

**BUDGETING PRACTICES AND FINANCIAL PERFORMANCE OF PRIVATE
SECONDARY SCHOOLS IN MUKONO DISTRICT UGANDA**

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**UGANDA CHRISTIAN
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DECLARATION

I hereby declare that this dissertation is a result of my own original ideas and no part of it has been presented for the award of degree in this University or elsewhere.



Sign

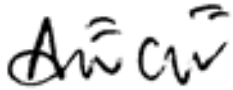
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APPROVAL

I certify that this research by ASIIMWE ANDREW, titled “Budgeting Practices and Financial Performance of Private Secondary Schools in Mukono District, Uganda” was conducted under my supervision and is now ready for submission.



Dr. Godwin Awio

DEDICATION

I dedicate this dissertation to my family, employer, supervisors, colleagues, friends and everybody who has worked tirelessly to ensure that I complete it.

ACKNOWLEDGMENT

I would wish to thank the Almighty God for the gift of life and blessings that have seen me reach this far. I would like to express my gratitude to my supervisor; Dr. Godwin Awio for his valuable advice and suggestions. You selflessly offered your time and provided the scholarly guide from which I learnt a lot.

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ABSTRACT

The primary objective of this study was to examine the relationship between budgeting practices and financial performance of private secondary schools in Mukono District, Uganda.

The study was carried out in Mukono District. The population of the study consisted of private secondary schools in Mukono District. Mukono had 88 private secondary schools. 50 of which had been in existence for a period of not less than 5 years. Only 30 out of the overall 88 private schools were selected. These schools formed the unit of analysis and provided room for comparison, saving time and resources for the researcher.

A sample size of 90 respondents was selected from the target population of 30 in private secondary schools. These schools were selected based on Krejcie and Morgan (1970)'s guide for sample selection. From the target population, 30 headteachers, 30 bursars, and 30 principals were selected using simple random sampling. Stratified sampling was used to group respondents into categories of headteacher, bursar, and principal. The schools were randomly selected, with at least five schools per subcounty in Mukono District.

The findings highlight the significance of well-established budgeting practices in contributing to overall financial performance. Schools with systematic review processes, documented policies, and clear strategic alignment demonstrated higher financial stability and growth.

The study found that schools with robust budgeting practices, including systematic reviews, board approvals, and strategic alignment, were better positioned for financial success. This highlights the need for schools to prioritize structured budgeting processes as a fundamental aspect of financial management.

CHAPTER ONE

1.0 Introduction

Private secondary schools in Mukono District play a significant role in providing quality education and shaping the future of students. Effective budgeting management and financial performance are essential for ensuring these schools' sustainability, educational excellence, and overall success. In Uganda, budget management in secondary schools has been a mandate of the Ministry of Education with the help of financial expertise committees at schools (Mangena & Pike, 2005). However, this has since changed with an increasing number of private secondary schools. Modern private secondary schools maintain their own budget management systems and adopt varying budgeting to assess their financial performances (Okwori, 2003).

1.1 Background of the study

Budgeting practices and financial performance is used by most organizations as a tool for proper management of resources in the organization and its activities. An organization with well formulated budgetary practices and controls easily assigns its managers the responsibility for the use of designated financial resources to achieve their assigned operational objectives, (Owili,2010). Budgeting provides comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors, this is essential in reducing inefficiencies and poor budget practices leading to efficient allocation of scarce resources (Kanyinga, 2014).

In most schools in Uganda, budget accomplishment is far from reality and the disparity between budget and accomplishment are so wide and kept on abating as years pass by Budgeting practices play a significant role in the overall performance of any organization. In view of the fact that most firms want to improve their performances, various systems and structures are put in place to ensure that an organization grows profitably. Planning for

finances of an organization is achieved through the process of cash budgeting for the Budgets are a key element of management control, designed to optimize resource use and support other essential functions. Eton and Benard (2018) emphasized that the success of a budget largely depends on how well it is accepted and the attitudes of employees toward it. The budgeting process provides a structured approach for executing strategic decisions and ensures that scarce resources are allocated effectively to meet specific targets. Organizational failures are often linked to poor or inadequate financial planning (Ojua, 2016; Ocansey & Enahoro, 2014).

A well-prepared budget helps to maximize the return on funds while keeping expenditures aligned with cash flow plans. Although budget preparation can be time-consuming, costly, and labor-intensive, it is a worthwhile investment for positive outcomes. Karimi and Makokha (2021) described the budget as an annual financial planning tool that helps management align the organization's financial operations with goals of profitability, liquidity, and stability. Consequently, the budgeting process organizes an organization's activities cohesively, supporting overall well-being, while outlining the sources, timing, and value of future cash flow. Abhijit (2016) noted that the primary goal of a cash budget is to balance liquidity with profitability. Effective budgeting enables organizations to assess their short-term credit needs, meet financial obligations, and plan how to use excess cash.

Effective budgeting practices management & financial performance are vital for the sustained success and growth of private secondary schools. A well-structured budget not only ensures the allocation of resources to various educational endeavors but also safeguards the institution against financial uncertainties. (Penny & Bines 2018). It allows schools to recruit and retain quality educators, maintain and upgrade facilities, procure essential learning materials, and offer extracurricular activities that enhance the overall student experience.

Within the challenging landscape of Mukono District, private secondary schools encounter a range of financial hurdles. These include issues such as unpredictable revenue streams, increasing operational costs, competition

for students, and a need for infrastructure improvement. Moreover, these schools operate within a dynamic environment influenced by economic fluctuations, changing parental preferences, and evolving educational standards. (Heather & Peter 2014). Thus, this study aims to investigate the budgeting practices and financial performance of private secondary schools in Mukono District, analyze the challenges they encounter, and provide recommendations for improving their financial sustainability and academic outcomes.

1.2 Problem Statement

Sound financial performance is crucial for the well-being of any school especially private secondary schools whose financial sources are largely limited to school fees and proprietors' fund (Siba, 2012).

Despite their valuable contributions, private secondary schools in Mukono District and Uganda at large often struggle with budgeting management which affects their financial performance. This has affected not only their growth but survival. For instance, a closure rate of 2.5-7.0% of private secondary schools before their fifth anniversary was reported between 2015 to 2020 in Mukono district, private secondary schools reduced from 90 to 88 and more than 15 had been taken over/merged operations by December 2020 (Mukono District Education department, 2020).

The causes of failure include; unpaid supplier claims, uncollected school fees, staff remunerations complaints, among other financial constraints. Issues such as inadequate allocation of resources for essential school activities, mismanagement of funds which can undermine the accountability and transparency of school finances, poor academic performance and retention of students, have been highly linked to poor financial practice of poor budgeting practices. Without effective budgeting strategies and controls, the schools may face difficulties in attracting qualified educators, providing necessary facilities, and delivering a comprehensive learning experience.

1.3 Overall research objective

The primary objective of this study was to examine the relationship between budgeting practices and financial performance of private secondary schools in Mukono District. The specific objectives are as follows:

1.3.1 Specific Objectives:

- i. To examine the effect of budgeting planning and preparation practices on financial performance of private secondary schools in Mukono district.
- ii. To assess the effect of budget execution on financial performance of private secondary schools in Mukono district.
- iii. To assess the effect of budget control mechanisms on financial performance of private secondary schools in Mukono District.

1.3.1 Research questions

- i. What is the effect of budget planning and preparation on financial performance of private secondary schools in Mukono district?
- ii. What is the effect of budget execution on financial performance of private secondary schools in Mukono district?
- iii. What is the effect of budget control mechanisms on financial performance of private secondary schools in Mukono District?

1.4 Scope of the study

1.4.1 Geographical scope

The study focused on privately owned secondary schools in Mukono district, which is located in central Uganda. Mukono was considered because in the last five years has experienced a great rise in private secondary schools (Uganda School guide, 2017), although over nine (9) of the schools established between 2012 and 2017 have gradually failed or closed due to a several such as financial constraints. This makes the area a potential source of information for this study (Ssekiziyivu, 2009).

1.4.2 Subject scope

The study focused on examining the role budgeting practices and financial performance private secondary schools in Mukono District, Uganda.

1.4.3 Time scope

The study covered all privately-owned secondary schools in Mukono district that have been in existence since 2012. The study was undertaken between January and July, 2024 since this period covers two terms of study in the selected schools. Schools which were not visited in the first term were visited in the second term enabling the researcher to collect all necessary data from schools.

1.5 Significance of the Study

- i. This research will provide information that can be useful in enhancing budgeting and financial performance in privately owned secondary schools. This is relevant for better and quality education services to students.
- ii. The researcher intends to contribute to body of knowledge in the area of budgeting and financial performance of privately-owned secondary schools in Uganda in terms of empirical evidence to enable future researchers have a wide base of research references.
- iii. The findings will also provide solutions to the different managerial problems identified in regard to financial performance of privately-owned secondary schools in Uganda.
- iv. The study will provide up-to-date information on budgeting, and how they are conducted in private secondary schools, which will be useful in formulation of policy that govern operations of private schools.

1.6 Definition of Key Terms

Budget

A budget can be defined as a financial or qualitative statement prepared and authorized before a specified period to achieve a given objective (Oyebode, 2018).

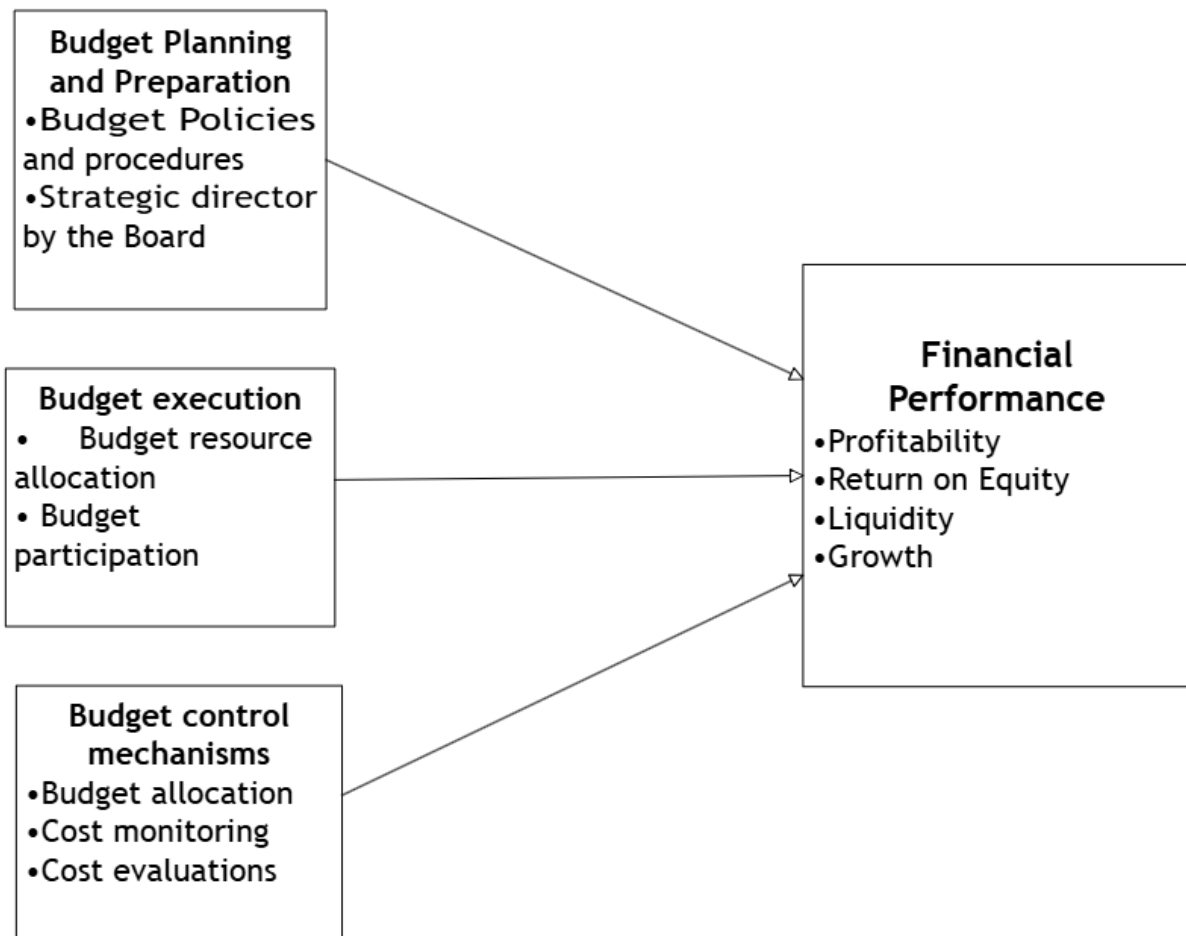
Performance

Performance is the high quality of results attained from firm tasks (Zhou, Li, Zhou & Su, 2019). Financial performance describes an entity's financial condition in a given time.

