GOVERNMENTAL ORGANIZATIONS: A CASE STUDY OF ACTION
AID UGANDA, KAMPALA DISTRICT**

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DECLARATION

I **AYAKAKA SCOVIA** declare that I have carried out this research dissertation and the content inside is my original work which has never been submitted to any institution.


Signature..........Date.....28/2/2019.....

Ayakaka Scovia

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APPROVAL

This is to certify that this research dissertation has been done with my supervision and is ready for submission with my approval.

Signed  Date 28/02/2019

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University Supervisor

DEDICATION

With much pleasure and appreciation, this peace of work is dedicated to my Dad Alica Simon, my Uncle Eng. Amayo Johnson, my Supervisor Ms. Turabiirwe Lovence, my Aunties; Ms. Jane Amayo and Ms. Candiru Betty, sisters, cousins and brothers for the great support physically, emotionally, spiritually and financially during my three years course in business administration. may the almighty god continue to bless them.

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Most of all, recognition of merit goes to the Almighty God for granting me knowledge and the gift of life to complete this three years course, I Owe this to you my Lord.

LIST OF ACRONYMS

K.I.U	Kampala International University
M&E	Monitoring and Evaluation
NGOs	Non-Governmental Organizations
UNFPA	United Nations Food Programme for Africa

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ABSTRACT

This research aimed at examination of the effect of budgetary control on effectiveness of Non Governmental Organizations putting much emphasis on Action Aid Uganda, Kampala district. The study was based on three specific objectives that is; to establish the effect of planning and monitoring on effectiveness of Action Aid Uganda, determine the effect of monitoring and control on effectiveness of Action Aid Uganda and as well determine the effect of analyzing and feedback on effectiveness of Action Aid Uganda. Various authentications were reviewed to compare study findings and what other researchers had in relation to the three specific objectives of the study. The study used a descriptive survey study research design which examined the budgetary control of Action Aid Uganda and also was applied to describe a population with respect to important variables with the major emphasis being establishing the relationship between the variables. The population of the study consisted of the current staff of Action Aid since it is a special reference organization operating in Uganda which and that it was obtained from the NGOs coordination Board. A sample size of 144 was used to collect data through use of Slovenes formula and the questionnaire instrument; however after data collection only 60 questionnaires were retrieved. Data was therefore collected basing on both primary and secondary sources. In regard to ethics governing an educational research, an authority letter was collected from the Head of Department for Business Administration and in return, Action Aid Uganda guaranteed the researcher to collect data with proof of an Acceptance Letter. The majority of the respondents agreed that if issues concerning planning and monitoring are not satisfying then budgetary control may be negatively affected and it was also found that effective monitoring and control can be analyzed through budgetary control after boosting investors to finance the organization. Hence the study recommended Action Aid to have regular workshops and seminars to expose their staff to various activities done form different organizations for the betterment of organizational performance.

CHAPTER ONE

1.0 Introduction

This chapter of the research presented the background, problem statement, purpose of the study, general objective, specific objectives, significance and scope of the study and conceptual framework.

1.1 Background of the study

There is hardly any aspect of human endeavour that does not have economic implication because economics as a science is essentially concerned with the study of scarce resources, their allocation, management and utilization. This reality is what gave birth to a business budget in the 20th century. The term budget was first put to use in Europe to refer to first, a leather bag used to carry statement of revenue and expenditure and later the term was referred to as the statement itself and not just the container.

According to Bremser, (2008) budgets are used to communicate top management's expectations to managers and employees. However, according to Lucy (1993), it is a quantitative expression of plan of action prepared in advance of the period to which it relates, expressed in money terms approved prior to the period. Therefore it could be apparently inferred from the foregoing that Budgeting is the driving force behind every organization and of course necessarily unavoidable. These activities include planning, organizing, directing and controlling of economic resources which are schematized to reflect the nature and objectives of the organization and must be tailored towards the attainment of the overall organization's predetermined objectives.

Today, a budget plays a greater role in the planning and control process of basically all organization, be it private or public sector, ministries and non-profit-making organizations. The budgetary process is an integral part of both planning and control. The research is deeply concerned with the extent to which management Action Aid Uganda seize the advantages associated with budgeting process.

This study will be based on the budgetary control model theory which puts emphasis on a good budgeting system which enables organizations to address the efficiency and effectiveness of the organization's expenditure. This therefore indicates that a budgetary control is the process of developing a spending plan and periodically comparing actual expenditures against that plan to determine if it or the spending patterns need adjustment to stay on track. This process is necessary to control spending and meet various financial goals. Organizations rely heavily on budgetary control to manage their spending activities and this technique is also used by the public and the private sector as well as private individuals such as heads of household who want to make sure they live within their means (Dunk, 2009).

Budgetary control is a system of management control in which the actual income and spending are compared with planned income and spending, so that the firm can make decisions if plans are being followed and if those plans need to be changed in order to make a profit. Budgetary control is the one of best technique of controlling, management and finance in which every department's budget is made with estimated data. Then, the management conducts a comparative study of the estimated data with original data and fixes the responsibility of employee if variance will not be favorable. In the business world today, organizations have developed a variety of processes and techniques designed to contribute to the planning and control functions.

Budgetary control systems are universal and have been considered an essential tool for financial planning. The purpose of budgetary control is to provide a forecast of revenues and expenditures this is achieved through constructing a model of how our business might perform financially speaking if certain strategies, events and plans are carried out (Churchill, 2001). Most firms use budget control as the primary means of corporate internal controls, it provides a comprehensive management platform for efficient and effective allocation of resources.

Budgetary controls enable the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan, effective implementation of budgetary control is an important guarantee for the effective implementation of budget in the organization (Carr and Joseph, 2010). Most organizations have

adopted broad budgetary control that ensures that the entire budget system is a control system, which it is the formation of a prior, during and after the whole process of control system through the budget preparation, budget evaluation, reward and punishment by monitoring of budget execution.

