BUDGETARY PROCESS AND ORGANIZATIONAL FINANCIAL PERFORMANCE CENTENARY RURAL DEVELOPMENT BANK

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY

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UGANDA CHRISTIAN UNIVERSITY

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DECLARATION

I Apica Pauline do attest that this research project has never been submitted for credit at another university or higher education establishment as a student at a Ugandan Christian institution pursuing a master's degree in business administration.

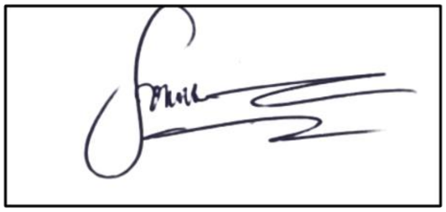
Signature……… ………...   Date………01/07/2025……...

APICA PAULINE

J21M15/004

APPROVAL

This attests to my approval of the submission of the research project "Budgetary Process and Organizational Financial Performance: A Case Study of Centennial Rural Development Bank" in my role as supervisor.



Kasozi Geoffrey.

MR. KASOZI GEOFFREY DATE: ***1st July 2025***

DEDICATION

I dedicate this dissertation to God Almighty, my parents Mr. and Mrs. Owiny Geoffrey, my husband Mr. Lesson Augustine, my son, Alessandro Crown, my relatives and friends. To everyone who helped me along the way by teaching, mentoring, training, and counseling me during my research study, especially my supervisor, Mr. Geoffrey Kasozi, who helped me discover my very responsible inner self. I also give thanks to God for giving me the chance to conduct my research at the Centenary Rural Development Bank and for blessing me with life thus far.

ACKNOWLEDGEMENT

I acknowledge all the staff members of Centenary Rural Development Bank.. In a special way I acknowledge my academic supervisor Mr. Geoffrey Kasozi, a good listener, teacher, counselor, and guide who accorded me his attention, guidance, and support during the course of my research study.

LIST OF ABBREVIATIONS/ACRONYMS

CRDB Centenary Rural Development Bank

CRDT Centenary Rural Development Trust

BoU Bank of Uganda

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ABSTRACT
The study looked at Centenary Rural Development Bank's financial performance and budgetary procedure.

The following objectives served as the foundation for the investigation: to investigate the relationships between Centennial Rural Development Bank's financial performance and budget planning, approvals, and control.

The research design used in the study was cross-sectional and combined quantitative and qualitative methods. By reducing time and money waste, making data available, and facilitating the cooperation of information providers, the approach gave the researcher a high degree of validity.

About 20.2% of the variation in financial performance was explained by the budget process's preparation, approval, and control, according to the study. Budget planning and Centenary Bank's financial success had a weakly positive link, as supported by the coefficient score of 0.193**.According to the study, budget approvals and financial success have a little favorable relationship.

The coeffefficient.Valueof r = 0.185 ** indicates that Centennial Bank's financial performance was modestly improved by features of budget approvaladditionally, a moderate relationship between Centenary Bank's financial success and budget control was shown.It was found that Centennial Bank's financial performance was enhanced by better budget control.At 0.384 **, their degree of correlation was favorably significant.

Consequently, the study concluded
that Centenary Bank's financial performance was not significantly impacted by the creation or acceptance of the budget.In order to compare how other banks handle their financial performance, the report recommends that Centennial Bank's top executives establish a task group.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The banking industry has a direct impact on economic growth and is crucial to the stability of

Financial markets.

Since their establishment, commercial banks have had a number of regulatory adjustments and re forms aimed at increasing their capitalization and strength for the benefit of creditors, depositors, and the economy as a whole. However, the researcher gives the: background of the study, general and particular objectives, research questions, hypothesis, study scope, problem description, introduction, investigation backdrop, and study justification.

1.1 Background to the study

There are four sub-themes that present the study's background:

1.1.1 Historical background

One important international industry entrusted with allocating financial resources and sharing the risk of future economic flows is banking.

According to ((2013) a healthy banking sector supports business cycles in any economy, which boost welfare and growth in that nation. Commercial banks serve a variety of functions that make them an appropriate framework for processing payments, managing monetary policy, and transforming assets into maturity (Hofmann 2015).

Improving quality and controlling and managing risks. (Tamta 2021) examined the financial results of two Georgian private banks. According to the study, banks were able to satisfy all capital and regulatory requirements set by reputable authorities. Their performance suffered as a result of lower net interest income and the creation of loan loss provision funds.

The banking industry contributes to the development of initial venture project investments. It is clear from the discussion above that the banking industry affects every economy. According to (Kasekende 2018)the banking industry helps people launch new companies, finance new equipment designs, and provide operational capital management, enabling companies to hire more employees and launch new goods. Given the enormous expenses associated with creating and implementing innovations, it is necessary to continuously determine how these innovations affect the viability levels of monetary bodies.

(McNulty 2021) examined the business management model in the banking sector in Canada by establishing a connection between bank profit efficiency and bank monitoring. In a related vessel (Saerz-Fernandez 2021)looked into the risk and performance of 124 commercial banks in Brazil between 2014 and 2019 and established that management played a significant role in enhancing the performance of banks.

(Athaley2020)further noted thatin Australia that the factors affecting a bank's performanCe can be categorized into four groups: governance procedures, nonperforming assets, profitability, and efficiency. In an analysis of Indian banks' performance during the COVID-19 epidemic in 2020-2021, (Choudhary 2022)found that loan growth declined during that period.

Similarly, (Kumar2021) observed
that the COVID19 pandemic had negatively affected the Indian banking sector and economy, an d that was hard to determine the exact magnitude and Impact of the virus.

Imiri (2022) investigated
the ownership and financial performance of 39 commercial banks in Kenya using regression. Institutional ownership and return on assets, foreign ownership and profits per share, managemen t ownership and net interest margin and earningsPer share, state ownership and net interest margi n were all found to be adversely connected the study recommended that Commercial banks were to diversify.

Several earlier studies have connected brand response, effective commitment, and customer service to the commercial bank's performance (Schweppes & Schultz, 2015, (Brunner 2019)and (Shin & Larson 2020)). Commercial banks in developing nations have historically performed poorly, as shown by their diminishing profitability. Numerous banks have failed as a result of this drop in profitability, including Trust Bank of Kenya, Savannah Bank, Alpha Merchant Banh Limited, and Societe General Bank Limited (all in Nigeria). Kenya is home to several banks, including Chase Bank, Capital Finance Limited, Consolidated Bank of Kenya Limited, and Continental Bank of Kenya Limited.

(Akani 2016) revealed that the
emerger emergency was among the factors that led the Central Bank of Kenya to recognize the necessity of strengthening its regulatory and supervisory functions.
The underwhelming performance of commercial banks in developing countries can be attributed in part to inadequate monetary policy ((Njini 2017).
It is challenging to establish a workable operating framework for budgeting in developing countr ies bearing in mind that most developing countries have sizable markets for public debt.
According to (Waweru 2013)n many developing countries, the lack of autonomy of monetary institutions has led to poor financial planning.

Nonetheless, there have been determined efforts to establish financial market independence and reform, which is gradually assisting central banks in more effectively implementing their monetary policy frameworks. Uganda's banking sector has had many difficulties that have hampered its operations, according to Kusa (2013). The budgeting process and monetary policy environment have changed, which has a direct impact on the financial industry, especially on commercial banks for these challenges.

A Tanzanian study (Hussein2022)
found that the money supply had minimal impact on commercial banks' performance. This study was carried out in one of the countries that shares common economic issues with Uganda, therefore the situation in Uganda may be similar or different from that in Tanzania.

Similarly, (Magoma2022) used the CAMEL model technique to examine the financial performance of Tanzania's listed commercial banks. The DSE-listed Tanzanian commercial banks were shown to be most affected by managerial efficacy and capital sufficiency. Although it is the responsibility of managers and may be related to it, the study did not establish a direct correlation between financial success and the budgetary process.

(Luanda 2021)identified bank deposits, non-performing loans, and bank expenses as the main drivers of Tanzanian commercial banks' profitability. However, they also discovered that macroeconomic factors had no discernible impact on bank profitability.

In Tanzania in particular, the impact of the budgetary process on commercial banks' financial performance seems to have been neglected in the great majority of domestic and international research.

However, early budgeting concentrated on planning and making it possible to accurately evaluat e performance and, thus, provide rewards. A well-crafted budget will guarantee the efficient and sufficient utilization of the organization's resources. As a credit trust, Centenary Bank was founded in 1983 by the Uganda National Lay Apostolate. Their founding in was primarily driven by two goals: to greatly advance Uganda's socioeconomic development and to assist the poor in rural areas. After receiving a full-service commercial bank license in 1993, the bank rebranded itself as Centenary Rural Development Bank Limited.

1.1.2 Theoretical background

In order to enhance the theoretical basis of this study, Agency Theory becomes the framework on which this paper relies for support. As defined by Jensen and Meckling (1976), Agency Theory defines the link between principals, who are the shareholders, and the agents, who in this case are the managers. In Centenary Bank's case, the budgeting process can be seen as an important tool that brings together the interests of managers (agents) with the objective of enhancing shareholder performance. Planning, approval and control of budgets function as important means of controlling information and mitigating the chances of managerial opportunism. These could take form of wastage in expenditures or engaging in practices that favor their own interest at the expense of profitability. Combining Agency Theory, which explains the need for budgeting in managing agency problems, with Contingency Theory, which explains how budgeting processes are shaped in different situations, enables this research to use a dual-theory lens.

1.1.3 Conceptual background

According to (Stoner 2013)financial performance is the capacity to function effectively, generate revenue, persevere, expand, and respond to external opportunities and hazards.

According to (Beeler 2014), financial performance metrics include return on equity, return on sales, return on capital spent, profitability, and value for money, return on assets, liquidity, and efficiency.

According to (Web2010) a commercial bank
is a type of financial institution that accepts deposits from the general public and offers loans fo r investments with the goal of producing money.

A budget process, according to (Hoyle 1998)), is the main tool used to guide and manage the financial process. In order to improve accountability, government officials are typically expected to create the annual budget for every distinct activity in order to predict the flow of funds and set authorized spending caps.

According to (Kermit 1988), a budget is a formal declaration of future plans, and the budgeting process is the planning of business activities prior to their occurrence.

According to (Terry 2012), a budget gives the organization direction, helps with activity coordination, and makes control easier. According to her, the yearly budgeting process should be viewed as a series of steps toward the organization's long-term plan's gradual realization. As a result, the budget process guides the company toward the long-term goals outlined in the corporate plan. This suggests that appropriate coordination and management of day-to-day operations will occur if Centennial Bank allocates funds for its operations.

(Blondal 2013)defined a budget as a plan and not a forecast because a forecast is a prediction of what will happen as a result of a given set of circumstances, while a plan is a result of what the organization aims to attain.

(Ahmed-AL 2012)defined return on assets as the calculated net earnings over total resources after income taxes based on a company's earnings from all of its resources

1.1.4 Contextual background

In 1983, the bank was established as a credit trust. By a team of six people six people and it was initially called Centenary Rural Development Trust (CRDT). The bank started its operations in 1985. In 1993, the central Bank declared it to be a fully licensed commercial bank and granted it a banking license. The national banking regulator, the Bank of Uganda, has granted Centenary Bank a license to operate as a commercial bank in Uganda. One of Uganda's major providers of financial services is Centenary Bank.

