

GREAT ZIMBABWE UNIVERSITY

MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS



EFFECTS OF BUDGETARY CONTROL ON FINANCIAL PERFORMANCE OF NON-GOVERNMENTAL ORGANISATIONS (NGOs) IN ZIMBABWE: A CASE STUDY OF PLAN INTERNATIONAL

BY

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THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE MASTER OF COMMERCE DEGREE IN PROFESSIONAL ACCOUNTING AND CORPORATE GOVERNANCE/GRAD ICSA AT GREAT ZIMBABWE UNIVERSITY (GZU)

2023

GREAT ZIMBABWE UNIVERSITY

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DEGREE FOR WHICH

PRESENTED: Masters in Professional Accounting and Corporate Governance/ GRAD ICSAZ

YEAR GRANTED: 2023

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DEDICATION

This research is dedicated to myself. May it always serve as a reminder that with the right determination, no challenge is insurmountable. For so many years I desisted from pursuing my Masters Qualification fearing the toll the research work would put on my well-being but here we are today. Well done Eu

DECLARATION FORM

I, Euphrasia Hlongwana therefore declare that, with the exception of the acknowledgements, references, and comments included in the body of the report, this project is a presentation of my own work. The project has not been submitted in part or in full to another University or any other institution or any other institution of higher learning.

Student Signature..........Date...6/12/2023.....

ACKNOWLEDGEMENTS

I would like to express utmost gratitude to my supervisor, Dr. L Chimwai, for all of her helpful suggestions, constant criticism, and direction throughout the research. She worked extremely hard to ensure that the research was clearly defined and that it was well-organized. A particular thank you also goes out to every employee of Plan International who took part in the study.

My family, especially my parents Dr. James and Mrs. Lowin Hlongwana, deserve special recognition for their persistent encouragement to pursue a master's degree and for their continuous monitoring of my progress after I committed to the program. I will always be grateful to Angel Brenda for all that you have done to help me with my studies. I will never be able to express how grateful I am to my dear friend Palmer Gwezere for giving me the final push I needed to start this academic journey. I also appreciate all of your support during the semesters, including our lengthy rides to weekend classes. May God bless you. I would like to express my profound thanks to my sister Charleen for putting up with my incessant requests for accommodation during my weekend lectures; your support is greatly valued. Simbarashe my love, thank you for being the pillar of strength I could lean on when the studies overwhelmed me mentally. Your support and encouragement will forever be valued.

To all those who contributed to this research your efforts will forever be cherished. Above all I would like to thank the Lord, Almighty for his sufficient grace upon my life.

THANK YOU.

ABSTRACT

This study examined the effects of budgetary control on the performance of non-governmental organisations (NGOs) in Zimbabwe. The objectives were; to analyse the relationship between budgeting practices and financial performance of NGOs in Zimbabwe; to examine the importance of budget planning and preparation on the financial performance of NGOs and to investigate the impact of budget controlling on the financial performance of NGOs in Zimbabwe.

Relevant literature was reviewed and guided by the aforementioned objectives. The study was guided by two theories that support budgetary control of firms namely the theory of budgeting and the budgetary control model. The study employed a mixed research approach whereby questionnaires and interviews were used to collect quantitative and qualitative data respectively. The target population for this study were Plan International employees. Explanatory research design was adopted after a careful analysis of its advantages to the study. Various ethics were considered which include obtaining informed consent, no harm to participants and confidentiality. SPSS was used for data analysis to produce descriptive statistics. The major findings obtained in this study are that budgeting and budgetary control are linked to performance in numerous ways, and the biggest link between budgetary control and performance is that it increases administrative and program efficiency, improves decision making, set the foundation for sound planning and helps in management and control of the organisation. Since the study concluded that budgeting and budgetary controls have a significant impact on performance, the study recommends the need for improved communication and transparency of budgetary information within the organization. Enhancing the dissemination of budgetary information and promoting transparency will contribute to better stakeholder engagement and accountability. This will provide a framework for resource allocation, monitoring progress, and measuring performance

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CHAPTER I

INTRODUCTION

1.0 Introduction

This study examined the effects of budgeting and budgetary control on the performance of non-governmental organisations (NGOs) in Zimbabwe. The study was guided by two theories that support budgetary control of firms namely the theory of budgeting and the budgetary control model. The study employed a mixed research approach whereby questionnaires were used to collect quantitative data and interviews were carried out for qualitative data collection. The target population for this study were Plan International employees. An explanatory research design was used after a careful analysis of its advantages to the study. Various ethics such as obtaining informed consent, no harm to participants and confidentiality were observed. In terms of data analysis, SPSS was relied on to produce descriptive statistics. Conclusions and recommendations will be derived from both literature and research findings and presented in the last chapter.

1.1 Background of the Study

Non-Governmental Organizations (NGOs) are intermediate groups that help communities and other development-promoting organizations by funding or in other ways supporting them. These non-governmental organizations may be regional, multinational, or local. (Edwards, 2007; Boas & McNeills, 2009). Edwards went on to say, An NGO is a body that is neither a part of the government nor a for-profit company. NGOs can employ budgetary control and other performance metrics in the same way that businesses do from a management accounting perspective. Budgetary control is the practice of creating budgets for a variety of operations and comparing the budgeted numbers with the actual performance to identify variances for management control objectives (Ozer and Yilmaz 2011). A budget is another instrument for planning that management uses to distribute scarce resources among several objectives of the company (Abdallah, 2018). According to Abdallah (2018)'s further explanation, a budget is a method for quantitatively forecasting predicted revenue and expenses.

A budget is a future plan that incorporates quantitative or numerical elements, according to Robinson and McNally (2015), and it is used to help plan, organize, and carry out organizational duties. Dunk (2009) and Kepdo (2012) characterize budgetary control as a continuous process where a prepared plan is periodically compared to actual activity and

corrective measures are taken to ensure the plan is carried out as intended. According to Kepdo (2012), budgetary control is extensively used and recognized as an essential tool for setting up future financial goals. Churchill (2015), however, asserts that the objective of budgetary control is to demonstrate a prospective projection of a company's revenues and expenses using models that show how well an entity might perform financially if predefined objectives are accomplished

NGOs must evaluate and keep track of the performances of a variety of organizations in order to match their operations with their objectives and fulfil donor accountability (Sharma, 2012). The effectiveness, efficiency, and duration with which an NGO fulfils its objectives can be used to assess its performance. Performance measurement systems serve two main purposes: first, to ensure that organizations are held accountable for their performance and actions; and, second, to promote learning and enhance organizational performance. An NGO may use both financial and non-financial performance metrics. According to Epstein and McFarlan (2011), a unified picture would provide a full connection between various NGO units (resource generation units throughout the organization to program management units.

Budget and budgetary control, according to Malgwi (2016), are crucial to both the planning process and the administration of crucial organizational activities since they provide a substantial contribution to the internal control system. Without strong budgetary management systems, an organization is more likely to reject established plans, coordinate activities poorly, and lose organizational direction and purpose, all of which could result in serious financial instability (Okapnachi and Muhammed, 2013). Budgets can be used to make a detailed strategy for how to invest money so that an entity realizes a profit in order to advance and accomplish its goal.

International research has been done on the impact of budgets and budgetary control, but the findings are conflicting. For instance, Midgley and Burns (2016) conducted research on the impact of budgetary and other governmental initiatives on profitability in the United Kingdom. They discovered that budgetary control has significant advantages for all businesses that aim to make a profit. Because of this, certain industries don't exactly despise the implementation. Midgley and Burns (2016) further asserts that, profitability and budgetary management procedures have a substantial relationship. Similar to this, Jone and Alvaro (2015) examined in Denmark, one of the most economically developed countries, the effectiveness and

efficiency of budgetary control in a for-profit organization (MEDCs). According to study, financial performance is improved by an effective way of budgetary control.

Adongo and Jagongo (2015) conducted a study in Kenya on budgetary management as a gauge of state enterprises' financial success. The financial performance of state enterprises and budgetary control were shown to be significantly positively correlated by the authors. Similar to this, Pimpong and Laryea (2016) conducted a study in Ghana and discovered that budgets serve as a foundation for directing and evaluating the performance of individuals and the profitability of organizations. They also help to structure the decision-making environment, making them appear appropriate as control devices impacting organizational profitability.

Contrary to what was said above, other academics, like Ioryer (2015), Margaretha and Supartika (2016), and Silva (2017), conducted their own research and found no conclusive link between the budget, budgetary controls, and financial performance. Furthermore, the majority of studies focused on the impacts of budget and budgetary control on the financial performance of public and profit organisations. Therefore this study concentrated on the effects of budget and budgetary controls on the financial performance of Non-Governmental Organisations in Zimbabwe.

1.2 Research Gap

While other studies have focused on different facets of budgeting, several have examined private sector budgeting methods and their effect on performance. Setting specific moderate objectives, precise easy goals, and universal goals all lead to lower performance overall, according to Coates's (2002) research. Murwisi (2017) focused on the Upper Manyame Sub Catchment Council in his study on the financial performance of statutory entities in Zimbabwe (UMSCC). Murwisi's study's findings demonstrated that the UMSCC's budgeting and budgetary management processes were ineffective and inefficient, which contributed to the organization's subpar financial performance in prior years. In order to boost performance at UMSCC, Murwisi ended by advising that "UMSCC implements flexible budgeting as well as to practice and pay greater attention to budgetary control approaches, regular monitoring and reviewing." Chimbiro's research of Delta Beverages' budgetary control methods in 2018 and the impact of organizational performance on those methods led to the following finding: "Delta Beverages was adopting the formal fundamentals of responsibility accounting system in the evaluation of its performance." The foregoing outcome is supported by the availability of clear organizational structures, for which profit and cost centres were allocated in accordance with their respective functions, and by the existence of a regular budget preparation procedure for

each responsibility centre. As a result, Delta Beverages is now better able to oversee the financial and operational performance of each of its subsidiaries Chimbiro (2018).

There has been little to no research on budgetary limitations and their effects on NGOs in Zimbabwe, in contrast to earlier academics who concentrated on the private and public sectors. There is a knowledge gap on how budgeting controls affect the performance of NGO's, hence this study aimed to broaden the field of research into budgetary controls affecting organizations' financial performance with a focus on non-governmental organizations in Zimbabwe.

1.3 Statement of the problem

Budget control, according to many organizations, is crucial for corporate internal controls since it guarantees cautious use and equitable allocation of the organization's resources. By ensuring that the plan is fully implemented, budgetary control directs management of the company in achieving goals and objectives (Carr, 2000). Most organizations utilize budgetary control as a tool for good resource management within the organization and across its activities. When budgetary controls are well-designed, a company can give its management easy control over how specific financial resources are used to meet given operational goals. Budget controls allow for real performance and budget plan comparisons. Investigating variances from the budget and classifying their causes into controllable and uncontrollable elements is the next step. According to Joshi and Abdulla (1996), doing so is crucial for decreasing inefficiencies and ineffective budgeting procedures that result in inefficient use of precious resources. Some NGOs make poor decisions by exceeding their budgets, which inevitably results in the misallocation of funds. As essential pillars of effective decision-making in any organization, financial planning demands more focus on budget planning and budgetary control (Stein, 2012). Due to a lack of choice over how available funds can be planned according to priorities and inadequate knowledge of budgetary control, other organizations struggle to make long-term and strategic decisions. A number of organizations fail to prepare budgets because they pessimistically believe that budgeting takes a lot of time and that budgetary control stops them from having freedom in resource allocation. As a result, they make bad decisions (Weber, 2012). Numerous researchers are still concerned about the budgetary control and its impact on NGOs, and in Zimbabwe in particular, there have been no targeted studies to examine this impact.

1.4 Objectives

The research objectives are as follows:

1. To analyse the relationship between budgeting practices and financial performance of NGOs in Zimbabwe.
2. To examine the importance of budget planning and preparation on the financial performance of NGOs in Zimbabwe.
3. To investigate the impact of budget controlling on the financial performance of NGOs in Zimbabwe.

1.5 Research Questions

1. What is the relationship between budgeting practices and financial performance of NGOs in Zimbabwe?
2. What is the importance of budget planning and preparation on the financial performance of NGOs in Zimbabwe?
3. What is the impact of budget controlling on the financial performance of NGOs in Zimbabwe?

1.6 Significance of the study

1.6.1 Academic/Theoretical Significance

Poor financial planning is a widespread problem in non-profit organizations in Zimbabwe, which is frequently held responsible for the underperformance of NGOs and the premature termination of current programs (Kanyemba, 2016). Despite this knowledge, there is nothing written about the phenomena. The majority of studies on NGOs' budgeting and financial controls were conducted outside of Zimbabwe. Therefore, by examining the effects of budgeting and budgetary limitations on the functioning of non-governmental organizations in Zimbabwe, this study contributes to the increasing body of research in this area.

1.6.2 Significance to Non-Governmental Organisations

This study is likely to be a key piece of literature in helping non-governmental organizations manage their financial resources more effectively. It provides suggestions for improving budgeting procedures, which aids in preventing financial mismanagement in NGOs. The study also closes a gap in the literature's empirical understanding of how budgeting affects NGOs' performance in Zimbabwe, and its conclusions will be useful to all parties involved in non-governmental organizations.

1.6.3 Significance to the researcher

The research is important since it is necessary for the researcher to finish the Masters in Professional Accounting and Corporate Governance program. The researcher will also comprehend the impact of budget and budgetary restrictions on organizational performance better.

1.6.4 To Other Researchers

Because there is little literature on the issue being studied, this research fills a critical gap in the literature for other scholars who might be interested in the subject. This study will enable researchers in conducting supplementary research on this area as it would add on the existing literature on budgetary controls and performance.

1.7 Assumptions of the Study

The study assumptions were that;

- Budgeting practices are consistent across NGOs in Zimbabwe
- Budgeting practices are implemented consistently within Plan International
- The data collected about budgeting practices and financial performance is accurate and reliable.