With a narrow budgetary control, an organization can prepare a good budget as a basis for performance management and standards on a regular basis in order to compare actual performance with the budget to analyze differences in the results and take corrective measures, which mainly involves the process of budget implementation, evaluation and control (Hokal and Shaw, 2012). Most nongovernmental organizations are funded by international donors to implement and deliver various projects in different areas for example health, road construction, disaster responses management (Cherington, 2013).

To achieve efficient utilization of the allocated funds, proper control measures should be implemented to ensure that the management team account for the allocated funds through minimization of efficient utilization of allocated funds. According to this study entitled effects of budgetary control on effectiveness of non-profitable governmental organizations in Uganda, focus will be put on Action Aid Uganda as a case study since it is a non-political, no-religious and non-governmental organization that has been working in Uganda since 1982 to end poverty and injustice. Action Aid is among the leading anti-poverty agencies working directly with over one million poor and excluded people in 50 districts of Uganda hence focus will be put on identification of how the organizational budget has been controlled for effectiveness in its performance (NGO's, 2013).

1.2 Statement of the problem

Budgetary control is used by most organizations as a tool for proper management of resources in the organization and its activities hence it is meant to provide for comparisons of actual results against budget plan. Due to such instances, departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors, this is essential in reducing inefficiencies and poor budget practices leading to efficient allocation of

scarce resources (Joshi and Abdulla, 1996). This is one of the reasons expressed by NGOs, that most of them operating in Uganda have shifted focus to budgetary control as a way of enhancing effectiveness in their services. However, budgetary control is at times found to be acting negative for example budgetary participation affects return on capital employed and return on assets. Further if the budget is not appropriate, it affects planning, monitoring and evaluation is always destructed due to limited funds allocated to accomplish the tasks availed and also it always hard for the NGO to get feedback from the target community on how it is performing to analyze its weaknesses and whether it is fulfilling its set goals and aim. Hence in regard to the above issues this study established a relationship between budgetary control and performance of NGOs with much focus on Action Aid Uganda.

1.3 Purpose of the Study

To determine the effect of budgetary control on performance of Non-Governmental Organizations in Uganda with special reference to Action Aid Uganda.

1.4 Specific objectives

- i) To establish the effect of planning and monitoring on effectiveness of Action Aid Uganda.
- ii) To determine the effect of monitoring and control on effectiveness of Action Aid Uganda.
- iii) To determine the effect of analyzing and feedback on effectiveness of Action Aid Uganda.

1.5 Research Questions

- i) What is the effect of planning and monitoring on effectiveness of Action Aid Uganda?
- ii) What is the effect of monitoring and control on effectiveness of Action Aid Uganda?
- iii) What is the effect of analyzing and feedback on effectiveness of Action Aid Uganda?

1.6 Scope of the Study

1.6.1 Geographical Scope

The study was undertaken from Action Aid Uganda at its headquarters in Kampala located in Kansanga opposite K.I.U-off Ggaba road. It was considered as the area of study because it is very close to the researcher and it is servicing in accordance to the NGO authentications of Uganda.

1.6.2 Content Scope

The study was based on exploration of the effect of budgetary control on effectiveness of non-governmental organization in Uganda with special reference to Action Aid Uganda. Therefore focus was put on emphasizing effectiveness of Action Aid in dealing with control of its budget and how it favors the smooth running of the organization inform of budgeting.

1.6.3 Time Scope

The study was conducted between November 2018 and February 2019. The researcher was in position to collect data from the field to present final findings in chapter four and recommendations in chapter five.

1.7 Significance of the Study

NGOs

The study will help NGOs adopt proper measures of budget control to ensure efficient and effective utilization of resources meant for the smooth running of the organization.

To the Government

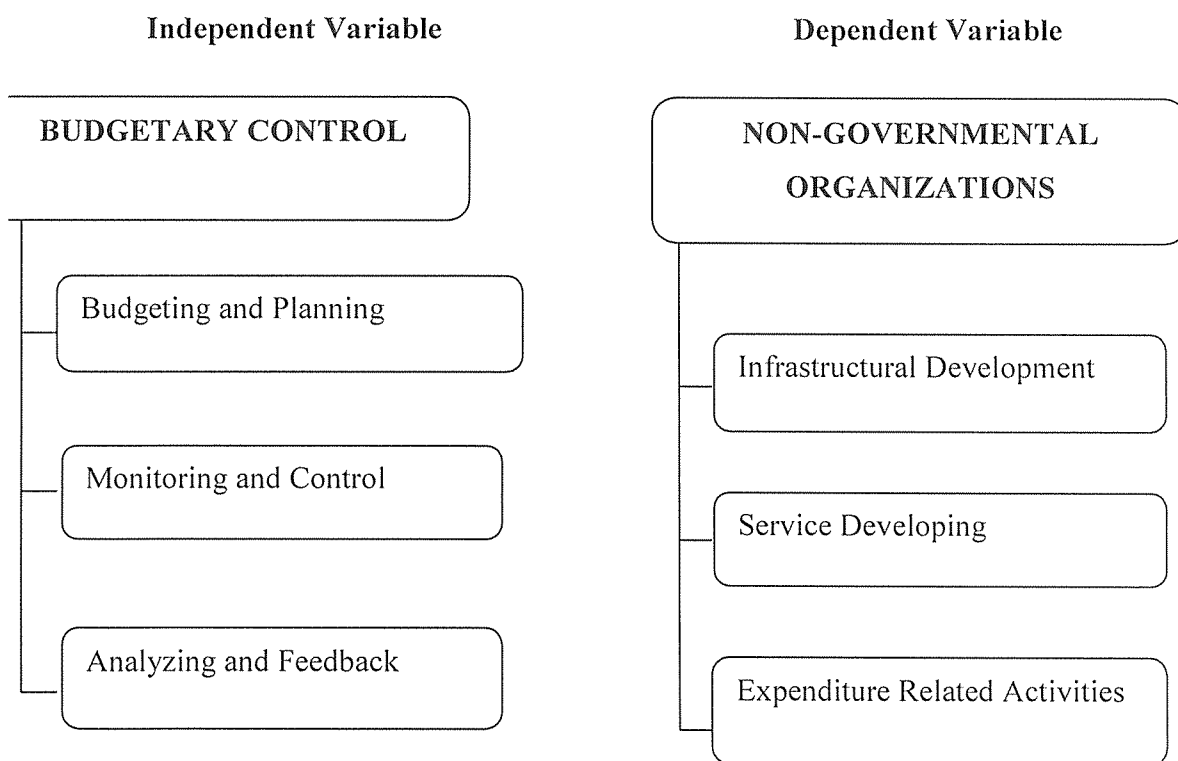
The findings of this study will provide more insights to the government and other policy makers in setting policies that encourage other firms to use budgets as a performance evaluation tool.