Its main function is to support national development. The Bank supports this development in a number of ways, including by lending money to small manufacturers, small traders, importers, exporters, rural farmers, and agricultural produce processors. In an attempt to meet the requirements of the many low-income individuals and businesses it serves, Centenary Bank has a substantial portion of its portfolio in the microfinance sector, despite operating in all areas of commercial banking With shareholders' equity exceeding US$80.5 million (UGX: 204 billion) as of December 2023, Centenary Bank's asset base was estimated to be worth US$145 million (UGX 5.5 trillion). At the time, Centenary Bank was the nation's second-largest commercial bank, accounting for 7.26% of all banking assets.

As of 2016, Centenary Bank was Uganda's second-largest local bank. However, since Bank of Uganda closed Crane Bank on October 20, 2016, Centenary Bank became the largest loc ally held bank in Uganda.Around 80 bank branches, 205 connected automated teller machines, 7, 000 agents, Centenary Bank's network in Central, Western, Northern, West Nile, and Eastern Uganda includes a range of digital and electronic channels, including Cente Mobile Banking, Cente Online Banking, Cente Visa debit and prepaid cards, and MasterCard Platinum debit cards.The bank also boasts over 2,400,000 deposit customers. After Stannic Bank, Centenary Bank has the second largest branch network in Uganda . The bank intends to open more branches in the future, with the majority of its branch.

Despite being a commercial bank, Centenary Bank has a significant amount of its portfolio in the microfinance sector in an effort to satisfy the needs of the numerous low-income people and businesses it serves. Resides in remote regions.

The bank is a major financial services provider in Uganda that focuses on promoting development by lending money to small manufacturers, importers, and exporters, small dealers, rural farmers, and agricultural produce processors.

The bank operates in all sectors of commercial banking, but a large amount of its holdings are in the microfinance space in an effort to serve the requirements of the numerous low-income people and businesses. By December 2019, the bank had UGX 3.6 trillion (US$950 million) in assets.

The equity held by shareholders was UGX 643.69 billion as of December 2018.The following ar e the policy implementation goals of financial management practices at Centenary Bank, per its 2016 financial report: to increase the bank's profitability, return on equity, and accountability across all departments, as well as to attain and sustain value for money.

Additionally, it is noted that even with the objectives set for financial management procedures,

Centenary Bank continues to struggle to achieve financial performance that aligns with the goals .Therefore; the study's main goal was to evaluate how well Centenary Bank is accomplishing its goals by looking into how the budgeting process affects financial performance.

1.2 Statement of the problem

According to the World Bank (2014), managers can use financial management strategies to understand a company's current financial state and ability to meet future finances.

This not only makes it possible to manage money properly, but it also fosters an atmosphere that makes planning easier.The total commercial bank assets increased by 10% to reach a total of 45.5 trillion Ugandan Shillings at the end of December 2022 and 46.97 trillion Ugandan Shillings by the end of June 2023, according to the BOU report of 2023.The primary forces behind this rise were increases in marketable trading securities, which climbed by a noteworthy 72%, and customer loans and advances, which increased by 11%.Between December 2022 and June 2023, customer loans and advances fell by 2% (Ugx. 328b), while marketable trading securities investment rose by 1% (Ugx. 108b).

Despite the explicit objectives of Centenary Bank's financial management systems, managing money has become very challenging, which has resulted in poor financial performance.

The June 2020 monthly review report from Centenary Bank exposed the incapacity and lack of knowledge of financial reporting among its employees.

Weekly and monthly financial records with numerous reporting errors such as a client depositing Shs. 1,823,000 but it being recorded as Shs. 1,283,000served as evidence of this. The bank's activities are impacted, and it runs the danger of suffering losses.

Centenary Bank's deteriorating profitability were caused by fraud events and improper use of the bank's funds, according to the BoU (2018) monthly economic assessment report.

Additionally, it was found that budgetary issues, which have a constant influence on business operations, had prevented the bank's management from effectively planning, monitoring, and controlling its finances.

Because of this, the bank has been making less money, which has made it harder to achieve retur n on equity and return on assets. The current study attempts to determine the degree to which Centenary Rural Development Bank's financial performance is impacted by the budget process.

1.3Objectives of the study

1.3.1 Major objective

To find investigate the relationship between the budgetary process and the financial performance of Centenary Rural Development

1.3.2 Specific objectives

1. To examine the relationship between Budget planning and financial performance of Centenary Rural Development Bank Entebbe Road Annex Branch.
2. To analyze the relationship between budget approvals and financial performance of Centenary Rural Development Bank
3. To examine the relationship budget control and financial performance of Centenary Rural Development Bank Entebbe Road Annex Branch.

1.4 Research questions

1. What is the effect of budgetary planning on financial performance of Centenary Rural Development Bank?
2. How does budget approval affect financial performance in Centenary Rural Development Bank?
3. How does budgetary control affect financial of Centenary Rural Development Bank Entebbe Road Annex Branch?

1.5 Research hypothesis

i) Budget planning has a positive and significant role on financial performance

ii) Budget approval has a positive and significant role on financial performance

iii) Budgetary control has a positive and significant role on financial performance

1.6 Scope of the study

1.6.1 Content scope

The budgeting process is the independent variable, and financial performance is the dependent variable. The creation, approval, and management of budgets and their effects on financial performance will be the exclusive focus of the study.

1.6.2 Geographical scope

Centenary Bank headquarters is located in Kampala, the capital city of Uganda. Mapeera House on Kampala Road houses the headquarters of centenary bank.

1.6.3 Time scope

This research study covers a period of 4 years (2020-2023). The researcher chose this time frame because it is the period of which Bank of Uganda reported numerous issues in the performance of commercial banks.

1.7 Significance of the study

The management of Centenary Bank will be able to enhance all facets of budgeting thanks to the study's findings, which will help guarantee that the organization's highly qualified employees app ropriately oversee the budgetary process as needed.Policymakers will also benefit greatly from th e findings since they will ensure that all steps in the yearly budgetary processes are carried out co rrectly.The results will also aid in encouraging Bank employees to collaborate in groups and pro vide outcomes that align with the organization's declared aims and objectives.

The findings of this study will also be able to alternate the thinking of majority of the people in the present. These people include the researcher as well as other researchers that will use the findings as literature. Managers of different organizations especially those of Centenary Bank and individuals starting up new organizations that are both profit and nonprofit making organizations are bound to use the technique of budgeting and its management.

The findings will also help the general public to view the economic situation financially and also help them in managing their own budget.

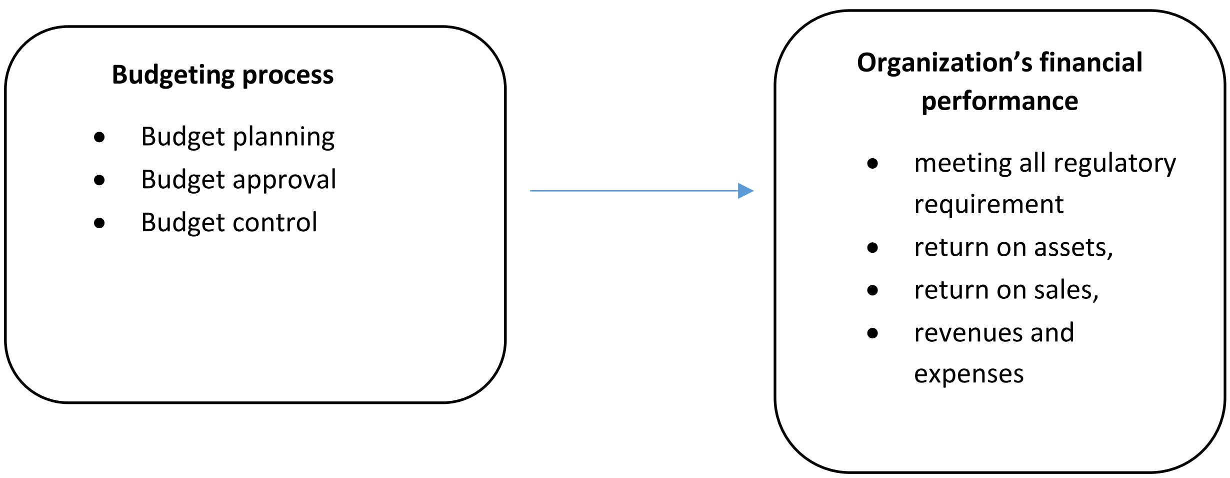
This research study will also help the Centenary Bank to control and monitor all the activities of the organization as they will be aiming at achieving the stated goals and objectives.

1.8 Conceptual framework

(Parker1988) asserts that there are connections between organizational financial performance and variances in the budget process.According to the suggested theoretical model, organizational co mmitment and budget adequacy act as two intervening variables that influence financial perform ance.This demonstrates in practice that there is a connection between an organization's financial performance and its budgetary process.Thus, the intended relationship between the budgeting pro cess and financial success is depicted in the conceptual framework in figure 1 below.Return on e quity, return on sales, and return on assets are the metrics used in their study to assess financial s uccess.

The conceptual framework below indicates the independent and dependent variables plus their sub constructs.

Independent Variable — Dependent variable



Source: Adapted from Parker, 1998 and modified by the researcher

According to Parker(1988), there exist some linkages between organizational financial performance and differences in the budgeting process. Based on the proposed theory, organizational commitment and budget adequacy serve as the two mediators that affect financial performance. Nevertheless, for the context of this research, the above framework is simplified into showing the direct linkage between the budgeting process and financial performance based on certain accounting figures. This shows that indeed, there exists some association between an organization’s financial performance and budgeting process. Hence, the desired relationship between budgeting process and financial success is shown in the theoretical framework in figure 1. Measurement of financial performance needs to be redefined; hence, this research uses some objective criteria such as Return on Assets (ROA), Return on Equity (ROE), and loan recovery rate as opposed to subjective assessment. Their study employs return on equity, return on sales, and return on assets as the measures of financial success.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The study literature is presented in this chapter. It is divided into two parts: the literature review and the theoretical review. The review of the literature is done objectively.

2.1 Theoretical review

Review of Agency Theory (Jensen & Meckling, 1976) as an Approach to Analysing the Budget Process and Financial Performance of Banking Organizations

The above statement is an assertion recommending the use of Agency Theory, introduced by Jensen and Meckling in 1976, as the basis upon which the investigation into the link between the budget process and the financial performance of a bank should be carried out. This essay provides an analysis of the theoretical validity of the statement, its advantages and disadvantages, and suggestions for proper application of the statement in research. The statement is accurate in its theoretical background because it has been derived from the seminal presentation of Agency Theory by Jensen and Meckling, who defined agency as "a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent" (Jensen & Meckling, 1976, p. 308). The model begins on the presumption that both the principal and the agent are rational utility maximizers, thus creating the basic problem "that the agent does not necessarily act in the best interest of the principal" (Jensen & Meckling, 1976, p. 308). Agency costs, under this model, consist of three components: monitoring costs, which are the costs borne by the principal to control the actions of the agent; bonding costs, which are the costs incurred by the agent to ensure that he/she acts in his/her best interest; and residual losses, which are the losses incurred by the principal due to divergence in decisions made by the agent despite monitoring and bonding efforts (Jensen & Meckling, 1976).