1.8 Definition of Key terms

Budgeting -refers to a process of looking at a business' estimated incomes (the money that comes into the business from selling products and services) and expenditures.

Budgetary control -is financial jargon for managing income and expenditure. In practice, it means regularly comparing actual income or expenditure to planned income or expenditure to identify whether or not corrective action is required.

Organisational Performance- refers to how well an organisation is doing in reaching its vision, mission, and goals

Non-governmental Organisation- refers to a voluntary group of individuals or organisations, usually not affiliated with any government that is formed to provide services or to advocate a public policy.

1.9 Delimitations of the study

The research will focus on Plan International located in Zimbabwe.

- a) The research was conducted across the five Program Areas (Harare, Kwekwe, Bulawayo, Mutare and Chiredzi) where Plan International has offices in the country. The study engaged with the key personnel in financial management:
- Project managers, and
 - Finance and Accounting personnel
- b) The research covered the period from January 2023 to November 2023.

1.10 Limitations of the study

- The availability and accuracy of data on budgeting practices and financial performance- findings may be limited by the quality and completeness of the data. For example an organisation may not have accurate data on its budgeting practices or financial performances and or may not be willing to share this information. This could then affect the ability to draw conclusions about the impact of budgeting practices on financial performance
- Potential for bias- Findings maybe influenced by people's perceptions and interpretations of the data. For instance, budgeting practices are subjective and financial performance can be influenced by many different factors, so people's perceptions of these factors may affect their interpretation of the data and hence leading to bias in results.
- Possibility of confounding variables- these are factors that are related to the outcome of the study, but are not being studied directly such as the size or age of the organisation which could affect both budgeting practices and financial performance.
- The issue of external validity- this refers to whether the findings of the study can be generalised to other settings and situations . Since the study focused on Plan International, its possible that the findings may not be applicable to other NGOs in Zimbabwe
- The issue of internal validity- this refers to whether the results of the study are actually caused by the independent variable –budgeting practices or by other factors. It's about whether the observed relationship between budgeting practices and financial performance is really due to the former causing the latter.

1.11.Summary

This chapter's main purpose was to introduce the reader to the topic under review which is the effects of budgeting and budgetary control on the performance of non-governmental organisations (NGOs) in Zimbabwe. In light of this topic, the chapter has outlined the introduction, background of the study, statement of the problem, research objective, research questions and the significance of the study. The following chapter will focus on the literature related to budgeting and budgetary controls.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter will focus on a review of the literature on the effects of budgetary control on the performance of NGOs in Zimbabwe. This will be followed by a discussion of the empirical data and the significance of the literature reviewed. Finally, a summary of the chapter will be provided

2.1 Review of the concepts

Concepts should be defined before being used, claims Ziln (2016). This aids in both setting up discussion of the study and aiding readers in understanding the research. Budget, budgetary control, and Non-Governmental Organization are the three main ideas covered in this study.

2.1.1 Budget

A budget is a "quantitative statement of a plan for a given time" (Henttu-Aho, 2018). According to Henttu-Aho (2018), it might also include projected resource amounts, costs, and expenses, as well as predicted sales volumes, revenues, costs, and cash flow. A plan must be made for a specific period of time, be expressed in monetary terms, and include the quantities of economic resources that will be allocated and used in order to be referred to as a budget, according to Atuilik et al. (2019). Additionally, managers must act in a way that shows they intend to carry out the plan. To create a budget, established resource requirements like cash, materials, and staff must be transformed into time-phased goals and benchmarks (Atuilik et al, 2019). By contrast, Chandrasekaran (2019) describes a budget as a document that transforms plans into money, including money that must be raised to cover task-related expenses and money that must be spent to fulfil the scheduled activities (income). He continued by saying that it is an estimate or well-informed forecast of the amount of money an organization will need to finish its objective.

According to Elliott (2012), budget compels managers to consider how circumstances may change and what actions should be taken right away, and it encourages managers to consider problems before they arise. This helps with the preparation for actual operations. It also helps

to coordinate the activities of the organization by requiring managers to think about the linkages between their own operations and those of other departments.

Based on the aforementioned concepts, a budget simply plans future savings and spending in addition to anticipated income and expenses. According to the current study, a budget is a financial document used to forecast future revenue and expenses.

2.1.2 Budgetary Control

Kavya (2021) defines budgetary control as creating a spending plan and periodically comparing it to actual expenditure to evaluate whether adjustments need to be made in order to stay on track or maintain the status quo. To control spending and accomplish a lot of financial goals, this approach is necessary. Organizations, according to Nafisatu (2018), heavily rely on budgetary control to monitor their spending activities. Most of its users are institutions, both public and private (Nafisatu, 2018).

2.1.3 Non-Governmental Organisation

Nongovernmental organizations (NGOs) were created to provide services or advance a public agenda, according to Lewis et al (2020). NGOs are voluntary associations of individuals or groups that are often unaffiliated with any government. The majority of NGOs are non-profit organizations, however some are for-profit companies. However, Hasmath et al. (2019) contend that some NGOs, particularly those in totalitarian countries, may have been formed or are subject to government interference. Political parties and armed guerrilla organizations are not commonly classified as NGOs (Lewis et al, 2020). NGOs focus on a variety of topics, including disaster relief, development assistance, environmental protection, and human rights. Their job may be local, national, or global in scope. Some NGOs carry out quasi-governmental functions on behalf of ethnic groups without their own states. According to Hasmath et al. (2019), NGOs may receive funding from governments, international organizations, private donations, or a combination of these sources.

In actuality, the Union of International Associations, a coordinating body made up of 130 international organizations, was established in 1910, according to Kaloudis (2017), who claims that NGOs have existed for decades. When the United Nations (UN) was founded in 1945, the term "nongovernmental organization" was coined to distinguish them from intergovernmental organizations (IGOs) like the UN (Kaloudis, 2017). Amnesty International, the International Federation of Red Cross and Red Crescent Societies, Oxfam International, CARE, Save the

Children, and the World Wildlife Fund are just a few of the large international NGOs that are transnational federations of national organizations (Kaloudis, 2017). The bulk of NGOs are small, neighbourhood-based organizations that aren't officially affiliated with any international organizations, but they may take some foreign funding for local projects (Hasmath et al).

Nongovernmental organizations (NGO) in Zimbabwe are governed and regulated by the Private Voluntary Organizations Act (PVO), according to Hasmath et al (2019). The Act describes the registration process for PVOs and NGOs, the appointment of a registrar to oversee PVO registration, some fundraising restrictions, minimum standards for PVO administration in terms of finances and accounting, and procedures for PVO affairs investigations, including conditions under which PVOs may be dissolved or have their registration certificates revoked or amended. The regulatory framework for PVOs in Zimbabwe is also described (Hasmath et al, 2019).

According to Stephenson (2003), the intense competition among NGOs for funding results in scheming and mistrust between them. When it comes to producing the essential documents to guarantee an accurate and fair view of their financial transactions through the accounting and reporting procedures, certain NGOs are found to be falling behind in this process. A non-governmental organization's major goal is to consistently fulfil some socially desirable requests. The goal often lacks the financial adaptability of a commercial organization because it depends on resource providers who do not engage in exchange transactions. The resources provided are meant to satisfy orders for goods or services placed by clients other than the resource provider. Because of this, non-profit organizations need to demonstrate that they are excellent stewards of contributed money. Donations meant for a certain purpose should be used for that purpose. This goal is either expressed clearly or implied in the non-governmental organization's stated mission statement. In their management and reporting procedures, non-governmental organizations must place a strong emphasis on accountability for these provided resources. The non-governmental organizations need to be able to demonstrate how the money was applied in accordance with the donor's instructions. The emphasis on donor restrictions in external financial reporting has enhanced the significance of fund accounting systems. The Zimbabwe PVO Act stipulates that both domestic and international NGOs must have established financial management systems in order to successfully accomplish their goals. NGOs operate in a market that is both cutthroat and undergoing rapid change. If organizations are to thrive in this challenging environment, they must develop well-organized financial

management tools to assist managers in using resources effectively and efficiently so that goals are fulfilled and commitments to stakeholders are kept (Stephenson, 2003).

2.2 Theoretical Framework

The study is guided by two theories that support budgetary control of firms namely the theory of budgeting and the budgetary control theory as discussed below.

2.2.1 The Theory of Budgeting

This theory suggests that budgeting can have both positive and negative effects on performance, depending on how it is implemented and managed. Ferreira and Otley (2009) found that budgeting can be effective in improving performance if it is used as a tool for communication, motivation, and coordination. They argue that budgets should be linked to organizational goals and should be used to provide feedback on performance. According to Ferreira and Otley, the key to using budgets effectively is to make sure they are well-aligned with the organization's goals and objectives. They suggest that budgets should be based on realistic assumptions, and that managers should be held accountable for meeting their budget targets. They also emphasize the importance of providing timely and accurate feedback on performance, so that adjustments can be made as needed. Another important aspect of this theory is the need for flexibility. Ferreira and Otley argued that budgets should be seen as dynamic documents that can be adjusted as new information becomes available. This allows for more responsive and adaptive decision-making, which can lead to better performance. This also means that budgets should not be seen as rigid or inflexible, but rather as living documents that can be changed and adapted to changing circumstances

According to Hirst (1987), an effective system of control eliminates an organization's need to plan and think through how to deal with potential risks and opportunities in the future. In a similar vein, Shields and Young (1993) define the theory of budgeting as a detector of differences between organizational objectives and performance. Budgets are regarded as the central component of an effective control process and are thus a crucial component of the organization. Budgets are seen as the core element of a successful control process and, as a result, as an essential part of the general concept of successful budgetary control. Budgets predict financial results in the future, enabling one to evaluate the financial viability of a given course of action. Most businesses formalize this procedure by developing annual budgets and monitoring performance against them. Budgets are only a collection of forecasts and plans as a result (Silva and Jayamaha, 2012). By describing the kind, quantity, and timing

of the resources needed, they represent how business initiatives will affect the bottom line (Shields and Young, 1993). Short- and medium-term goals are established in order to provide forecasts of future sales revenues and costs as well as short and long-term aims for a coordinated management program. One can develop management and task control benchmarks and, if necessary, take corrective action by comparing actual results to budgeted goals (Sharma, 2012). Budgets have the potential to further affect employee behaviour and decision-making by interpreting business objectives and acting as a yardstick for success. Hancock (2009) even considered such operational planning to be the cornerstone of management. The budget development process is more logical because alternative courses of action are considered. A budget enables the establishment of a goal and a performance standard, followed by a comparison of the actual outcomes with the established standard. In order to be effective, participants must look ahead rather than backward (Scott, 2005). As a result, it has been established that budgets serve a number of purposes, including making goals clear, facilitating control, coding learning, and engaging into contracts with third parties (Selznick, 2008).

2.2.2 Budgetary Control Theory

According to the budgetary control theory, there are four key components that are necessary for effective budgeting: planning, communication, implementation, and evaluation. Let's start with the planning component. This refers to the process of setting objectives and developing a budget that aligns with those objectives. It's important to make sure that the budget is realistic and achievable, and that all relevant stakeholders are involved in the planning process. Robinson and Last (2009) suggests that organisations must be able to develop a successful budgeting system because it is a tool used to ensure that the firm's resources are not wasted. This is crucial because it guarantees that the services provided and the results produced meet the goals. This theory holds that an effective budgeting system needs to be able to address the efficacy and efficiency of the organisation's spending. The organisation's level of income determines a successful budget (Robinson, 2009). The company must have enough controls to guarantee that the budget is preserved and distributed as intended. When a business is able to manage its operations well, it can disperse more profit. This is achieved through cutting costs while improving the quality of the company's goods and services. To cover their predicted budget, an organization may need to reorganize its taxes and find a way to borrow money if their income is lower (Robinson and Last, 2019). As a result, the budget is generally regarded as the control of spending. The corporation is not permitted to spend more than its annual

authorized total. In other countries, like Malaysia, the budgeting process is carried out through a political process that predominantly occurs in the parliament.

In addition to serving as a political instrument, the budget serves as the government's assurance to the people that it will meet their wants and desires. Examining the budget is another way to judge how well the present administration is doing. It is an assessment of their capability to manage the company and the resources of the country (Sawhill and Williamson, 2017). An example of a budgeting system paradigm is the performance-based budgeting system. According to Robinson and Last (2019), the performance-based budgeting system's (PBBS) objective is to boost the effectiveness and efficiency of government spending. In contrast to other budgeting techniques, PBBS utilizes resources to guarantee that it can help in achieving the desired results based on the strategy or targeted area. Simply defined, according to Marc Robinson and Duncan Last (2019), the PBBS is seen as managing for results. In contrast to traditional budgeting, which prioritizes input quantity, performance-based budgeting prioritizes output. Given that the budget covers the full year, it is essential to comprehend the different types of expenses an organization incurs, which are regularly described in the budget. It is crucial that the organization understand its budgeting process and give urgent concerns top attention as a consequence. To grasp the connection between the budgeting system and organizational performance, the business must be able to recognize trends in organizational spending and performance (Phyrr, 1970).

2.3 Types of NGOs Budget

There are typically three types of NGO's budgets which are Zero-Based Budget, Incremental budgeting and capital budget. These are reviewed in detail below.

2.3.1 Incremental budgeting

According to Atuilik et al. (2019), incremental budgeting, also known as traditional budgeting or annual budgeting, is a method of creating the budget on the basis of the previous budget while amending it (by adding or removing) based on sales predictions, market demand, new developments, production capacity, etc. This approach presupposes that the preceding budget allocation took the entity's priorities into account and provided rationale for the expense allocation (Agbenyo et al., 2018). The steps involved in creating an incremental budget are as follows:

1. Establish the fundamentals. Figure out how the costs have changed, then make adjustments to account for inescapable changes.
2. Including new budget implications to demonstrate suggested growth and cost savings.
3. Developing a new budget.

