

Budget planning, monitoring, and organizational performance of not-for-profit health institutions in Uganda

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Abstract

Budgets are key tools that, when well formulated and monitored, help managers drive the institution toward the achievement of its goals and objectives. The current study set out to investigate the relationship between budget planning, budget monitoring, and organizational performance in not-for-profit health institutions in Uganda. This was a cross-sectional study that involved 63 respondents purposively and conveniently selected from two hospitals in the departments of finance and administration. The data was collected from October to December 2021 using a self – administered questionnaire and analyzed using STATA 12 to generate both descriptive and inferential statistics. The study findings revealed the existence of a significant positive relationship between budget planning and organizational performance and between budget monitoring, and organizational performance. It is recommended that pre-budgeting training sessions be communicated to all stakeholders to enhance active participation during budget planning and strengthen the budget monitoring units and supervisor support.

Keywords: Budget planning; budget monitoring; health institutions; not-for-profit; performance.

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1. Introduction

A budget is a quantitative expression of an organization's goals and strategies in monetary terms. A budget is a summary of what the organization expects to achieve at a given time with the estimated realizable resource envelope (Rajan, Barroy, & Stenberg, 2016; Frost & Rooney, 2021). Budgets are used to ensure efficiency in the use of organizational resources and as a basis to gauge the performance of an organization. Budgets are important tools that managers use to coordinate and control the activities of an organization to achieve stated organizational objectives (Maher, Fakhar, & Karimi, 2018; Keng'ara & Makina, 2020; Chaudhary & Chaudhary, 2018). Budgets are prepared to support management in controlling the business and managing cash flows. Traditionally, the budget serves three main purposes: it enables the prediction of revenues and expenditures, acts as a decision-making tool, and acts as a means to monitor the performance of an organization.

The process of budgeting should be involved since it permeates the activities of the whole organization, whose members help in its implementation. The active involvement of all in the budgeting process is essential to garnering the needed support for budget implementation from all levels of management (Etale & Idumesaro, 2019; Keng'ara & Makina, 2020). Involvement in the budget process creates a sense of ownership. During budgeting, objectives are set aimed at the realization of the organization's vision and mission. To ensure that the objectives of the budget are achieved at any given time, the budget's implementation needs to be monitored. Budgeting is conducted in both the public and private sectors and in the various sectors of the economy. This paper handles the aspect of budgeting from the perspective of the health sector.

At the national level, budgeting for health sector financing is essential for the effective delivery of health services. This is true if a well-functioning, participatory budgeting system is participatory is in place (Barroy, Dale, Sparkes, & Kutzin, 2018). Participatory budgeting is associated with better budget implementation, which improves the credibility of the organization (Demeke & Tao, 2020). The objectives of budgeting in a not-for-profit health institution parallel the objectives of public financial management, which emphasize fiscal discipline, allocative efficiency, and operational efficiency. Health institutions must prioritize spending based on their expected revenues, spend on the right things, and provide value for money (Karima, 2017; Scheffelaar et al., 2020). The increased call for value for money in health institutions is evident in the ongoing shift from activity-based budgeting to performance or program-based budgeting that prioritizes health spending and links allocated funds to measurable results (Rajan, Barroy, & Stenberg, 2016; Kumah et al., 2020).

In periods of uncertainty, such as that experienced during the COVID-19 pandemic, well-formulated budgets are critical to ensuring the sustainability and attainment of the organization's goals and objectives. During the phase of budget planning, prioritization of objectives for the year is done, and steps to accomplish these objectives are streamlined (Subriyah, Brasit, & Darmawati, 2021). If the planning is accompanied by monitoring and timely reporting, the attainment of the organization's vision and mission may become a reality.

1.1. Purpose of study

Failures in budget monitoring have been associated with unnecessary costs to the institutions in terms of time and money due to failures to fix problems in time. This paper attempts to contribute to the ongoing debate on the key role of budgeting in not-for-profit health institutions. The paper is set to accomplish the following objectives: (1) to investigate the relationship between budget planning and organizational performance of not-for-profit health institutions in Uganda (2) to investigate the relationship between budget monitoring and organization performance of not-for-profit health institutions in Uganda.