Agency theory can be effectively applied to the budgeting process and the financial performance of a bank. Budgeting process has already been widely considered in the managerial accounting literature as one of the ways through which agency cost can be minimized because of its role as an ex-ante contract, which sets performance expectations, and an ex-post control that facilitates variance analysis and actions (Merchant & Van der Stede, 2017). Coupled with compensation plans, budgeting allows for overcoming the issue of the goal incongruence associated with the principal-agent problem. Importantly, the banking sector provides an appropriate framework for agency theorizing. This is because banks are known to have high levels of information asymmetry between the principal and agent due to the nature of bank assets' quality, the intricacy of bank's risk management practices, as well as delegation of responsibility (Berger & Bonaccorsi di Patti, 2006). In addition, banks are subject to increased regulatory oversight where regulatory authorities act as quasi-principals (Laeven & Levine, 2009).

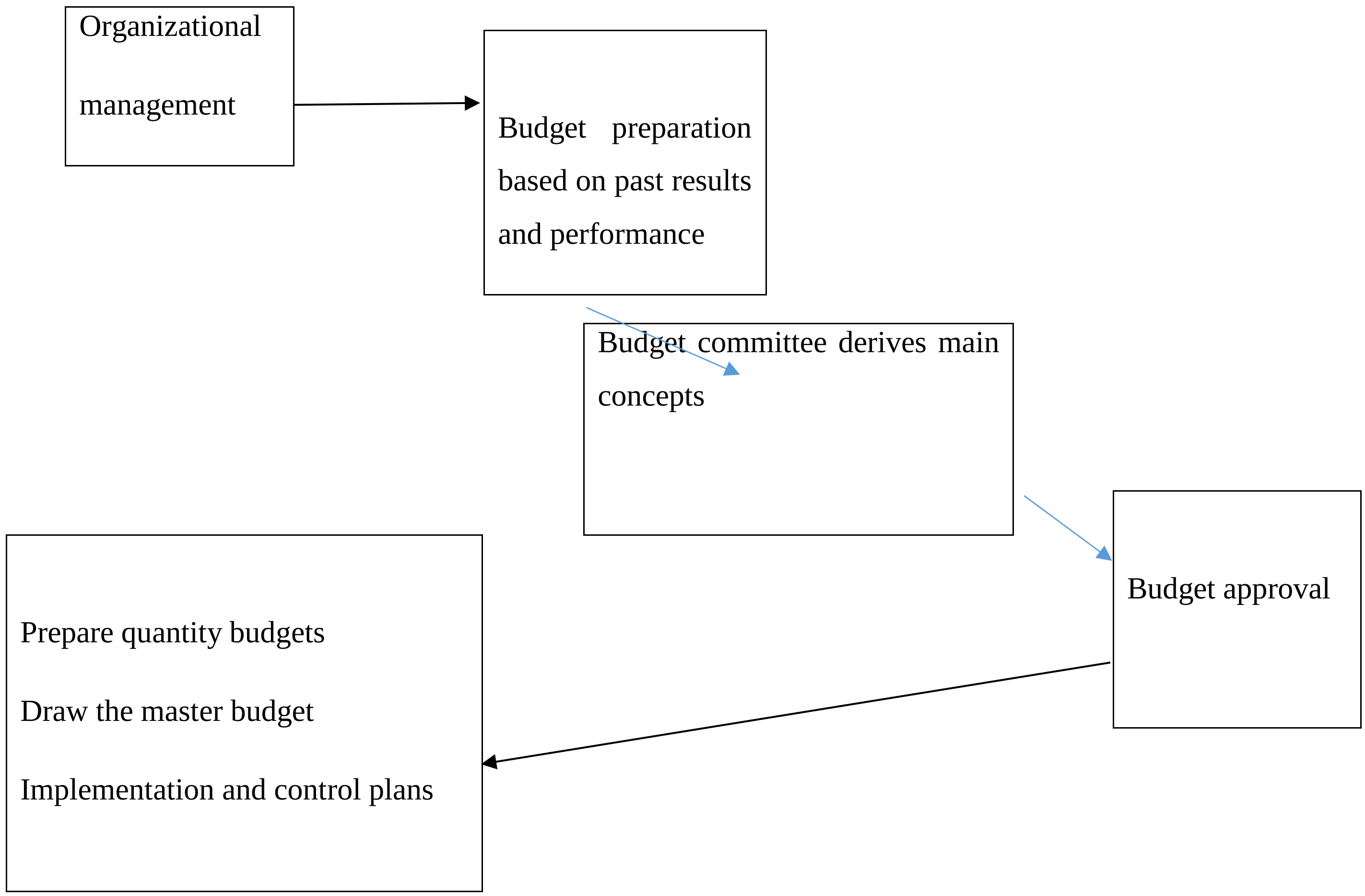
This claim is empirically justified by Berger and Bonaccorsi di Patti (2006), who used the concept of profit efficiency to test predictions about agency theory in a set of U.S. banks. These authors discovered that leverage is a major determinant of agency costs, and those costs have an impact on bank performance. The empirical findings were described as being both statistically and economically significant as well as being robust across specifications (Berger & Bonaccorsi di Patti, 2006, p. 1066). Thus, agency-theoretic models can be successfully applied to banks.

Furthermore, the link between the budgeting process and financial performance has not been established in terms of causality. According to Agency Theory, it cannot be assumed that budgets lower agency costs; instead, budgets can lead to dysfunctional behaviors such as sandbagging, earnings management, and myopia without proper monitoring and incentives (Merchant & Van der Stede, 2017). It will be helpful for the statement to identify if budgets are monitoring devices, bonding devices, or both.

Agency Theory is a strong theoretical lens through which to explore the effects of the budgeting process on financial performance among banks, and empirical studies in the banking industry validate its usefulness for this purpose. Nonetheless, in order to conduct an empirical study that will fulfill the necessary criteria for specificity, the theoretical model needs to specify the principal-agent relationship, the causal pathway, and measures for financial performance.

2.1 Overview of the Budgeting process

The budgeting process should be dynamic and participatory, involving all management in an organization, rather than being a mechanical one (Cullen1999).They point out that this acts as a strong motivator and enables the efficient use of expertise.The primary steps in the budgeting process are budget planning, budget approval, budget execution and control, and budget evaluation. This budgeting process can be illustrated by the figure below,



Source: (T. Lucy 1992)

The budget is prepared by the top management of the organization using historical performance and results, and it is then sent to the budget committee, which determines the key ideas for approval ((Lucy 1992). She points out that following master budget approval, the management team creates implementation and control plans for quantity budgets, ensuring proper monitoring and accomplishing the stated goals and objectives.

According to (Hansen 2003) when faced with new challenges, some businesses have a tendency to modify and enhance their budgeting process and goals. Hansen et al. (2003) cite Bescos et al. (2003) in their article "Practice developments in budgeting: an overview and research perspective," which explains that a survey of French businesses indicates that businesses that function in unpredictable environments.

2 .2 Financial performance

Financial performance is a measure of how well a company's finances are evaluated over time. It is a financial strategy that focuses on finance and current and non-current asset management to boost sales, profitability, and the company's value to shareholders, to put it another way. Giving shareholders and stakeholders thorough information to aid in decision-making is the main objective of financial success, according to Cheruiyot (2012). It can be applied to analyze sectors overall or to evaluate similar companies in the same industry. A company's capacity to maintain corporate governance, reduce risk, and increase profitability depends on its ability to make educated decisions.

According to (Federic 2014), making judgments quickly requires correct information and in-depth industry study. A nation's non-financial business sector is an essential component of its financial system. Ratio analysis is one of the most effective methods for assessing an industry's financial health. In order to reduce a sizable database to a single perspective on a company's financial performance, it attempts to illustrate the mathematical relationship between one statistic or performance indicator and another. However, a study on the factors influencing the performance of Ghanaian commercial banks was carried out by Kwakwa (2014). The study took the money supply, inflation, and size of Ghanaian commercial banks into account. To evaluate the banks' performance, ROA and ROE were employed.

Return on Equity (ROE) and Return on Assets (ROA) for Ghanaian commercial banks indicate that the money supply has a major impact on their performance, according to the study's findings.

Ghana served as the study's base, hence the results cannot be generalized to other nations in this instance, Uganda's commercial banks.

Monetary policy is the cornerstone of the central bank's regulatory role, which promotes stability and economic growth, according to a linked article (Macharia 2013).

Additionally, the researcher revealed that monetary policy tools include the Central Bank Base Rate, Money Supply, Cash Reserve Ratio, Inflation, and Open Market Operations.

2.3. Budget planning and financial performance

(Mon 2019) looked into how Myanmar Oriental Bank's (MOB) budgetary procedure and financial performance were related. The main objective of the study was to assess the impact of the bank's budget planning and execution on its performance. 50 bank workers were chosen as a sample for the study by deliberate sampling and a descriptive survey methodology. The results demonstrated that the success and efficiency of a company's budget execution was significantly influenced by its financial planning. Creating strategies made sure that companies had benchmarks to monitor and assess their performance.

The study also discovered a strong link between participatory budgeting and financial performan ce. This study was conducted in foreign bank the current study shall be conducted in a local bank in Uganda.

(Brock 2007)states that the budget director is in charge of creating the organization's budget, giving guidance to those in charge of creating draft budgets for their departments, and making recommendations regarding budget preparation methods. The budget director also examines departmental budgets to ensure that they are in line with and will accomplish the shared objectives, he adds. After that, the budget director creates the master budget and puts together the final departmental budgets. In a related study (Ahmad 2014) looked at some of the challenges Jordan faces when creating and implementing budgets. The results showed that ignorance of the significance of budgeting is the primary barrier.

Furthermore, there was a propensity to produce exaggerated estimates, which, if approved, cause d problems with the budget's implementation.

Laryea (2016) looked into how budgeting affected financial results. According to the report, budgeting gives superiors' valuable data that they can use to assess how well the company is operating. The researchers employed a quantitative research methodology and conducted the study in Ghana.

The association between budgeting and business performance was examined using regression analysis. According to the study, budget coordination and planning improved performance in a positive and statistically significant way.

Njogo (2017) examined how Kenyan insurance businesses' financial performance was impacted by budgetary planning.45 insurance firms were sampled using the descriptive study approach, resulting in a 50% sample size of 23 insurance companies overall. The study, which used secondary data from the Insurance Regulatory Authority, discovered a negative correlation between performance and changes in capital, operating, and human resource expenses. It was demonstrated that disparities in budgeting techniques had a detrimental impact on the company's success.

Abongo (2016) examined how the performance of Kenya's top 100 small and medium-sized businesses was affected by budget planning. Financial performance was found to benefit from the budgeting procedures of budget planning, budget management, budget coordination, budget communication, and budget evaluation. This was confirmed by the use of questionnaires for data collection and regressions for data analysis. Budgeting practices caused a 49% change in the financial performance of small and medium-sized businesses, according to the R Square value.

Planning enables leaders to devise a suitable plan of action in the face of uncertainty. Planning, according to Karadag (2015), is advantageous and necessary for company success.

A study by Cobia(2013)found that planning was one of the two primary management accounting elements that improved decision-making. As stated by (Pietrzak 2014) most businesses use the budget as their primary planning tool. Budgets are an essential component of many businesses' planning procedures in addition to being a part of management control systems.