Researchers and academicians

Researchers and academicians interested in this area or other related topics can use the findings of this study to serve as a good source for further research. In addition, an examination of the various prerequisites of the budgeting system will enable the reader to better appreciate the use of budget in evaluating performance in relation to predetermined set goals of the organization. Furthermore, an exploration of the dangers and problems associated with budget will also enhance the reader’s knowledge in the use of budget as a performance standard.

1.8 Conceptual Framework

Fig 1: Conceptual Framework showing the relationship between budgetary control and performance of NGOs



Source; Joshi, J., & Abdulla, M. (2016) and modified by the researcher, 2018

From the conceptual framework above, budgets are always controlled through proper planning that is to say looking for what the organization needs, finding prices for each item and hence

proper planning. Further it is always influenced by monitoring and control that is to say proper follow ups of how money is used for each sector and as well find out whether it is used for what it was meant for. After monitoring, it is also influenced by feedback that is getting response from for example the field to find out whether money was efficiently used to evaluate for performance. Hence after proper control of the estimated budget, it can lead to outcomes like infrastructural development, service developing and more planned expenditure for set services hence effectiveness of the Non Governmental Organization.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter was based on reviewing the literature related to the three specific objectives of the study. It focused on relating how different authors wrote about the topic in question.

2.1 Review of the concepts

2.1.1 Budget

Sharma, P. (2012) defines a budget as an instrument of management used to aid in the planning, programming and control of business activity. This in accordance to the authentications, expressed may include income, expenditure and employment of capital.

2.1.2 Budgetary Control

Silva & Jayamaha, (2012) explains budgetary control as the process of developing a spending plan and periodically comparing actual expenditures against that plan to determine if it or the spending patterns need adjustment to stay on track. This process is necessary to control spending and meet various financial goals. This in accordance to Silva and Jayamaha, organizations rely heavily on budgetary control to manage their spending activities and it is mostly used by private and public entities (Dunk, 2009).

2.1.3 Non Government Organization (NGOs)

According to National Policy on Non-Governmental Organizations(2010), non-government organization has a voluntary grouping of individuals or organizations which is autonomous and not-for-profit sharing; organized locally at the grassroots level, nationally or internationally for the purpose of enhancing the legitimate economic, social and cultural development or lobbying or advocacy on issues of public interest or interest of a group of individuals or organizations.

2.2 Effect of planning and monitoring on effectiveness of NGOs

Different authors have defined monitoring differently there is some overlap and disagreement between the operational definition stated in the background of this research and the definitions of the different authors as highlighted below, McCoy *et al.* (2005) definition is adopted and modified as the operational definition in the context of this research and it defines monitoring as the routine tracking of the key elements of project implementation performance, usually inputs, activities and outputs, through recordkeeping, regular reporting and surveillance.

Gacheru, (2012) explains that it seeks to determine if the inputs, activities and outputs (immediate deliverables) are proceeding according to plan. Inputs to be tracked include financial resources, human resources, equipment used on the project and any other input that goes into project implementation. The financial resources are tracked with a budget and performance is analyzed by comparing planned expenditure against actual expenditure. Activities or processes are tracked using a schedule, which is planned schedule against actual schedule of the activities that is to say what activities have been done versus what should have been done according to the planned schedule.

Crawford and Bryce (2003) argue that monitoring is an ongoing process of data capture and analysis for primarily project control with an internally driven emphasis on efficiency of project. The authors define efficiency in this context as doing the right thing that is: efficient conversion of inputs to outputs within budget and schedule and wise use of human, financial and natural capital. This definition emphasizes the fact that monitoring is geared mainly to project control. This is in agreement with the operational definition that looks at project control as taking corrective action and making decisions pertaining to the project by the project manager during implementation.

Uitto (2004) defines monitoring briefly as a continuous function that aims primarily to provide management and stakeholders with early indicators of project performance of a project and progress (or lack thereof) in achievement of the results. Monitoring is seen as a continuous function as highlighted in the contextual definition of this research but it does not highlight what

is tracked against what so as to be able to indicate performance. Nevertheless it emphasizes the fact that monitoring is very important in that it provides information to the management and stakeholders about performance. It also highlights the fact that monitoring is results oriented.

UNFPA (2004) defines monitoring as a process that continuously tracks performance against planned by collecting and analyzing data indicators established for monitoring and evaluation purposes. Monitoring is seen as in the contextual definition as providing continuous information on whether progress is being made toward achieving results through record keeping and regular reporting systems. Monitoring looks at the project processes that transform inputs into outputs, it also identifies project strength and weaknesses. The performance information from monitoring enhances learning and decision making during implementation.

2.3 Effect of monitoring and control on effectiveness of NGOs

Once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a given period of time (Horngren et al., 2017). An open and professional approach to budget planning boost investors, development financial partners and national or international donors to make financial resources available (Otley & Van der Stede, 2003). This is achieved through ensuring that the estimated budget does not deviate from the actual outcome in order to make necessary adjustment from any variance noted.

Controlling means the systematic appraisal of results to ensure that actual and planned operations coincide or if there are any deviations, the carrying out of corrective action. A budget becomes a means of control when the actual business performance is compared with the predetermined performance. Every functional executive knows what was expected of his department and presently where his department stands.

A good performance indicator according to Schiavo-Campo (1999) must be CREAM in nature; where C stands for clear meaning precise and unambiguous; R stands for relevant which means subject appropriate; E stands for economic which means available at a reasonable cost; A stands for adequate which means that it provides a sufficient basis to assess performance and M stands for monitorable which means amenable to independent validation.