Because it is less expensive and takes less time to develop a budget, Atuilik et al. (2019) say that incremental budgeting is the most common budgeting method among non-governmental organizations.

2.3.2 Zero Based Budgeting

According to Gerke et al. (2021), zero-based budgeting in management accounting entails creating the budget from nothing, or using a zero-base. It entails reassessing each line item on the cash flow statement and providing evidence for each expense that a department will make. As per Davila and Foster's (2017) assessment Zero-based planning makes the assumption that there are no balances to be carried forward or pre-committed spending, in contrast to traditional budgeting, which expects prior patterns or past sales/expenditures to continue. Literally speaking, it is a strategy for developing the budget from scratch. It places a strong emphasis on determining a task and then supporting the associated costs, regardless of the existing expenditure structure. Ermasova and Ebdon (2019) postulates that most NGOs do not use zero-based budgeting. This is because, in contrast to conventional budgeting methods, implementing zero-based budgeting can be exceedingly expensive, time-consuming, and difficult. When making the move, the additional training that is necessary (including how to use any new software, procedures, etc.) as well as the fact that each budget is created from beginning rather than using the (quicker and easier) data from the previous year can add significantly to the cost. The strain could be too much for businesses with limited resources.

According to Gerke et al. (2021), an organization's operating budget is its annual financial plan, which contains projections for revenues and costs related to continuing operations. It provides support for all ongoing program activities and related services. An operational budget is a detailed projection of the company's earnings and expenses for the upcoming fiscal year. These budgets take into account the projected cash flows from the company's buying and selling activities as well as the effects they have on the financial statements (Davila & Foster, 2017). According to Pietrzak (2020), a firm, government, or organization uses an operating budget, which is made up of all income and expenses for a specific time period (usually a quarter or a

year), to manage its operations. An operating budget is created ahead of a reporting period as a target or strategy that the company hopes to accomplish.

2.3.2 Activity-based

Activity-Based Budgeting Approach as a management accounting tool does not use the previous year's budget to determine the current year's budget (Gerke et al, 2021). Instead, a thorough examination and analysis of the cost-generating activities takes place. The resources are assigned to an activity in accordance with the study. While still a relatively new approach, activity-based budgeting is founded on concepts that have been applied to accounting for a very long time, according to Atuilik et al. (2019). Atuilik et al. (2019) assert further that the budgeting process compels administrators to improve their planning skills. In essence, the management is forced to concentrate on planning to avoid frequent errors in which firms fail due to a lack of failure to develop, monitor, and adapt their budgets to changing conditions. According to Agbenyo et al. (2018), activity-based budgeting is popular and significant in NGOs and many other entities because it makes use of information about the relationships between the quantities of production units and the activities needed to implement the intended production plan. This strategy is advantageous because it aims to identify circumstances in which organizations' support and service processes for production preparation require new capability (Agbenyo et al., 2018). This is due to activity analysis's growing importance, which enables waste to be detected and workloads and process costs to be taken into account. Due to the fact that budgeting is typically done to analyse effects rather than causes, unused capacity is often ignored. Because it attempts to perform analytical and control goals that weren't previously taken into account, an activity-based strategy is useful (Ermasova and Ebdon, 2019). Any budget should specify the resources needed to achieve the desired outcome, and the idea of activity-based budgeting is a workable response to the shifting conditions under which resources are used in non-governmental organizations. This technique specifically raises employee engagement (Ermasova and Ebdon, 2019).

2.3.3 Value proposition budgeting

Value proposition budgeting, also known as priority-based budgeting, is the process of evaluating and defending the worth of each item on a list of expenditures, according to Dakurah (2017). In the end, the goal is to determine where a company should invest its funds in order to generate a profit. According to Lee et al. (2020), value proposition budgeting is a popular and significant form of budgeting among NGOs because it makes it simpler to identify where money is going and should be going, which is the greatest method to avoid wasting money. Spending money on things that generate more value allows one to cut back on pointless expenses. Finally, by concentrating on high-value sectors, it helps to reduce money while also increasing revenue (Lee et al., 2020).

2.4 Conceptual framework

The conceptual framework demonstrates the link between the independent variable of budgetary control and the dependent variable of the efficiency of non-governmental organizations. The dependent and independent variables are shown in the following figure.

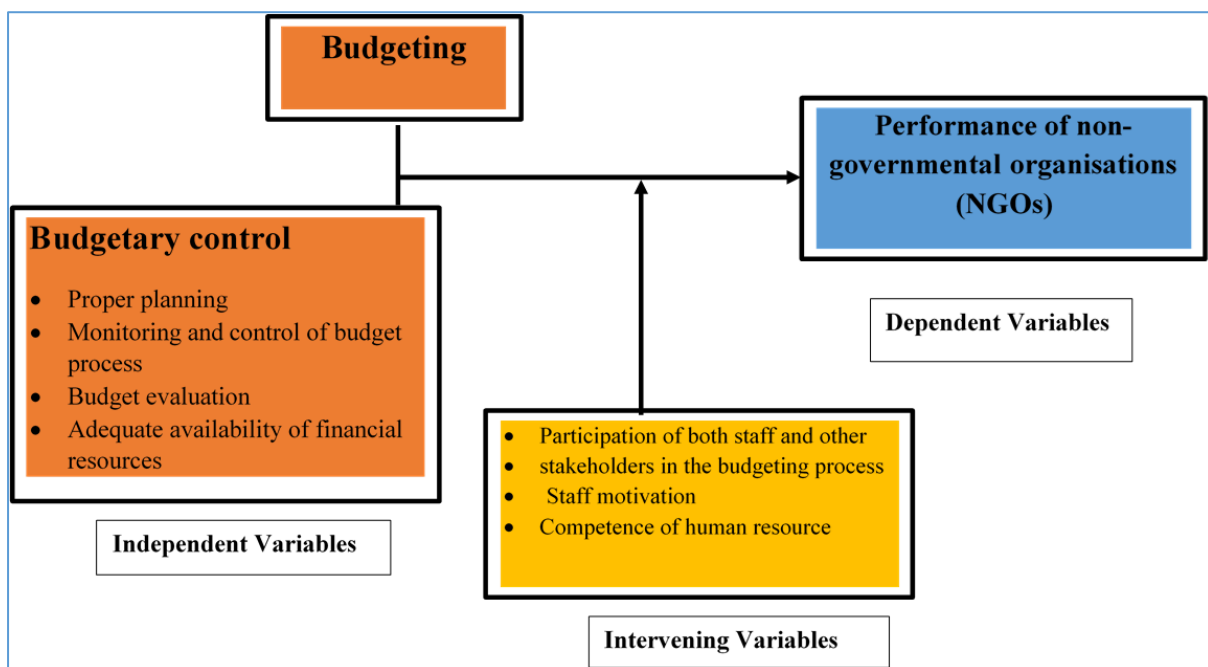


Figure 1: Conceptual Framework (Source: Adapted from Mbanzamahoro et al (2022))

The independent variable is budgetary control, which is influenced by the following elements: careful planning, close supervision of the budgeting process, and budget evaluation. The dependent variable is the effectiveness of non-governmental organizations as

measured by their sustainability and performance. According to this knowledge, the fiscal control of non-governmental organizations is essential to their effectiveness. The budgetary control is strengthened by intervening variables to improve the effectiveness of non-governmental organizations, which include adequate financial resource availability, staff and stakeholder participation in the budgeting process, staff motivation, and human resource competency.

2.5 Factors influencing effectiveness of budgeting and budgetary control practices

2.5.1 Adequate Financial Resources

The availability of enough financial resources is one of the elements determining the efficacy of budgeting and budgetary control procedures, according to Ho (2018). He added that in order to establish an efficient budget, the organization needs to ensure that it has proper access to financial resources to support its programs and operations. Agbenyo et al. (2018) contend that the management team should create a budget before starting projects.

Silva and Jayamaha (2016) made the case that organizations must devote enough financial resources and other organizational components, such as adequate money to enable successful budget execution, to enable project and organizational implementation. Both financial and material resources should be part of these resources (Silva and Jayamaha, 2016).

2.5.2 Competence of Human Resource

Competence of human resources is another aspect that affects how well budgeting and budgetary management methods work. In order to effectively carry out its operations, the company must make sure that its human resources are educated and knowledgeable about efficient techniques of budgetary control processes and procedures, according to Moore (2017). The company needs knowledgeable, experienced staff who are skilled in budgetary control techniques in order to successfully implement the budgetary control processes and allocation. In order to keep track of budget spending and hold employees accountable for how they utilize the budget, employers are essential during the planning, monitoring, control, and evaluation phases of budget implementation (Silva and Jayamaha, 2016).

2.5.3 Participation of both Staff and other Stakeholders

According to Nafisatu (2018), all those in charge of attaining goals should be consulted while setting budgets. No budgetary control system can be effective if directors and subordinates

don't work together. The organization's budget decisions should be communicated to all relevant staff members and their implications. Budgets are essential for effectively communicating objectives, targets, and roles across the organization. This can dramatically improve cooperation at all levels when done appropriately (Callahan and Waymire, 2007). Participation guarantees complete dedication and cooperation for effective budgeting. With participation, budgets become more reasonable and practicable (Ho, 2018). Management and staff should work together to appropriately represent the interests of all stakeholders when deciding on budgetary allocations for significant projects in order to ensure the budget's successful implementation (Jones, 2019).

2.5.4 Proper Planning

According to Agbenyo et al. (2018), in order to implement budgetary management, it is necessary to develop a properly coordinated detailed plan in both financial and quantitative terms for a future period. The term typically lasts one year. Even though in the more constricted time of a budget year, situations may occur that could weaken this goal, the plan must be in line with the organization's long-term development strategy (Agbenyo et al., 2018). For instance, a poor economy may result in a brief detour from the long-term strategies. Therefore, it is necessary to decide on a strategy before setting up the budgets for the upcoming trading period (Dunk et al., 2001).

Following the implementation of budgets across the board, Moore (2017) argued that it is vital for managers in charge of budget operation to obtain input. For this, monthly budget reports are routinely employed. These analyses contrast the projected spending with the actual results and identify variances (Moore, 2017) as deviations. The budget plans need to be carefully coordinated in order to remove bottlenecks. Individual budgets should be coordinated with one another to ensure that the implementation process is successfully carried out and to save time and money (Horngren, Forster, and Dater, 2017).

In order to facilitate proper planning, Gachith (2018) emphasized that the management team should identify the expenditure and revenue trends over the course of the project or activity the organization is involved in. It is advisable to generate a forecasted budget of the costs involved in carrying out the project's operations (Gachith, 2018). Realistic financial planning is necessary for a project or program's implementation (Jones, 2019).

2.5.5 Evaluation

According to Kamau et al. (2017), monitoring and evaluation play a significant role in deciding how effective budgeting and financial management procedures are. The organization can designate the route the evaluation should go based on priorities, available resources, time, and necessary talents with the aid of an assessment strategy. To improve efficacy and openness, the management team should actively take part in the monitoring and evaluation of budgetary control processes and procedures (Gachithi, 2018).

Building an assessment strategy in conjunction with an evaluation workgroup of stakeholders will develop cooperation and a sense of shared purpose, which greatly contributes in achieving successful budgetary control (Ho, 2018).

2.5.6 Monitoring and Control of Budget Process

Budgets must be controlled and reviewed after they are put into place, in accordance with Zweni (2017), to ensure that they are effective in aligning them over time. According to Horngren et al. (2017), monitoring and controlling the budget process is a key component of efficacy. According to Kavya (2021), if the organization implements adequate monitoring and management of the budget process, a skilled and open approach to budget planning will aid in convincing financiers, development banks, and national or international donors to make financial resources available. This is done so that the appropriate actions can be taken as soon as they become necessary by ensuring that the expected budget does not differ from the final result (Kavya, 2021).

2.5.7 Staff Motivation

Zietlow et al (2018) acknowledge that setting challenging but attainable goals in a well-designed budget can help motivate managers. The manager should be involved in developing his or her own budget, and the goals should be clear and doable (Hansen et al, 2003). Using the budget, senior management can assess the performance of their teams. But it's crucial to remember that determining a manager's competence doesn't just depend on whether or not the budget is followed. Zietlow et al (2018) go on to say that the budget plan needs to be clearer and more detailed, that the financial resources need to be adequate and accessible, that staff members and other interested parties need to be involved in the budget process, and that the staff members who are actively involved in the budget process need to be motivated to support successful budget implementation.

2.6 Empirical Review

This section present empirical review on the effects of budgeting and budgetary control on the financial performance of NGOs.

2.6.1 Effect of budgeting and budgetary control on performance

Silva and Jayamaha (2016) did a study to determine whether the performance of Sri Lanka's garment sector was significantly impacted by budgetary procedures. The budgetary process of the apparel industry was assessed using variables such as planning, coordination, management, communication, and assessment. The performance of Sri Lanka's garment industry was evaluated using return on assets. association coefficients and regression analysis using data from the garment sector's financial statements showed a significant association between the organizational performance of the Sri Lankan apparel industry and the budgetary process. This illustrates that successful apparel companies uphold top-notch financial practices, which improve organizational performance and hence show a positive link between budgeting , budgetary control and performance of the garment industry.

Murray (2017) looked into the relationship between the effects of budgetary control on performance using a sample of significant U.S. cities from the 2016–2017 timeframe. He examined the relationship between performance, as defined by bond rating, and the effectiveness or tightness of budgetary constraints inside the cities, as evaluated by budget variance. the study relied on secondary data collected from the population of U.S. cities that had outstanding bonds or credit ratings with Moody's Investors Service. The author then collected publicly available financial data for each city from Comprehensive Annual Financial Reports and analyzed the data using multivariate regression analysis. This allowed him to determine the relationship between budget variance, which served as a proxy for budgetary control, and bond rating, which was used as a proxy for performance The author found that the bond rating is considerably and favourably related to the effective level of budgetary control.