2.4 Budget approval and financial performance

Zimmerman (2006) contends that the Board of Trustees is consulted after the organization's total budget has been prepared. He points out that the managers, chief financial officer, accountants, and shareholders are all members of the organization's Board of Trustees. The corporation does not provide them with any financial remuneration.

I agree with Zimmerman (2006) since the Board of Trustees approves all planned items or even r
emoves certain unproductive ones after reviewing the budget to make sure it is in line with the or
ganization's goal and is financially sound, which protects the company's long-term existence.

A standing committee, often made up of the president, vice president, and managers, will be in c
harge of coordinating the budget's preparation and supervising general matters related to the bud
get program(Garrison2001).They also state that the budget committee is responsible for approvin
g the final budget and receiving frequent reports on the company's progress toward its financial g
oals.Nonetheless, I agree with the previous authors that an organization's budget committee team
adopts budgets after examining them to make sure they meet budget criteria, accomplish the desi
red short-term objectives, and align with the strategic plan.

Musiega et al (2023)
examined the effect of budget approvals on health system efficiency using a case study of Ken
yan county health systems.They discovered that Kenyan county budget execution systems were c
haracterized by inadequate procurement practices, limited provider autonomy, cash disbursement
delays, and weak budget credibility.These challenges were linked to decreased employee motiva
tion and productivity, inefficient procurement, a mismatch between county health needs and reso
urce use, a lack of accountability for finances and performance, and an inappropriate input mix t
hat threatened county health systems' capacity to deliver health care services. in Uganda
When the work plans, Ministerial Policy Statements, and budget projections are brought before P
arliament, they are reviewed, adjusted as needed, and approved(MOFPED 2019).
This approval is backed by an Appropriations Bill, which must be provided by May 31st.The bud
get speech, which must be read by June 15th, is then drafted by the finance minister.The budget i
s complete and ready for implementation on July 1st, when His Excellency the President signs th
e Appropriations Bill.
In terms of approving Supplementary Appropriations, Section 25(1) of the PFMA 2015 stipulate
s that the Minister must submit a Supplementary Appropriation Bill to Parliament along with a s
upplementary estimate that shows the required amount if it is found that, for any given fiscal yea
r, the amount appropriated by an Appropriation Act is insufficient or that expenditures are requir
ed for a purpose for which no amount has been appropriated by the Appropriation Act.An accoun

ting officer in need of extra funds may submit a written request to the Minister of Finance for up to 3% of the total approved budget for the fiscal year.

2. 5 Budget control and financial performance

Koech (2015) evaluated how budgetary restrictions affected the financial results of a few Kenyan industrial firms. A stratified sample and a descriptive study methodology were employed. Ten of the biggest businesses from each manufacturing company group were chosen for his analysis. The roles of the respondents were similar to those of the head of the finance department. Fifty responses made up the sample size. In order to basically synthesize the information gathered, he employed a descriptive analysis using both primary and secondary data. The financial performance of manufacturing companies was found to be strongly correlated with the three factors (planning, monitoring and control, and participatory budgeting) in his study. The current study will be carried out in a commercial bank, whereas the previous study was carried out in a manufacturing firm.
According to Tatum (2014) budgetary control is a method that compares actual outcomes with budgets. He goes on to say that any discrepancies are delegated to important people who have the authority to alter the initial budgets or exercise control over actions, and that they allow managers to keep an eye on organizational operations. According to the aforementioned writers, budget implementation and control pertains to the oversight and continuation of the authorized program within the capital budget and long-term plan.
Tracy (2017) looked into how budget control affected US small businesses' financial results. A correlation survey was used in the study's design. All small-scale retailers in the Midwest of the United States were the focus of the study, which included 86 managers and company executives. Data was gathered from the accessible population of 77 business managers via an online survey. To evaluate the relationship between the variables being studied, multiple linear regression models were utilized. The results of the study showed that small business financial success is significantly impacted by budgetary planning. According to the report, business owners can improve the financial stability of their companies by using effective budgeting. However, the study was done in small business in a developed economy. The current study shall be carried out in a large commercial bank in a developing country Uganda.

Ongeri et al (2015) investigated the effectiveness of internal audit and control, focusing on the

Kisii Local Government.The study found that because the local government lacked an internal au diting agency, it was totally dependent on the Auditor General's office to offer an objective and i ndependent assessment of its financial and accounting performance.

Alzeban (2014) investigated

the effectiveness of the internal auditing division of the Saudi government.

The study found that perceived efficacy was influenced by the following factors: the independen ce of decentralized units, the function's appropriate size, and and the interaction between internal and external audit, human resource competency, and senior management support for inte rnal audit procedures.

Qi (2010) investigated how the budgeting process affected the performance of small and medium-sized businesses in China. It is impossible to claim that formal budgetary management has a substantially bigger impact on profits than on sales income, according to the study, which also found a strong and positive correlation between the formal budgeting process and business success. In other words, formal budgeting control and sales income are more strongly correlated than profits are.

2.6 Literature summary

According to the previous studies budgetary planning greatly influences the effectiveness and efficient execution of budgets in organizations. The studies also established that participatory budgeting and financial performance were strongly correlated. From the previous studies it was revealed that budget planning and budget coordination had a positive and statistically significant effect on performance.

.According to previously reviewed research, the budget committees are responsible for approvin g the final budget and receiving regular updates on how well the business is doing in reaching its financial objectives.

Additionally, researchers have found a strong correlation between the three variables (approvals, control, and planning) and a company's financial performance.

`Relating to the above authors, budget implementation and control is concerned with the monitoring and following up of the approved program within the long-range plan and the capital budget. The studies have also indicated that efficient budget planning can enable business organizations advance financial well-being of their enterprises.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section, the discusses the sources of data, data collection techniques , the techniques of analysis and the criteria for the interpretation of the findings, it is described as the research design, sample size, the population reliability and validity and finally the researcher will discuss the possible limitations to the study.

3.1 Research design

The study adopted a cross-sectional research design, both quantitative and qualitative methods were employed. This design helped the researcher to achieve a high degree of validity by highlighting both the theoretical and numerical issues in the study findings. It also saved time and money, which led to data availability and cooperation from the respondents.

3.2 Area of study

The study was conducted at Centenary Rural Development Bank, with its headquarters located in Mapera house Kampala road.

3.3 Target population

A total of sixty-five employees were the subject of the investigation. As a result, the study includes employees from all levels of Centenary Bank, including top management (5), accountants (20), credit officers (10), and branch managers (30), who all assisted the researcher in gaining a comprehensive grasp of the Bank's operations.

3.4 Sample size

The Kricje and Morgan table from 1970.enabled the researcher to determine the sample size . The sample size was found to be 56.

Table1: Sample size and sampling techniques

Respondent category	Population	Sample size	Sampling techniques
Senior managers	05	05	Purposive sampling
Accountants	20	16	Simple random sampling
Credit officers	10	8	Simple random sampling
Branch managers	30	27	Simple random sampling
Total	65	56	

Source; primary data 2024

3.5 Sampling technique

The Branch managers, credit officers, and accountants were chosen to participate in the study using a simple random sample technique, while senior managers were purposively selected based on the crucial information they possessed.

3.6 Data collection sources

Data was obtained from primary and secondary sources

3.6.1 Primary sources

First had information from the respondents was obtained using questionnaires and an interview guide.

3.6.1 Secondary sources

The researcher gathered information that was required for the study by using already published material from other researchers in textbooks, journals, reports, periodicals, newspapers, dissertations, and the internet.

3.7 Data collection methods

The data was collected using Questionnaire survey and Interview methods.

3.7.1 Questionnaire survey

When collecting data for a study, a researcher uses this method. This method entails the researcher creating study participant questions. The kind of questionnaire the researcher used was the self-administered questionnaire. To ensure the validity, accuracy, and reliability the researcher conducted a pretest do pre-testing and established the Cronbach Alpha co-efficient test and the content validity index. Thus, the researcher will use this method to collect data.

3.7.2 Interview

This is the method of data collection where the researcher asks questions to the respondents, and it also involves the use of oral and verbal stimuli. The researcher will use this method but will also go ahead and particularly use the face to face (personal) form of interview to gather information.

3.8 Data collection tools

The questionnaires and the interview schedule and guide were among the instruments the researcher uses to gather data.

3.8.1 Questionnaire

The questionnaire, which consists of a series of written questions, is the instrument that was used to gather dat. According to (Amin 2005) one advantage of the questionnaire is that it encourages candid responses, particularly when it comes to delicate
subjects.To make sure that the required data is appropriately collected, the researcher developed and distributed the questionnaires. The questionnaires contained both closed-ended and open-ended questions.Tellers, cashiers, and other bank employees without supervisory responsibilities were the main target audience for the questions. These respondents
offeredmore details that aidedexamining how the Bank's performance was impacted by variation s in the budgeting process.

3.8.2 Interview guide

A face-to-face conversation conducted over the phone or computer between the interviewer and the respondent is referred to as an interview ((Mugenda 2003). According to (Signs 2007), an interview is a face-to-face discussion during which a questionnaire is spoken aloud. Oral interviews were used to gather in-depth information regarding the variations in the Bank's budgetary process, and the researcher drafted an interview guide aimed mainly at senior management at Centenary Bank. The researcher had more flexibility in their discussions and was able to learn more about the organizational structure and the importance of the budgeting process as a result.

3.9 Quality control

3. 9 .1 Validity

Validity is the measure of how accurate the variables are in the research study. It deals with credibility which examines quality of truth in the data and trustworthiness (Polit and Beck 2008). Hence the research structured questionnaire and interview guide of this study will undergo a face to face validity check by the branch manager to affirm the truthfulness of the questions prior to issuing questionnaires to staff and the interview guide and a letter will be issued to the scholar as proof that the information got is valid and from the Bank. The content validity index was calculated using the formula recommended by Amin (2005*).*

According to Amin; CVI = Relevant item ratings divided by the total number of questionnaire items. The instrument was deemed genuine as the CVI was 0.8.

(Amin, 2005)

According to Amin (2005) an instrument is rendered valid if its CVI is 0.7 and above.

CVI = Items rated relevant /total number of items in the questionnaire.
The validity of the study instrument was assessed by having two or more experts rate each item i n the questionnaire. The instrument was deemed valid when the CVI was 0.8 (Amin, 2005).

3.9.2 Reliability

Reliability means instruments ability to measure the concept, extent to which the results can be provided for a research study.
This aids in verifying the questionnaire's length, content, questions, wording, and language.
Each item's coefficient value was calculated using the SPSS software to determine the value of e ach item. High and near-one values indicated more inter item consistency or reliability.
This implied that the instruments employed yielded reliable and consistent outcomes.

3.11 Measurement of variables

An ordinal scale was used to rank the data after gender, age, and occupation were recorded using a nominal scaling. The researcher will use an ordinal scale based on a five-item Likert scale in the study because ordinal scales are more adaptable and simpler to construct than the majority of other types of attitude scales (Amin, 2005). The rating, which went from 1 to 5, represented the respondents' level of agreement with the statements in the questionnaire. By requesting that participants indicate whether they strongly disagree, disagree, agree, disagree, or are unsure,with statements regarding the issue, the Likert scale is used to gauge their sentiments tow ard the subject.Responses were categorized into frequency counts and percentages.