Budgets are considered to be the core element of the control-process and consequently vital part to the umbrella concept of performance measurement. Research has shown that there is no single approach to budgeting suitable for all businesses. Instead, the suitability of a particular approach is argued to be contingent upon characteristics of a business including its size, strategy, structure, and also management's perception of the uncertainty of the environment within which the business operates to best link its budgetary control procedures that is planning, evaluation, monitoring and control.

2.4 Effect of analyzing and feedback on effectiveness of NGOs

Once budgets are operating throughout an organization, it is important that feedback is made available to the managers responsible for its operation. This is often done by means of monthly budget reports. These reports contain comparisons between the budget and the actual position and throw up differences which are known technically as variances.

The budget plans must be properly co-ordinated in order to eliminate bottlenecks. Individual budgets should be co-ordinated with one another to ensure that the implementation process is conducted effectively in order to save time and costs (Horngren, Forster and Dater, 2017).

According to Khawaja (2011), monitoring is the feedback mechanism within a management framework. Its main objective is the improvement in management of programme activities and ensuring the optimal use of funds and other resources while providing a platform to learn from experience so as to improve the relevance, methods and outcomes of organizational programmes. Performance indicators continuously generated through monitoring, alerts management on constraints and opportunities of the programme requiring attention and action. It increases productivity and reduces operational costs as well as providing effective services to beneficiaries.

Eckman (2016) conducted a study to describe the current monitoring and evaluation practices and to identify gaps and needs so that practical measures might be developed to improve the quality of monitoring. A sample included 75 NGOs (both international and national) and after

examining organization support for monitoring, his findings and conclusions were that monitoring is generally overlooked like takes a back seat to evaluation with many organizations budgeting for periodic and formal evaluations.

Yet monitoring has the potential to significantly improve projects impacts without high investment costs and can also better inform the decision making process. Continuing a business as usual monitoring pattern will simply perpetuate existing informal gaps and problems for many agencies. Reorienting and intensifying monitoring practices contribute to more costs effective, socially effective and successful projects.

2.5 Relationship between budgetary control and performance of NGOs

Joshi and Abdulla (2016) examined some aspects of budgetary control and performance valuation systems by utilizing data based on a questionnaire survey of 42 medium and large size companies located in the State of Bahrain. The study found that the conventional form of budget controllability principle was practiced to a great extent. It was concluded that bonus is affected by budget performance along with new assignments, but not salary.

Callahan and Waymire (2007), according to government statistics, at the end of June 2006, there was over \$7 trillion of corporate, state, and local government, asset-backed structured finance bonds outstanding with much of it rated by only a (literal) handful of bond rating companies that establish creditworthiness of corporate entities and of governmental units.

Chemweno (2009) evaluated how the firm has employed an operational budget as a management tool. It sets out to determine how operational budgeting practice is actually done, the basis of budget formulation and to what extent the budgets are used as a management and control tool. The study concentrated on companies offering mortgage financing in Kenya. The data was collected mainly through detailed questionnaires and analyzed using descriptive statistics by way of summary statistics, tables and percentages.

Mwaura (2010) conducted an investigation into the participatory budget setting and budget commitment as a factor that affects performance of the NSE listed companies. This study used a causal research design to identify cause and affect relationship. The population of interest in this study comprised 55 companies listed where it considered only 53 still operating ones. Data for

this study was both quantitative and qualitative hence both descriptive and content analysis techniques were employed.

Badu (2011) conducted an investigation of budgeting and budgetary Control at Ernest Chemist Lauroa. The aim of this study was to conduct research concerning the budgeting practice in Ernest Chemist, a pharmaceutical company based in Ghana and identify the perception of the budgeting experts in the company and assess their views towards the current status of the company. This research was necessary in order to assess the possibility of solving any problem this organization may face in designing an effective budgeting and budgetary control system.

Marcormick and Hard castle (2011) carried out a study on budgetary control and organizational performance in government parastatals in Europe. A sample of 40 government parastatals were used for establishing the relationship between budgetary control and organizational performance, secondary data was used and a period of ten years was reviewed. A regression model was used for data analysis and the results of data analysis revealed a positive relationship between budgetary control and organizational performance of government parastatals.

Karanja (2011) examined the effect of budgetary control process in SACCOs with specific reference to SACCOs in Nyeri County. Descriptive research design was chosen because it enables the researcher to generalize the findings to a larger population. The population of this study was the 120 finance officers of SACCOs in Nyeri according to ministry of cooperative development and marketing 2011.

2.6 Conclusion

From the above literature, little has been done in relation to budgetary control and effectiveness of nongovernmental organizations; this is however geared to establish whether there is any relationship between budgetary control and effectiveness of nongovernmental organizations. Hence much was achieved in providing for measures in regard to budget control and how it can effectively lead to effectiveness of NGOs when it comes to extension of services to the set community.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discussed the approaches and techniques the researcher used when collecting and analyzing the data. These included the research design, target population, data collection methods and data analysis techniques.

3.1 Research Design

The study used a descriptive survey study research design which examined the budgetary controls in NGOs of Uganda with special reference to Action Aid Uganda. A descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being establishing the relationship between the variables. The advantage of this type of research design is that it is easy to understand as recommended by (Kothari, 2005). This design collected data from members of the population and described existing phenomenon with reference to budgeting controls.

3.2 Target Population

The population of the study consisted of the current staff of Action Aid Uganda since it is a special reference organization operating in Uganda which was obtained from the NGOs coordination Board. The target population varied from employees and employers of Action Aid Uganda Limited since they are well informed with issues related to budgetary control and performance of the organization (Kuada, 2012). According to the report by Action Aid Uganda (2018), the organization employs more than 250 employees serving different parts of the country. Hence through use of Slovenes formula below, a total of 224 were taken to represent the rest of the populace;

3.3 Sample Size

The study sample of was determined from the accessible population, using the following Slovene's formula specified in Amin (2005).

$$n = \frac{N}{1+N(e^2)}$$

Where n stands for the total *sample size*

N stands for the *total population*

$e = 0.05$

A sample of 144 respondents including top managers, monitoring and evaluation officers, programs managers and some selected field officers from the organization were taken for convenience purposes.

$$n = \frac{N}{1+N(e)^2} = \frac{224}{1+(224 \times 0.05^2)} = 144$$

Table 3.1 Sample Size

	Department/Officers	Population of study	Sample Size
1.	Top Managers	25	17
2.	Monitoring and Evaluation Officer	47	35
3.	Programs Manager	17	10
4.	Field Officers	135	82
	TOTAL	224	144

Source; Primary Data, 2018

3.4 Data Collection Methods

The study used a triangulation method that included (qualitative method and quantitative methods) with validity and reliability of data, sampling procedures and data analysis techniques as discussed below.