Mwaura (2018) looked into the effects of participatory budget planning and budget commitment on the performance of the NSE listed companies. This study used a causal research strategy to identify cause and effect linkages. 55 named companies made up the study's population of interest, albeit it only considered the 53 that were still operating. Both descriptive and content analysis techniques were used in this study because it included both quantitative and qualitative data. Analysis of the data used correlation and regression analysis and the findings of the correlation analysis indicated that there is a significant positive correlation

between budget planning and company performance. Additionally, there was a significant positive correlation between budget commitment and company performance. The regression analysis revealed that budget planning and budget commitment significantly and positively influence the performance of NSE-listed companies. According to the study, budgeting and budgetary control increase decision-making, which has a favourable effect on the performance of NSE-listed companies.

Dunk (2007) conducted a study on budgetary engagement and managerial success in non-profit-making organizations in Europe and found a correlation between the two. Similar to this, Epstein and McFarlan (2011) measured the performance of NGOs in Denmark, and they found that budgetary management was one of the key tactics for increasing the efficacy of non-profit organizations. The results of the study demonstrated that effective budgetary management improves the efficiency of non profit making organisations.

Serem (2018) examined the impact of budget management on the performance of non-governmental organizations. The research's target audience includes 7,127 non-governmental organizations, according to the Non-Governmental Organization Board of Kenya. Using the convenience judgmental sample technique, 30 NGO's with headquarters in Nairobi and its environs, both domestic and foreign, were selected for this study. The study's conclusions indicated that financial control had a modestly positive effect on NGO performance in Kenya and suggested that, in order to increase performance, employees should be made more aware of this impact.

When financial control is strong, budgetary involvement should be as well, according to Kamau (2017). When budgeting control is in place, subordinates would want to know the specifics of the evaluation criteria. As a result, it is expected that subordinate involvement in financial decisions would increase along with budgetary control. He contends that budgetary involvement might significantly regulate the relationship between the sort of budgetary control and the performance of the subordinates. According to his research, budget application, which includes budgetary administration, has no direct effect on performance, whereas budgetary involvement directly and negatively affects performance. However, when budgetary control is strong, there is a considerable positive association between performance and budgetary participation.

Joshi and Abdulla (2016) examined several characteristics of budgetary control and performance valuation systems using information from a questionnaire survey of medium- and

large-sized firms in the State of Bahrain. The study found that the conventional use of the budget controllability principle was widespread. The study concluded that budgeting and budgetary constraints, which form the basis of wise planning, enhance organizational performance.

Involvement in budgeting reduces the effects of budget control dependence, hence high (low) budget control reliance that interacts with high (low) budgetary participation is related with improved performance, per Nafisatu's (2018) research. Although the research by Nafisatu (2018) supported a prior study by Hirst (1987). In an extension of these studies, Agbenyo et al. (2018) found contradicting results that suggested a high (low) reliance on budget constraints coupled with a high (low) amount of budgetary participation results in poor performance. These studies, however not entirely comparable, do demonstrate that there is still considerable disagreement regarding the impact of budgetary restrictions and other moderating factors.

A study on the impact of budgetary limitations on performance was also carried out by Otley and Pollanen in 2016. In contrast to Nafisatu (2018), the results were different. Task ambiguity, financial engagement, and control all have a negative effect on performance, according to Otley and Pollanen (2016) however the outcomes change when these elements are combined. Although task ambiguity, financial control, and participation have a negative effect on performance, the study discovered that when budgetary control is high, these factors have a positive effect. Budgetary control enables subordinates to engage in the budgetary process to a greater extent, which may positively affect how they view procedural justice. This increase in performance could be partially explained by this .

Charoensukmongkol and Budhiputra (2017) goal of their research was to identify how budgeting, participation, communication, and budget commitment influence corporate performance. A survey was used to collect the data for the study, which involved a total of 255 workers from 20 private sector companies. The study used multiple regression analysis and found that budgeting and communication have a significant impact on corporate performance. However, it found that participation and budget commitment have no significant impact on corporate performance.

In her research on the effects of budgets, Gomez (2019) showed how effectively budgets forecast the size and scope of actual results. The investigation showed that the financial practices of relief organizations and developmental organizations are distinctly different from one another due to the differences in donor funding and reporting requirements. It was found

that requirements for relief programs are tougher than those for development programs. In contrast to relief programs whose funding is not subject to strict reporting requirements, development efforts demand monthly responsibility and thorough donor scrutiny, necessitating more complex control systems. The impact of additional factors on the ineffectiveness of control non organizations engaged in development was also noted.

Davis (2016) did research on the budgeting mechanism at Fairview Park Hospital. He came to the conclusion that while the current budgeting system acts as a check to ensure that each department stays within its predetermined cost and spending boundaries, it is not a reliable indicator of overall success. Additionally, it acts as a check on shareholders to uphold standards for publicly traded corporations and ensure decisions are based on full disclosure of facts about the hospitality facility system.

Using the University of Nairobi as a case study, Gachithi (2010) focused on the factors that influence how budgets are executed at Kenyan public institutions. He used the descriptive research method to conduct his study and got to the conclusion that the budget planning procedure is ineffective and difficult. Budgets are useful planning instruments for the future, he concluded.

In her research on how the budgetary process affects budget variances in Kenyan NGOs, Kumambi (2017) set out to determine the relationship between the budgeting process and budget discrepancies. She used descriptive data analysis to analyse data from a sample of 30 persons, representing a population of 4,000, and came to the conclusion that budget planning, control, and implementation had a significant impact on budget variation.

On the other side, budget committees and interdepartmental discussion groups were found to be the most often employed methods, with less emphasis being placed on brainstorming, according to Obulemire (2016)'s study of budgetary procedures in secondary schools. He also learned that it was challenging to get personnel to take part in the budgetary process.

In Kenya's Kangemi Town, Kerosi (2018) conducted a study on budgetary control procedures and the management of micro and small businesses. The study found that inadequate budget evaluation, a lack of full participation from everyone in the budget planning process, and a lack of top management support were the problems experienced by micro and small businesses in Kangemi Town, Kenya. Budgets are used by all firms to create plans; some do this professionally and methodically, while others do it more casually. All businesses carry out

planning and budgetary management operations, regardless of the approach taken. For this reason, the question of whether to build a budget is irrelevant; what matters is how to accomplish it successfully.

The largest British non-governmental development organizations, according to Zietlow et al (2018), have adopted modern budgetary practices and ideologies, which can aid in reducing financial mismanagement. Budgets are used for operations, planning, activity coordination, performance motivation, plan and operation communication, assessment, and cost effectiveness auditing. According to the report, most budgets are made using techniques like zero-based budgeting or priority-based budgeting.

Babatunde and Elegbede (2018)'s research focused on the effects of budgetary planning, budgeting techniques, budgetary control, and participatory budgeting on performance. The study involved all the Nigerian manufacturing businesses listed on the Nigerian Stock Exchange. The population for the study included 400 businesses, out of which 344 were chosen using a systematic random sampling technique. The findings of this research indicated that the extent of budgeting and the use of budgeting techniques are significant factors that affect the performance of manufacturing firms. However, budgetary control and participatory budgeting were not found to have a significant influence on performance. This means that the effective implementation of budgeting and the use of various budgeting techniques contribute to improved performance, while budgetary control and participatory budgeting do not significantly influence performance

Adongo (2012) conducted a study in which he aimed to describe the process of budgetary control in public organizations, identify the key characteristics of budgetary controls in state firms, and identify the barriers to budgetary control. To investigate the connection between budgetary control and financial performance, a correlation research of the dependent and independent variables was carried out. The findings revealed a significant relationship between financial success of state-run businesses and budgetary control.

Budgets are regarded as the core element of the control procedure and, thus, as a crucial element of the general concept of performance measurement. However, as the literature demonstrates, no organization can successfully implement a single budgeting technique. It is argued that the best method for tying together a company's budgetary control procedures, which include planning, evaluation, monitoring, and control, depends on its size, strategy, organizational structure, and management's perception of the level of uncertainty in the environment in which

the company operates .Gomez (2019), who asserts that financial restraint has a marginally good impact on NGO performance, supports this. The study found that it is important to inform staff members about financial controls and how they impact the success of the company.

However, the goal of the current study was to ascertain how budgeting and financial restrictions affected NGOs' performance. There hasn't been much research on how budgeting and financial management affect the effectiveness of nongovernmental organizations, according to the literature referenced above.

2.7 Chapter Summary

This chapter examined theoretical and empirical research on how budgeting and financial control affect non-governmental organizations' performance and as evidenced, there were conflicting findings in the empirical research. While other research indicated that there are complicating factors that affect the link, some studies argued that budgeting and financial control have a major impact on performance. The most important finding from the literature is that there isn't much information available locally about how budgeting and budgetary management especially affecting the performance of non-governmental organizations. This study aims to answer the following research questions: (the importance of budget planning and preparation on the financial performance of NGOs in Zimbabwe; the relationship between budgeting practices and financial performance of NGOs in Zimbabwe & the impact of budget controlling on the financial performance of NGOs in Zimbabwe). By addressing these questions, this study will contribute to the existing literature and fill the gap identified above

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

The chapter introduces the research philosophy, design, sampling techniques, research instruments, data analysis techniques, and ethical considerations employed in a study on the effects of budgeting and budgetary control on the performance of non-governmental organizations (NGOs) in Zimbabwe. Research instruments include questionnaires for quantitative data collection and interviews for qualitative data collection. The chapter also covers the data analysis in which quantitative data analysis is conducted using SPSS software, while thematic analysis is employed for the qualitative data. Ethical considerations are emphasized to ensure responsible and non-harmful research practices.

3.1 Research Philosophy

The viewpoint of scientific inquiry, according to Ryan (2018), is a framework of the researcher's beliefs toward the acquisition of new knowledge. It is acceptable to assume that it is the source of the choices about research methodology, problem formulation, information collection, organization, and analysis to be applied in a scientific study. The ontological and epistemological facets of the approach and procedures are included in a research paradigm. The choice of research philosophy is important, according to the Stanford Encyclopaedia of Philosophy (2019). It affects not only the selection of research methodologies but also the procedures used for gathering, analysing, and presenting data. The research philosophies listed below are included in the entry on the philosophy of social science, pragmatism, Interpretivism, positivism, and critical realism. Pragmatism emphasizes practicality, flexibility, and the application of knowledge to real-world situations. A scientific approach to research that seeks to develop general laws and universal explanations for human behaviour and social phenomena" is positivism (Biesta, 2010). Furthermore, he points out that positivism favours seeing people as passive information consumers as opposed to active agents in their own lives. On the other hand, interpretivism holds that reality encompasses people's experiences within their social environments. As such, it allows individuals to choose between inter-subjective epistemology and the ontological belief that reality is socially constructed. Bhaskar (2008) postulates critical realism as a view of science which holds that science aims to produce knowledge of the mechanisms which give rise to events in the world and that this

knowledge is most appropriately obtained by a consideration of the conditions which produce events in the world. He further adds on that, there is a reality existing independently of our knowledge of it and while human beings can make discoveries about this reality, they cannot exhaustively determine its features.

Considering the philosophical stances mentioned above, this study used a pragmatism research philosophy. Handema et al., (2023) states that the pragmatism research philosophy allows for the integration of both qualitative and quantitative research methods. This flexibility enables researchers to gather a comprehensive range of data to address the research question. This means combining qualitative interviews or case studies with quantitative surveys or financial data analysis, researchers can gain a deeper understanding of the topic and triangulate different sources of evidence. Alasuutari et al., (2018) state that pragmatism encourages researchers to focus on problem-solving and practical outcomes. This means examining the effects of budgeting and budgetary control on NGO performance, a pragmatic approach can identify specific challenges or areas for improvement. Researchers can propose practical solutions or strategies to enhance budgetary practices and overall organizational performance.

3.2 Research Approach

According to Patten and Newhart (2017), a research approach is a plan and procedure that includes phases that range from broad hypotheses to specific techniques for obtaining, analysing, and interpreting data. The method used to sort the research problem forms the basis of the research approach. The three most popular ways to conduct a scientific investigation are mixed, qualitative, and quantitative methods. This investigation used a mixed research approach which is a combination of quantitative and qualitative research approaches. A mixed research approach combines quantitative and qualitative methods to provide a comprehensive understanding of the research topic. Odigwe et al., (2020) discussed that a mixed research approach allows researchers to gather both quantitative and qualitative data. Quantitative methods, such as questionnaire surveys can provide numerical data that offer a broad overview and allow for statistical analysis. Qualitative methods, such as interviews or can provide rich, detailed insights into the experiences, perceptions, and motivations of individuals involved in budgeting and budgetary control in NGOs.

A mixed research approach allows for both in-depth analysis and broader exploration (Coe et al., 2021). Qualitative methods enable researchers to delve deeply into specific cases, uncovering detailed insights and understanding the underlying mechanisms and processes.

Quantitative methods, on the other hand, provide a broader perspective by analysing large datasets and identifying patterns or correlations across a larger sample (Patten and Newhart, 2017). The combination of these approaches provides a more comprehensive analysis of the research topic.

3.3 Research design

According to Akhtar (2016), a research design serves as a road map that directs a study of research toward the accomplishment of its goals. It is a comprehensive strategy for gathering data required to solve a research issue. Action research, causal, cohort, cross-sectional, descriptive, and experimental designs are just a few of the various varieties of research designs. This study used an Explanatory research design after weighing the benefits and drawbacks of each of the aforementioned research designs. Explanatory research is an approach that investigates the reasons for a given phenomenon or event, in order to establish a relationship between variables. This type of research helps to identify causes of a problem or issue, and provides a clear explanation of why something is happening (Kaur et al 2016). To do this, the researcher uses a combination of quantitative and qualitative methods, such as surveys, interviews, or focus groups. There are many advantages to using an explanatory research design. Firstly, it helps to identify the root cause of a problem or issue, rather than just describing the problem. Secondly, it allows for a deeper understanding of the phenomena under study. Thirdly, it can provide insights into the relationships between variables, which can lead to better decision-making. Finally, it can be used to develop hypotheses for further research.