3.12 Data management and analysis
The degree of consistency with which the researcher managed the data determined the research's capacity to yield accurate results. Both quantitative and qualitative analyses were performed on the data that needed to be gathered.

3.12.1 Quantitative data analysis

The researcher used quantitative techniques to analyze the data.In accordance with the goals of the study, quantitative data was cleaned and coded.Data cleaning was carried out to get rid of any mistakes and increase the data's dependability.For analysis, the data was subsequently imported into Microsoft Excel and then exported to SPSS software version 20.Using frequencies, percentages, means, and standard deviations for each of the variables under investigation, the researcher displayed unambiguous quantitative results as descriptive statistics.The impact of each budgeting process construct on financial performance was examined using Pearson correlation statistic

12.2 Qualitative data analysis

Qualitative data was captured by recording and transcribing the responses. The analysis process shall include familiarization with the data, preliminary coding, topic discovery, theme refinement and naming, theme hierarchy, data comparison, and theme evaluation in relation to research questions. The data captured during the interviews was coded, transcribed analyzed and uploaded into nViVo software for analysis.

To find recurring themes and patterns in the qualitative information gathered from the participants, thematic analysis was used.

3.13 Data collection procedure

In preparation to carry out the study the researcher first sought permission from the managing director with an official letter of introduction from the UCU. In order to collect the necessary data, the researcher asked the bank manager for authorization. The researcher proceeded to gather data after obtaining permission.

3.14 Ethical Considerations

Saunders (2003) argues that research ethics is the appropriateness of one’s behavior in relation to the rights of those who become the subject of the work, and adds that all stages of the research, ethical concerns are likely to occur. The researcher will therefore ensure utmost objectivity, competence and confidentiality throughout the study process.

The researcher promised the respondents that the identity of any individual who will respond to any research question shall not be revealed.

Additionally, she pledged to obtain consent from all relevant parties before including any inform ation into her final dissertation or any other correspondence created throughout the research proc ess.As a result, the identity of those people from whom data was collected for the study was kept private.Additionally, no one was included in the study without voluntarily consenting to participa te.The researcher concluded by assuring the participants of their confidentiality.

3.15 Limitations and delimitations

Some respondents hesitated to give feedback in fear of being held responsible in case of any negative information about their budgetary process variation in the organization. In fear of being held responsible, the researcher promised them that all the information that was given would be treated with utmost confidentiality and will not be linked to unwanted sources in any way.

Data collection was costly to the researcher as the study involved movements from one place to another. To solve this problem, the researcher financed transport by seeking for help from relatives and friends.

Another challenge the researcher faced is that some questionnaires were not be returned by some respondents. To solve such a hindrance, the researcher kept reminding the respondents often to fill the questionnaires and return them to the researcher.

Due to time limit, few employees and managers in Centenary Bank were reached to obtain information about this study and yet everyone had different opinions. For this problem, the researcher tried to question most of the employees and managers available so as to gather the needed information in the most convenient time available.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF RESULTS

4.0 Introduction

The information gathered from the questionnaire and interviews is presented in this chapter. In accordance with the objectives and research questions, the study's findings were presented. Microsoft Excel and SPSS software were also used to analyze and interpret the pertinent data in order to arrive at the conclusions in this chapter. The following tables display the means, frequencies, and percentages of all responses that were submitted. Additionally, the statistical inferences made from the quantitative portion of the questionnaire were corroborated by the qualitative data acquired from the interviews.

4.1 Response Rate

Table 1 below provides a summary of the total number of respondents that make up the sample used in this dissertation. The summary of the calculations are displayed below, and all 56 respondents in the sample size completed the instruments in full.

Table 2: Response rate

Instrument	Planned	Actual	Percentage (%)
Questionnaires	56	56	100 %
Total	56	56	100 %

Source: primary data, 2024

The study's findings and response rate are displayed in Table 2. According to Amin (2005), who states that a response rate of 50% and above (≥50%) represents a survey population, the observed response rate of 89.2% indicates that the majority of the targeted respondents were reached, and the outcome suggests a good representation of a survey population.

4.2 Demographic Characteristics of the respondents

The respondents' background information was deemed essential since it may have an impact on

their capacity to provide accurate information about the study variables.This data included the re spondent's age, years of experience, education, and gender.To help determine the sample charact eristics and to enable the creation of suitable opinions regarding the research findings, backgroun d information about the respondents was also gathered.

4.2.1 Respondent’s age

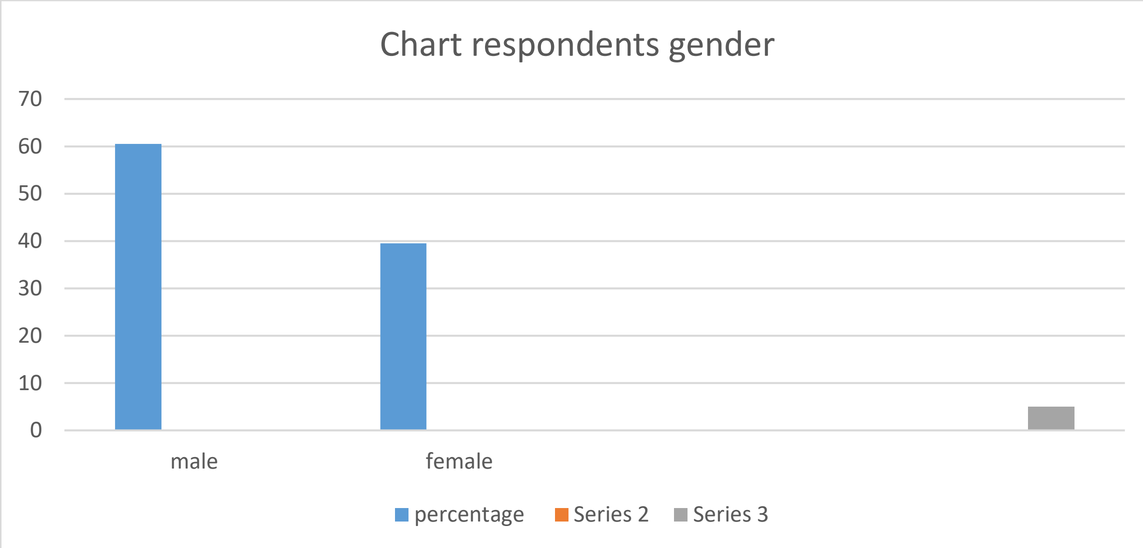
Table 3: Age distribution of respondents

Age Category	Frequency	Percentage (%)
20-30 years	14	25
31-40 years	18	32.1
41- 50 years	16	28.6
Above 50 years	8	14.3
Total	56	100.0

Source: primary data, 2024

The Results in Table 3 reveal a notable concentration of age in the 31-40 years’ age group comprising 32.1 % of the respondents followed by 28.6 % between 41-50 years, 25% were in the age bracket of 20-30 years and only 14.3 % were above 50 years of age. This suggests a significant portion of the workforce in centenary bank falls within the vertex of their professional careers.

4.2.2 Respondent's gender



Source: primary data, 2024

According to the results in Figure 2, above, the majority of respondents—60.5%—were men, and 39.5% were women. Since the sample size included all of the research population's sex categories, it was determined that the sample was fairly selected.

4.2.3 Respondent's Education Level

Table 4: Respondent's education level

Education Level	Frequency	Percentage (%)
Diploma	9	16
Bachelor's Degree	27	48.2
Post Graduate Diploma	15	26.8
Masters degrees	5	8.9
Total	56	100.0

Source: primary data, 2024

The respondents' educational backgrounds are displayed in Table 4. The majority of respondents (48.2%) had bachelor's degrees, followed by postgraduate diploma holders (26.8%), diploma holders (16.9%), and master's degree holders (8.9%). This suggests that respondents with a wide range of educational backgrounds were taken into account in all of the studies.

.4.2.4 Respondent’s Experience

Table 5; Respondent’s experience

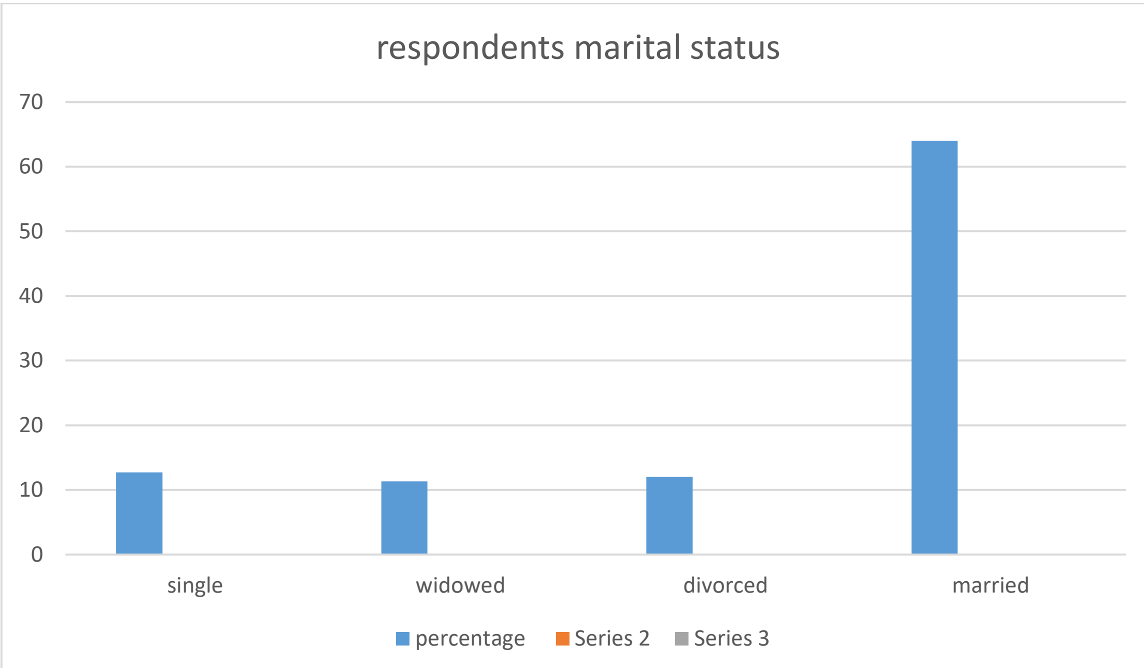
Experience	Frequency	Percentage (%)
1-5 years	14	25
6-10 years	11	19.6
11 -15 years	19	33.9
Above 15 years	12	21.4
Total	56	100.0

Source: primary data, 2024

Table 5 shows that most respondents with more extensive experience were between 11-15 years of experience representing 33.9 %, indicating a considerable depth of knowledge on budgeting process and organizational financial performance. Additionally, a significant portion 25% possessed 1-5 years of experience, 21. 4% had experience of above 15 years at the bank and only 19.6 % had experience of 6-10 years. This indicates that a majority of the respondents had adequate experience with centenary bank.

4.2.5 Respondents marital status

Figure 2 below represents the findings on respondents' marital status



According to the findings presented in figure 2 above most of the employees of the bank, 64% were married, 12.7% were still single, 12% had divorced while 11.3% were widowed. this implies that most of the respondents were responsible individuals.