3.4.1 Secondary Data

This included data from various sources for example library, internet sources and journals plus news papers.

3.4.2 Primary Data Collection

Primary information in this study was gathered through the following techniques like questionnaires and interview guide. In other-wards it involved data information from the field. For this case a questionnaire was one of the methods used in primary data collection in study according to Kothari (2004) who explains that questionnaire is considered the heart of survey. Questionnaire tools which included closed and opened questions were distributed to organizational Managers, M&E officers and projects officer from Action Aid Uganda who were expected to have detailed information about M&E system in there NGOs for purpose to dig up rigorous findings.

3.5 Data Collection Instruments

The study used structured questionnaires for purposes of collecting data. The questionnaire consisted of both closed and open-ended questions. Closed questions provided a more structured response. A five point Likert scale ranging from strongly agree to strongly disagree was used in measuring the extent of the responses provided. The structured questionnaires were administered through a drop and pick later method at an agreed time with the researcher. To achieve the objective of the study, the dependent variable was measured using performance indicators from the recent annual reports of the organization. Secondary data sources were used to supplement the data received from questionnaires. The independent variables consisted of budgetary control which involved planning, monitoring, control and evaluation.

3.6 Validity and Reliability

The participants were briefed early in advance by the researcher on the need and importance of the study and permission sought for their participation in order to have their full support. Guidance on how to answer the questionnaire was available from the researcher. This ensured high completion rate and accuracy of the information provided. Mugenda and Mugenda (1999) contend that the usual procedure in assessing the content validity of a measure used a professional expert in a particular field.

3.7 Data Analysis

The data collected was edited for accuracy, uniformity, consistency and completeness and then it was arranged to enable coding and tabulation before final analysis. The data was then coded and cross-tabulated to enable the responses to be statistically analyzed using descriptive statistics such as percentages, frequencies and the results were presented in frequency tables and percentages.

3.8 Expected Output

The researcher came up with a project paper that highlighted the effect of budgetary control on effectiveness of Non-Governmental organization. The research results seem relevant to various stakeholders in the NGO in understanding the various aspects of budgetary control and how they can implement the various suggestions that were recommended in their organizations.

3.9 Ethical considerations

This consisted of the ethical standards that were used by the researcher to accomplish the tasks of her research work. Under this, she asked for the letter of acceptance form the head of department for business administration which acted as a reference to Action Aid Uganda. After she proceeded to the field and in the process asked for an acceptance letter from the manager in charge at Action Aid Uganda Limited.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND DISCUSSION

4.0 Introduction

This chapter covers the presentation and discussion of research findings. The results are presented in form of frequency tables and graphs. The findings concentrate on the descriptive summary of information from the respondents concerning the effect of budgetary control on effectiveness of Non Governmental Organizations.

4.1 Background Information of the Respondents

This section presents information concerning the respondents who were involved in answering the questionnaires. The information investigated included; gender, age, educational level, position of work and the like. However, in collecting information from respondents, 144 questionnaires were distributed and in return only 60 were retrieved and this was based on issues of security where most people at Action Aid fear to express themselves and information concerning their organization as seen below;

Table 1: Gender of the Respondents

Gender	Female	Male	Total
Frequency (F)	20	40	60
Percentage (%)	33.4	66.6	100

Source: Primary Data

Table 2 above shows that majority of the respondents were male representing 66.6% of the total respondent while the least were female with a percentage rate of 33.4%. This was vital because according to objective two of the research which was aimed at examining the Effect of monitoring and control on effectiveness of Action Aid Uganda, this effect existed to both genders in different forms hence a reason for its consideration. However, of the returned sixty (60) questionnaires, it was discovered that forty (40) respondents were male while twenty (20) respondents were female thus implicating that the research also took into consideration gender sensitivity.

Table 3: Age of the Respondents

Age Bracket	18-30	31-35	36-40	41-45	46 and above	Total
Frequency (F)	18	15	12	9	6	60
Percentage (%)	30	25	20	15	10	100

Source: Primary Data

Table 3 above shows that majority of the respondents were between ages 18-30 representing 30% of the total respondent, 25% were aged between 31-35, 20% were aged between 36-40, 15% were also aged between 41-45 and 10% were between 46 and above.

This implies that Action Aid Uganda Limited takes into service people who are young and have more desires and needs to fulfill; therefore they will be more than willing to work harder to achieve both personal and organizational goals.

Table 4: Distribution of Respondents by Education Level

Education level	Diploma	Bachelors Degree	Masters Degree	PhDs	Total
Frequency (F)	20	25	10	5	60
Percentage (%)	33.3	41.7	16.7	8.3	100

Source: Primary Data

Table 4 above shows that 33.3% of the respondents were diploma holders, 41.7% were degree holder, 16.7% had masters and the least were PhD holders contributing to 8.3% of the entire respondents. This implies that all respondents were qualified with at least diplomas. Therefore Action Aid Uganda limited recruits qualified personnel and proficient to do their roles and responsibilities with utmost concern and hard work.

Table 5: Distribution of Respondents by nationality

Nationality	Ugandan	Foreigner	Total
Frequency (F)	50	10	60
Percentage (%)	83.4	16.6	100

Source: Primary Data

Table 5 above shows that 83.4% of the respondents were Ugandans, 16.6% were foreigners. This implies that majority of respondents were nationals by birth and could cope up with the environment in Uganda. Therefore Action Aid Uganda limited recruits people who are of Uganda's identity by birth meaning more privileges are given to Ugandans when it comes to employment.