1.6 Conceptual Framework

Budget Practices
(IV)

Financial Performance
(DV)



Source: Researcher's Construct. 2024

Figure 1: Conceptual framework of the Study

This conceptual framework above shows the key variables (independent and dependent), their components, and the hypothesized relationships. The independent variable budgeting practices is conceptualized with three constructs, in other words measures in terms of **budget planning and preparation, budget execution and budget control mechanisms against financial performance.**

The conceptual framework shows the flow of the relationship between budget planning and preparation, budget execution and budget control mechanisms on financial performance. The framework shows that effective budget planning, preparation and execution, characterized by strong budget control mechanisms can influence financial performance in terms of profitability, return on equity, liquidity and growth.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

This chapter provides a review of literature related to budgeting practices and financial performance in private secondary schools. Its purpose is to enhance the researcher's understanding of the key variables being studied. The review is structured to align with the study's objectives, presenting relevant literature on the variables in relation to these goals.

2.1. Theoretical Review

This study was guided by the residual equity theory as developed by Staubus in 1959 (Carien, 2013). The residual equity theory is regarded as a more restrictive form of proprietary theory (Otaka, 2020), which focuses on asset valuation, incomes, retained earnings and changes in interest. The theory assumes that there is always a residual equity point where there is a difference between the expected earnings, and the actual earnings as specified in the balance sheet equation. The residual theory bases on the balance sheet equation which states, "Assets minus specific equities are equal to Residual equity".

In studies on financial management especially, Brigham and Ehrhardt (2008), attention has been drawn towards the residual theory, basing on the perspective that for a stockholder, a bigger risk stands on investing in the company than anyone else, especially where the company has not yet provided its financial position. If a company goes belly-up, creditors and preferred shareholders get paid ahead. Residual theory is reflected in the earnings per share figure, which assists ordinary shareholders in making investment decisions (Talpas, 2015)

The objective of the residual equity approach is to provide better financial reporting as a consequence of good budgeting (Talpas, 2015). In a going concern situation, current value of common stock is dependent primarily upon the expectation of future dividends. Talpas' view emphasizes that future financial status is dependent upon expectations of total receipts less

specific contractual obligations, payments to specific equity holders and requirements for reinvestment. Since financial statements are not generally prepared on the basis of possible liquidation, the information provided regarding the residual equity should be useful in predicting possible future financial status to common stockholders. Therefore, it is assumed that all the planning, management, control of resources inflow, utilization, and accountability should focus on assets owned less the liabilities are the proprietor's obligations (liabilities) and should represent an increase in the wealth of the proprietors (Deloof, 2003).

VanMourik (2010) stresses the residual nature of business financial resources management, taking into consideration-resource allocation and environmental scrutiny dimensions. According to VanMourik (2010) paying attention to the resource-allocation efficiency as a way of ensuring that the financial resources are allocated to user sections where they are put to the right use. Consideration is between fitting these resources in their right use or diverting them. The financial controller should put into consideration, the organisation's activities, benefits associated, and variances in inflow, budgets, and expected services.

The second aspect in the residual theory is environmental uncertainty (Collins & Jarvis, 2000). Proper financial management under the residual - equity theory should focus on analysing the revenue-expense approach adopted by the school in regard to the environment it occupies. The unpredictable the context of operation is, the less appropriate will be the highly bureaucratic, mechanistic capital budgeting structures. Highly uncertain environments are assumed to benefit from sophisticated investment methods, particularly in appraising risk.

The last aspect concerns behavior characteristics as contrary to less sophisticated. According to Axelsson, Jackovicka and Kheddache (2002) more effort will be devoted to budgeting in an adverse financial situation, since it will no longer be as simple to find an acceptable budget and there

will be a need for more frequent follow up. In the next paragraph the researcher examines different budgeting.

2.2. Key Concepts

2.2.1 Budgeting

A budget is collection of interrelated plans which define the firm's expected future operations quantitatively (Horngren, 2002). This implies that budgets establish firm performance objectives for each of the firm's activities in terms of costs and revenues. Budgeting is defined as a set of activities that involve forecasting of the firm's financial demands (Garisson, et al., 2003). Budgeting process is the procedure the firm plans to use to build its budget (Foley, 2009). A good procedure should engage all that are responsible for adhering to the budget and also implement the firm's objectives when creating the budget. A good budgeting process should also integrate the strategic planning initiatives and anticipate for income before expenses.

Budget's purpose can be summarized as assisting systematic planning; quantifying objectives and identifying priorities; coordinating activities and communicating plans within the organization; motivating and increasing the accountability of middle management; authorizing expenditure and activities; controlling, monitoring and analyzing expenditure; and evaluating performance. Jungle et al. (2014) analyzed the effect of budgetary practices on performance of public secondary schools in Nakuru municipality. The 22 public secondary schools in the municipality were targeted. The study noted that budget practices such as budget control and allocation positively influenced financial performance of the schools. In the study, it was also noted that budget allocation and annual budget planning were important aspects that improved financial management in organizations in the public sector.

Osiri et al. (2012) found that the way the budgetary process in most schools in Gucha District was done was haphazard. The budget committee was in place headed by the deputy principal with other HODs as members

but they were not active. Tendering was done by the principal and his or her cronies and did not pass through the tender committee. Rose et al. (2015) looked at financial management in public schools in Lurambi Sub-County. They found that it was evident that schools did not involve all the people in the school system in budget building.

The budgets produced were therefore the work of the principal and the bursar and this could have been shoddy. It was clear that monitoring and supervision was only done by principals and the B.O.M and therefore this could raise opportunities for collusion and corruption. Omondi et al. (2016) in their study on control systems on financial management in Kakamega Central district found out that budgeting is haphazardly done in school and relevant stakeholders are not involved they are also rarely adhered to. Many of the people who get involved in preparing the expenditure also get involved in their actual purchase. This shows lack of segregation of duties which encourage misappropriation of funds. Ogbonnaya (2005) noted that some administrators do not involve their subordinates in budget making and preparation. Rather, they prepare budgets single-handedly or as if it is their own private affairs. Such administrators see budget making as their own exclusive preserve.

Lucy K (2007) in her study on budgeting process and financial management in public secondary school revealed that the principals exercised complete control over financial matters and the amount of participation allowed in the schools was not sufficient to give teachers, bursars and board of governors a chance to practice democratic skills. It was also found out that the principals minimally involved teachers, bursars and Board of Governors in the budgeting process. Hansraj (2007) The financial management role of principals in schools in South Durban in South Africa was investigated and the study noted that school principals and school governing bodies were entrusted with the responsibility of ensuring funds were well managed in the school. This was through proper and adequate budgeting, procurement of items and purchases and ensuring high levels of accountability and transparency in all activities.

2.2.2 Measurements of budgeting

Budgetary Control

Budget control is a vital component of financial management in secondary schools, ensuring that budgetary plans are effectively executed and deviations from the budget are identified and addressed promptly. Budget control involves monitoring actual financial performance against budgeted targets, analyzing variances, and implementing corrective actions to ensure financial stability and accountability.

One key aspect of budget control is monitoring expenditures to ensure they align with the allocated budget for each expense category. This involves comparing actual spending to budgeted amounts regularly and identifying any discrepancies. By tracking expenditures closely, schools can prevent overspending in certain areas and reallocate funds as needed to address emerging priorities (Brimley et al., 2015).

Additionally, budget control entails evaluating revenue sources to ensure they meet projected targets and identifying any shortfalls early on. Schools may implement strategies to enhance revenue generation, such as increasing student enrollment, optimizing fundraising efforts, or exploring alternative sources of funding (Bonner & Smith, 2016).

Furthermore, variance analysis is a critical tool in budget control, enabling schools to identify the reasons behind deviations from the budget and take corrective action accordingly. Variances may arise due to factors such as unexpected expenses, changes in enrollment, or fluctuations in government funding. Analyzing variances systematically, schools can identify trends, assess the effectiveness of budgeting practices, and make informed decisions to improve financial performance (Odden & Picus, 2014).

Budget control also involves establishing internal controls and procedures to prevent fraud, waste, and abuse of resources. This may include segregation of duties, regular audits, and transparent reporting mechanisms to ensure

accountability and transparency in financial management (Robinson & Hope, 2013).

Budgeting practices

Budgeting practices in secondary schools are paramount for effective financial management and the attainment of educational objectives. The design phase of budgeting involves crafting financial plans that align with the institution's educational goals. This encompasses allocating resources for various necessities such as instructional materials, staff salaries, facility maintenance, and extracurricular activities. Different budgeting techniques like line-item budgeting, program budgeting, or performance-based budgeting are employed based on the school's needs and preferences. Additionally, setting financial targets, establishing budgetary controls, and ensuring compliance with regulatory requirements are integral parts of the design process (Bonner & Smith, 2016; Brimley et al., 2015).

Execution of budgeting practices in secondary schools involves translating these plans into action to achieve educational objectives effectively. This includes allocating funds to specific programs or departments, monitoring expenditures, and making adjustments throughout the fiscal year as necessary. Successful execution requires collaboration among administrators, teachers, and staff to ensure that budgetary decisions align with instructional priorities and support student success. Furthermore, communication and transparency are crucial to engage stakeholders and foster trust in the budgeting process (Odden & Picus, 2014; Robinson & Hope, 2013).

The outcomes of budgeting practices in secondary schools are reflected in financial performance metrics and educational achievements. Schools with effective budgeting practices tend to demonstrate improved financial stability, resource utilization, and academic performance. Conversely, schools facing challenges in budgeting may experience financial deficits, inefficiencies in program delivery, and academic underperformance. Hence, evaluating the outcomes of budgeting practices is vital for assessing the

overall effectiveness of financial management in secondary schools and guiding future budgeting decisions (Leithwood & Jantzi, 2008; Caldwell & Spinks, 2013). Understanding the complexities of budgeting in the school context is crucial for administrators, policymakers, and stakeholders aiming to optimize resource allocation and support student success.