3.4 Target Population

The population is "the entire group of people, events, or things of interest that the research wishes to investigate," according to Ghauri et al. (2020). The population is the totality of observations for a random variable that is being studied and used to draw conclusions about practice (Wegner, 2001). The people who work for Plan International Zimbabwe currently made up the study's population. The target audience was made up of a variety of Plan International Zimbabwe employees and employers, as they are knowledgeable about matters pertaining to budgeting, controlling expenses, and organizational performance. Plan International Zimbabwe's 2019 report states that the organization employs over 300 people to service various regions of the nation. Nevertheless, according to Plan International Zimbabwe (2019), this study is focused on 140 participants who have direct experience with budgeting and budgetary control measures

Table 3.4.1 Sample Size

	Department/Officers	Population of Study	Sample Size
1	Top Managers	25	12
2	Monitoring & Evaluation Officers	35	26
3	Program Managers/ Project Coordinators	40	30
4	Accountants	40	36
	TOTAL	140	104

Source; Primary data, 2019

3.4.2 Sample Size

In research, the number of respondents included in a study to fairly represent the population is referred to as the "sample size" (Ghauri et al., 2020). The sample size, which refers to the total number of respondents included in a study, is important to ensure that the overall sample accurately represents the entire population. Subgroups of this number are often created using factors such as region, gender, and age. Selecting the appropriate sample size is a critical step in statistical analysis. An inadequate sample size may yield unreliable results or not adequately represent the demographics of the population being studied. However, even though larger sample sizes result in smaller error margins and are more representative, they can also significantly increase the time and expense of conducting the study. Using Yamane's formula, the sample size for this study was calculated from the accessible population.

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

Where, n = sample size

N = Study Population, 140 in this case

e = Alpha level of 0.05

Substituting these values in the above equation, the sample size was:

$$\begin{aligned}n &= \frac{140}{1+140(0.05)^2} \\ &= 104\end{aligned}$$

With the use of Yamane's formula, the sample size of this study was determined to be 104 respondents from a population of 140.

3.5 Sampling Techniques

According to Vittera and Ahlgrim-Delzell (2018), sampling is the process of choosing a comparatively small number of elements from a larger defined group of elements so that judgments about the larger group of elements can be made based on the smaller group. The two main categories of sampling techniques are probability and non-probability. In this study, both probability and non-probability sampling were used. Specifically, a basic random sampling technique was applied. A subset of participants is chosen at random by the researcher from a population using simple random sampling, a sort of probability sampling (Sharma, 2017). The fact that simple random sampling offered every member of the population an equal chance of being chosen was one of the primary reasons it was chosen. Among the main benefits are its simplicity and lack of bias. Purposive sampling was also employed for this study. Cobanoglu et al. (2021), asserted that non-probability sampling procedures are often used in qualitative research methods, such as interviews or focus groups, where the focus is on exploring participants' experiences and understanding the underlying factors contributing to brand name-centric prescribing practices. Non-probability sampling enables researchers to purposefully select participants who can provide rich and detailed qualitative insights, enhancing the depth of understanding of the effects of budgeting and budgetary control on the performance of non-governmental organisations (NGOs) in Zimbabwe.

3.6 Research instruments

According to Budd (2015), research tools are used to gather the data and information needed to solve the problem that is being studied. Document analysis, observations, questionnaires, and interviews are examples of research instruments. In this study, since the study was a mixed approach, questionnaires and interviews were utilized to collect quantitative and qualitative data respectively.

3.6.1 Questionnaire

According to Griffin (2013), a questionnaire is a structured set of questions aimed at a subset of the population from which pertinent data is expected. This is consistent with Kumar's (2012) view that a questionnaire is just a list of questions with recorded responses from respondents. There are both closed-ended and open-ended questions on questionnaires. This study employed a closed-ended questionnaire with pre-constructed questions presented in a predetermined order to collect data from respondents (Griffin, 2013). The researcher selected the questionnaires because, as Fraley (2011) points out, they provided quantitative confirmation. To guarantee simplicity, directness, and impartiality, great care was taken in the formulation and arrangement of the questions. A series of structured questionnaires served as the primary tool for gathering data.

3.6.1.2 Closed-Ended Questions

According to Spillers (2014), closed-ended questions have a restricted range of possible answers. Closed-ended questions are less time-consuming to complete in this study because the respondent won't become stuck on how to voice their opinion. The Likert scale was connected to the closed-ended system. The researcher used closed-ended questions because they yield a more structured response and better recommendations.

3.6.1.3 Likert Scale

To gauge the weight respondents gave the independent variables, a five-point Likert scale from strongly agree to strongly disagree was used. According to a numerical score sheet, respondents can indicate whether they agree or disagree using a likert scale (Copper, 2013). Erwin (2014) proposed that the Likert scale be implemented as a series of speeches with five opinion ratings: strongly agree, agree, neutral, disagree, and strongly disagree. The resulting table illustrates this approach.

Table 3.6.1.3 Rating of Likert Scale

Strongly Agree	5
Agree	4
Neutral	3

Disagree	2
Strongly Disagree	1

3.6.2 Interviews

The study also conducted interviews with five (5) key informants who consisted of 1 Monitoring & Evaluation Officer, 2 Program Managers, 1 Project Coordinator and 1 Accountant. These interviewees from the Plan International Zimbabwe were considered experts and knowledgeable on the topic under study. The key informants were believed to be experts and Interviews generate rich qualitative data, capturing the perspectives, experiences, and opinions of the participants. They could provide data and deeper understanding of the subjective aspects related to budgeting and budgetary control in NGOs. Bager-Charleson (2020), states that interviews allowed the researcher to delve deeply into the research topic and gain comprehensive and detailed insights. This means by engaging in face-to-face or virtual conversations with NGO personnel, researchers can explore complex issues, probe for details, and develop a nuanced understanding of the subject matter. Interviews provide an opportunity to understand the specific context of NGOs in Zimbabwe. Interviews with key informants allowed the researcher to directly speak with individuals involved in budgeting and budgetary control within these organizations, researchers can grasp the unique challenges, constraints, and opportunities they face (Alasuutari et al. 2018). This contextual understanding enhances the relevance and applicability of the research findings.

3.7 Data Analysis Techniques

The researcher collected quantitative data hence SPSS was used for analysis to produce descriptive statistics. Firstly, 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 on cross-tabulated to enable the responses to be statistically analysed using descriptive statistics such as percentages, frequencies and the results were presented in frequency tables, graphs and percentages. For qualitative data from interviews, the researcher employed thematic analysis to analyse the textual data. This included thematic analysis by identifying recurring themes, patterns, and concepts within the interview data. Code the data based on these themes and conduct a systematic analysis to explore the effects of budgeting and budgetary control on the performance of non-

governmental organisations (NGOs) in Zimbabwe. The qualitative data complimented data collected from interviews.

3.8 Validity and Reliability

3.8.1 Reliability

Reliability refers to the degree to which the data collection methods or analysis procedures will produce dependable findings (Mueller and Knapp, 2018). Reliability is a degree of consistency or accuracy that an instrument demonstrates and reliability is a quality that ensures accuracy and dependability (Mohajan, 2017). The researcher increased reliability through use of uniform questionnaires for each related group. The research questions were structured from the research objectives and questions thus also increasing reliability. Current literature was reviewed and interview questions were pilot tested. The obtained data was then compared to check whether there was no disparity between information collected using different sources. Pilot testing was also done to increase reliability of the research instruments.

3.8.2 Validity

Validity is concerned about whether the findings are really about what they appear to be about (Mueller and Knapp, 2018). Validity entails the extent to which research instruments measure what they were purported to (Mohajan, 2017). To ensure that the data gathered was valid, the researcher had to analyse the data given and then equate it to the research questions or research objectives. Asking relevant questions to the study and using the research instruments that were suitable to the research ensured validity. Interview guide was also pilot tested. At the end of the data gathering process the researcher went through checking the validity and accuracy of the data before analysis began. This was done to ensure that the data collected was free from error and that mistakes that might have been made during filling of questionnaires are corrected without changing the responses of the respondents.

3.9 Ethical Considerations

Ethical consideration is a set of values and standards that should be observed when one is carrying out research that involves human beings (Bos, 2020). Ethics ensure that researchers act responsibly and that no study should be harmful to society or an individual. It prevents individuals and organisations from engaging in heinous behaviour. The researcher considered the following ethics.

3.9.1 Informed consent

Ethics require researchers to seek consent from participants before collecting data from them (Lauber-Rönsberg, 2018). In this regard, the researcher sought consent from all participants. Written informed consent forms were distributed to all participants which stated the purpose of the study and the rights of the participants. No participant was forced to participate in this study.

3.9.2 Confidentiality

Confidentiality was maintained throughout the research. The identities of the participants were protected through the use of pseudonyms. The researcher will not divulge the participants' data to third parties as stated in the consent form.

3.10 Summary

This chapter looked at the research methodology adopted by the researcher and the chapter covered design, research instruments, advantages and disadvantages of them, data collection, validity and reliability and lastly data analysis and presentation. It outlined how data was gathered during the study. The presentation and analysis of the collected data is shown in the upcoming chapter.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This investigation examines the impact of budgeting and budgetary control on the performance of NGOs in Zimbabwe. The research findings, analysis, and interpretation are presented in this chapter, along with a discussion of the research objectives and questions. Data was collected through questionnaires and interviews with staff members of Plan International. The response rate and demographic characteristics of the participants are outlined. Statistical techniques, such as the Independent Samples t test, correlation analysis, and regression analysis, were used to address the research questions and draw conclusions. SPSS version 27 and Microsoft Excel were employed for data analysis, and NVIVO was used for qualitative data analysis. The sample size consisted of 92 participants and 12 key informants.

4.1 Response Rate

The response rate for the distributed questionnaires was assessed to measure the level of participation in the study. Out of the 104 questionnaires distributed, 92 were successfully returned and filled by the participants. This indicates a response rate of 88% overall. The response rate surpasses the recommended threshold of 60% as suggested by Mugenda and Mugenda (2003). A high response rate enhances the reliability and validity of the study results by ensuring a representative sample and minimizing the potential for non-response bias.

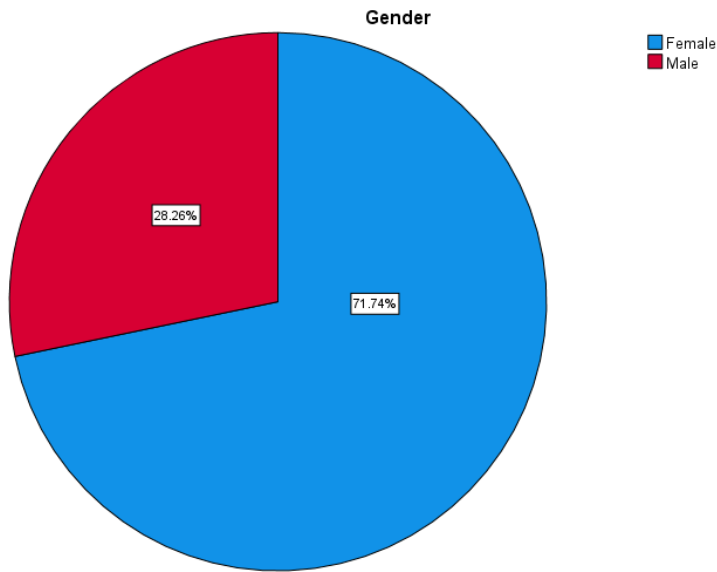
4.2 Demographic Analysis for the Respondents

This section, we present the background characteristics of the participants who responded to the distributed questionnaires. The demographic analysis includes information on gender, age, educational level, and work experience. Understanding these factors helps provide a comprehensive profile of the respondents and offers insights into the diversity of the sample.

4.2.1 The distribution of gender

In Figure 1, we present the gender distribution of the respondents who participated in the study. The findings reveal that women constituted most participants, accounting for 72% of all respondents. On the other hand, men represented 28% of the total sample.

Figure 1: Gender of the respondents

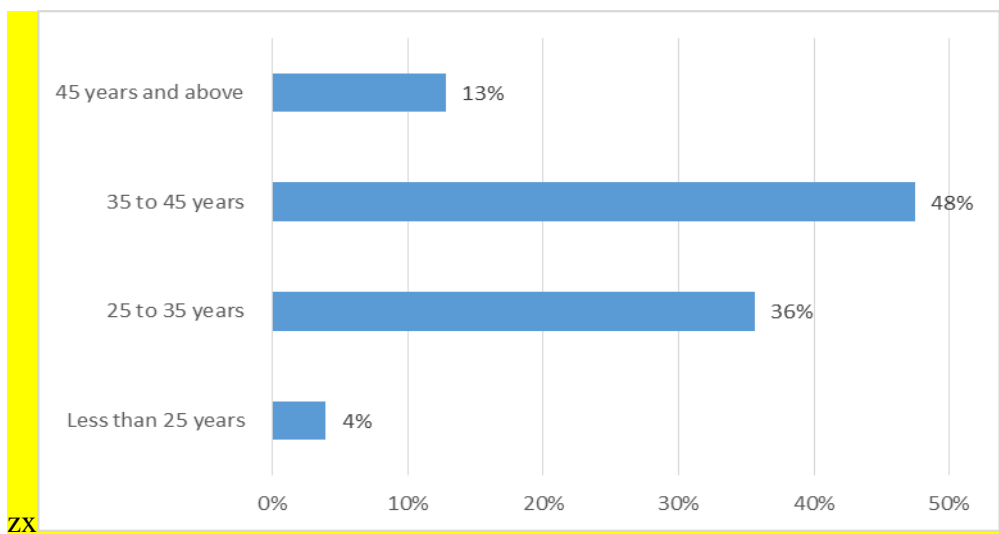


This gender distribution aligns with the existing reality within Plan International, indicating a greater proportion of women compared to men. It highlights the gender segmentation within the organization, where women have a stronger representation. Understanding the gender composition of the participant sample is crucial as it provides insights into potential gender-related perspectives and experiences that may influence the study findings.