4.2 Effect of budgetary control on effectiveness of Action Aid Uganda

The general purpose of the study was to examine different ways in which budgetary control causes impact on effectiveness of our chosen case study(Action Aid Uganda) and this was based on considering both the positive and negative impacts of the incident as seen below;

Table 6 shows the effect of budgetary control on effectiveness of Action Aid Uganda

Response	Frequency	Percentages
Bonus is affected	22	36.6
Focus is put on credit	3	5
Management and control of organization	35	58.4
Total	60	100

Source, Primary Data

From study results in Table 6 above, majority 58.4% of the respondents strongly agreed to the view that budgetary control helps in management and control of the organization and this in regard positively affects performance of Action Aid Uganda because if there is good management performance is availed positive.

However, 36.6% of the respondents were of the view that bonus is affected due to budgetary control because at times employees make an extra cost of money when budgeting to help them manage the unforeseen circumstances, thus if budgets are controlled especially with a biased committee, bonus is affected and employees are meant to fail perform as it could be in case some extra amount was added in the budget.

Further, 5% of the response came from employees who argued that when budgeting, control is at times put on avoiding services on credit, being a non profit organization, it is not meant to be always available to everyone, hence it is meant to at least help a specific group of people.

4.3 Assessment of the effect of planning and monitoring on effectiveness of Action Aid Uganda

The first objective of this study was to assess the **effect of planning and monitoring on effectiveness of Action Aid Uganda**.

These findings were based on the questions which were formed in the specific objectives that is say how planning and monitoring affects performance of NGOs. To make this objective achieved, the respondents were asked to tell whether Planning and monitoring have high influence on budget control, whether Top management also has influence on policy making for effective budget control at Action Aid Uganda, whether Financial resources used by the organization help in proper planning and monitoring and whether monitoring helps in delivery of efficient services hence good performance of the organization.

The respondents gave their opinions on whether Planning and monitoring have high influence on budget control which enhances proper budgeting as shown in the following table.

Table 7: Showing whether Planning and monitoring have high influence on budget control

Planning and monitoring affect budget control	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Frequency (F)	10	16	2	18	14	60
Percentage (%)	16.67	26.67	3.3	30	23.3	100

Source: Primary Data

In table 7 above, 16.67% of the respondents strongly agreed that planning and monitoring are influencing control of the budget at the organization, 26.67% agreed, 3.3% were uncertain, 30% disagreed and 23.3% strongly disagreed. This implies that to some degree monitoring and planning do not influence budget control at Action Aid Uganda limited due to the weak monitoring team. This is also in line with what Crawford and Bryce (2003) argued that monitoring is an ongoing process of data capture and analysis for primarily project control with an internally driven emphasis on efficiency of project an indication that monitoring is geared mainly to project control.

Table 8: Whether top management has influence on policy making for effective budget control

Top management affects budget control	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Frequency (F)	31	10	1	10	8	60
Percentage (%)	51.67	16.67	1.67	16.67	13.3	100

Source: Primary Data

In the table above, majority of the respondents strongly agreed that top management greatly influences policy making for organizations; 51.67% supported this, 16.67% agreed with the statement, 1.67% were uncertain, 16.67% also disagreed whereas 13.3% strongly disagreed. This implies that the non governmental organizations like action aid Uganda should concentrate more on the top management and also follow up the decisions always made by them because other servants always abide by the decisions made by the so called final men at the committee.

Table 9: Whether financial resources used by the organization help in proper planning and monitoring

Financial services help in proper planning	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Frequency (F)	10	12	2	10	24	60
Percentage (%)	16.67	20	3.3	16.67	40	100

Source: Primary Data

Table 9 above illustrates that 20% of the entire respondents were supportive to the view that financially the resources used by action aid Uganda limited help in boosting planning and they strongly agreed, however 40% agreed with the same, 3.3% were uncertain, also 20%, disagreed and 16.67% strongly disagreed with the statement.

However, results were not so appealing due to the fact that in regard to expressions based on political differences in Uganda, the organization condemns its accounts to be closed and monitored by the government, hence the financial sector is not so much used for proper planning and monitoring though in reality it could have been the basis of every thing in operation for success.

Table 10: Whether monitoring helps in delivery of efficient services

Monitoring and service delivery	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Frequency (F)	30	12	0	14	4	60
Percentage (%)	50	20	0	23.3	6.67	100

Source: Primary Data

Table 10 shows that 50% of the respondents strongly agreed that monitoring helps in delivery of efficient services action aid Uganda and this has greatly improved its performance, 20% agreed, 23.3% disagreed, and 6.67% strongly disagreed.

This implies that the monitoring team has been so much effective in regard to budgetary control as reflected by the majority of the respondents positively responding to the statement. However, if employees do not feel secure to work in a certain environment, then they may fail to give in their best effort to achieve organization's set objectives especially in regard to monitoring when resources are inadequate.

4.4 Analysis of the effect of monitoring and control on effectiveness of Action Aid Uganda

To achieve this objective, the respondents were asked several questions concerning control and management of the budget for the organization.

Respondents were asked whether there is effectiveness in aligning budgets hence boosting investors to finance the organization and whether monitoring acts as an umbrella concept of performance measurement. The results are in the table below;

Table 21: Whether there is effectiveness in aligning budgets hence boosting investors to finance the organization

Effectiveness in aligning budgets boosts more investors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Frequency (F)	16	22	1	14	7	60
Percentage (%)	26.67	36.67	1.67	23.3	11.67	100

Source: Primary Data

From the table above, 26.67 of the entire respondents strongly agreed that effectiveness in aligning budgets boosts investors to finance the organization, 36.67% agreed with the same, 1.67% were uncertain, 23.3% disagreed and 11.67% strongly disagreed with the statement. This therefore implies that majority of the respondents supported the view that if budgets are properly managed more investors can feel interest in supporting the organization financially because they will at least be in position to identify how the organization has been performing and how it has failed. Therefore, management should not ignore the issue of budget alignment because it is an important aspect in attracting more investors.