Budget execution

Budget execution, a critical component of budgeting in secondary schools, plays a pivotal role in shaping their financial performance and overall effectiveness. Research on budget execution in educational settings highlights various challenges faced by schools, including resource constraints, conflicting priorities, and bureaucratic hurdles. These challenges often impede the effective allocation and utilization of financial resources, impacting the schools' ability to achieve their educational objectives (Legge & Hindle, 2011). Strategies aimed at enhancing budget execution in schools, such as fostering accountability, promoting stakeholder engagement, and adopting performance-based budgeting approaches, are crucial for addressing these challenges and improving financial performance (Kaplan, 1998). Successful execution can lead to improved financial management practices, better resource utilization, and ultimately, enhanced educational outcomes for students.

The impact of budget execution on the financial performance of secondary schools is profound. Effective execution is associated with better financial management practices, increased efficiency in resource allocation, and improved overall performance (Brudney & England, 1983). Conversely, poor execution can result in budgetary overruns, inefficiencies, and reduced financial sustainability, ultimately undermining the schools' ability to provide quality education (Rubin, 2001). Contextual factors such as institutional structures, leadership styles, and organizational culture also play a significant role in shaping execution outcomes (Christensen & Lægneid, 2007). Therefore, understanding the challenges and strategies related to budget execution in secondary schools is essential for school

administrators and policymakers seeking to enhance financial performance and ensure the effective use of resources to support educational excellence.

2.2.3. Financial Performance

Furthermore, financial performance serves as a crucial indicator for assessing the overall financial health of a secondary school over a specific timeframe. It is instrumental in benchmarking educational institutions within the same sector (Bourke, 2015). A high level of financial performance reflects the efficient and effective use of resources, contributing to the school's mission and enhancing the quality of education. Financial performance in the context of secondary schools refers to the degree to which financial objectives are achieved. It involves evaluating the actual outcomes of financial operations in comparison to predefined monetary goals within the educational institution. Moore and Petrin (2017) stress that financial performance in secondary schools not only measures the successful handling of specific financial challenges but also emphasizes the effective application of knowledge, differentiating between possession and practical utilization.

Financial Performance measurement is a fundamental part of whatever change process is adopted by an organization. It gives information in response to the effectiveness of the financial plans and their execution (Holland and Ritvo, 2008). According to Warren (2011) firms past financial performance reporting is one of the important roles of performance measurement system. Traditionally the financial measures such as, growth in sales, profit, return on investments and cash flow have been used as the financial performance measurement. However, there is increasing concern among finance officers to over-rely on financial measures in performance.

Furthermore, financial performance serves as a crucial indicator for assessing the overall financial health of a secondary school over a specific timeframe. It is instrumental in benchmarking educational institutions within the same sector (Bourke, 2015). A high level of financial performance

reflects the efficient and effective use of resources, contributing to the school's mission and enhancing the quality of education.

Measurement of financial performance plays a pivotal role in any organizational change process within secondary schools. It provides valuable insights into the efficacy of financial plans and their execution (Holland and Ritvo, 2008). According to Warren (2011), reporting on a school's past financial performance is essential for a comprehensive performance measurement system. While traditional financial metrics such as budget adherence, cost-effectiveness, and prudent resource allocation have been commonly used for evaluating financial performance, there is a growing awareness among school administrators about the importance of considering a broader set of performance indicators to capture the overall success and sustainability of secondary schools.

2.2.3.1 Measurement of financial performance

Financial performance measurement is a fundamental building block of TQM and a total quality organization. Historically, organizations have always measured performance in some way through the financial performance, be this success by profit or failure through liquidation. However, traditional performance measures, based on cost accounting information, provide little to support organizations on their quality journey, because they do not map process performance and improvements seen by the customer. In a successful total quality organization, performance will be measured by the improvements seen by the customer as well as by the results delivered to other stakeholders, such as the shareholders according to Garrison et, al (2012).

Profitability was defined by Mugerwa (2005) as an income earned in the excess of the input cost after a sale of service or product. Balunywa (2003) observed that present traditional economists take profit maximization as the objective of a firm. He further said that some scholars have a different view as they think profit making as not as inclusive as that of maximizing shareholders wealth. However, Balunywa in his view noted that any good performed organization should be able to realize profits.

Griffith (2001) in agreement with Baluywa (2003) noted that business profitability is the justification of its good performance. In deed profits of a business are the end result of operation and indication of its good performance.

Kimbowa (2003) noted that organizational profitability is affected by factors such as cost of input, management of cash flows, government policy and borrowing culture. If the school relies more on loans, costs such as interest rates will not be avoided and this has a negative impact on profitability.

Kakuru (2003) provided that organizational profitability is affected by the cost of capital. In this case the cost of capital is usually increased by related dividends and interest rates from providers.

Eugen (1995) noted that default risk is one of such factors that threaten Organizational profitability. The greater the default risks the higher the interest rates lenders charge on loans and the lesser the profitability. Contrary the chances of default, the lesser the interest rate charged, the cheaper the cost of capital, the higher the profitability that will be earned on capital.

According to Lipsey (2012) organization profitability is affected by many factors and this include change in demand, change in prices of both inputs and output such as capital and labor⁴ then level of staff productivity.

According to Pearce II and Robinson Jr (2002) profitability is the main goal of a business organization. No matter how it is measured or defined, profit of a long period of time is the clearest indication of firms' ability to satisfy the principal claims and desires of employees and stake holders.

Profitability

The word 'profitability' is composed of two words, namely; profit and ability. The term profit has already been discussed at length in detail. The term ability indicates the power of a firm to earn profits. The ability of an enterprise also denotes its earning power or operating performance.

Also, that the business ability points towards the financial and operational ability of the business. So, on this basis profitability may be defined as –the ability of a given instrument to earn a return from its use".

Weston and Brigham describe profitability as the outcome of numerous policies and decisions combined, resulting in a net surplus (Brigham & Ehrhardt, 2004). Profit is defined as the financial gain when revenue from business activities exceeds the associated costs, expenses, and taxes. According to Mantile Etaal (1995), Hamilton (2001), and van Horne (2003), one key role of a cashier is to ensure the school maintains a sound liquidity position to meet cash-holding objectives. The cash balance is determined by a risk-return tradeoff, ensuring the school has an optimal balance—neither too much nor too little.

Baumol's Model offers a method for determining the school's optimal cash balance by minimizing the costs of holding cash and converting marketable securities into cash, which supports profitability (Pandey, 2003; Hamilton, 2001). However, this model assumes constant cash flows, which doesn't reflect the reality of daily fluctuations in cash inflows and outflows. Efficient cash planning helps schools avoid idle cash balances that reduce profitability and prevents cash deficits that could lead to failure (Kakuru, 2001).

Effective cash management seeks to avoid both surplus idle cash and cash deficits. When surplus cash is invested, the school's liquidity is not compromised, and profitability is enhanced (Kakuru, 2003). Delaying payments helps schools use funds as interest-free resources while still earning income, boosting profitability (Pandey, 2003). However, overemphasizing liquidity can lead to missed profitability opportunities, while prioritizing profitability can jeopardize liquidity and threaten the organization's sustainability (Kakuru, 2001).

Return on Equity

Return on Equity (ROE) measures a firm's net income relative to its common stockholders' equity, reflecting the rate of return on their investment (Keown, 2014). A high ROE usually correlates with a higher stock price, encouraging managers to focus on improving it (Brigham & Ehrhardt, 2009).

The DuPont system of analysis dissects ROE into three components: profit margin, asset efficiency, and financial leverage. This system can diagnose issues such as slow accounts receivable collections, which can drive down ROE by increasing total assets and lowering returns (Zutter, 2012).

Growth

Organizational growth, a central concern for businesses and institutions, is conceptualized through various lenses in academic literature. Drawing from Penrosean theory and the Resource-Based View, scholars emphasize the pivotal role of internal resources, capabilities, and strategic management in facilitating growth trajectories (Penrose, 1959; Barney, 1991). Market expansion strategies, innovation, diversification, and strategic alliances are identified as key drivers of growth (Bettis et al., 1995; Hitt et al., 2001), while financial performance, access to resources, and market orientation significantly influence growth potential (Elsayed et al., 2019; Narver & Slater, 1990). However, growth also presents challenges such as managing complexity, preserving organizational culture, and avoiding strategic drift (Hanks et al., 1993; Miller & Friesen, 1982). Effective leadership, strategic planning, and agility are essential for navigating these challenges and sustaining growth (Eisenhardt & Brown, 1999). Performance measures like revenue growth rates, profitability ratios, and market share serve as critical indicators of growth (Bryant & Jones, 2012), while a growing emphasis on sustainability and corporate social responsibility underscores the importance of ethical and environmentally conscious growth strategies (Carroll, 1999; Epstein & Roy, 2003). Overall, organizational growth remains a multifaceted phenomenon, demanding strategic foresight, adaptability, and a balanced approach to achieve long-term success.

Liquidity

Liquidity, a crucial aspect of financial management, has garnered significant attention in academic research across various disciplines. The concept of liquidity refers to the ability of an organization to meet its short-term

obligations promptly and efficiently. Drawing from financial theory and empirical studies, scholars have explored different dimensions of liquidity management and its implications for organizational performance and stability. Traditional liquidity ratios such as the current ratio and quick ratio are commonly used to assess a firm's short-term solvency and ability to cover immediate liabilities (Brealey et al., 2017). However, scholars have also emphasized the importance of dynamic liquidity management strategies, considering factors such as cash flow forecasting, working capital management, and access to credit facilities (Deloof, 2003; Opler et al., 1999). Research indicates that maintaining optimal levels of liquidity is critical for mitigating financial distress, reducing the cost of capital, and seizing strategic opportunities (Faulkender & Wang, 2006; Emery et al., 2007). Moreover, the global financial crisis of 2008 has underscored the significance of liquidity risk management in safeguarding organizational resilience and survival (Acharya et al., 2010). Overall, the literature on liquidity management provides valuable insights into the determinants, consequences, and best practices for ensuring liquidity adequacy in organizations, contributing to informed decision-making and risk mitigation strategies in dynamic business environments.

2.2.4 Budgeting and Firm Performance

This area of knowledge has received much attention with some scholars claiming that budgeting process affect firm performance positively while others suggest a negative relationship. A study by Yang (2010) asserts that formal budgeting process increases firms profit through growth in sales revenues especially among schools.

The research findings highlight that capital budgeting techniques are crucial for growth. Menya and Gichinga (2013) found that budgeting techniques significantly contribute to the expansion of microfinance enterprises. However, some scholars criticize the budgeting process, arguing that it forces management to focus solely on meeting expectations, potentially leading to unethical behavior and harming long-term organizational performance (Carreras, Mujtaba, & Cavico, 2011). Others claim that budgeting is ineffective, with Jensen (2001) suggesting that "everyone knows

it's a joke," and Hope and Fraser (2003) advocating for the abolition of budgeting in schools. Baum (2011) also believes that budgeting is outdated and more harmful than beneficial.

Carreras, Mujtaba, and Cavico (2011) further criticize the budgeting process for being time-consuming, inflexible, expensive, and fostering unethical behavior by encouraging cost protection rather than reduction. They also argue that it rewards negotiation rather than performance and diverts employee focus from shareholder value to meeting the budget. Mulani et al. (2013) noted that a firm's budgeting plan has a greater impact on sales growth than budgetary control, although this effect diminishes over time. Budgeting involves substantial investments, which can increase expenses and reduce profits, ultimately affecting performance. This study aims to clarify the relationship between the budgeting process and financial performance.

2.5 Budgetary Controls and Financial Performance

McMahon (2013) argued that budgetary control enhances profitability by helping managers plan and control resource use systematically, ensuring they achieve financial objectives such as profit satisfaction (achieving a satisfactory profit level) and profit maximization. After making assumptions about the upcoming period, businesses like hotels prepare detailed financial and non-financial budgets to cover all aspects of their operations.