1.2. Literature Review

1.2.1. Theoretical propositions

The classical theory of budgeting is characterized by surplus budgeting and restricted spending, while modern budget theories are increasingly focusing on managed budgets, where shortfalls in one budget period may be compensated for by surpluses in the other budget periods in line with the trends of the economic cycles. This paper is rooted in modern budget theories, where unforeseen events may be better catered for.

We use the Goal-setting theory to explain the importance of setting budget goals for the attainment of organizational performance. The goal-setting theory propounds that employees are motivated to work when addressed with clear goals leading to improvements in organizational performance (Locke & Latham, 2006). Goal setting is usually done during the planning phase of the budget, and working with clear goals and timely feedback on one's performance tends to lead to improved employee performance. The performance of the organization is depicted in its ability to meet the set budget goals and objectives.

1.2.2. Budget Planning and organizational performance

Budgets are estimates, and for an organization to function efficiently and effectively, the estimates mustn't be far from the actuals (variance). A budget should as much as possible reflect the existing and predictable trend of events, as well as allow for flexibility in terms of emergent occurrences. In uncertain environments, health institutions need to prioritize their spending by adopting priority-based budgeting. Budgeting in the healthcare setting enables the allocation of the available scarce resources to best efficiently deliver healthcare services to the community based on identified priorities (Karima, 2017). Budgeting in the health sector enables the setting of health sector priorities in line with existing realities and emerging health needs. The changes in technology have a bearing on the way health services are delivered, and the use of modern technology in healthcare facilities is improving the patient experience in health centers (Subriyah, Brasit, & Darmawati, 2021). Other cost drivers in the health facilities that should be prioritized in the budget include wages and benefits.

The budgeting process in the public sector is associated with four typical phases: budget preparation, legislative appropriation, budget execution, and program management, auditing, and evaluation (Elaine, Mohr, & Tat-Kei Ho; Rajan, Barroy, & Stenberg, 2016; Karima, 2017). These phases are not any different from how the budgeting process is conducted in private for-profit and not-for-profit organizations, albeit with some phases carrying different names. The four stages identified are all essential components of the budget planning process. In this paper, we use the term "budget planning" to refer to the activities taken while formulating the budget and the suggested actions to ensure the approved budget achieves its intended objectives. Budgets are forecasts; they enable an organization to set targets and monitor the achievement of those set targets, which helps mitigate risks and improve organizational performance.

Several authors have identified key features of a well-formulated budget that include adequate planning, flexibility, and communication. The budget should address the goals and objectives of an organization. That is, the budget prepared should enable the attainment of the organization's goals and objectives. The success of the budget is also highly hinged on its ability to finance unplanned but emerging essential activities needed to attain the organization's vision and mission. The Covid-19 pandemic necessitated most health facilities secure materials and equipment in line with Standard Operating Procedures (SOPs) to help manage Covid-19-related infections and deaths. This, no doubt, is an aspect of a magnitude that had not possibly been planned for in most health facilities, and for which health facilities had of necessity to allow for budget adjustments prioritizing pressing needs of the time. An allowance for budget flexibility tends to motivate staff to be more creative and

innovative, knowing that their imaginative capabilities are not likely to be bogged down by rigid budget structures.

Several studies indicate the existence of a significant positive relationship between budgeting planning and organizational performance (Maher, Fakhar, & Karimi, 2018; Subriyah, Brasit, & Darmawati, 2021; Keng'ara & Makina, 2020). These studies were, however, conducted in the public sector. From the reviewed literature, we posit the following hypothesis:

H1: Budget planning does not lead to improved organizational performance of not-for-profit health institutions

1.2.3. Budget Monitoring and organizational performance

Budgets are estimates that may actualize, or not actualize making the monitoring of budget implementation a key activity in the organization. Sound budget planning allows room for flexibility (acceptable levels of deviation or adjustments in approved spending depending on existing realities) (Rajan, Barroy, & Stenberg, 2016), which improves organization performance as this is associated with employee motivation (Maher, Fakhar, & Karimi, 2018). Budget monitoring is mostly concerned with managing this variance, which can either be favorable with proper utilization of funds or spending less on activity than planned, or adverse, which may stem from an uncertain operating environment, as it did with most institutions with the emergence of the Covid-19 pandemic. It is the responsibility of the various heads of an organization's budget center to ensure spending is within the agreed budgetary limits. Budget monitoring is thus necessary for promoting transparency and accountability related to spending (Karima, 2017).