Respondents were further asked whether monitoring acts as an umbrella concept of performance measurement. The results are tabulated in the table below;

Table 32: Whether monitoring acts as an umbrella concept of performance measurement

Monitoring is an umbrella concept of performance measurement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Frequency (F)	26	22	0	8	4	60
Percentage (%)	43.3	36.67	0	13.3	6.67	100

Source: Primary Data

Table above shows that 43.3% of the entire respondents strongly agreed that monitoring acts as an umbrella concept of performance measurement, 36.67% agreed with the same, none was uncertain, 13.3% disagreed whereas 6.67% strongly disagreed with the statement.

This implies that most of the respondents (80%) were of the view that monitoring acts as an umbrella concept of performance measurement. Therefore Action Aid Uganda limited should put much emphasis on that issue to ensure that its staff feels more attached to the organization which will help them to perform in a competitive way and in the long run improving the organization's image.

4.5 Effect of analyzing feedback on effectiveness of Action Aid Uganda

To achieve this objective, the respondents were asked several questions and their responses are tabulated in the following tables;

Respondents were asked whether analyzing feedback on effectiveness affects the operation of an organization and the results from action aid Uganda limited are presented in the following table.

Table 43: Whether feedback helps to show responsibility of managers for assessment of the budget operation

Feedback and effectiveness of action aid	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Frequency (f)	28	16	0	14	2	60
Percentage (%)	46.67	26.67	0	23.3	3.3	100

Source: Primary Data

From the table above 46.67% strongly agreed, 26.67% agreed, none was uncertain, 23.3% disagreed and 3.3% strongly disagreed that if there is feedback the company can be able to analyze its weaknesses and achievements. In such statement therefore the management of Action Aid Uganda limited should ensure that there is a clear platform for its target population for provide for feedback. This will help the organization to clarify whether it is performing in accordance to the set objectives or bound to fail so as to provide immediate effects and in the long run it will help to show responsibility of managers for assessment of the budget operation

Respondents were also asked whether Feedback helps in improvement and management of programmes at Action Aid Uganda and the findings are presented in the table below;

Table 54: Whether Feedback helps in improvement and management of programmes at Action Aid Uganda

Staff evaluations help to judge one's efforts	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Frequency (f)	26	22	0	12	0	60
Percentage (%)	43.3	36.67	0	20	0	100

Source: Primary Data

Table above shows that 43.3% strongly agreed that feedback helps in improvement and management of programmes, 36.67% agreed, none was uncertain, 20% disagreed whereas none strongly disagreed.

This implies that since majority of the respondents supported the view that feedback helps in improvement and management of programmes, therefore the management of Action Aid Uganda limited should evaluate its employees to judge their efforts and also keep in contact with target population to know their most pressing needs.

This is also in line with what Khawaja (2011) who argued that monitoring is the feedback mechanism within a management framework. Its main objective is the improvement in management of programme activities and ensuring the optimal use of funds and other resources while providing a platform to learn from experience so as to improve the relevance, methods and outcomes of organizational programmes.

Respondents were asked whether Feedback creates a strong relationship between the NGO and the community because NGOs do identify what they should do to plan effectively; the results are in the table below;

Table 65: Whether Action Aid Uganda limited has a strong link to the community through feedback

Action Aid Uganda limited has effective feedback	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Frequency (f)	6	12	0	18	24	60
Percentage (%)	10	20	0	30	40	100

Source: Primary Data

The table above shows that 10% of the respondents strongly agreed that Action Aid Uganda limited had an effective feedback base and this has helped to plan accordingly, 20% agreed, none was uncertain, 30% disagreed and 40% strongly disagreed. Majority of the respondents did not support the view that Action Aid Uganda limited had an effective feedback because people do not connect to the organization directly and this could slow the organization to work harder to achieve the set goals and objectives as compared to others in the same field.

4.6 Conclusion

In conclusion therefore, the researcher found out that controlling the company budget is not among the priorities of the organization hence found in distress. This has negatively affected the performance of Action Aid Uganda limited in terms of development, service delivery and others.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter comprises of the summary, conclusions and recommendations on the researched topic. It provides comprehensive answers to the research questions presented in chapter one and furthermore, it gives reflection and suggestions for further research or study. The research used both qualitative and quantitative methods of data analysis.

5.1 Summary of the findings

5.1.1 Effect of planning and monitoring on effectiveness of Action Aid Uganda

The majority of the respondents agreed that if issues concerning planning and monitoring are not satisfying then budgetary control may be negatively affected; the issues concerning monitoring and planning, majority of the respondents disagreed with the statement that they are acting effectively due to challenges related to finance and lack of enough monitoring team; the findings showed that majority of respondents agreed that they are not satisfied with the salary they get to monitor the budget for the organization due to limited financial resources, however a substantial percentage agreed that top management takes over some of the decision making. Generally majority agreed to the view that monitoring helps in delivery of efficient services hence good budgetary control. These results are similar to speculations of Eckman (2016) who described the current monitoring and evaluation practices to identify gaps and needs so that practical measures might be developed to improve the quality of monitoring. A sample included 75 NGOs (both international and national) and after examining organization support for monitoring, his findings and conclusions were that monitoring is generally overlooked like takes a back seat to evaluation with many organizations budgeting for periodic and formal evaluations.

5.1.2 Summary of the finding about the effect of monitoring and control on effectiveness of Action Aid Uganda

The researcher found out that effective monitoring and control can be effective in budgetary control and this can be done especially through boosting investors to finance the organization, acting as an umbrella concept of performance measurement and therefore Action Aid Uganda limited should put much emphasis on that issue to ensure that its staff feels more attached to the organization which will help them to perform in a competitive way and in the long run improving the organization's image. In the researcher's summary of conclusions the researcher found out that majority of the respondents agreed that monitoring and control act as important aspects in improving budgets of various organizations. This is related to Horngren et al (2017) who argued that once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a given period of time and that an open and professional approach to budget planning boost investors, development financial partners and national or international donors to make financial resources available. This is achieved through ensuring that the estimated budget does not deviate from the actual outcome in order to make necessary adjustment from any variance noted.