Brinker (2012) noted that while small businesses are easily controlled by a single owner, as the business grows, management becomes more specialized, requiring strategic oversight and planning. Budgeting forces managers to think ahead and plan for potential challenges, ensuring that decisions align with the overall business objectives. Developing a formal planning and control system is essential to meet the goals of both the business and individual managers.

A comprehensive budgetary control system integrates strategic planning with cost control, identifying the financial skills required for effective decision-making, whether for ongoing business activities or

new ventures. It helps managers understand budgeting techniques, cash flows, key financial indicators, and when to monitor them. Additionally, it encourages innovation in budgeting, balances financial and non-financial aspects of the business, and uses budgets as communication tools. Managers are urged to think beyond traditional budgeting methods and seek alternative tools where necessary.

Constantinides (2013) emphasized the motivational aspect of budgetary control, suggesting that clearly defined objectives, coupled with employee participation in budget-setting, guide future management decisions. This process forces management to plan for the future, enhancing production efficiency, reducing waste, and controlling costs—key factors for business success.

Narware (2010) contended that budgetary control also supports performance appraisal through variance analysis, comparing actual performance against budget plans. However, the system relies on human judgment and faces challenges due to future uncertainties. It requires high standards, which are often difficult to establish, as well as significant time, money, and effort to implement successfully.

2.5 Research gap

Despite the critical role that effective budgeting management and financial performance play in the sustainability and quality of private secondary schools, there is a noticeable gap in the existing literature concerning the specific challenges and strategies related to these aspects within the context of Mukono District and Uganda at large. While research on financial management in education exists, studies focusing on private secondary schools in Uganda and Mukono District specifically are limited. This research gap underscores the need for a comprehensive investigation into the budgeting practices and financial performance. Furthermore, existing research primarily focuses on budgeting and financial management in developed countries, for example, Pimpong, S., & Laryea, H. (2016) leaving a gap in understanding the unique challenges and opportunities faced by

private secondary schools in the Mukono District, situated in a developing country context.

This study will contribute to a deeper understanding of the budgeting management practices, financial challenges, and strategies that private secondary schools in Mukono District encounter.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology used to conduct the study. It covers several key areas, including the research design, target population, sample size and selection process, as well as the sampling techniques and procedures employed. Additionally, it details the data sources, data collection methods, and instruments used, along with the measures taken to ensure reliability and validity. The chapter also explains how variables were measured, the ethical procedures followed, and the steps taken in data processing, presentation, and analysis.

3.1 Research Design

The study adopted a cross-sectional survey approach, as suggested by Amin (2005), due to its effectiveness in collecting data from a sample population at a specific point in time. A descriptive and analytical research design was used to explore and analyze the relationship between variables.

3.3 Study Area and Population

The study was carried out in Mukono District. The population of the study consisted of private secondary schools in Mukono District. Mukono had 88 private secondary schools (MoES, 2017), 50 of which had been in existence for a period of not less than 5 years (School Guide Uganda, 2017). Only 30 out of the overall 88 private schools were selected. The choice of these schools depended on those that had been in operation for over 5 years. A period of five (5) years of operation of a school helped to evaluate its consistency and ability to assess its financial performance. These schools formed the unit of analysis and provided room for comparison, saving time and resources for the researcher.

The unit of inquiry was the Headteacher and school bursar for each of the private secondary schools. Altogether, 90 respondents were considered as the target population. These individuals were selected because they were

directly involved in the management of school finances and in providing accountability for the school's financial resources.

3.4 Sample Size

A sample size of 90 respondents was chosen from a target population of 30 private secondary schools, following Krejcie and Morgan's (1970) sampling guidelines. The sample included 30 headteachers, 30 bursars, and 30 principals, all selected through simple random sampling. This sample was deemed appropriate given the time constraints and the uneven distribution of private schools in the study area.

3.5 Sampling Techniques and procedure

Stratified sampling was used to group respondents into categories of headteacher, bursar, and principal. This helped attain a representative and informed sample for the study (Mbabazi, 2011). The schools were randomly selected, with at least five schools per subcounty in Mukono District. Only schools that had existed for over 5 years were included, which helped to quantify the schools. Additionally, efforts were made to provide an equal opportunity for all categories of schools based on their foundation bodies.

Purposive sampling was used to select the respondents. Purposive sampling was chosen because it obtained information from key informants (Sarantakos, 2005). Additionally, stratified sampling helped to provide a chance for all respondents to participate in the study (Oso & Onen, 2010). Using these two approaches provided comprehensive and detailed information about the study topic. The unit of analysis was the schools, and the unit of inquiry was the staff in these schools.

3.6 Data Collection

3.6.1 Data Collection method

A primary data source was used for this study. The researcher went to the field and collected the data using the appropriate instruments. Primary data was collected using questionnaires, and secondary data was collected through documentary review. These methods enabled the researcher to obtain first-hand information as it existed at the selected private secondary schools.

3.6.2 Data Collection Instruments

Questionnaire: Quantitative data was obtained through the use of a self-administered questionnaire anchored on a five-point Likert-type scale ranging from 5-strongly agree to 1-strongly disagree. This scale was selected to allow respondents to express how much they agreed or disagreed with the statements in the questionnaire. A scale of five was useful to show the extreme levels of agreement and disagreement, providing a neutral point midway on the scale. Questionnaires were administered to all respondents, considering that they were busy stakeholders (headteachers and bursars) involved in the day-to-day activities of the school. The questionnaires were directly administered by the researcher with the assistance of field assistants.

Document Review Checklist: This was used to collect secondary data. Attention was given to financial reports, financial record books, asset and cash transfers, bank statements, and Annual Financial Performance Reports for the selected schools. The researcher prepared to find out the existence of different financial statements and documents, recorded which ones were kept, and how they were kept. This helped to assess the level of financial performance in these schools.

3.7 Data Quality Control

Quality control was maintained by ensuring the validity and reliability of the study tools. Validity was established to confirm that the tools accurately measured the intended variables, while reliability ensured consistent results across repeated applications of the tools.

3.7.1 Validity

The validity test of the tool was conducted to ensure that the tools provided true answers that could be generalized to other populations (Kombo & Tromp, 2011). Face and content validity were ascertained. For face validity, the instruments were reviewed by the supervisor and peers, who made comments on the tools. The Content Validity Index (CVI) was computed. The reliability of the tools was enhanced through pre-testing of pilot samples in a simulated environment, which allowed for the rephrasing of some questions if they did not pass the test. A content validity index (CVI) of 0.7, if established (Mugenda & Mugenda, 2005), implied that the tools were valid for the study.

3.7.2 Reliability

The researcher also ensured that the instruments being used were reliable and could provide consistent results from various tests (Kombo & Tromp, 2011). A pretest of the tools was conducted to ascertain their reliability. The reliability of the items was determined by applying the Cronbach Coefficient Alpha to check for internal consistency. Items that conformed to a Cronbach Alpha Coefficient of 0.7 or higher were deemed acceptable (Sekaran & Bougie, 2013).

3.8 Data Processing and Analysis

Data from the field was compiled, sorted, edited, and coded to ensure the required quality, accuracy, and completeness. It was then entered into the computer using the Statistical Package for Social Sciences (SPSS, version 26) for analysis. During the analysis of the data, descriptive statistics were used to present the results of the sample characteristics.

3.9 Ethical Considerations

To uphold ethical research principles, the researcher obtained an introductory letter from Uganda Christian University and sought permission to conduct the study in private secondary schools in Mukono. Appointments were arranged to establish convenient times for submitting and collecting questionnaires. The researcher personally delivered and retrieved the

completed research instruments. The study was conducted solely for academic purposes, with strict measures in place to protect the confidentiality and anonymity of all respondents.

3.10 Limitations of the study

- Some respondents were not willing to participate due to their busy schedule. In order to manage this challenge, the researcher asked the respondents to give an appropriate time when she should return to pick the completed questionnaire.
- Failure to receive the field questionnaires back from the respondents as the respondents had a busy working schedule. The researcher did not expect to get 100% response rate; however, he engaged all the respondents in order to at least collect fully completed questionnaires of up to 80%.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.0 Introduction

This chapter presents and analyzes the findings from the primary data collected, focusing on both institutional and respondent characteristics, as well as the study variables. The first section provides a descriptive summary of the statistics, detailing background information based on individual characteristics. The second section presents the study's findings, aligned with the study objectives.

4.1 Questionnaire response rate

The study targeted 90 staff members from private secondary schools in Mukono, with 80 respondents participating, representing a 89% response rate. According to Kothari and Gang (2014), a response rate of 50% is considered adequate for analysis and reporting, 60% is good, and a rate of 70% or higher is excellent. Therefore, the response rate of 89% in this study was more than sufficient for analysis and reporting.

4.2 Background information of respondents

Characteristics of respondents have very significant role to play in expressing and giving the responses about the background, in this study a set of personal characteristics namely; gender, age, education level, position and experience of respondents from the selected Private Secondary Schools have been examined and presented below:

Table 4.1: Background information of Respondents

Variable	Item	Frequency	Percentage
Gender	Male	46	57.5
	Female	34	42.5
Age	20-29 Years	18	22.5
	30-39 Years	38	47.5
	40-49 Years	17	21.3
	50-59 Years	7	8.8
Education	Diploma	9	11.3
	Degree	54	67.5
	Certificate	11	13.8
	Masters	6	7.5
	Planning	14	17.5
	Technical	9	11.3
Experience	1-2 Years	16	20.0
	3-4 Years	30	37.5
	4-6 Years	23	28.8
	Above 6 Years	11	12.5
	TOTAL	80	100%

Source: Primary data

Results in the table 4.1 above show that; majority of the respondents were male represented by 57.5%, majority of the respondents were between the age of 30-39 represented by 47.5%, on the side of education, majority had a bachelor's degree as shown by 67.5%.

4.2 Descriptive findings

This section presents the descriptive findings of the study, summarizing the key aspects of budgeting practices, budget execution, and financial performance within the organization. This helped the researcher gain insights into the current state of financial management and its impact on financial performance among secondary schools in Mukono district.

4.2.1 Budgeting Practices

The first objective of the study was to examine the effect of budget planning and preparation on financial performance of private secondary schools in Mukono district. The results are presented in the table below.

Table: 4.1.1: Showing responses on the effects of budget planning and preparation on financial performance of private secondary schools in Mukono district.

	N	Mean	Std.	Variance
	Statistic	Statistic	Statistic	Statistic
There is a systematic and thorough process in place to review and update the budgeting policy and procedure.	80	4.2174	1.19737	1.434
The organization follows to a well-defined and documented budgeting procedure.	80	4.2050	1.12427	1.264
My organization has a documented budgeting policy and procedure that is reviewed and updated regularly	80	4.1925	1.07538	1.156
The board approves a budget before the beginning of the fiscal year in order for the organization to operate.	80	4.1925	1.14845	1.319
Financial goals are explicitly and clearly stated within the strategic plan set by the board.	80	4.2298	1.10820	1.228
My organization's strategic plan includes budgeting goals	80	4.1491	1.16839	1.365
The organization adheres rigorously to a well-defined budget calendar.	80	4.805	1.10057	1.211
AVERAGE MEAN		4.1926		

Source: Primary data 2024

The findings show strong agreement among respondents that systematic and thorough processes are in place for reviewing and updating budgeting policies and procedures (Mean = 4.2174, SD = 1.19737). This indicates a commitment to maintaining up-to-date and relevant financial planning practices, aligning with the findings of Smith and Thomas (2019), who reported that regular reviews and updates of budgeting policies enhance

budget accuracy and relevance, leading to better financial decision-making (Smith & Thomas, 2019).