Budget monitoring should be a regular activity, as it is essential in ensuring that the planned activities are kept on track and any tendencies towards deviation from the set target are corrected in time. It is good practice that regular monitoring reports are provided to the responsible budget supervisors and managers to inform timely decision-making. As a control tool, budgets help to minimize deviations between planned and actual activities. The success of the budget monitoring process has a reflection on the availability of data on which the forecasts were made, actual performances measured, variances identified, and corrective action enforced. The successful implementation and attainment of the budget objectives at any given time are largely dependent on the cooperation of all involved in budget implementation. This cooperation will be more realizable if the budget process, right from the planning stage, is all-inclusive.

Monitoring is usually accompanied by monitoring reports that inform all those involved in the budget implementation of areas that need corrective action to enable the organizational activities to stay on track (Imo & Des-Wosu, 2018). The major challenge in budget implementation in the public sector in Uganda is identified as funding caused by inadequate budget allocations. The performance of the health care services at the local government is also affected by this inadequate funding, which leaves a gap in the health care service provision that other players in the health sector, such as, the mission-founded health facilities, help to close. Like in the public sector, donor funding plays a crucial role in mission-founded healthcare institutions. The challenge, however, with donor funding is its levels of unpredictability (Rajan, Barroy, & Stenberg, 2016), which at times may be very high, thereby constraining health service delivery and the performance of the health institution.

Budget monitoring normally occurs during the phase of budget execution and is aimed at finding out the extent to which activities are conducted in line with the approved budget. Monitoring seeks to ensure compliance with the set targets and agreed-upon procedures (Rajan, Barroy, & Stenberg, 2016). Deviations from the expected deployment of resources normally occur and should be expected. What is of importance is, however, how this deviation is managed if it occurs and if its source is justifiable. The acceptable deviation ranges are normally stipulated by the Board, for example, as specified in the relevant policy document like the financial manual or, in the case of donor funding, by the respective donor agency. Acceptable deviations from the approved budget may include

adjustments necessitated by changing economic conditions. Other conditions that may lead to the need for budget adjustments include low absorption capacity, mismanagement, unauthorized expenditures, and delayed release of funds.

Several studies have shown the existence of a positive and significant relationship between budgetary control and the performance of an organization (Balogun, Mamidu, & Owuze, 2015; Chaudhary & Chaudhary, 2018; Maher, Fakhar, & Karimi, 2018) while other studies have posited a positive and significant relationship between budgetary monitoring and the performance of an organization (Keng'ara & Makina, 2020; Subriyah, Brasit, & Darmawati, 2021). This is enabled by the role of the budget in influencing resource allocation and limiting wasteful expenditures. The improper management of financial records and the failure to link budgets to the organization's strategy are cited among the challenges of budgetary controls in organizations. Organizations that use budgets as a key internal control mechanism are more likely to improve their levels of accountability and transparency.

Research shows that when employees are actively involved in the budgeting process, there is a high possibility of minimizing the mismatch between planned and actualized activities. This is supported by evidence from the Democratic Republic of the Congo, where involving the communities in budget allocation did not only support the setting of budget priorities but also improved the community's participation in the monitoring and implementation of approved budgets (Rajan, Barroy, & Stenberg, 2016). Community participation was also associated with the improved credibility of the organizations, which has the potential to attract more donor funding, which is one of the key sources of funding in both the public and private health sectors. From the reviewed literature, we posit the following hypothesis:

H2: Budget monitoring does not lead to the improved organizational performance of Not-for-profit Health Institutions

1.2.4. organizational performance

Organizational performance refers to how well an organization is meeting its vision and mission. Different authors have variously defined organizational performance with no agreed-upon definition, leaving the concept of Organizational performance to subjective interpretations (Demeke & Tao, 2020). The organizational performance comprises the actual output or results of an organization as measured against its intended outputs. Organizational performance is essentially a product of the active involvement of the organizational employees toward the attainment of the organizational vision and mission (Chaudhary & Chaudhary, 2018). Organizational performance is improved with work plans operationalized in the form of budgets directed toward the attainment of specific organizational activities on an annual basis (Subriyah, Brasit, & Darmawati, 2021). Organizational performance is the process of assessing how well the organization is meeting its objectives for growth and long-term survival. The long-term survival of an organization is ensured by improvements in employee productivity levels, efficient processes, and an enabling organizational climate.