4.2.6 Respondents occupation

The respondents were asked to provide information about their occupations and the details were presented in table 6 below.

Table 6: respondents' occupation

Occupation	Frequency	Percentage
Senior managers	05	8.9 %
Accountants	14	25 %
Branch managers	24	42.8%
Credit officers	13	23.2%
Total	56	100

Source; primary data 2024 According to the results in table 6 above, the majority of respondents, 42.8% were bank branch managers, with 25% working as accountants. Just 8.9% were senior managers, compared to 23.2% who were credit officers. This suggests that the majority of responders knew a great deal about the subject of the study.

4.3 Empirical findings

The views and opinions of respondents from surveys and interviews are analyzed and interpreted in this section in accordance with the study's goals.

4.3.1. Budget planning and financial performance of Centenary Rural Development Bank

Examining the impact of budget planning on Centenary Rural Development Bank's financial performance was the study's primary goal. Questionnaires and respondents' opinions regarding budgeting and planning were used to collect the results for this goal. Six items were used to measure the variable, and each item was rated on a five-point Likert scale: 5 for strongly agree, 4 for agree, 3 for not sure, 2 for disagree, and 1 for strongly disagree. The analysis's findings are shown in Table 7 below.

Table 7: **Findings on budget planning and financial performance in centenary bank (n= 56)**

Code	Budget planning indicators	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Std	Mean
BPF01	budgetary planning greatly influences financial performance	17(30.4%)	21(37.5%)	10(17.9%)	3(5.4%)	5(8.9%)	1.210	3.75
BPF02	Budget planning has	28(50.0%)	14(25.0%)	6(10.7%)	6(10.7%)	2(3. 6%)	1.173	4.07

	enabled the bank to trace financial performance							
BPF03	departmental budgets are reviewed to make sure that they are compatible with planned activities	2(3.6%)	20(35.7%)	7(12.5%)	3(5.4%)	24(42.9%)	1.440	2.52
BPF04	Departmental budgets are included in the master budget.	27(48.2%)	17(30.4%)	7(12.5%)	2(3.6%)	3(5.4%)	1.113	4.13
BPF05	Unrealistic budget estimations create problems with budget implementation.	23(41.1%)	22(39.3%)	6(10.7%)	4(7.1%)	0(0%)	0.898	4.16
BPF06	Variations from the budget planned has caused a negative effect on the	21(37.5%)	25(44.6%)	4(7.1%)	6(10.7%)	0(0%)	0.940	4.09

	performance of the firm.							

Source: primary data, 2024

Aspects of Budget planning and financial performance of Centenary Rural Development bank presented in table 7 above, were measured using 6 questions. The results obtained include:

The majority of respondents (67.9%) stated that budgetary planning has a significant impact on financial performance, while 14.3% disagreed, indicating that the bank's financial performance was significantly impacted by budgetary planning. A high degree of agreement is indicated by the statement's mean of 3.88. This implies that financial success and budgetary planning are closely related. On the other hand 75% of respondents claimed that budget planning had enabled the bank to monitor its financial performance, 7% said they were not sure, and 14.3% disagreed. This suggests a relationship between Centennial Bank's budgeting and financial performance.

The majority of respondents, 48.3% disagreed, 39.3% agreed, and 12.5% were unsure agreed that departmental budgets should be examined to ensure they align with planned activities. This suggests considerable skepticism over the adequacy of departmental budgets, which could endanger the bank's financial performance.

Furthermore, when asked if departmental budgets are part of the master budget, 78.6% of respondents said they were, while just 9.0% disagreed.

The majority of respondents (89.4%) agreed that unrealistic budget estimates because issues with budget implementation, compared to just 7.1% who disagreed and 10.7% who were unsure. This statement has a mean of 4.16, indicating a very high degree of agreement. As a result, Centennial Bank's financial performance was impacted by unrealistic budget estimates.

Last but not least, 82.1% of respondents felt that deviations from the planned budget had a detrimental impact on the company's performance, compared to just 10.7% who disagreed. A high degree of agreement is indicated by the statement's mean of 4.09. As a result, deviations from the anticipated budget had a detrimental impact on the bank's performance.

4.3.1.1 Correlation results for aspects budget planning and financial performance in centenary bank

The study adopted a correlation technique to establish whether aspects of budget planning were significantly related to financial performance. The results that were obtained are presented in the Table 8 below.

Table 8: Correlation results for aspects of budget planning

		Aspects of budget planning	Financial performance
Aspects of budget planning	Spearman	1	.193
	Sig. (2-tailed)		.154
	N	56	56
Financial performance	spearman	.193	1
	Sig. (2-tailed)	.154	
	N	56	56

Source: Field Data (2019)

** Correlation is significant at the 0.005 or 5% level (2-tailed).

Aspects of Centenary Bank's financial performance and budget planning are the variables in Table 8 above, with a 99% confidence level and a sig (2-tailed) of.000 (p<0.01). The co-efficient score of 0.193 indicated that certain components of budget planning had a weakly positive impact on Centenary Bank's financial performance, indicating that budget planning can, to a limited extent, improve the bank's financial performance. As a result, the idea that budget planning significantly and favorably affects financial performance is accepted.

4.3.2 Budget approvals and financial performance of Centenary Rural Development Bank

Examining the relationship between Centenary Rural Development Bank's financial performance and budget approvals was the study's second goal. Questionnaires and respondents' opinions regarding budget approvals were used to collect the results for this goal. Five items using a five-point Likert scale five being highly agree, four being agree, three being not sure, two being disagree, and one being strongly disagree were used to test the variable. The analysis's findings are shown in Table 9 below.

Table 9 **: Findings on the effect of budget approvals on financial performance in centenary Bank (n= 56)**

Code	Voluntary tax payment practices	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Std	Mean
BAF 01	The overall budget for the bank is prepared and approved by the Board of Trustees for approval	25(44.6%)	18(32.1%)	5(8.9%)	8(14.3%)	0(0%)	1.059	4.07
BAF02	Board of Trustees examines the budget to ensure that it meets the	21(37.5%)	21(37.5%)	7(12.5%)	7(12.59%)	0(0%)	1.009	4.00

	organization's mission							
BAF 03	The Bank budget is fiscally prudent	22(39.3%)	17(30.4%)	14(25.0%)	2(3.6%)	0(0%)	0.900	4.07
BAF 04	The budget committee is the one which approves the final budget	21(37.5%)	22(39.3%)	9(16.1%)	4(7.1%)	0(0%)	0.912	4.07
BAF 05	Periodic reports on the progress of the Bank in attaining budgeted goals are submitted to top management	24(42.9%)	15(26.8%)	10(17.9%)	6(10..7%)	0(0%)	1.036	4.04

Source: primary data, 2024

However, majority respondents 75 % of the respondents agreed that the Board of Trustees examined the budget to ensure that it meets the organization's mission disagreed indicated that, while 12.5 % disagreed with the statement and another 12.5 % were not sure. The mean was 4.0 indicating high level of agreement.

The majority of respondents (70.3%) agreed, 7.6% disagreed, and 25% were unsure that the Bank budget was fiscally sensible. A high degree of agreement is indicated by the mean of 4.07. Centenary Bank's budget was therefore wisely spent.

Regarding the budget committee's approval of the final budget, 76.8% of respondents agreed, 16.1% were unsure, and 7.1% disapproved. A significant degree of agreement was shown by the statement's mean of 4.07. This shows that Centenary Bank's ultimate budget has been approved by the budget committee.

In relation to Periodic reports on the progress of the Bank in attaining budgeted goals being submitted to the top management, 79.7 2% of the respondents agreed as opposed to 10.7% of the respondents disagreed with the statement. The mean was 4.04 reflecting a high level of agreement with the statement.

4.3.2.1 Correlation results for aspects budget approvals and financial performance in centenary

The study adopted a correlation technique to establish whether aspects of budget approval were significantly related to financial performance. The results that were obtained are presented in the Table 10 below.

Table 10: Correlation results for aspects of budget approvals

	Aspects of budget approval	Financial performance
Aspects of budget approvals spearman Correlation	1	.185
Sig. (2-tailed)		.172
N	56	56
Financial performance spearman Correlation	.185	1
Sig. (2-tailed)	.172	

N	56	56

** Correlation is significant at the 0.05 or 5% level (2-tailed).

The variables in Table 10 above are Centenary Bank's financial performance and budget approvals, with a 99% confidence level and a sig (2-tailed) of.000 ($p<0.01$). A weakly favorable impact of budget approval on Centenary Bank's financial performance was indicated by the co-efficient score of.185. The second hypothesis, according to which budget approval significantly improves financial performance, was approved.

4.3.3 Budget control and financial performance of Centenary Rural Development Bank

Examining the impact of budget control on Centenary Rural Development Bank's financial performance was the third goal of the research. Questionnaires and respondents' opinions on budget control were used to collect the results for this goal. Five items using a five-point Likert scale five being highly agree, four being agree, three being not sure, two being disagree, and one being strongly disagree were used to test the variable. The analysis's findings are shown in Table 11 below.

Table 11: Findings on the effect of budget control on financial performance of centenary bank (n=46)

Code	Financial reports practices	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Std	Mean
BCF 01	Budget controls have enabled managers to monitor organizational	20(35.7%)	24(42.92%)	7(12.5%)	3(5.4%)	2(3.6%)	1.018	4.02

	finance function							
BCF 02	Budgetary control has enabled senior managers to compare actual results with budgets.	22(39.3%)	20(35.7%)	4(7.1%)	7(12.5%)	2(3.6%)	1.154	3.96
BCF 03	Budget controls are important in monitoring and following up of the approved program	18(32.1%)	22(39.3%)	9(16.1%)	4(7.1%)	2(3.6%)	1.059	3.91
BCF 04	The bank depends only on the internal audit office,	14(25.0%)	23(41.1%)	14(25.0%)	3(5.4%)	2(3.6%)	1.004	3.79
BCF 05	Budgetary control has impact on bank profits	21(37.5%)	20(35.7%)	11(19.6%)	4(7.1%)	0(0%)	0.934	4.04

Source: primary data, 2024

The aspects of budget control at centenary bank were measured using 5 questions.

There were differing opinions about how budget controls helped managers keep an eye on the organization's financial operations.   Nine percent disagreed, compared to 78.6% who agreed. A significant degree of agreement was shown by the statement's mean of 4.02.

75% of respondents agreed, 16.1% disagreed, and 7.1% were unsure when asked if budgetary control had made it possible for senior managers to compare actual performance with budgets. The average response to this statement was 3.96, suggesting that senior management were able to compare Centennial Bank's actual outcomes with its budgets to a large degree thanks to budgetary control.

Just 10.7% disagreed with the statement that budget restrictions are crucial for monitoring and implementing the approved program, while 71.4 percent agreed and 50% were unsure. 16.1 were unsure, however. A significant degree of agreement was shown by the statement's mean of 3.91. This indicates that budgetary constraints had a significant role in overseeing and implementing the Centennial Bank's authorized program.

Sixty-one percent of respondents agreed, nine percent disagreed, and twenty-five percent were unsure when asked if the bank solely relies on the internal audit office. A considerable degree of agreement is shown by the mean of 3.79. This implies that the internal audit office is the primary source of the bank's reliance.