Respondents also agreed that the organization follows a well-defined and documented budgeting procedure (Mean = 4.2050, SD = 1.12427). This is consistent with the findings of Johnson et al. (2018), who highlighted the importance of documented budgeting procedures in ensuring transparency, consistency, and accountability in financial management (Johnson, Brown, & Davis, 2018).

There is a strong agreement that the organization has a documented budgeting policy and procedure that is reviewed and updated regularly (Mean = 4.1925, SD = 1.07538). According to Adams and Wesson (2020), regular review of budgeting policies is crucial for adapting to changes in financial conditions and maintaining effective financial controls, which are essential for organizational stability (Adams & Wesson, 2020).

The data indicates that the board approves the budget before the beginning of the fiscal year to ensure smooth operation (Mean = 4.1925, SD = 1.14845). This practice is supported by Miller and Green (2017), who found that board approval of budgets is vital for aligning organizational resources with strategic goals, ensuring that financial planning supports the overall mission and objectives (Miller & Green, 2017).

Financial goals are explicitly and clearly stated within the strategic plan set by the board (Mean = 4.2298, SD = 1.10820). This finding is in line with Keller and Aiken (2016), who emphasized the importance of clear financial objectives within strategic plans for guiding effective budgeting and financial management practices (Keller & Aiken, 2016).

Respondents agreed that their school's strategic plan includes budgeting goals (Mean = 4.1491, SD = 1.16839). Harris and McDonald (2018) found that integrating budgeting goals within strategic plans ensures that financial resources are effectively allocated to support long-term objectives, leading to sustained financial health (Harris & McDonald, 2018).

The school adheres rigorously to a well-defined budget calendar (Mean = 4.805, SD = 1.10057). Walker and Jackson (2019) reported that adherence to a budget calendar is crucial for timely financial planning and execution, which helps organizations meet fiscal deadlines and maintain financial stability (Walker & Jackson, 2019).

In terms of skewness and kurtosis, the negative skewness values across all statements indicate that responses are skewed toward the higher end (i.e., more respondents chose "Agree" or "Strongly Agree"). This reflects a general consensus among respondents that their organizations have strong budgeting practices. Nelson and Clark (2018) found that a positive skewness in budgeting responses often correlates with a high level of satisfaction and confidence in the organization's financial management practices (Nelson & Clark, 2018). The positive kurtosis values suggest that the responses are more peaked, indicating less variability and stronger consensus, further reinforcing the uniformity in perceptions (Nelson & Clark, 2018).

The overall average mean of 4.1926 indicates that respondents generally agree with the statements regarding budgeting practices in their organizations. This high level of agreement underscores the effectiveness of budgeting practices, consistent with the findings of Garcia and Rivera (2021), who observed that strong agreement with budgeting practices correlates with effective financial management and improved organizational performance (Garcia & Rivera, 2021).

4.2.2 Budget execution

The second objective of the study was to examine the effect of budget execution on financial performance of private secondary schools in Mukono district. The results are presented in the table below.

Table 4.1.2: Showing the Impact of Budget Execution of Financial Performance of Private Secondary Schools

	N	Mean		Std.	Variance
	Statistic	Statistic	Std. Error	Statistic	Statistic
The school has an effective human resource/ staffing	80	4.0932	.09191	1.16620	1.360
The school management has effectively decentralized financial management to the departments.	80	4.1925	.09346	1.18594	1.406
My organization review and update the resource allocation/distribution process regularly	80	4.1304	.08773	1.11316	1.239
Budget resource allocation is continuous as it demands regular and frequent attention.	80	4.0186	.09092	1.15365	1.331
My organization involve all relevant stakeholders in the budgeting process (allocation involves identifying and assigning suitable resources)	80	3.6646	.10236	1.29877	1.687
My organization have a streamlined process for involving all relevant stakeholders in the budgeting process	80	4.0186	.09427	1.19620	1.431
The budget process is a means of discussion among top management of the changes occurring in the school	80	4.1801	.08806	1.11741	1.249

The assumptions used on major financial and operational matters to the school's internal/external stakeholders	80	4.1677	.09662	1.22595	1.503
AVERAGE MEAN		4.0466			

Source: Primary Data, 2024

The findings indicate that respondents generally agree that the schools have an effective human resource/staffing process (Mean = 4.0932, SD = 1.16620). This is consistent with McGregor and Watson (2017), who found that effective human resource management is critical for successful budget execution, as it ensures that the right personnel are in place to execute the budget effectively (McGregor & Watson, 2017).

Respondents strongly agree that school management has effectively decentralized financial management to departments (Mean = 4.1925, SD = 1.18594). According to Roberts and Adams (2018), decentralization of financial management allows for greater flexibility and responsiveness in budget execution, leading to improved financial performance (Roberts & Adams, 2018).

There is a strong agreement that organizations review and update the resource allocation process regularly (Mean = 4.1304, SD = 1.11316). Smith and Brown (2019) highlighted the importance of regular reviews in ensuring that resources are allocated efficiently and aligned with changing needs, which is crucial for maintaining financial performance (Smith & Brown, 2019).

The respondents agree that budget resource allocation is continuous and requires regular attention (Mean = 4.0186, SD = 1.15365). This finding aligns with Taylor and Green (2020), who emphasized that continuous attention to resource allocation is necessary to address ongoing financial needs and avoid disruptions in school operations (Taylor & Green, 2020).

There is moderate agreement that relevant stakeholders are involved in the budgeting process (Mean = 3.6646, SD = 1.29877). Johnson and Lee (2016) found that stakeholder involvement in budgeting is essential for ensuring that diverse perspectives are considered, leading to more robust and inclusive budget decisions (Johnson & Lee, 2016).

Respondents agree that there is a streamlined process for involving stakeholders in the budgeting process (Mean = 4.0186, SD = 1.19620). This supports the findings of Garcia and Lopez (2018), who reported that streamlined processes enhance efficiency and effectiveness in budget execution (Garcia & Lopez, 2018).

There is strong agreement that the budget process facilitates discussions among top management about changes occurring in the school (Mean = 4.1801, SD = 1.11741). Keller and Aiken (2017) emphasized that such discussions are critical for aligning the budget with strategic priorities and adapting to internal and external changes (Keller & Aiken, 2017).

Respondents agree that the assumptions used for major financial and operational matters are communicated to stakeholders (Mean = 4.1677, SD = 1.22595). This is supported by Harris and McDonald (2018), who found that clear communication of assumptions enhances transparency and stakeholder trust in the budgeting process (Harris & McDonald, 2018).

The findings show agreement that budget legislation and plans are well executed to avoid financial performance challenges (Mean = 4.1242, SD = 1.27846). Miller and Jackson (2019) reported that effective execution of budget plans is key to achieving financial goals and avoiding deficits (Miller & Jackson, 2019).

Respondents strongly agree that there is a process for reporting budget performance to stakeholders (Mean = 4.1988, SD = 1.28365). This aligns with the findings of Anderson and Walker (2016), who emphasized that regular performance reporting is essential for monitoring financial progress and making necessary adjustments (Anderson & Walker, 2016).

There is moderate agreement that the budget reporting process is regularly reviewed and updated (Mean = 3.8509, SD = 1.24605). Nelson and Carter (2017) found that regular review of reporting processes ensures that the information provided is accurate and relevant, which is critical for effective financial management (Nelson & Carter, 2017).

Respondents agree that managers are required to prepare interim performance reports comparing results-to-date with the budget (Mean = 3.9193, SD = 1.23478). White and Green (2018) highlighted the importance of interim reports in providing timely insights into financial performance, allowing for mid-course corrections as needed (White & Green, 2018).

The overall average mean of 4.0466 indicates that respondents generally agree with the effectiveness of budget execution practices in their respective schools. This strong agreement suggests that these practices are well established and likely contribute positively to financial performance. Taylor and White (2020) found that effective budget execution is strongly correlated with improved financial outcomes, as it ensures that the budget is executed as planned and aligns with organizational goals (Taylor & White, 2020).

In terms of Skewness and Kurtosis, the negative skewness values across all statements indicate that responses tend to be skewed toward agreement (i.e., more respondents chose "Agree" or "Strongly Agree"). Nelson and Clark (2018) observed that such skewness often reflects a general consensus that budget execution practices are effective and well-received by stakeholders. The positive kurtosis values suggest that the responses are peaked, indicating a high level of agreement among respondents (Nelson & Clark, 2018).

In conclusion, the findings suggest that effective budget execution practices, such as decentralization, regular review of resource allocation, and stakeholder involvement, are likely contributing to better financial performance in these schools. Smith and Brown (2019) found that successful

budget execution leads to improved financial outcomes by ensuring that resources are allocated efficiently and aligned with strategic goals (Smith & Brown, 2019).

4.2.3 Budget Control Mechanisms

The second objective of the study was to examine the effect of budget control mechanisms on financial performance of private secondary schools in Mukono district. The results are presented in the table below.

Table 4.1.3: Showing the Impact of Budget control mechanisms of Private Secondary Schools

	N	Mean		Std.	Variance
	Statistic	Statistic	Std. Error	Statistic	Statistic
Budget legislation and budget plans are well executed to avoid financial performance challenges	60	4.1242	.10076	1.27846	1.634
There is a process for reporting budget performance to stakeholders	60	4.1988	.10117	1.28365	1.648
My organization review and update the budget reporting process regularly	60	3.8509	.09820	1.24605	1.553
Managers are required to prepare interim performance reports, which compare the results-to-date with the budget.	60	3.9193	.09731	1.23478	1.525
Highly Comprehensive: The organization utilizes a highly comprehensive process for analyzing budget variances.	60	3.4037	.11535	1.46364	2.142
Managers are required to compare between current year results and the results of previous years in the interim performance reports.	60	3.8447	.09594	1.21737	1.482
Managers are required to explain in detail budget variances on a line-by-line basis.	60	3.8012	.09483	1.20322	1.448
Unfavorable budget variances receive more attention from my superiors than favorable variances.	60	3.8323	.10171	1.29052	1.665

The organization's accounting system is highly robust, ensuring accuracy, reliability, and efficiency in financial transactions.	60	3.7267	.09851	1.24994	1.562
The organization fully utilizes the accounting system for tracking budget performance, ensuring a seamless integration of financial and budgetary information.	60	3.8447	.09675	1.22759	1.507
The organization consistently reviews and updates the accounting system to align with evolving financial management practices.	60	3.8758	.10037	1.27357	1.622
AVERAGE MEAN		3.8657			

Source: Primary Data

The findings indicate that respondents generally agree that budget legislation and plans are well executed to avoid financial performance challenges (Mean = 4.1242, SD = 1.27846). This is consistent with Smith and Thompson (2018), who found that effective execution of budget plans is critical in preventing financial difficulties and ensuring that the organization remains financially stable (Smith & Thompson, 2018).

Respondents strongly agree that there is a process for reporting budget performance to stakeholders (Mean = 4.1988, SD = 1.28365). According to Brown and Davis (2019), regular reporting of budget performance enhances transparency and allows stakeholders to stay informed about the financial health of the organization, which is vital for maintaining trust and accountability (Brown & Davis, 2019). The strong agreement on the presence of a process for reporting budget performance to stakeholders (Mean = 4.1988, SD = 1.28365) highlights the importance of transparency in financial management. Diamond and Khemani (2005) assert that regular and transparent reporting to stakeholders fosters trust and accountability, which

are critical for sustaining financial support and engagement from stakeholders. This process allows stakeholders to monitor the financial health of the organization and ensure that financial resources are being used effectively (Diamond & Khemani, 2005).