4.2.2 Distribution of respondent age

Figure 3 presents the age distribution of the study respondents, providing insights into the demographic composition of the participant sample.

Figure 2: Age of the participants



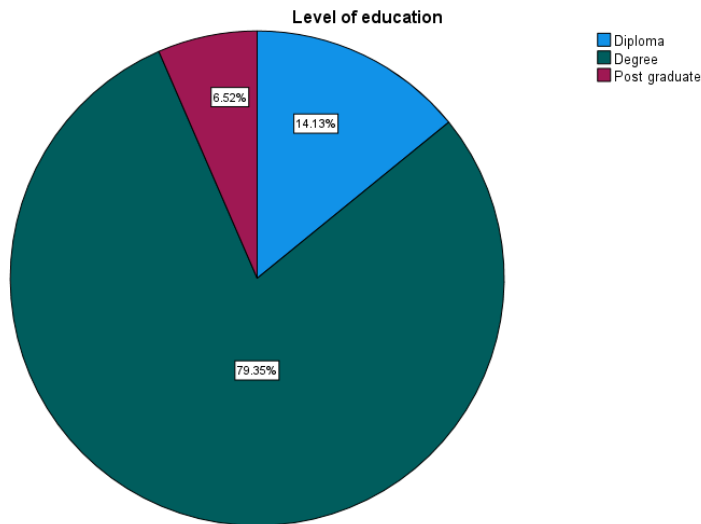
The age distribution of the respondents indicates that a significant proportion, comprising 48% of participants, fell within the age range of 35-45 years. Another notable segment, accounting for 36% of respondents, belonged to the age group of 25-35 years. The study also included a portion of participants who were above 45 years, representing 13% of the sample. In contrast, a smaller percentage, only 4%, consisted of respondents below the age of 25.

The age distribution of the respondents indicates a predominance of mature individuals within the sample. This suggests that the participants possess a considerable level of professional experience and knowledge, which can be valuable and meaningful for the study. The presence of a mature demographic enhances the reliability and credibility of the information provided by the respondents, as their insights and perspectives are likely to be grounded in their extensive work and life experiences. This demographic characteristic of the respondents reflects the composition of the workforce within Plan International. The higher representation of individuals in the age range of 35-45 years may indicate a cohort of experienced professionals within the organization who have been working in their respective roles for a substantial period. Their insights and perspectives regarding budgeting and budgetary control can provide valuable insights for the study.

4.2.3 Education level for the respondents

In Figure 4, we present the distribution of respondents based on their educational qualifications. The findings reveal that most participants, accounting for 80% of the total, held first degrees. Additionally, 14% of the respondents had certificates or diplomas, while a smaller percentage of 6% possessed postgraduate degrees.

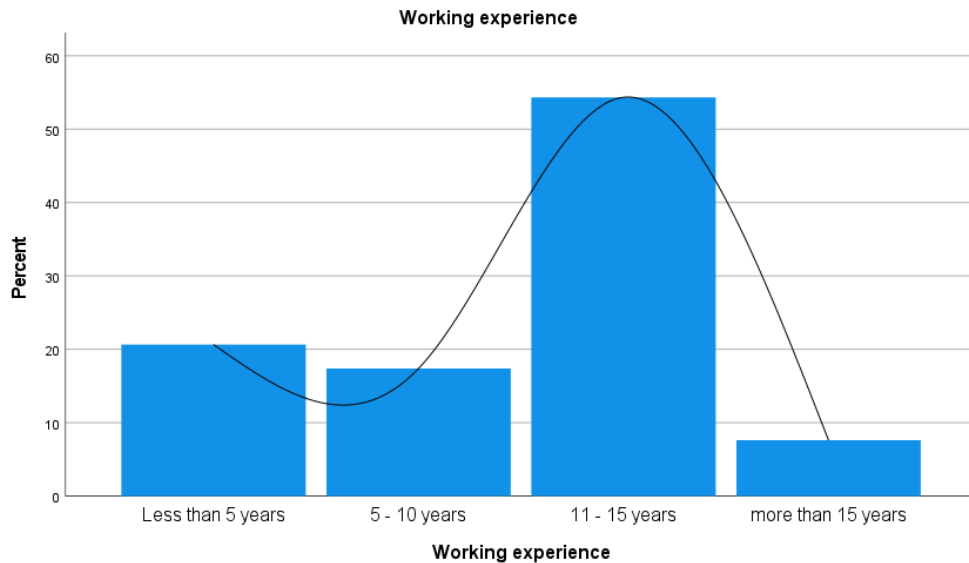
Figure 3: Level of education



The high proportion of participants holding first degrees indicates that Plan International employs individuals with higher educational qualifications. This suggests that the organization values and prioritizes hiring individuals with a solid academic foundation. The presence of a significant number of individuals with postgraduate degrees further highlights the emphasis on advanced education within the organization.

The educational profile of the respondents is noteworthy as it signifies the expertise and knowledge that the participants bring to the study. With a substantial proportion of individuals holding first degrees or higher qualifications, the research findings can be seen as supported by a combination of academic knowledge and practical experience. This enhances the credibility and reliability of the information provided by the respondents. The participants' educational backgrounds contribute to the depth and richness of the data collected for the study on the effects of budgetary control on the financial performance of non-governmental organizations (NGOs) in Zimbabwe, specifically focusing on Plan International as a case study.

4.2.4 Work experience



The results presented in Figure 4 provide insights into the work experience of the respondents. The findings indicate that most participants, comprising 54% of the total, had a work experience ranging from less than 5 to 10 years. Additionally, 17% of respondents reported having 11-15 years of experience, while 8% had less than 5 years of experience. Notably, 21% of participants had more than 15 years of work experience.

These findings highlight the significance of work experience within Plan International. The distribution of respondents across different experience levels suggests that the organization values the depth of knowledge and expertise that comes with longer tenures in the field. The presence of a substantial proportion of individuals with more than 15 years of experience reflects a focus on hiring seasoned professionals who can contribute their wealth of knowledge to the organization's objectives.

The relevance of these findings to the current study lies in the fact that the respondents' work experience is negatively skewed, meaning that many of the participants possess significant working experience. More than 60% of respondents reported having more than 10 years of work experience. This indicates that the participants have accumulated substantial professional experience, making them well-equipped to provide valuable insights and information in response to the study's objectives and questions.

The abundance of experienced individuals within the respondent sample strengthens the credibility and reliability of the data collected for the study. Their extensive working

experience enhances the depth and quality of the responses, ensuring that the information gathered is valuable and meaningful for the analysis of the effects of budgetary control on the financial performance of non-governmental organizations (NGOs) in Zimbabwe, with a specific focus on Plan International as a case study.

4.3 Study Findings

4.3.1 Analysis of Survey Data

In this section, we will address the responses obtained from the primary data, which encompass both quantitative and qualitative data. The questionnaire administered to the participants included various Likert scale variables to capture quantitative information. Respondents were asked to rate their agreement or disagreement with specific statements using a scale ranging from "1 - Disagree" to "5 - Strongly Agree."

Additionally, the questionnaire incorporated open-ended questions that allowed participants to provide qualitative responses and offer more detailed insights on the subject matter. These open-ended questions provided an opportunity for respondents to express their thoughts, opinions, and experiences in their own words, thus capturing rich qualitative data.

By considering both the quantitative and qualitative responses from the primary data, we aim to provide a comprehensive analysis of the research findings. This approach enables us to explore patterns, trends, and relationships within the quantitative data while also incorporating the nuanced perspectives and narratives expressed in the qualitative responses. Such an integrated analysis will contribute to a more complete understanding of the research objectives and offer a more robust interpretation of the primary data.

4.4 Analysing relationship between budgeting, budgetary control, and financial and organizational performance

Table 1 presents the responses of the study participants regarding the association between budgeting, budgetary control, and organizational performance. The table displays the number and percentage of responses for each category.

Table 1 Association between budgeting, budgetary control, and organizational performance

Responses	No of Response	% of Response
Strongly Agree	70	76
Agree	22	24
Strongly Disagree	0	0
Disagree	0	0
Total	92	100

According to the findings, 70 participants, accounting for 76% of the total responses, strongly agree that there is an association between budgeting, budgetary control, and organizational performance. Additionally, 22 participants, representing 24% of the responses, agree with this statement. Notably, none of the participants strongly disagree or express a denial of the relationship.

Based on the high percentage of participants who agree or strongly agree, it can be concluded that there is a clear perception among the study participants that budgeting, budgetary control, and organizational performance are interconnected. This finding aligns with the results of a similar study conducted by Silva and Jayamaha (2016), as indicated in Table 1.

The consistent findings across studies provide further support for the notion that budgeting and budgetary control play a significant role in influencing organizational performance.

In addition to the quantitative analysis presented in Table 1, supportive qualitative analysis findings were also obtained from the open-ended questions in the questionnaire. These qualitative responses provided further insights into the participants' perspectives on the association between budgeting, budgetary control, and organizational performance.

The qualitative data analysis included interview narratives from senior accountants, providing valuable insights into the association between budgeting, budgetary control, and organizational performance.

One senior accountant stated during the interview:

“..effective budgeting and budgetary control are crucial for our organization's success. A well-developed budgeting process helps us allocate resources efficiently, make informed financial

decisions, and stay on track with our financial goals. It enables us to plan, monitor our financial performance, and identify any deviations or areas that require attention. It ensures that we utilize our resources effectively, minimize waste, and achieve our desired outcomes. Budgetary control mechanisms also play a significant role in ensuring accountability and transparency in our financial management practices. This helps us maintain financial stability and contributes to our overall organizational performance."

The senior accountant's narrative highlights the importance of effective budgeting and budgetary control in resource allocation, decision-making, financial discipline, and performance monitoring. It emphasizes the role of budgetary control in maintaining accountability, transparency, and financial stability within the organization. These insights from the interview align with the quantitative findings, further strengthening the understanding of the relationship between budgeting, budgetary control, and organizational performance. Furthermore, participants emphasized the importance of budgetary control mechanisms in ensuring accountability and transparency in financial management. They expressed that regular monitoring and review of budgetary performance enable timely corrective actions, which in turn positively impact organizational performance.

The narratives from the interviews with the participants further validate the quantitative findings presented in Table 1, confirming a consensus among the participants regarding the connection between budgeting, budgetary control, and organizational performance. The qualitative responses offer a deeper understanding and context to the participants' beliefs and experiences, providing additional support for the conclusion that effective budgeting and budgetary control practices play a significant role in enhancing organizational performance.

The combination of both quantitative and qualitative analysis in this study provides a comprehensive understanding of the participants' perspectives and strengthens the overall understanding of the relationship between budgeting, budgetary control, and organizational performance.

4.5 Examining the importance of budgeting and budgetary control on performance of NGOs

The questionnaire included five items related to budgeting and budgetary control in NGOs, and participants were asked to indicate their level of agreement with each statement. The responses were categorized as "Strongly Agree," "Agree," "Neither Agree nor Disagree," "Disagree," and "Strongly Disagree." The data collected from the participants' responses is presented in Table 2, with each column representing the percentage of participants for each response category.

Analysing the data in Table 2, several findings emerge

Table 2: What is the importance of budgeting and budgetary control on performance?

Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Improves decision making	45%	39%	9%	3%	4%	100%
Foundation for sound planning	32%	37%	31%	0%	0%	100%
Helps in management and control of the organization	22%	56%	13%	9%	0%	100%
Provides structural support for performance	0%	14%	32%	54%	0%	100%
Improves administrative and program efficiency	76%	21%	3%	0%	0%	100%

Firstly, a large majority of participants (84%) agreed that budgeting and budgetary control improve decision making, which is seen as a key factor in enhancing organizational performance. Only a small percentage (7%) disagreed with this notion, while 9% remained neutral. This finding supports the idea that effective budgeting and budgetary control positively impact decision making, aligning with previous research by Mwaura (2018).

Secondly, the majority of the population (69%) agreed that budgeting and budgetary control serve as the foundation for sound planning. The moderately positive response on this statement indicates a shared understanding among the participants regarding the importance of budgeting and budgetary control in facilitating effective planning. However, a significant portion (31%) did not express an opinion on whether this enhances organizational performance. This finding is consistent with the notion that budgeting and budgetary control play a crucial role in sound planning, as highlighted by Serem (2018).

Thirdly, a substantial majority of respondents (78%) agreed that budgeting and budgetary control contribute to the management and control of the organization, leading to improved performance. Only a small percentage (9%) disagreed, while 13% remained neutral. This finding contradicts the view put forth by Adongo (2012), suggesting that budgeting and budgetary control may have limited influence on management and control due to potential self-interest biases.

Regarding the statement that budgetary control provides structural support for performance, most respondents (54%) disagreed, while only a small percentage (14%) agreed. A significant

portion (32%) remained neutral on this matter. This indicates that most participants did not perceive budgeting and budgetary control as directly contributing to structural support for performance.

Lastly, an overwhelming majority of participants (97%) agreed that budgeting and budgetary control improve administrative and program efficiency, ultimately leading to enhanced performance. None of the participants disagreed with this statement, and only a small percentage (3%) remained neutral. This finding emphasizes the multifaceted impact of budgeting and budgetary control on performance, such as improved program management and efficiency.