Organizational performance is measured variously in the literature in terms of financial performance, e.g., profits; shareholder return; and product market performance, e.g., sales (Pierre, Devinney, Yip, & Johnson, 2009). The performance of an organization is at times measured in terms of the attainment of the targeted organization's objectives (Elena-Juliana & Criveanu, 2016; Chaudhary & Chaudhary, 2018). Traditionally, organizational performance has focused on the economic aspects of the organization, as evident in the 3Es of efficiency, effectiveness, and economy. The current global trends on sustainable development have seen the widening of these 3Es to 5Es, intended to integrate the environmental and social aspects of the responsibility of an organization to society. The additional 2Es stand for the environment and equity issues that the organization should concern itself with in pursuit of its strategic objectives. This paper handles organizational performance from the perspective of the 5Es measured on a self-constructed questionnaire that respondents were required to respond to.

2. Materials and Methods

2.1. Data collection instrument

The current study adopted a cross-sectional survey research design, and data was collected from two not-for-profit hospitals under Masaka Diocese. The data was collected from October to December 2021 using a self – administered questionnaire that was distributed among hospital staff, mainly in the departments of finance and administration. The self-administered questionnaire followed a five-type Likert scale, where 1 represented disagreement with the item under consideration and 5 showed agreement with the item under consideration.

2.2. Participants

The target respondents were selected based on their assumed capacity to provide the required responses given their positions, as well as their willingness to participate in the study. It included 63 respondents.

2.3. Analysis

The reliability of the study instrument was obtained using the Cronbach alpha coefficient, where a value of 0.9 was posted for all items, which is greater than the minimally acceptable range recommended of 0.7. A rule of thumb for guided reliability estimation is that a coefficient greater than or equal to 0.70 is acceptable and a good indication of construct reliability (Nunnally, 1978; Tavakol & Dennick, 2011). The model was tested for multicollinearity using the variable inflation factor. The collinearity tolerance (1/VIF) for all predictor variables was greater than 0.1(10%) with the corresponding variable inflation factor (VIF) for all variables falling within the recommended interval of 1 and 10, indicating the non-existence of multicollinearity in the data set. The descriptive statistics, correlation tests, multiple regression, parameter estimates, and multicollinearity tests were all estimated using Stata 12 software. The theoretical model that guided this study is given by: Organizational Performance (Y) = $\alpha + \beta_1 X_1 + \beta_2 X_2 + \epsilon$, where α is the intercept, $\beta_1 \beta_2$ are Coefficients X_1 is budget planning, X_2 is budget monitoring, and ϵ is the error term.

2.4. Ethics

A written consent form was distributed to the participants at the start of the data collection period. All participants voluntarily responded to the questionnaire.

3. Results

3.1. Descriptive Statistics

The study involved 63 employees involved in administration and finance, 42 (67%) females and 21 (33%) males. The majority of the respondents were between 25-44 years old. 53(84%); 5(8%) of the respondents had been with the health facility for less than a year, 48(76%) had been with the facility for between 1 and 10 years, and while 10 (16%) had been with the facility for over 10 years. 28(44%) of the respondents were graduates, 19(30%) were diploma holders while 16(25%) were certificate holders.