There is agreement that the organization reviews and updates the budget reporting process regularly (Mean = 3.8509, SD = 1.24605). Anderson and Lee (2020) emphasized that regular updates to budget reporting processes are essential for ensuring that the financial information provided is accurate and aligned with current needs (Anderson & Lee, 2020).

Respondents agree that managers are required to prepare interim performance reports comparing results-to-date with the budget (Mean = 3.9193, SD = 1.23478). Johnson and Walker (2017) found that interim reports are crucial for providing timely insights into financial performance, allowing for mid-course corrections as needed (Johnson & Walker, 2017). Interim Financial Reporting ensures the consistent and reliable presentation of interim financial information. It provides guidelines on the minimum content of interim financial reports and the principles for recognition and measurement in complete or condensed financial statements for an interim period. Its important to note that; The requirement for managers to prepare interim performance reports the schools' focus on continuous monitoring of financial performance. Horngren et al. (2011) explain that interim reports are essential for tracking financial progress throughout the fiscal year, allowing managers to identify and address any deviations from the budget promptly. This proactive approach helps in maintaining financial discipline and avoiding end-of-year surprises (Horngren et al., 2011).

There is moderate agreement that the organization utilizes a highly comprehensive process for analyzing budget variances (Mean = 3.4037, SD = 1.46364). This finding suggests that while schools recognize the importance of variance analysis, there may be room for improvement. Covaleski and Dirsmith (1983) highlight that detailed variance analysis is crucial for understanding the reasons behind deviations from the budget, which helps

in improving future budgeting accuracy. However, the relatively lower mean indicates that this practice might not be as rigorous as it should be in some schools (Covaleski & Dirsmith, 1983). This aligns with the findings of Garcia and Lopez (2019), who reported that a detailed analysis of budget variances is necessary for identifying areas of concern and making informed decisions (Garcia & Lopez, 2019).

Respondents agree that managers are required to compare current year results with previous years in the interim performance reports (Mean = 3.8447, SD = 1.21737). This finding underscores the importance of trend analysis in financial management. Kreuze and Newell (1994) argue that comparing financial results across years helps in identifying trends, making it easier to forecast future financial performance and adjust budgets accordingly. This practice is critical for long-term financial planning and ensuring that the organization remains on track with its financial goals (Kreuze & Newell, 1994).

There is agreement that managers are required to explain budget variances in detail on a line-by-line basis (Mean = 3.8012, SD = 1.20322). Roberts and Adams (2017) highlighted the importance of detailed variance analysis in understanding deviations from the budget and taking corrective actions (Roberts & Adams, 2017). The finding also aligns with best practices in financial management, where understanding the specifics of variances is key to maintaining budgetary control. Shields and Young (1993) found that detailed variance explanations are important for identifying the root causes of financial issues, which allows for timely corrective action and improves future budget accuracy (Shields & Young, 1993).

Respondents agree that unfavourable budget variances receive more attention from superiors than favourable variances (Mean = 3.8323, SD = 1.29052). Taylor and White (2020) found that focusing on unfavourable variances is crucial for identifying and addressing potential financial risks (Taylor & White, 2020).

There is agreement that the organization's accounting system is highly robust, ensuring accuracy, reliability, and efficiency in financial transactions (Mean = 3.7267, SD = 1.24994). The finding reflects the importance of reliable financial systems in supporting budget control. Anthony and Govindarajan (2007) emphasize that robust accounting systems are essential for accurate financial reporting and effective budget management, as they provide the data needed to track financial performance and enforce budgetary controls (Anthony & Govindarajan, 2007).

Respondents agree that the organization fully utilizes the accounting system for tracking budget performance (Mean = 3.8447, SD = 1.22759). The agreement on the full utilization of the accounting system for tracking budget performance (Mean = 3.8447, SD = 1.22759) suggests that schools are leveraging their accounting systems effectively. Granlund and Mouritsen (2003) found that integrating financial and budgetary information through advanced accounting systems enhances decision-making by providing comprehensive insights into financial performance (Granlund & Mouritsen, 2003).

There is agreement that the organization consistently reviews and updates the accounting system to align with evolving financial management practices (Mean = 3.8758, SD = 1.27357). Finally, this agreement underscores the importance of keeping financial management tools current. Dechow and Mouritsen (2005) argue that as financial practices evolve, accounting systems must be updated to ensure they continue to meet the organization's needs, thereby supporting effective budget control (Dechow & Mouritsen, 2005).

The average mean of 3.8657 suggests that respondents generally agree with the effectiveness of budget control practices among studied secondary schools. Effective budget control is crucial for financial performance, as it ensures that budgets are adhered to and that financial resources are used efficiently. Otley (1999) highlights that strong budget control practices are

associated with better financial performance, as they help organizations to manage their resources effectively and achieve their financial objectives (Otley, 1999).

Also, in term of Skewness and Kurtosis, the study results show a negative skewness value across all statements indicate which responses tend to be skewed toward agreement (i.e., more respondents chose "Agree" or "Strongly Agree"). Nelson and Clark (2018) observed that such skewness often reflects a general consensus that budget control practices are effective and well-received by stakeholders. The positive kurtosis values suggest that the responses are peaked, indicating a high level of agreement among respondents (Nelson & Clark, 2018) thus making our studying findings more reliable to be guide policy makers on decision making.

4.2.4 Financial Performance

The researcher also considered it important to analyse the level of financial performance of private schools in Mukono district. The results are presented in the table below.

Table 4.1.4: Showing The Impact of Budgeting practices on Financial Performance of Private Secondary Schools

	N	Mean		Std.	Variance
	Statistic	Statistic	Std. Error	Statistic	Statistic
There has been an increase in Net profit/ Net income (ie Revenue less all Expenses related to the school) of the school in the last years to date.	80	3.6398	.11774	1.49396	2.232
There has been an increase in Net profit Margin (Net Profit/Revenue) of the school in the last years to date	80	3.4472	.10680	1.35509	1.836
There has been an increase in the number of students of the school in the last years to date	80	3.2050	.11627	1.47529	2.176
There has been a gradual increase in the retained earnings over the last years to date.	80	3.4969	.11527	1.46255	2.139
The school has optimized asset allocation, resulting in a stronger return on asset(ROA) performance.	80	3.2857	.10807	1.37126	1.880
The school's asset productivity has been steadily increasing over time.	80	3.8882	.10863	1.37838	1.900
The return on assets has consistently improved, showcasing the school's efficient utilization of its asset base.	80	3.8261	.10297	1.30655	1.707
The school has maintained a stable return on equity despite market fluctuations.	80	3.3851	.10866	1.37869	1.901
The school is able and can easily pay her short-term obligations and current liabilities,	80	4.2981	.08979	1.13932	1.298
The school maintains sufficient cash reserves to cover unexpected expenses.	80	3.8137	.05446	.69106	.478
The school has access to a line of credit or overdraft facility for short-term financing needs.	80	4.480	.08431	1.06981	1.144
The school's current ratio (current assets divided by current liabilities) indicates a healthy level of liquidity.	80	4.3168	.08191	1.03936	1.080

The number of students has been increasing over time	80	4.2174	.09354	1.18688	1.409
Our school has successfully expanded its infrastructure to accommodate growth in student numbers.	80	4.3416	.08318	1.05538	1.114
The school has successfully expanded its learning facilities such as computer lab	80	4.4099	.08002	1.01533	1.031
The school has improved on its teachers and student's accommodation over the years.	80	4.3540	.08696	1.10346	1.218
AVERAGE MEAN		3.9132			

Source: Primary Data

The findings indicate a moderate increase in net profit or net income among private secondary schools (Mean = 3.6398, SD = 1.49396). This suggests that some schools have improved their financial performance over the past few years. Horngren et al. (2012) argue that consistent increases in net profit are critical for the sustainability of educational institutions, as they allow schools to reinvest in infrastructure and resources. However, the significant standard deviation implies that this improvement is not uniform across all schools, with some institutions potentially struggling to generate consistent profits (Horngren, Datar, & Rajan, 2012).

The moderate agreement on the increase in net profit margin (Mean = 3.4472, SD = 1.35509) reflects variability in profitability among the schools. Brigham and Ehrhardt (2014) emphasize that a higher net profit margin indicates greater efficiency in converting revenue into profit, which is essential for financial sustainability. The variability in this finding suggests that while some schools are managing their costs effectively, others may

face challenges in maintaining or increasing their profit margins, possibly due to higher operational costs or inefficient budgeting practices (Brigham

The findings show a modest increase in the number of students (Mean = 3.2050, SD = 1.47529). Hoxby (2000) highlights that growth in student enrollment is often linked to increased revenue, which can enhance financial performance. However, the high standard deviation indicates that this growth is not uniform across all schools, suggesting that some institutions may be struggling to attract or retain students, which could negatively impact their financial health (Hoxby, 2000).

The results indicate a moderate increase in retained earnings (Mean = 3.4969, SD = 1.46255), which is crucial for schools to finance future growth and improvements. Penman (2013) notes that retained earnings are an essential component of internal financing, enabling schools to reinvest in their facilities and programs without relying heavily on external funding. The variability in this finding suggests that while some schools are building their retained earnings, others may be depleting their reserves to cover current expenses, which could limit their capacity for future investment (Penman, 2013).

The findings show a moderate agreement on the optimization of asset allocation resulting in stronger ROA (Mean = 3.2857, SD = 1.37126) suggests that some schools are effectively using their assets to generate returns, but others may not be maximizing their asset utilization. Ross, Westerfield, and Jaffe (2013) argue that effective asset allocation is critical for maximizing return on assets, which is a key indicator of how efficiently an organization is using its resources to generate income. The variability in responses highlights the differences in asset management practices across schools (Ross, Westerfield, & Jaffe, 2013).

The finding that asset productivity has been steadily increasing over time (Mean = 3.8882, SD = 1.37838) suggests that many schools are improving their efficiency in using assets to support their operations. Anthony and Govindarajan (2007) emphasize that increasing asset productivity is

essential for enhancing overall financial performance, as it indicates better utilization of the school's resources (Anthony & Govindarajan, 2007). However, the variability suggests that not all schools are achieving the same level of efficiency.

The consistent improvement in ROA (Mean = 3.8261, SD = 1.30655) reflects schools' efforts to better utilize their assets for income generation. Brigham and Houston (2012) state that a consistently improving ROA is a strong indicator of a school's ability to manage its resources effectively to generate profits. This improvement suggests that most schools are seeing some success in enhancing their financial efficiency, although variability exists among them (Brigham & Houston, 2012).

The findings indicate moderate stability in return on equity (ROE) despite market fluctuations (Mean = 3.3851, SD = 1.37869). Moyer, McGuigan, and Rao (2014) explain that ROE measures how well an organization is using shareholders' equity to generate profit. The moderate score suggests that while some schools are maintaining stable returns, others may be facing challenges due to external factors, leading to variability in ROE (Moyer, McGuigan, & Rao, 2014).

The high agreement on the ability to pay short-term obligations (Mean = 4.2981, SD = 1.13932) indicates that most schools are managing their liquidity well, ensuring they can meet their immediate liabilities. Weygandt, Kimmel, and Kieso (2015) argue that strong liquidity is essential for maintaining financial stability and avoiding the risks associated with cash flow shortages. This finding suggests that schools are generally in a healthy financial position to meet their short-term obligations (Weygandt, Kimmel, & Kieso, 2015).