During the interviews, the financial controller shared their perspective on the importance of budgeting and budgetary control.

The financial controller stated,

"Having a well-defined budget and effective control mechanisms in place is crucial for our organization. It helps us set clear priorities, allocate resources effectively, and make informed decisions based on financial data. Budgeting and budgetary control provide a structured framework that guides our decision-making processes, ensuring efficient resource utilization and goal achievement."

Regarding the statement on budgeting and budgetary control as the foundation for sound planning, the financial controller added,

"Effective planning requires a thorough understanding of our organization's financial situation. Budgeting and budgetary control provide the necessary financial framework to develop realistic and achievable plans. They ensure that resources are allocated appropriately, and goals are aligned with available funding."

When discussing the role of budgeting and budgetary control in the management and control of the organization, the financial controller emphasized,

"..budgeting and budgetary control serve as a mechanism for monitoring and assessing organizational performance. They promote accountability, transparency, and effective resource allocation, enabling managers to make informed decisions and exercise control over our operations."

The financial controller's insights align with the participants who agreed on the importance of budgeting and budgetary control, highlighting the benefits of clear priorities, efficient resource utilization, and informed decision-making. They also emphasize the role of budgeting and budgetary control in facilitating effective planning, resource allocation, and organizational performance monitoring.

Participants who disagreed expressed concerns about the potential rigidity of budgeting and budgetary control, and the financial controller's perspective acknowledges the importance of balancing flexibility and innovation within decision-making processes. They also acknowledge the need for ethical leadership and a strong organizational culture to ensure that budgeting and budgetary control are implemented effectively and not compromised by personal interests.

These direct quotations from the financial controller provide valuable insights into their perspective on the importance of budgeting and budgetary control, enriching the overall analysis and interpretation of the qualitative findings.

4.6 The impact of budgeting and budgetary control practices on the performance of Plan International

4.6.1 Analysis of Organisational Financial Records

The study analysed the impact of budgetary control on the financial performance of NGOs in Zimbabwe, focusing on Plan International Zimbabwe. Secondary data from various sources, including financial statements, budgetary reports, audit reports, and donor reports, were used. Financial performance indicators such as revenue, expenses, assets, liabilities, and cash flow were assessed. The study also examined budgetary reports to evaluate the organization's budgeting process and the achievement of budget targets. Figure 5 illustrates the detailed summary of adherence to budget for the organization.

Figure 5: Financial performance for Plan International

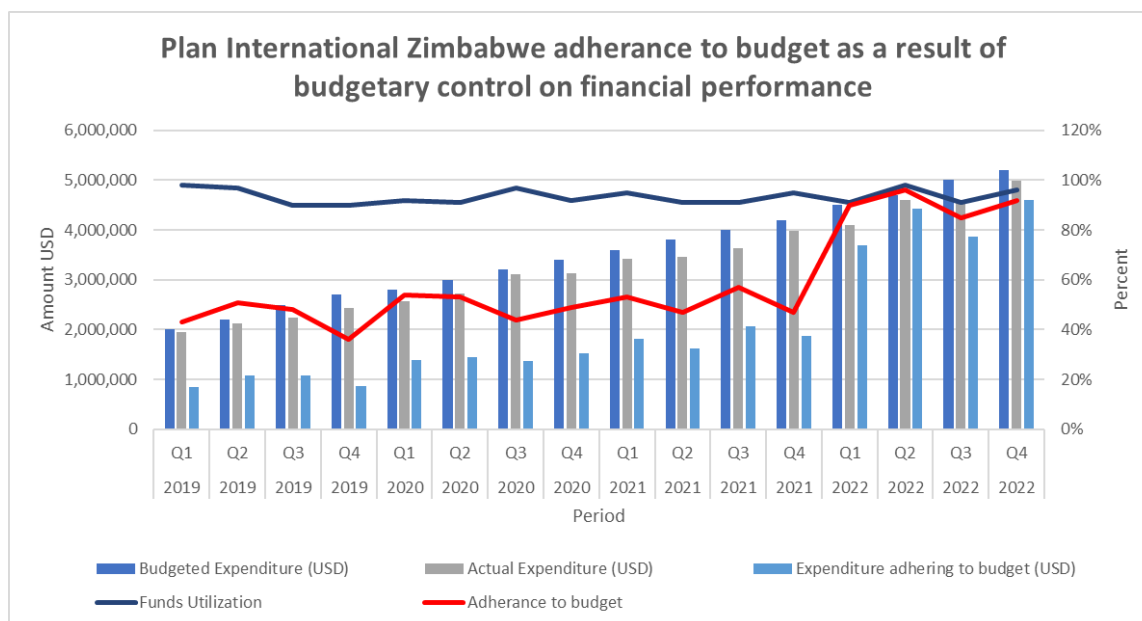


Figure 5 provides a visual representation of the organization's adherence to budget, specifically focusing on the utilization of donor funds. Prior to financial budgeting training, the utilization of donor funds consistently ranged between 36% and 57%. However, after the training, there was a notable improvement, with utilization ranging between 47% and 97%. Based on the findings, it seems that the training had a positive impact on the organization's ability to adhere to its budget. However, there is still some room for improvement, as evidenced by the range of utilization after the training. Hence it is evidenced that the training was effective in improving adherence to budget, but that further improvements could be made to ensure that the organization consistently utilizes donor funds to the fullest extent possible.

To further explore the statistical aspects of this improvement, the summary statistics for the two periods are provided in SPSS OUTPUT 1, as shown below. This information allows for a more detailed analysis of the changes in adherence to budget and provides additional insights into the organization's financial performance.

SPSS OUTPUT 1

Group Statistics					
	Period	N	Mean	Std. Deviation	Std. Error Mean
Adherence to budget	Pre-Training	11	48.6364	5.98787	1.80541
	Post Training	5	82.0000	19.96246	8.92749

Before the training, the organization's average adherence to budget was only 48.6%, indicating a significant deviation from the allocated budgets. However, following the training, there was a substantial improvement in adherence, with the mean adherence reaching 82% in the year 2022. To assess the significance of these changes, an independent samples t-test was conducted to compare the mean differences between the pre-training and post-training periods. The results of this analysis are presented in SPSS OUTPUT 2, which provides valuable insights into the statistical significance of the observed improvements in adherence to budget.

The standard deviations of the two groups exhibit noticeable differences, likely attributed to the significant variation in sample sizes. Consequently, the researcher proceeded with the assumption of unequal variances when computing the p-value, as the Levene's Test yielded a p-value of 0.031. This result provides evidence for rejecting the null hypothesis, which suggests that there is no significant difference in the variances of the two groups under comparison.

SPSS OUTPUT 2: Independent samples t test

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Adherence to budget	Equal variances assumed	5.757	.031	-5.238	14	<.001	-33.36364	6.36964	-47.02517	-19.70211
	Equal variances not assumed			-3.663	4.331	.019	-33.36364	9.10821	-57.90787	-8.81941

The independent t-test was conducted to assess the significance of the mean difference between the periods post and pre-training. The resulting p-value for the t-test is 0.001, indicating a statistically significant mean difference. This suggests that there is a substantial and meaningful change in adherence to budget after the training program. The low p-value provides strong evidence to reject the null hypothesis and supports the conclusion that the training had a significant impact on improving adherence to budget for the organization.

The qualitative findings on budgeting and budgetary control practices in Plan International

revealed additional insights into the organization's approach. One important finding pertains to the communication and transparency of budgetary information within the organization. While most respondents agreed that budgetary guidelines and policies were in place (18% strongly agreed, 69% agreed), there were indications that improvements could be made in terms of effectively communicating budgetary information and promoting transparency. This suggests the need for Plan International to enhance the dissemination of budgetary information to relevant stakeholders and stakeholders and ensure greater transparency in its budgeting processes.

Another noteworthy finding relates to the involvement of a budget committee in reviewing project costs. The respondents' opinions were divided, with 37.8% strongly agreeing that project costs are reviewed by a budget committee, 23.4% agreeing, and a significant proportion (38.8%) expressing disagreement. This indicates a lack of consensus among the respondents regarding the presence and effectiveness of a budget committee in overseeing project costs. Plan International may need to evaluate and strengthen the role of the budget committee to ensure robust oversight of project costs and enhance the effectiveness of budgetary control measures.

Furthermore, the study explored the presence of well-defined budgetary plans with clear goals and objectives. The qualitative findings revealed that most respondents agreed (59.46%) or strongly agreed (17.12%) that the organization had both short- and long-term budgetary plans. Moreover, a significant proportion (55.8%) agreed that these budgets had clear goals and objectives. This demonstrates Plan International's commitment to aligning financial resources with organizational priorities and facilitating effective decision-making. The presence of well-defined budgetary plans enables the organization to set specific goals and objectives, providing a framework for allocating resources and measuring performance.

During the interviews, a financial manager provided direct quotations regarding the qualitative findings. The financial manager stated,

"Effective communication and transparency are crucial in budgeting processes. Clear and open communication helps ensure that all stakeholders understand the budgetary goals and objectives, fostering buy-in and accountability."

Regarding the role of the budget committee, the financial manager added,

"There is a need for further evaluation and enhancement of the budget committee's role. Strengthening the committee's involvement and decision-making authority can contribute to

more effective budgeting and budgetary control practices. It can also enhance coordination among different departments and ensure that budgetary plans align with organizational objectives."

Emphasizing the importance of well-defined budgetary plans, the financial manager stated, *"Having clear goals and objectives in our budgetary plans is essential. It provides a roadmap for resource allocation and helps guide decision-making processes. When everyone understands the purpose and direction of the budget, it becomes easier to track progress and ensure that resources are utilized efficiently."*

The financial manager's insights highlight the significance of effective communication, transparency, and stakeholder engagement in budgeting processes. They also emphasize the need for evaluating and enhancing the role of the budget committee to improve budgeting practices. Additionally, the financial manager emphasizes the positive impact of well-defined budgetary plans with clear goals and objectives in guiding resource allocation and decision-making.

These direct quotations from the financial manager add valuable perspectives to the qualitative findings, emphasizing the importance of communication, evaluation, and well-defined plans in strengthening budgeting and budgetary control practices, promoting stakeholder engagement and accountability, and improving organizational performance.

4.7 What are the Performance measurement practices in NGOs and what are the opportunities for enhancement?

The performance measurement practices in NGOs were explored, along with the opportunities for enhancement. The study focused on understanding the methods used to evaluate performance within these organizations and identified potential areas for improvement.

The inquiry primarily focused on monitoring and evaluation, which are essential functions related to performance assessment in most NGO projects. The respondents were asked about the organization's planning, programming, performance monitoring, and assessment, which fall under the purview of the Monitoring and Evaluation department.

One aspect investigated was the frequency of monitoring and evaluation activities conducted by the organization for their projects. The findings showed that 49.55% of respondents reported monthly monitoring activities, 25.23% engaged in quarterly monitoring, 10.81% conducted

annual monitoring, and 14.41% did not have any monitoring activities at all. Many organizations reported engaging in regular monitoring and evaluation activities, indicating a commitment to continuously assess the effectiveness of their projects. Regular monitoring activities provide a means of tracking progress, identifying areas for improvement, and ensuring accountability.

The findings also suggest that financial control plays a crucial role in monitoring and evaluation. By regularly assessing project performance, NGOs can gain assurance regarding the cost-effectiveness and efficiency of their project execution. Monitoring and evaluation activities help identify any deviations from the planned budget and enable organizations to adjust ensure resources are utilized optimally.

However, there are opportunities for enhancement in performance measurement practices within NGOs. One area for improvement is the alignment of performance metrics with organizational goals and objectives. Organizations should ensure that the performance indicators used effectively capture the intended outcomes and impact of their projects. This alignment is essential to demonstrate the value and effectiveness of NGO interventions to stakeholders and donors.

Another opportunity for enhancement lies in the utilization of technology and data-driven approaches in performance measurement. NGOs can leverage technology to streamline data collection, analysis, and reporting processes. By adopting digital tools and systems, organizations can enhance the accuracy, timeliness, and accessibility of performance data. This, in turn, enables more informed decision-making and facilitates evidence-based program improvements.

Additionally, capacity building and training initiatives can contribute to enhancing performance measurement practices. NGOs can invest in building the skills and knowledge of their staff members involved in monitoring and evaluation. This includes training on data collection methodologies, data analysis techniques, and result-based management. Strengthening the capacity of staff members in these areas can enhance the overall quality and effectiveness of performance measurement practices.

In summary, the study revealed that NGOs engage in regular monitoring and evaluation activities, demonstrating a commitment to assessing project effectiveness. However, there are opportunities for enhancement in performance measurement practices. These include aligning

performance metrics with organizational goals, leveraging technology for data-driven approaches, and investing in capacity building. By addressing these areas, NGOs can strengthen their performance measurement practices, improve accountability, and enhance their overall impact.

4.8 Challenges of Budgetary Control on Financial Performance of Non-Governmental Organizations (NGOs) in Zimbabwe

The qualitative study conducted on the budgetary control practices and financial performance of non-governmental organizations (NGOs) in Zimbabwe revealed insights from several finance professionals. These professionals highlighted key challenges that significantly impact the ability of NGOs to effectively manage their finances and achieve optimal financial performance.

According to one finance professional, limited funding emerged as a prominent challenge faced by NGOs in Zimbabwe.

They stated,

"Many NGOs heavily rely on external donor funding, which is often inconsistent and unpredictable. Insufficient funding restricts our capacity to implement effective budgetary control measures and allocate resources efficiently. This limitation hampers our ability to plan and execute projects effectively, potentially leading to financial instability and underperformance."

The volatile economic environment in Zimbabwe was also emphasized as a significant challenge by another finance professional.