Finally, as to whether Budgetary control had impact on bank profits, a majority of the respondents 73.2% were in agreement,19.6% were undecided while 7.1% disagreed. The mean for this statement was 4.01 which indicates a high level of agreement.   Therefore, budgetary control had a much impact on centenary banks' profits.

4.3.3.1 Correlation results for aspects of budget control and financial performance at centenary bank

The study adopted a correlation technique to establish whether aspects of budget control were significantly related to financial performance. The results that were obtained are presented in the Table 12 below.

Table 12: Correlation results for aspects of budget control

		Budget control	Financial performance
Aspects of budget control	spearman Correlation	1	.384
	Sig. (2-tailed)		.003
	N	56	56
Financial performance	spearman Correlation	.384	1
	Sig. (2-tailed)	.003	
	N	56	56

Source: Primary Data

** Correlation is significant at the 0.05 or 5% level (2-tailed).

The variables in Table 12 above are Centenary Bank's financial performance and budget control, with a 99% confidence level and a sig (2-tailed) of.000 ($p<0.01$). With a co-efficient score of 0.38, Centenary Bank's financial performance was shown to be significantly positively impacted by components of budget control, indicating that budget control would enhance the bank's financial performance. The third hypothesis, according to which budget control significantly improves financial performance, was approved.

The analysis of the Dependent variable

4.3.4 Assessment of financial Performance

The study's dependent variable is financial performance, and the results were obtained from surveys and respondents' opinions about revenue success. Six items using a five-point Likert scale—five for strongly agreeing, four for agreeing, three for not sure, two for disagreeing, and one for strongly disagreeing—were used to test the variable. The analysis's findings are shown in Table 13 below.

Table 13 : Findings on financial Performance of centenary bank (n=56)

Code	Financial performance indicators	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Std	Mean
FP 01	Financial management at the bank meets Bank of Uganda standards	23(41.1%)	18(32.1%)	12(18%)	3(5.4%)	0(0.0%)	0.920	4.09
FP02	financial actions used in the bank have made it generate revenue	19(33.9%)	18(32.1%)	9(16.1%)	9(16.1%)	1(1.8%)	1.135	3.80
FP03	Financial information has enabled shareholders and stakeholders	19(33.9%)	21(37.5%)	8(14.3%)	5(8.9%)	3(5.4%)	1.151	3.86

	to make sound decisions.							
FP04	Financial information at the bank is accurate and current	24(42.9%)	23(41.1%)	5(8.9%)	3(5.4%)	1(1.8%)	0.936	4.18
FP05	The banks Return on Assets (ROA) and Return on Equity (ROE) are positive	26(46.4%)	23(41.1%)	4(7.1%)	2(3.6%)	0(0%)	0.771	4.33
FP06	Loans recovery at the bank is very effective	19(33.9%)	25(44.6%)	9(16.1%)	2(3.6%)	1(1.8%)	0.903	4.05

Source: primary data, 2024

According to Table 13's findings, the study participants felt that Centenary Bank performed well in the following areas: Financial management was in compliance with Bank of Uganda standards (mean=4.09); financial information helped stakeholders and shareholders make wise decisions regarding the bank's operations (mean=3.8); Centenary Bank's financial actions generated revenue (mean=3.86); and Centenary Bank's financial information was up-to-date and accurate (mean=4.33). Nonetheless, the bank's loan recovery was successful (mean of 2.03), as was the return on equity (ROE) and return on assets (ROA) (mean of 4.05). In general, Centennial Bank's performance was rated highly.

4.5 Regression analysis

Table 13 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.449[a]	.202	.200	13.1078324
a. Predictors: (Constant), budget planning , budget approval , budget control				

The R^2 value of 0.202 indicates that approximately 20.2 % of the variance in the financial performance (dependent variable) can be explained by the predictors included in the model, which consist of budget planning, budget approval and budget control This suggests that these predictors collectively contribute to explaining a significant portion of the variability (20.2 %) observed in financial performance of centenary bank.

Table 14: Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	51.587	7.215		7.150	.000
	Budget planning	-.045	.589	.006	-5.263	.043
	Budget approval	.018	.532	-.103	-1.446	.027
	Budget control	.452	1.533	.071	-2.693	.003
a. Dependent Variable: financial performance						

A number of statistically significant correlations were found in the investigation, which provided insight into the variables affecting financial success.

First, according to $B = -0.045$ and $p = 0.043$, financial planning was the least significant predictor of academic performance. Financial performance decreased by 4.5 percent for every unit increase in budget planning. This result showed that financial performance was negatively impacted by budget planning.

Nonetheless, it was discovered that budget approvals had a significant impact on financial performance ($B = .018$, $p = 0.027$). Financial performance was expected to rise 1.8% for every unit increase in budget approvals. Consequently, Centenary Bank's financial performance was improved by budget approvals.

Finally, budget controls boosted financial performance Moreover, ($B = .452$, $p = 0.003$). Each unit increase in budget control was associated with a predicted increase of 45.2% in financial performance the average marks. This finding highlights the profound role of budget controls in enhancing financial performance.

4.4 Qualitative Findings on the Budgeting Process and Financial Performance

In order to give weight and meaning to the statistical results obtained above, semi-structured interviews were held with five senior managers from Centenary Bank. These include a Senior Manager, Accountant, Branch Manager, and two Credit Officers. They all bring different perspectives about budgeting. The objective was to delve into the deeper "why" and "how" behind the statistical correlation. The results are presented below based on the major themes identified during the interviews.

4.4.1 Theme 1: Two Sides of the Same Coin

Respondents uniformly recognized the significance of budget planning in theory but felt frustrated with its application in practice, as was shown in the quantitative result that budget planning could also have a negative impact.

When it comes to describing the functions of the budget process, a widely held view is that although planning provides the way forward, it tends to become more of a hindrance than a help. As noted by a Senior Manager:

"Budget planning is definitely essential; it is our plan for the year. We set our goals in terms of deposits, lending, and controlling costs. The challenge, however, lies in the fact that when this plan is set, it becomes like the rulebook we cannot deviate from easily. Since we're always so concerned about sticking to the original plan and not doing anything else, we lack the ability to adapt to unforeseen conditions." The problem of unrealistic estimates is also closely tied to this aspect and was pointed out clearly in the survey (BPF05).

These insights were provided by a Credit Officer:

"The targets which we receive from higher up lack reality and are far removed from what is actually happening at the local level. These targets are formulated according to the larger macroeconomic framework, not the local situation in the area. It is impossible to achieve such targets and therefore when we fail to meet them, it creates a sense of failure within the team. Rather than focusing on ways to work towards meeting the target, we waste our energy on explaining why the actual figures differ from the target figures."

These insights came from another Branch Manager:

"Our departmental budget is approved. However, there is hardly any effort made to integrate the departmental budget within the overall budget framework or strategic plan of the organization. We analyze our departmental results in relation to our own targets, yet there is never a follow-up mechanism in place to evaluate our contribution to the whole."

4.4.2 Theme 2: Transparency and Bottlenecks in Budget Approvals

The information gained during the interviews helped to contextualize the findings of the survey with regards to budget approvals, providing insight into a process that is perceived as being transparent yet centralized and slow.

First of all, with respect to the work done by the Board and the budget committee (BAF01, BAF04), an Accountant highlighted the detail-oriented nature of the process:

"The process itself is pretty detailed. Budget goes through the committee first. It has senior managers doing a line-by-line analysis before it goes to the Board for review and approval. The Board, in turn, makes sure that it fits our mission for the long-term. So yes, it is very transparent."

However, the level of scrutiny was also viewed as a drawback, with the same person saying:

"Unfortunately, it takes a lot of time as well. Once a budget receives its final approval, it becomes pretty rigid, almost impossible to change. Let's say something emerges that requires us to invest in a new digital marketing platform. We would still have to pass the whole approval process, which could easily take several months."

The Senior Manager made the connection straight away, emphasizing the positive, yet limited, relationship found by the regression: “We need to make sure that we have a budget [BAF03] that’s fiscally conservative. The approval process allows us not to be reckless with our finances. There is a good financial framework there. In a dynamic industry such as banking, however, that solid financial footing comes with a downside, which is that it hampers flexibility. We certainly see the benefit in terms of performance, yet it’s a basic one”.

4.4.3 Theme 3: Budget Control

There was clear evidence from the qualitative data to support the quantitative results that budget control had the highest positive influence on financial performance. The managers stressed the need for budget control in terms of accountability and corrections, but they were also aware of their dependence on a single form of budget control.

In responding to the question regarding the influence of budget control on financial performance, the Branch Manager pointed out its significance in monitoring and follow-ups (BCF03):

"This is where the rubber hits the road. Without it, all plans and approvals are nothing more than theoretical discussions. As for our branch, we need those monthly variance reports because it gives us real-time insight into what departments are over-expenditure and not meeting targets on revenue. It provides us with opportunities to engage in discussions with the team throughout the period and correct errors, rather than making excuses for failing."

This opinion was seconded by the Credit Officer, who valued the possibility of comparing actuals to budgets (BCF02): “The fact that the performance of my loans portfolio is constantly evaluated against budgeted levels keeps me on track. I see where I am and what I need to do. The budget comes alive, in terms of how I decide to allocate my effort in client follow-up or pushing a particular product.”

Nonetheless, a major issue emerged with regard to the excessive dependence of the bank’s control process on its internal audit function (BCF04). A Senior Manager highlighted concerns related to this practice as follows: “We have an excellent internal audit department; however, this is something that occurs periodically, not continuously. In between audit periods, the control function in the organization seems to relax its guard. We do not have sufficient continuous monitoring systems in place, which would alert us before an internal audit takes place.”

4.4.4 Theme 4: The Link between Budgeting and Financial Health

As for their comments on how budgeting relates to the bank's performance, the responses from the managers helped connect all the identified themes into one, serving as the background for the regression analysis results.

With regard to regulatory compliance and performance, Senior Manager said that despite the excellent performance levels, there are some issues beneath the surface: "With regards to regulatory compliance, we have been doing quite well according to all the criteria: capital adequacy, asset quality, etc. We meet all the Bank of Uganda requirements; our ROA and ROE are positive. But our budgeting process seems to be very efficient at maintaining such levels, rather than at driving superior performance."

As far as the subject of budget deficits and how they come about, there was a return to the topic of impractical planning. One of the managers commented,

"Although we do not have budget deficits in the strict sense that we spend what we don't have, because the controls would never permit us to do that, we always experience performance deficits where we do not reach our revenue goals. And it's very often caused by optimistic initial plans that do not take into account anything outside of their perfect little world."

CHAPTER FIVE

SUMMARY AND DISCUSSION

5.0 Introduction

The chapter presents the summary, discussion, conclusion and recommendations based on the study objective.

The study's shortcomings and possible research areas are also covered in this chapter.

5.1 Summary of key findings

The following represents summary of findings based on the specific objectives of the study

5.1.1 Budget planning and financial performance of Centenary Rural Development Bank

The study discovered a weakly positive association between budget planning and Centenary Ban k's financial success, with a co-

efficient value of 0.193 .Regression research showed that for every 5% increase in budget planni ng, financial performance decreased by 4.5%.This finding demonstrated that budget planning has a detrimental effect on financial performance.