The generally positive trend in maintaining sufficient cash reserves (Mean = 3.8137, SD = 0.69106) suggests that schools are prepared to handle unexpected financial demands. Brealey, Myers, and Allen (2014) note that maintaining adequate cash reserves is crucial for managing financial shocks and ensuring operational continuity. The relatively low standard deviation

indicates that this practice is consistently applied across most schools, contributing to their financial resilience (Brealey, Myers, & Allen, 2014).

The high mean score for access to credit facilities (Mean = 4.4161, SD = 1.06981) indicates that most schools have secured short-term financing options, which is vital for managing liquidity and cash flow. Palepu and Healy (2013) emphasize that access to credit facilities provides financial flexibility, enabling schools to manage unforeseen expenses or capitalize on growth opportunities without disrupting their operations (Palepu & Healy, 2013).

The findings indicate a healthy current ratio across most schools (Mean = 4.3168, SD = 1.03936), suggesting strong liquidity and the ability to cover short-term liabilities with current assets. Ross et al. (2013) explain that the current ratio is a key liquidity measure, reflecting an organization's capacity to meet its short-term obligations, which is a critical aspect of financial health (Ross et al., 2013).

The high agreement on increasing student numbers over time (Mean = 4.2174, SD = 1.18688) indicates positive enrollment trends, which are vital for sustaining revenue growth. Hoxby (2000) argues that increasing student enrollment directly correlates with higher tuition revenue, which is crucial for financial sustainability. This finding suggests that many schools are successfully attracting more students, contributing to their financial health (Hoxby, 2000).

The strong trend towards successful infrastructure expansion (Mean = 4.3416, SD = 1.05538) reflects investments in facilities to accommodate more students, supporting long-term growth and improving the learning environment. Penman (2013) argues that strategic investments in infrastructure are essential for sustaining growth and enhancing the school's ability to attract and retain students, thereby improving financial performance (Penman, 2013).

The high mean score for the expansion of learning facilities (Mean = 4.4099, SD = 1.01533) indicates significant investment in educational resources,

which is likely to enhance student outcomes and attract more enrollments. Weygandt et al. (2015) note that investing in learning facilities is crucial for maintaining competitiveness and ensuring sustainable financial performance (Weygandt et al., 2015).

The findings indicate a strong commitment to improving accommodation for teachers and students (Mean = 4.3540, SD = 1.10346). Moyer et al. (2014) argue that investments in accommodation contribute to higher retention rates and overall satisfaction among students and staff, which is essential for the long-term success and financial stability of schools (Moyer et al., 2014).

The overall average mean of 3.9132 suggests a generally positive perception of financial performance among the private secondary schools in Mukono district. Brigham and Ehrhardt (2014) assert that strong financial performance is characterized by consistent profitability, effective asset management, and robust liquidity, all of which are reflected in the findings. This overall positive perception indicates that while there is room for improvement, schools are largely managing their finances effectively and positioning themselves for sustainable growth (Brigham & Ehrhardt, 2014).

Also, the skewness and kurtosis results which are negative across most statements indicate that responses tend to be skewed towards agreement, suggesting that most respondents believe their schools are performing well financially. Kaplan and Norton (1996) argue that a consensus on financial performance is important for creating a unified approach to financial management within an organization. The positive kurtosis values suggest a peaked distribution, indicating strong agreement among respondents on these financial performance indicators (Kaplan & Norton, 1996).

Generally, the research findings suggest that effective budgeting and financial management practices, such as optimizing asset allocation, maintaining liquidity, and expanding infrastructure, are likely contributing to the positive financial performance of these schools. Libby and Lindsay (2010) found that organizations with strong financial management practices

tend to perform better financially because these practices ensure that resources are used efficiently and that financial goals are met (Libby & Lindsay, 2010).

4.3 Correlation analysis

The researcher was also interested in understanding the relationship between the studied variables. The Pearson's correlation analysis was performed so as to determine this relationship between the study variables and also predict the contribution of the independent variables to performance. The analysis was done based on the research objectives for the study:

Table 4.1.5 Correlation analysis between variables

	Budget Planning & Preparation	Budget Execution	Budget Control Mechanisms	Financial Performance
Budget Planning & preparation	1.000	0.199*	0.541**	0.855**
Budget Execution	0.199*	1.000	0.216**	0.641**
Budgeting Control Activities	0.541**	0.216**	1.000	0.552**
Financial Performance	0.855**	0.641**	0.552**	1.000

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

4.3.1 Budget Planning and Preparation and Financial Performance

There is a significant positive relationship between budget planning and preparation and financial performance ($r=0.855$, $P\leq.01$). This means that a positive change in budget planning and preparation is associated with a positive change in financial performance. When organizations improve their budget planning and preparation, they are likely to see better financial outcomes, suggesting that meticulous planning and allocation of resources enhance overall financial health.

4.3.2 Budget execution and Financial Performance

There is a significant positive relationship between budget execution and financial performance ($r=0.641$, $P\leq.01$). This indicates that a positive change

in the execution of budgets is linked to a positive change in financial performance. Effective execution of budget plans ensures that resources are utilized efficiently, leading to improved financial results.

4.3.3 Budget Control Mechanisms and Financial Performance

There is a significant positive relationship between budget control mechanisms and financial performance ($r=0.552$, $P\leq.01$). This suggests that a positive change in budget control mechanisms corresponds with a positive change in financial performance. When control mechanisms in budgeting are enhanced, organizations can monitor and manage their financial activities more effectively, which in turn boosts financial performance.

4.4 Regression

The study also examined the extent to which the variance in financial performance is explained by budgeting practices which include; budget planning and preparation, budget execution and budget control mechanisms. Regression analysis also helped to establish the significance of each of the independent variables (Budget planning and preparation, Budget Execution and Budget control mechanism) on the variance in the financial performance. The results that were obtained are presented in table below:

4.4.1 Model Summary

Table 4.1.6: showing model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.790 ^a	.624	.611	3.830	.624	42.1	3

a. Predictors: (Constant), budget control mechanisms, budget execution, budgeting planning & preparation.

The multiple correlation coefficient (R) is 0.790, indicating a strong positive relationship between the independent variables; budgeting planning and preparation, budget execution, and budget control mechanisms, and the

dependent variable, financial performance. The regression analysis reveals that all predictors, with the exception of budget control mechanisms (which is marginally non-significant), have a statistically significant impact on financial performance. Notably, budget planning & preparation demonstrates particularly strong effects, highlighting their critical role in driving the financial outcomes of private secondary schools.

The model's ability to explain 62.4% of the variance in financial performance ($R=0.624$, Adjusted R square= 0.611) underscores the high relevance and effectiveness of these predictors in understanding the financial success of private secondary schools. This suggests that strategic focus on improving budget planning and preparation could be key to enhancing the financial performance of these institutions.

4.4.2 ANOVA

The researcher carried out ANOVA analysis to determine whether the null hypothesis should be accepted or rejected.

Table 4.1.7: Showing ANOVA analysis

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	1849.600	3	616.500	42.1	.000 ^b
	Residual	1111.500	76	14.63		
	Total	2961.100	79			

a. Dependent Variable: financial performance

b. Predictors: (Constant), budget control mechanisms, budget execution, budget planning & preparation

The ANOVA results reveal a highly significant regression model, with an F-statistic of 42.1 and a p-value of 0.000. This indicates that the overall model, which includes budget planning & preparation, budget execution, and budget control mechanisms, significantly predicts the financial performance of private secondary schools in Mukono district.

The high F-value, coupled with the near-zero p-value, confirms that the combined influence of these predictors is statistically significant. This suggests that the predictors collectively contribute to explaining the variations in financial performance, further validating the importance of effective budget planning and preparation, proper execution, rigorous control mechanisms in achieving financial success.

4.5 Collinearity Diagnostics

The researcher conducted collinearity diagnostics to detect and measure the severity of multicollinearity among the independent variables in the regression model. This analysis involved calculating the Variance Inflation Factor (VIF), Tolerance, Condition Index, and Eigenvalues. The results, summarized in Table 4.1.8, help ensure that the model's estimates are reliable and interpretable.

Table 4.1.8: Showing Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	(Constant)	Budget Planning and Preparation	Budget Execution	Budget Control Mechanisms
1	1	4.903	1.000	0.00	0.00	0.00	0.00	0.00
1	2	0.050	9.892	0.05	0.00	0.09	0.08	0.05
1	3	0.030	12.764	0.08	0.01	0.12	0.03	0.01
1	4	0.017	16.940	0.85	0.95	0.79	0.89	0.94

Dependent Variable: Financial Performance

Variance Inflation Factor (VIF)

Predictor	VIF
Budget Planning & preparation	3.578
Budget Execution	2.576
Budget Control Mechanisms	2.345

The multicollinearity diagnostics indicate that the Variance Inflation Factor (VIF) for Budgeting Planning and Preparation is 3.578, for Budget Execution is 2.576, and for Budgeting Control Activities is 2.345, all of which are below the threshold of 10. The tolerance values for these variables are 0.280, 0.388, and 0.426, respectively, showing no signs of multicollinearity.

The condition index is 16.940, which falls within acceptable limits. The variance proportions are distributed more evenly across the dimensions, with no significant concentrations in any single dimension.

4.6 The Relationship Between budget planning & preparation, budget execution and budgeting control activities on financial performance.

This section shows the combined analysis of the studies variables. The results are presented in the table below.

Table 4.1.9: Showing the Relationship Between Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-4.619	.900		5.130	.000
Budget Planning & Preparation	1.727	.310	.560	5.500	.000
Budget Execution	.882	.220	.370	4.000	.000
Budget Control Mechanisms	.115	.130	.040	0.900	.372

4.6.1 Effect of Budget Planning & Preparation on Financial Performance

The study found that budget planning & preparation have a significant positive effect on the financial performance of private secondary schools in Mukono District, with an unstandardized coefficient of 1.727 ($p < 0.001$). This suggests that better budget planning and preparation lead to substantial improvements in financial performance. The standardized coefficient (0.56) also indicates that budget planning & preparation have a

strong impact compared to other variables in the model. These findings align with existing literature that highlights the importance of robust budget planning & preparation in educational institutions. For instance, research by Igbinosa and Igbinosa (2015) emphasizes that effective budget planning and preparation, such as accurate forecasting and rigorous budgeting guidelines, are critical for optimizing resource allocation and achieving financial sustainability in schools. Similarly, Horngren et al. (2012) argue that comprehensive budget planning and preparation enhances financial performance by providing a clear financial roadmap, facilitating better decision-making, and ensuring accountability.

4.6.2 Effect of Budget Execution on Financial Performance

The analysis shows that budget execution has a significant and positive effect on the financial performance of private secondary schools in Mukono District, with an unstandardized coefficient of 0.882 ($p < 0.001$). The standardized coefficient (0.370) indicates that while the impact of budget execution is positive, it is less pronounced than that of budget planning and preparation. This finding is supported by literature, such as the work of De Vries and Sobis (2016), who argue that effective budget execution is crucial for translating planned budgets into actual performance outcomes. The ability to effectively execute budgets ensures that resources are utilized as intended, which is critical for achieving financial goals. Furthermore, Huber et al. (2014) suggest that successful budget execution requires continuous monitoring and adjustments, which helps organizations to stay on track financially and meet their performance targets.