5.1.3 Summary of the Finding about the effect of analyzing feedback on effectiveness of Action Aid Uganda

Findings showed that majority of the respondents agreed that feedback is the only way action aid can realize it weaknesses and where it is not performing as expected because in accordance to findings from the field feedback helps to show responsibility of managers for assessment of the budget operation, Feedback helps in improvement and management of programmes at Action Aid Uganda and that feedback connects the organization to the community.

5.2 Conclusions

The purpose of this study was to examine the effect of budgetary control on effectiveness of non governmental organizations. Three research questions were considered during the study;

The first research question was about examinations on the effect of planning and monitoring on effectiveness of Action Aid Uganda. The findings indicated that planning and monitoring have greatly contributed to budgetary control through influencing on policy making for effective budget control, more financial resources and in the long run leading to efficient services. However, financially, the organization is not performing as expected thus in regard it was concluded that it's due to financial incentives proper emphasis concerning this should be put in place, in conclusion therefore planning and monitoring cannot be effective in budgetary control of action aid if finances of the organization are not dealt with.

The second research question was about the effect of monitoring and control on effectiveness of Action Aid Uganda. The findings showed that monitoring and control can help in administration of the budget at action aid Uganda hence it is concluded that majority respondents agreed that there has been effectiveness in aligning budgets hence boosting investors to finance the organization.

The last question was about what feedback does on effectiveness of Action Aid Uganda. The findings showed that feedback helps to show responsibility of managers for assessment of the budget operation, Feedback helps in improvement and management of programmes at Action Aid Uganda and Action Aid Uganda limited has a strong link to the community through feedback. However a substantial percentage agreed that Action Aid Uganda limited recognizes and acknowledges staff and others disagreed that their skills are put to use, all these may affect budgetary control hence in accordance to most of the respondents, there needs to be a strong connection between target population especially in letting them expose what they feel should be done to improve on the performance of the organization.

5.3 Recommendations

There are a number of measures that can be taken to control budgets in NGOs;

The researcher recommends that Action Aid Uganda limited should provide timely and adequate salaries and wages to employees because in the end this could motivate them to work harder, in addition incentives and benefits should be evenly distributed amongst the employees, when the benefits, incentives and salaries are motivating then the performance will be positively improved in terms of monitoring and planning for the budget.

The researcher recommends that Action Aid Uganda limited should have regular workshops and seminars concerning improvement of their performance and how to get more sponsorships or investors. This can help them to make comparisons of how other organizations are performing.

The researcher recommends that Action Aid Uganda limited should have clear and equal policies, methods and procedure of appraisal, especially employees that have exhibited high performance; they should be recognized in public and if necessary rewarded for the better performance, this could motivate other employees to work harder for effectiveness of the organization

The researcher recommends that when Action Aid Uganda limited is carrying out its managerial functions it should involve all the staff so that it can be able to know their expectations in terms of remuneration, appraisal schemes and improving of career guidance and development; when the organization knows and puts in action the employee needs then, the staff will perform according to the organization's expectations so that the end they also achieve his or her goals, therefore both the organization and employees will be benefiting from each other.

The researcher also encourages Action Aid Uganda limited to put an effective feedback base for its target population to respond in times of need. This will help them to identify weaknesses.

5.4 Suggestions for Future Research

There are a number of constraints to research on budgetary control in non governmental organizations in Uganda although a number of research topics related can be researched and can be treated by any interested researcher. These are;

- The Effect of monitoring on Employee Performance in Non governmental organizations in Uganda
- The Effect of Wrong Decision Making in NGOs on budgetary control in Uganda
- The Impact of Favorable Work Environment on Employee Performance in NGOs.

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LIST OF APPENDICES

APPENDIX I

QUESTIONNAIRE SCHEDULE FOR ACTION AID UGANDA OFFICERS

Dear respondent,

I am Ayakaka Scovia carrying out a study on “**Effect of Budgetary Control on Effectiveness of Non Governmental Organizations**” as requirement for partial fulfillment for the award of a Bachelor’s degree in business administration (Accounting and Finance) of Kampala International University. The purpose of this questionnaire is purely academic and I assure you that the information availed to me will be treated with maximum confidentiality it deserves. You have been chosen as a respondent because of the knowledge and information that you have in reference to the topic.

SECTION A

BIO DATA OF RESPONDENTS

Gender of respondents

Male ☐

Female ☐

Age of respondents

18-30 ☐

31-35 ☐

36-40 ☐

41-45 ☐

46 and above ☐

Level of Education

- a) Diploma ☐
- b) Degree ☐
- c) Masters ☐
- d) PhD ☐

Nationality of respondents

- a) Ugandan ☐
- b) Foreigner ☐

Section 2: Questionnaire to determine budgetary control and its effectiveness on Action Aid Uganda

Direction 1: Please write your rating on the space at the end of each option which corresponds to your best choice in terms of budgetary control and performance of Action Aid. Kindly use the scoring system below;

Response Mode		Rating	Description
Strongly Agree	(SA)	5	You agree with no doubt at all
Agree	(A)	4	You agree with some doubt
Not Certain	(N)	3	You are not sure
Disagree	(D)	2	You disagree with some doubt
Strongly disagree	(SD)	1	You disagree with no doubt at all

		SA	A	N	D	SD
	Effect of planning and monitoring on effectiveness of Action Aid Uganda					
1	Planning and monitoring have high influence on budget control this enhances proper budgeting for some organizations					
2	Top management also has influence on policy making for effective budget control at Action Aid Uganda					
3	Financial resources used by the organization help in proper planning and monitoring					
4	Monitoring helps in delivery of efficient services hence good performance of the organization					
	Effect of monitoring and control on effectiveness of Action Aid Uganda					
5	There is effectiveness in aligning budgets hence boosting investors to finance the organization					
6	There is systematic appraisal of results by an organization which monitors and controls its budget					
7	Monitoring acts as a n umbrella concept of performance measurement					
	Effect of analyzing feedback on effectiveness of Action Aid Uganda					
8	Feedback helps to show responsibility of managers for assessment of the budget operation					
9	Feedback helps in improvement and management of programmes at Action Aid Uganda					
10	Feedback creates a strong relationship between the NGO and the community because NGOs do identify what they should do to plan effectively					