They explained,

"Factors such as hyperinflation, currency fluctuations, and economic instability create difficulties in accurately forecasting and budgeting expenses. We struggle to adapt our budgetary control practices to the rapidly changing economic landscape, leading to challenges such as budget overruns or inadequate resource allocation."

Regarding the complex regulatory environment, another finance professional highlighted the challenges faced by NGOs. They stated,

"Compliance with various legal and regulatory requirements imposes administrative burdens and costs on NGOs. Meeting these compliance obligations can be particularly challenging for smaller NGOs with limited administrative capabilities. The associated costs and bureaucratic processes strain our financial resources and divert attention from effective budgetary control practices."

A shortage of skilled financial professionals was identified as a key challenge by another finance professional.

They expressed concern, saying,

"Many NGOs in Zimbabwe lack sufficient financial management expertise, including budget planning, monitoring, and reporting. This skill gap undermines effective budgetary control and puts NGOs at risk of financial mismanagement and compromised financial performance."

Donor expectations and reporting requirements were also highlighted as challenges by another finance professional.

They explained,

"Meeting the specific reporting formats, timelines, and performance indicators set by donors requires significant administrative efforts and resources. Failure to meet these expectations may result in funding cuts or limitations, negatively impacting the financial performance of NGOs."

Internal control weaknesses were another significant finding, as stated by one finance professional.

They highlighted,

"Inadequate segregation of duties, lack of financial policies and procedures, and weak internal audit functions increase the risk of financial mismanagement, fraud, and misappropriation of funds. These weaknesses undermine effective budgetary control practices and compromise the financial performance of NGOs."

To address these challenges, the finance professionals emphasized the importance of enhancing financial management capabilities. They suggested investments in training and capacity-building initiatives to strengthen financial skills. They also emphasized the need to improve internal control systems, comply with regulatory requirements, and foster partnerships and

collaborations. Additionally, diversifying funding sources and exploring sustainable financial models were recommended to mitigate the impact of limited funding and economic volatility on NGO financial performance in Zimbabwe.

These direct quotations from finance professionals provide valuable insights into the challenges faced by NGOs in Zimbabwe regarding budgetary control and financial performance. They emphasize the importance of addressing funding limitations, economic volatility, regulatory compliance, skill gaps, donor expectations, and internal control weaknesses to improve financial management practices and achieve better financial outcomes for NGOs.

4.9 Chapter Summary

This chapter discusses the positive impact of financial budgeting training on budget adherence and the increased utilization of donor funds for more efficient resource allocation. It highlights the statistical significance of the mean difference in budget adherence before and after the training program. The following chapter focus on conclusions and recommendations.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.0 Summary of the Study

This research sought to probe the effects of budgeting and budgetary control measures in relation to the performance of non-profit organisations in Zimbabwe. Chapter 1 of the study presented the introduction, background, statement of the problem, objectives, research questions and significance of the study.

A review of the literature that served as the study's basis was presented in Chapter 2. Budgets are an essential part of the control process and, therefore, a key component of the larger concept of performance measurement, as discussed throughout the literature review. On the other hand, research indicates that there is a paucity of information about how budgeting and budgetary control affect non-governmental organizations' performance in Zimbabwe. Consequently, a gap in that field was identified and filled by the present study.

Chapter three focused on the methodology used to gather study findings. The investigation chose a mixed approach and an explanatory research design. The chapter discussed data collection methods, procedures, data analysis techniques and ethics among other important things. For data collection, interviews and questionnaires were discussed and justified.

Chapter 4's primary subjects were data presentation, analysis, and discussion. The study's primary conclusions were shaped by its objectives. Among other performance-related results, the research's main findings were that budgeting and budgetary control enhance program and administrative efficiency.

Chapter five is the conclusion of the study. The conclusions of the research were derived from the research results and propose potential and practicable recommendations. This section sums up the whole research.

5.1 Conclusions

The following conclusions were made based on the results presented and analysed in the previous chapter.

5.1.1 Relationship between budgeting, budgetary control, and financial and organizational performance.

The study findings indicate a strong consensus among participants regarding the association between budgeting, budgetary control, and organizational performance. The high percentage of participants who agree or strongly agree with this relationship suggests a clear perception of its interconnectedness. Based on the findings, it can be concluded that budgeting and budgetary control are essential for organizational success, and play a significant role in a variety of organizational processes and outcomes. The qualitative analysis further supports this conclusion, with participants emphasizing the importance of budgeting and budgetary control in resource allocation, decision-making, financial discipline, performance monitoring, accountability, transparency, and financial stability. From these findings, it can be concluded that effective budgeting and budgetary control can contribute to financial stability by reducing financial risks and uncertainties, and by providing a framework for prudent financial decision-making.

5.1.2 Importance of budgeting and budgetary control on performance of NGOs.

The study findings indicate that participants recognize the importance of budgeting and budgetary control in enhancing organizational performance within NGOs. The majority of participants agreed that budgeting and budgetary control improve decision-making processes, serve as the foundation for sound planning, contribute to management and control, and enhance administrative and program efficiency. However, there were differing opinions regarding the direct contribution of budgeting and budgetary control to structural support for performance. The insights from the financial controller further support the significance of budgeting and budgetary control in setting clear priorities, efficient resource allocation, informed decision-making, and organizational performance monitoring. Conclusions that can be drawn from this is that , the differing opinions regarding the contribution of budgeting and budgetary control on structural support for performance suggest that there may be other factors at play that influence how these practices are implemented and the insights from the financial controller highlight the importance of balancing the technical aspects of budgeting and budgetary control with a consideration of the broader organizational context. The study emphasizes the need for a balanced approach that considers flexibility, innovation, ethical leadership, and organizational culture to maximize the benefits of budgeting and budgetary control practices.

5.1.3 Impact of budgeting and budgetary control practices on the performance of Plan International.

The study concluded that the statistical analysis reveals that the implementation of financial budgeting training had a significant impact on the adherence to budget and utilization of donor funds by Plan International. Prior to the training, the organization's adherence to budget was relatively low, with utilization ranging between 36% and 57%. However, after the training, there was a notable improvement, with utilization ranging between 47% and 97%. The statistical analysis further confirms the significance of this improvement, with a substantial increase in mean adherence from 48.6% to 82% after the training. The results of the independent t-test indicate a statistically significant mean difference, providing strong evidence that the training program had a meaningful and positive impact on improving adherence to budget. Conclusively, the statistical tests confirmed that the financial budgeting training was effective in improving the organization's adherence to budget and utilization of donor funds. This indicates that effective budgeting and budgetary control practices can be an effective tool for improving performance in NGOs. Additionally, the results suggest that organizations should prioritize budgeting training and other similar initiatives in order to maximize their performance.

5.2 Practical implications of the study

The study examines the effects of budgetary control on NGOs' financial performance in Zimbabwe, focusing on Plan International Zimbabwe as a case study. The practical implications of the findings are as follows;

- The study highlights the importance of effective communication and transparency in budgeting processes. Plan International should focus on improving the dissemination of budgetary information to relevant stakeholders and promoting transparency in its budgeting practices.
- The research demonstrates the positive impact of financial budgeting training on adherence to budget and the utilization of donor funds. Plan International should consider implementing and enhancing training programs for staff members involved in budgeting and financial management.
- The study reveals divergent opinions regarding the role and effectiveness of the budget committee in overseeing project costs. Plan International should evaluate and

strengthen the budget committee's role, ensuring that it has sufficient authority, expertise, and decision-making power.

- The presence of well-defined budgetary plans with clear goals and objectives is crucial for aligning financial resources with organizational priorities and facilitating decision-making. Plan International should continue to develop and refine its budgetary plans, ensuring that they are comprehensive, goal-oriented, and aligned with the organization's strategic objectives.
- The findings emphasize the importance of stakeholder engagement and accountability in budgeting processes. Plan International should foster a culture of engagement and collaboration, involving relevant stakeholders in the budgeting process and seeking their input.

5.3 Recommendations

This section offers recommendations to Plan International and other Non-Governmental Organisations (NGOs) may adopt the same to improve the budgetary control practices to enhance financial performance . In light of the discussion above this study recommends that;

- Plan International should prioritize improving the communication and transparency of budgetary information within the organization. This can be achieved through regular updates, clear guidelines, and open communication channels.
- The study highlights the positive impact of financial budgeting training on adherence to budget and the utilization of donor funds. Plan International should consider implementing or enhancing training programs for staff members involved in budgeting and financial management. These training programs can improve their skills and knowledge, resulting in better budgetary control and financial performance. This will help improve their skills and knowledge, resulting in better budgetary control and financial performance.
- There is a need for improved communication and transparency of budgetary information within the organization. Enhancing the dissemination of budgetary information and promoting transparency will contribute to better stakeholder engagement and accountability. This will provide a framework for resource allocation, monitoring progress, and measuring performance.
- The divergent opinions regarding the presence and effectiveness of the budget committee indicate the need for evaluation and enhancement of its role. This study

recommends that Plan International should assess the authority, expertise, and decision-making power of the budget committee.

- The presence of well-defined budgetary plans with clear goals and objectives is crucial for aligning financial resources with organizational priorities and facilitating decision-making. The study further recommends that Plan International should continue to develop and refine its budgetary plans, ensuring that they are comprehensive, goal-oriented, and aligned with the organization's strategic objectives.
- The findings emphasize the importance of stakeholder engagement and accountability in budgeting processes. Therefore, this study recommends that Plan International should foster a culture of engagement and collaboration, involving relevant stakeholders in the budgeting process and seeking their input and feedback. This will promote transparency, ownership, and accountability, leading to improved budgetary control and overall organizational performance.

5.4 Areas of further studies

The study examined the effects of budgetary control on financial performance of non-governmental (NGO) organisations in Zimbabwe using a case study of Plan International. Based on the findings and recommendations of the current study, this study suggest some potential areas for future research. Future studies may conduct a comparative analysis of budgeting and budgetary control practices in different NGOs operating in various countries or regions. This comparative study can provide insights into the variations in budgeting practices and their impact on organizational performance, allowing for cross-learning and identification of best practices. Additionally, future studies may conduct a longitudinal study to assess the long-term impact of financial budgeting training on adherence to budget and financial performance. This would involve tracking the performance of organizations over an extended period following the training to determine if the improvements are sustained and if there are any additional benefits or challenges that emerge over time. Equally important, another grey area that future studies may further investigate the impact of external factors, such as economic conditions, political environments, and donor requirements, on budgeting and budgetary control practices in NGOs. This study can examine how organizations adapt their budgeting processes in response to external factors and the challenges they face in balancing financial stability and programmatic goals under changing circumstances.

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Appendix 1

QUESTIONNAIRE FOR PLAN INTERNATIONAL EMPLOYEES

RESEARCH TOPIC: EFFECTS OF BUDGETARY CONTROL ON FINANCIAL PERFORMANCE OF NON-GOVERNMENTAL ORGANISATIONS (NGOs) IN ZIMBABWE: A CASE STUDY OF PLAN INTERNATIONAL

Dear Participant

My name is Euphrasia Hlongwana (M133192) and I am a student at Great Zimbabwe University. I would like you to participate in my research project that aims to investigate **effects of budgetary control on financial performance of non-governmental organisations (NGOs) in Zimbabwe**. Your participation is **entirely voluntary** and you are free to decline to participate. You are also free to withdraw from the study at any point, even if you had agreed to take part. I kindly request you to take a few moments of your time to fill this questionnaire. Your responses will be used for academic purposes only and you are assured of complete anonymity. If you have any question, kindly get in touch with me on **0778 289 731**. Thank you for your support

SECTION A: DEMOGRAPHIC CHARACTERISTICS

Please fill out your personal information in the provided spaces. Kindly tick one response.

1. Gender

Female: Male:

2. Age?

Less than 25 years 25 to 35 years 35 to 45 years 45 years and above

3. What is your level of education?

Secondary Level Diploma Degree Post graduate

4. How long have you been using Plan International?

Less than 5 years 5- 10 years 11-15 years More than 15 years

SECTION B

5. How far do you agree that there is a relationship between budgeting and budgetary control and performance? Indicate your level of agreement (Tick appropriate)

Responses	<i>Tick appropriate</i>
Strongly Agree	
Agree	
Strongly Disagree	
Disagree	
Total	

6. How far do you agree with the following statements regarding the importance of budgeting and budgetary control on performance? (Tick appropriate)

Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Improves decision making					
Foundation for sound planning					
Helps in management and control of the organization					
Provides structural support for performance					
Improves administrative and program efficiency					

7. Involvement of a budget committee in reviewing project costs. Tick where appropriate

Statements	Strongly Agree	Disagree	Neutral	Agree	Strongly Disagree
The budgetary committee is involved in the review of project costs					
Budget deviations are reported to budget committee.					

Are the budgetary plans clearly written and well defined					
There is a regular follow up on budget plans by the budget committee/Departmental heads.					
Budget performance evaluation reports are prepared regularly and Indicate frequency e.g. monthly, quarterly annually, none					

THANK YOU FOR YOUR PARTICIPATION

Appendix 2

INTERVIEW GUIDE

1. Can you describe the budgeting practices currently employed Plan International Zimbabwe?
2. In your experience, what are the key factors that influence the financial performance of NGOs in Zimbabwe? How do budgeting practices contribute to this performance?
3. How important is budget planning and preparation in ensuring the financial stability and success of NGOs in Zimbabwe?
4. What challenges do NGOs in Zimbabwe typically face when it comes to budget planning and preparation? How do these challenges affect their financial performance?
5. How does budget controlling or monitoring impact the financial performance of NGOs in Zimbabwe?
6. As one of the NGOs organisation in Zimbabwe, after you have implemented effective budget control measures, have you seen improvements in the financial performance of the organisation? How?
7. From your perspective, what are the potential limitations or barriers that NGOs in Zimbabwe encounter when trying to implement budget control measures?
8. How can these challenges be addressed to maximize financial performance?