5.1.2 Budget approvals and financial performance of Centenary Rural Development

BankAccording to the study, budget approvals and financial performance are positively correlate d.The coefficient value of r= 0.185 indicates that aspects of budget approval had a significant bu t marginally positive effect on Centenary Bank's financial performance.For every unit increase in budget approvals, a 1.8% boost in financial performance was anticipated.As a result, budget app rovals enhanced Centenary Bank's financial performance.

5.1.3 Budget control and financial performance of Centenary Rural Development Bank

Financial performance and budget control at Centenary Bank were found to follow a similar trajectory, with budget control getting better as financial performance did. At 0.384, their degree of correlation was favorably significant. According to the regression coefficient, financial performance would rise by 45.2% for each unit improvement in budget control. This result emphasizes how important budgetary restrictions are for improving financial performance.

5.2 Discussion of the study

5.2.1 Budget planning and financial performance of Centenary Rural Development Bank

Further evidence obtained revealed a weak relationship between the two variables while descriptive recordings revealed a similar trend where for instance, budgetary planning did not greatly influence financial performance. Budget planning had not enabled the bank to trace financial performance and departmental budgets were included in the master budget at centenary bank.The results in the above matrix support the claims made by a number of authors on financial performance and budget planning:

Mon (2019) asserts that budgetary planning significantly affects how effectively and successfully businesses carry out their budgets.Making plans ensured that businesses had standards by which to track and evaluate their performance.The findings also support those of Ahmad and Ahmad (2014), who discovered that ignorance about the importance of budgeting is the main obstacle.Additionally, budget planning and coordination had a favorable and statistically significant effect on performance, according to Pimpong and Laryea (2016). They also discovered that there was a propensity for inflated forecasts, which, if implemented, led to problems with budget implementation.A 49% change in financial performance was attributed to budgeting processes, according to the R Square value, which supports Abongo's (2016) findings that budgeting processes (budget planning, budget control, budget coordination, budget communication, and budget evaluation) had a positive impact on financial performance.

5.2 .2 Budget approvals and financial performance of Centenary Rural Development Bank

The study found that there was a favorable correlation between financial performance and budget approvals.The outcomes were as follows: the Board of Trustees prepared and approved the bank's overall budget; the Board of Trustees reviewed the budget to make sure it aligned with the organization's mission; the bank budget was prudently managed; and the top management received periodic reports on the bank's progress toward achieving its budgeted goals.

The results show a relationship with several researchers. For example, Zimmerman (2006) conte nds that the organization's entire budget is developed and then given to the Board of Trustees for approval.

He points out that the managers, chief financial officer, accountants, and shareholders are all me mbers of the organization's Board of Trustees. The trustees are appointed to the Board for set ter ms and typically have a strong commitment to the organization's improvement and preservation. They do not receive any financial compensation from the company.

Additionally, the results support Garrison's (2021) recommendation that a standing committee, ty pically composed of the president, vice president, and managers, should be in charge of overseei ng general budget program issues and coordinating the budget's creation.

5.2.3 Budget control and financial performance of Centenary Rural Development Bank

Aspects of budget control and financial performance in centenary bank were found to take a similar route where an improvement in budget control was found to improve financial performance. Their level of relationship was found to be positively significant. The study further also recorded several positive responses on budget control for instance it was noted that, Budget controls enabled managers to monitor organizational finance function, Budgetary control had enabled senior managers to compare actual results with budgets and Budget controls were important in monitoring and following up of the approved program. Such findings are consistent with the findings of several researchers, such as Koech (2015), who found a strong correlation between manufacturing firms' financial performance. Additionally, the results support Tracy's (2017) assertion that small firm financial performance was significantly impacted by budgetary control.As per the report, entrepreneurs can enhance the financial well-being of their businesses by implementing efficient budget management. The findings aligned with those of Ongeri et al. (2015), who showed that the absence of an internal audit office meant the local government had to rely only on the Office of the Auditor General to perform an objective and independent assessment of its accounting and financial performance.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This chapter presents the conclusions and recommendations of the study based on the findings

6.1 Conclusions of the study

The study suggestions based on the study goals are as follows:

6.1.1 **Aspect of Budget planning and financial performance of Centenary Rural Development Bank**

Prior research indicated that there was no significant correlation between Centenary Bank's financial performance and budget planning, indicating that improving Centenary Bank's budget planning would improve its financial performance. Thus, the analysis comes to the conclusion that Centenary Bank's financial performance is not significantly impacted by budget planning.

6.1.2 Budget approvals and financial performance of Centenary Rural Development Bank

It was discovered that the elements of budget approval enhanced Centennial Bank's financial performance. Thus, the study comes to the conclusion that job performance is significantly impacted by budget approvals.

6.1.3 Budget control and financial performance of Centenary Rural Development Bank

It was established that budget control was good for centenary bank to improve financial performance. Therefore, the study concluded that, budget control moderately influences financial performance at centenary bank.

6.2 Study recommendations

In accordance with the above discussion on aspects of budget process and financial performance, the study recommends that;

The study recommends that centenary bank top management establishes a task force to engage in benchmarking on how other banks approach budget planning. This will help deter any possible gaps that may prevail due deficits in budgets.

The study recommends that centenary bank management reviews its budget approval process. This will help allow a transparency and autonomous process to prevail and deter any possible conflicts that may affect financial performance of the bank.

There is need to closely engage most staff especially in the credit section so as to share and exchange valuable information with clients so as to enhance loan recovery efficiency.

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Research output: Contribution to journal/Conference contribution in journal/Contribution to newspaper › Journal article › Research › peer-

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APPENDIX I: QUESTIONNAIRE

Dear Respondent,

I am Pauline Apica, a master's student of Uganda Christian University. I am undertaking research "budgeting process and organizational financial performance, a case study of Centenary bank. The questions presented to you in this questionnaire are only intended to help me undertake my research and will not be used for any other purpose. Your answers given will be treated with utmost confidentiality.

Yours sincerely,

Pauline Apica (researcher)

SECTION A: BIO DATA OF RESPONDENTS

1. Age i) 20- 30 ii) 31-40 iii) 41-50 iv above
2. Gender i) male ii) female

3 Marital Status

a) Single b) Married c) Separated d) Widows e) Divorced

4. occupation a) senior manager b) accountant c) branch manager d) credit officer

5. workexperience a) 1- 5 years b) 6-10 years c) 11- 15 years d) above 15 years

6. religious affiliation

i) protestant ii) Anglican iii) Muslim iv) seventh day Adventist v) born again

SECTION B Budget planning and financial performance of Centenary Rural Development Bank

Please indicate the extent to which you agree with the following statements by ticking (√) appropriately

Key: 5= strongly Agree, 4=Agree, 3=Disagree, 2= strongly disagree1= Not sure.

Code	Indicators	Strongly agree	agree	Not sure	Disagree	Strongly disagree
BPF01	budgetary planning greatly influences financial performance					
BPF02	Budget planning has enabled the bank to trace financial performance					
BPF03	departmental budgets are reviewed to make sure that they are compatible with planned activities					
BPF04	departmental budgets are included in the master budget.					
BPF05	unrealistic budget estimations create problems with budget implementation.					
BPF06	Variations from the budget planned has caused a negative effect on the performance of the firm.					

SECTION C: Budget approvals and financial performance of Centenary Rural Development Bank

Please indicate the extent to which you agree with the following statements by ticking (√) appropriately

Key: 5= strongly Agree, 4=Agree, 3=Disagree, 2= strongly disagree1= Not sure.

Code	Indicators	Strongly agree	agree	Not sure	Disagree	Strongly disagree
BAF 01	the overall budget for the bank is prepared and approved by the Board of Trustees for approval					
BAF 02	Board of Trustees examines the budget to ensure that it meets the organization's mission					
BAF 03	The budgets is fiscally prudent					
BAF 04	the budget committee is the one which approves the final budget					
BAF 05	periodic reports on the progress of the company in attaining budgeted goals are submitted to top management					

SECTION D: Budget control and financial performance of Centenary Rural Development Bank

Please indicate the extent to which you agree with the following statements by ticking (√) appropriately

Key: 5= strongly Agree, 4=Agree, 3=Disagree, 2= strongly disagree1= Not sure.

CODE	Indicators	Strongly agree	agree	Not sure	Disagree	Strongly disagree

BCF01	Budget controls have enabled managers to monitor organizational finance function					
BCF02	Budgetary control has enabled senior managers to compare actual results with budgets.					
BCF03	Budget controls are important in monitoring and following up of the approved program					
BCF04	The bank depends only on the internal audit office,					
BCF 05	Budgetary control does not have a much impact on bank profits					

SECTION E; Financial performance

Please indicate the extent to which you agree with the following statements by ticking (√) appropriately

Key: 5= strongly Agree, 4=Agree, 3=Disagree, 2= strongly disagree1= Not sure.

Code	Indicators	Strongly agree	agree	Not sure	Disagree	Strongly disagree
FP01	Financial management at the bank meets Bank of Uganda standards					
FP02	financial action used in the bank have made it generate revenue					
FP03	Financial information has enabled shareholders and stakeholders to make sound decisions.					
FP04	Financial information at the bank is accurate and current					
FP 05	The banks Return on Assets (ROA) and Return on Equity (ROE) are positive					
FP06	Loans recovery at the bank is very effective					

APPENDIX II: INTERVIEW GUIDE FOR SENIOR MANAGERS

1. What are the roles of budget process on financial performance of centenary banks in Uganda?

2. How is the current financial performance of centenary bank

3. is the bank meeting all the minimum requirements set by the financial institutions Act.

4. explain the relationship between budgeting and financial performance at centenary bank

5. Does the bank at times experience budget deficits? please explain

6. provide some information on the status of the bank balance sheet and profit and loss account for the last four years.

Pseudo R-Square

Cox and Snell	.202
Nagelkerke	.204
McFadden	.048

Link function: Logit.

Parameter Estimates

		Estimate	Std. Error	Wald	Df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[FP = 2.83]	2.181	2.431	.805	1	.369	-2.582	6.945
	[FP = 3.17]	2.707	2.402	1.270	1	.260	-2.001	7.416
	[FP = 3.33]	3.391	2.392	2.010	1	.156	-1.297	8.080
	[FP = 3.50]	4.202	2.403	3.058	1	.080	-.508	8.912
	[FP = 3.67]	4.731	2.418	3.830	1	.050	-.007	9.470
	[FP = 3.83]	5.419	2.441	4.927	1	.026	.634	10.204
	[FP = 4.00]	6.101	2.467	6.117	1	.013	1.266	10.936

	[FP = 4.17]	6.518	2.482	6.894	1	.009	1.653	11.383
	[FP = 4.33]	7.342	2.513	8.537	1	.003	2.417	12.267
	[FP = 4.40]	7.451	2.517	8.765	1	.003	2.518	12.384
	[FP = 4.50]	8.899	2.579	11.905	1	.001	3.844	13.954
	[FP = 4.67]	9.619	2.632	13.355	1	.000	4.460	14.777
	[FP = 4.83]	10.318	2.725	14.337	1	.000	4.977	15.658
	BPF	-.045	.589	.006	1	.939	-1.199	1.109
Location	BAF	.018	.532	.001	1	.973	-1.024	1.060
	BCF	1.533	.452	11.517	1	.001	.648	2.418

Link function: Logit.