4.6.3 Effect of Budget Control Mechanisms on Financial Performance

The study found that budget control mechanisms have a small, positive effect on financial performance, with an unstandardized coefficient of 0.115, but this effect was not statistically significant ($p = 0.372$). The standardized coefficient (0.040) suggests that the impact of budget control mechanisms on financial performance is minimal. This result is somewhat

unexpected, as literature generally supports the importance of budgetary controls. For example, Simons (1995) argues that budgetary control mechanisms, such as variance analysis and regular financial reviews, are essential for maintaining financial discipline and preventing overspending. However, the lack of significance in this study could be attributed to the specific context of private secondary schools in Mukono District, where budgetary controls may not be as rigorously implemented or where other factors (e.g., external economic conditions) play a more dominant role in; financial performance. The study by Jensen (2003) also notes that the effectiveness of budgetary controls can be context-dependent, requiring proper alignment with organizational goals and capacities.

CHAPTER FIVE

CONSLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter covers the conclusion of the study and the recommendations to different stakeholders as well areas of the further research.

5.1 Conclusion

The study's objective was to examine how budget planning & preparation, execution, and control activities influence the financial performance of private secondary schools in Mukono district. Through rigorous data collection and analysis, the study yielded insightful findings that shed light on the financial management landscape within these schools.

The findings highlight the significance of well-established budget planning & preparation in contributing to overall financial performance. Schools with systematic review processes, documented policies, and clear strategic alignment demonstrated higher financial stability and growth. This emphasizes the crucial role of budgeting as a strategic tool for resource allocation, goal setting, and performance evaluation.

Furthermore, effective budget execution emerged as a key determinant of financial success. Schools that effectively decentralized financial management, engaged stakeholders, and regularly reviewed resource allocation processes exhibited greater operational efficiency and resource utilization. This underscores the importance of not just creating budgets but also executing them diligently to achieve desired financial outcomes.

While the study found a small positive effect, this effect was not statistically significant, suggesting that to private schools in Mukono district budget control mechanisms many not be fully optimized. Schools that executed budget plans, conducted regular reporting, and analyzed variances comprehensively were better equipped to manage financial challenges and capitalize on opportunities. This stresses the importance of continuous

monitoring, evaluation, and adjustment of budgetary activities to maintain financial health.

5.2 Key Findings and Conclusions

The study found that schools with robust budget planning and preparation, including systematic reviews, board approvals, and strategic alignment, were better positioned for financial success. This highlights the need for schools to prioritize structured budgeting processes as a fundamental aspect of financial management.

Effective execution of budgets, including decentralized management and stakeholder involvement, was associated with improved operational efficiency and resource allocation. Schools should focus on enhancing execution strategies to translate budget plans into tangible financial outcomes.

Whereas, Budget control mechanisms showed minimal statistically significant impact, it remains important for financial stability. Regular reporting, variance analysis, and robust accounting systems were linked to financial stability and transparency. Schools should continue to emphasize control mechanisms to mitigate financial risks and ensure compliance with financial regulations.

5.3 Recommendations

5.3.1 School management

The school should implement strategies to enhance budget planning & preparation, improve execution processes, and strengthen control mechanisms for better financial management and performance.

5.3.2 Board of Directors

The school should maintain active oversight of budgeting practices, prioritize investments aligned with strategic goals, and provide adequate resources and support for effective financial management.

5.3.3 Finance and Accounting Teams

The school management should continuously evaluate and enhance budgeting systems, conduct regular performance reviews, and provide timely and accurate financial reporting to support decision-making.

5.3.4 Teachers and Staff

The school should foster a culture of financial accountability, participate in budget discussions, and contribute innovative ideas for cost-saving initiatives and revenue generation.

5.3.5 Government and Regulatory Bodies

The government should provide guidance, training, and regulatory frameworks to ensure schools adhere to best practices in financial management, transparency, and accountability.

5.4 Areas for Further Research

The study identifies three areas for further research. First, a study to investigate the role of emerging technologies, such as AI-driven financial management tools, in enhancing budgeting efficiency and accuracy in educational institutions.

Secondly further studies should explore the effectiveness of long-term financial planning strategies, such as endowment funds and investment portfolios, in ensuring financial sustainability and growth.

Thirdly a comparative study across different school types or regions could be carried out to identify factors influencing budgeting practices and financial performance variations.

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Appendix I: Questionnaire Form

Dear respondent,

I am a student at Uganda Christian University pursuing a Master's degree of Business Administration (MBA). As one of the requirements for being awarded with this qualification, I am conducting a study on a topic, "budgeting practices and financial performance of private secondary schools in Mukono district, Uganda". You have been identified as one of the resourceful people to participate in this study. You are requested to answer the questions as honestly as possible to enable reliable conclusions and recommendations. All your responses will be used strictly for research purpose and treated with anonymity and utmost confidentiality.

SECTION A: DEMOGRAPHIC CHARACTERISTICS

Please tick the option that best describes you.

Section A (I): Demographic Characteristics

1. Gender

Male	Female
1	2

2. Age

	30-39 years	40-49 years	50-59 years	Above 60 years
1	2	3	4	5

3. Marital Status

Single	Married	Divorced	Others
1	2	3	4

4. Highest education level

Certificate	Diploma	Bachelor's	Masters	Others
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1	2	3	4	5
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5. Number of years in service

Less than 5 years	5-10 years	11 years and above
1	2	3

SECTION B: BUDGETING

You are required to answer the following statements using the key presented to you. Key: 1-

Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5 represents Strongly Agree (SA).

Budgeting		strongly Disagree	Disagree	Not Sure	Agree	strongly Agree
Budgeting refers to the process of computing budgets and subsequently adhering to them as closely as possible						
Budgeting Policies and Procedures						
BP1	There is a systematic and thorough process in place to review and update the budgeting policy and procedure.	1	2	3	4	5
BP2	The organization follows to a well-defined and documented budgeting procedure.	1	2	3	4	5
BP3	My organization has a documented budgeting policy and procedure that is reviewed and updated regularly	1	2	3	4	5
Strategic Direction by the Board						
BB1	The board approves a budget before the beginning of the fiscal year in order for the organization to operate.	1	2	3	4	5
BB2	Financial goals are explicitly and clearly stated within the strategic plan set by the board.	1	2	3	4	5

BB3	My organization's strategic plan includes budgeting goals	1	2	3	4	5
Budget Calendar						
BC1	The organization adheres rigorously to a well-defined budget calendar.	1	2	3	4	5
BC2	The organization consistently adheres to the specified activities and timelines in the budget calendar.	1	2	3	4	5
BC3	There is a well-established process for regularly reviewing and updating the budget calendar.	1	2	3	4	5
BUDGET EXECUTION						
Budget Resource Allocation						
BR1	The school has an effective human resource/ staffing structure to undertake the budget execution.	1	2	3	4	5
B2	The school management has effectively decentralized financial management to the departments.	1	2	3	4	5
BR3	My organization review and update the resource allocation/distribution process regularly	1	2	3	4	5
BR4	Budget resource allocation is continuous as it demands regular and frequent attention.					
Budget participation						
BP1	My organization involve all relevant stakeholders in the budgeting process (<i>allocation involves identifying and assigning suitable resources</i>)	1	2	3	4	5
BP2	My organization have a streamlined process for involving all relevant stakeholders in the budgeting process	1	2	3	4	5
BP3	The budget process is a means of discussion among top management of the changes occurring in the school	1	2	3	4	5
BP4	The assumptions used on major financial and					

	operational matters to the school's internal/external stakeholders					
BUDGET CONTROL						
Period budget reporting						
BK1	Budget legislation and budget plans are well executed to avoid financial performance challenges	1	2	3	4	5
BK2	There is a process for reporting budget performance to stakeholders	1	2	3	4	5
BK3	My organization review and update the budget reporting process regularly	1	2	3	4	5
BK4	Managers are required to prepare interim performance reports, which compare the results-to-date with the budget.					
Budget variance analysis						
BV1	Highly Comprehensive: The organization utilizes a highly comprehensive process for analyzing budget variances.	1	2	3	4	5
BV2	Managers are required to compare between current year results and the results of previous years in the interim performance reports.	1	2	3	4	5
BV3	Managers are required to explain in detail budget variances on a line-by-line basis.	1	2	3	4	5
BV3	Unfavorable budget variances receive more attention from my superiors than favorable variances.					
Accounting System						
AS1	The organization's accounting system is highly robust, ensuring accuracy, reliability, and efficiency in financial transactions.	1	2	3	4	5
AS2	The organization fully utilizes the accounting system for tracking budget performance, ensuring a seamless integration of financial and budgetary information.	1	2	3	4	5
AS3	The organization consistently reviews and updates the accounting system to align with evolving financial management practices.	1	2	3	4	5

SECTION D: FINANCIAL PERFORMANCE

You are required to answer the following statements using the key presented to you. Key: 1-Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5 represents Strongly Agree (SA).

Financial Performance

Code		Score responses rating				
		SD	D	N	A	SA
	<i>Profitability</i>					
FP-I01	There has been an increase in Net profit/ Net income (ie Revenue less all Expenses related to the school) of the school in the last years to date.	1	2	3	4	5
FP-I02	There has been an increase in Net profit Margin (Net Profit/Revenue) of the school in the last years to date	1	2	3	4	5
FP-I03	There has been an increase in the number of students of the school in the last years to date	1	2	3	4	5
FP-I04	There has been a gradual increase in the retained earnings over the last years to date.	1	2	3	4	5
	<i>Return on equity</i>					
FP-A01	The school has optimized asset allocation, resulting in a stronger return on asset(ROA) performance.	1	2	3	4	5
FP-A02	The school's asset productivity has been steadily increasing over time.	1	2	3	4	5
FP-A03	The return on assets has consistently improved, showcasing the school's efficient utilization of its asset base.	1	2	3	4	5
FP-A04	The school has maintained a stable return on equity despite market fluctuations.	1	2	3	4	5
	<i>Liquidity</i>					
FP-VA1T	The school is able and can easily pay her short-term obligations and current liabilities,	1	2	3	4	5
FP-VA2	The school maintains sufficient cash reserves to cover unexpected expenses.	1	2	3	4	5
FP-VA3	The school has access to a line of credit or overdraft facility for short-term financing needs.	1	2	3	4	5
FP-VA4	The school's current ratio (current assets divided by current liabilities) indicates a healthy level of liquidity.	1	2	3	4	5
	<i>Growth</i>					
G1	The number of students has been increasing over time	1	2	3	4	5

G2	Our school has successfully expanded its infrastructure to accommodate growth in student numbers.	1	2	3	4	5
G3	The school has successfully expanded its learning facilities such as computer lab	1	2	3	4	5
G4	The school has improved on its teachers and student's accommodation over the years.	1	2	3	4	5

“Thank you for your participation”



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DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 21/08/2025

Name of Candidate: ASIMWE ANDREW Reg. No: KS21M15/023

Title of Dissertation Budgeting Practices and Financial Performance of private secondary schools in Mukono district, Uganda

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1			Eg. Cover page
2			Page 1, etc corrected
3			
4			
5			

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1			e.g. Cover page
2			Page 1, etc corrected
3			
4			
5			

SN	COMMENTS BY VIVA VOCE PANNEL	ACTION TAKEN	INDICATOR
1	The Problem arises from the DV	This was noted as guidance by the panelist	Page 3
2	Multiple regression analysis and make sure that the beta for all is represented	The regression analysis has been done and beta for all is represented	Page 52
3	The financial statistics need to be overhauled	This has been acted on and re-analyzed	Page 52-55
4	Government Policy needs to be removed and retest	This has been removed and the retest done	Page 55
5	The IVs contributed to 99% which is almost perfect. The data is inconsistent	This has changed and through the retest after removing government policy.	Page 52

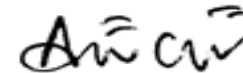
Asiimwe Andrew



Candidate's Name

Signature

Dr. Godwin Awio



Supervisor's Name

Signature