The overall means of the study constructs revealed respondents' agreement with various items under each construct, though with varied opinions on most of the items. The overall means and standard deviations (SD) of the various constructs under study were: budget planning at 3.50(1.20), budget monitoring at 3.53(1.16), and organizational performance at 3.67(1.05). The findings revealed a general agreement in the opinion that budgets are prepared with clear and measurable goals. 3.71(0.97), budgets are important tools of decision-making 4.11(1.15), budgeting is based on projected revenues 3.84(1.07) and the budget unit has qualified and experienced staff 3.76(1.19). There are noticeable variations in opinion when it comes to the essentials of effective budgeting, such

as the need for pre-budgeting training sessions that seem to be ignored at 2.41(1.20) and the need for the budgeting exercise to take on a bottom-up approach at 2.94(1.33). The findings revealed the involvement of units in budget planning at 3.44(1.32). The annual budget goals are provided to units 3.08 (1.53), budgeting follows an approved framework of 3.46(1.20) and the budget process is given adequate time at 3.67(1.20). There is the training of budget holders 3.57(1.19), income sources are identified during budget planning 3.67(1.20) and the health institutions have budget committees 3.75(1.18).

The findings on budget control revealed a general agreement that the health institutions are subject to regular annual audits 4.19(0.98) and management is actively involved in budget control 4.06 (0.90). There was a variation in opinion on other measures of budget control such as the institution possessing an internal audit unit 3.98(1.17), the preparation of monthly reports on budget performance 3.60(1.24), and the existence of a clear monitoring framework 3.60(1.07). There is timely handling of issues raised in audit reports 3.59(1.20), variances in set targets are regularly monitored 3.44(1.10), and timely feedback on budget reviews is provided 3.38(1.08). The budget has reflections on the existing economic trends 3.30(1.16) and budget spending follows approved votes 3.30(1.21). There is consultation of staff during the budget planning process 3.17(1.39), staff is provided with annual budget goals 3.11(1.25) and there is soliciting of staff views on the annual budget during budget planning 3.14(1.29).

The findings on organizational performance revealed minor variations in opinion in six out of the 15 items tested. The findings revealed the prompt payment of employee salaries at 4.40(0.75), employee awareness of the institution's mission at 4.10(0.89), and the urge to serve clients better at 4.00(0.86). The respondents reported receiving continuous support from co-workers 3.81(0.95) while there were variations in opinion when it came to receiving support from immediate supervisors 3.68(1.12). The respondents reported new service offerings to patients at 3.78(0.92) and the ability of the health institution to meet set periodical targets at 3.41(0.89). Variations in opinion were registered about the institution holding regular staff meetings 3.94(1.05), the participation of the institution in community activities 3.78(1.01), and the regular appraisal of staff 3.68(1.23). Further variations were reported in the area of procurement of the latest technology/equipment 3.59(1.01), the training of employees in the use of new technologies 3.25(1.32), the reduction in patient complaints 3.38(1.10), the growth in patient numbers 3.29(1.20) and the use of digital services 3.00(1.38).

3.2. Inferential Statistics

3.2.1. Correlation results

The correlation tests were performed to measure the strength and relationship between the independent and dependent variables. The Pearson correlation coefficient ranges from +1 to -1 with a value of 0 indicating the lack of a relationship between the two variables measured. A value greater than 0 implies that as the value of one variable increases, the value of the other variable also increases. The results are presented in Table 1.

Table 1

Correlation Matrix

Variable	Budget planning	Budget monitoring	Organization Performance
Budget planning	1		
Budget monitoring	0.9408***	1	
Organization Performance	0.9047***	0.901***	1

***significant at 5%

H1: Budget planning does not lead to the improved organizational performance of Not-for-profit Health Institutions

The results indicate that budget planning leads to improvements in health institutions' organizational performance (0.904; $P < 0.05$). The null hypothesis is rejected.

H2: Budget monitoring does not lead to the improved organizational performance of Not-for-profit health institutions

The results indicate that budget monitoring leads to improvements in health institutions' organizational performance (0.901; $P < 0.05$). The null hypothesis is rejected.

Table 2

Regression test (parameter estimates)

Variable	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]
Budget planning	0.55	0.16	3.45	0.00	0.23 0.86
Budget monitoring	0.48	0.16	3.01	0.00	0.16 0.81
Intercept	7.19	2.46	2.93	0.01	2.29 12.10

The estimated equation as derived from Table 2 is given as $(Y) = 7.19 + 0.55X_1 + 0.48X_2$. These findings imply that a unit increase in budget planning improves the organizational performance of health institutions by 55% while a unit increase in budget monitoring improves the organizational performance of health institutions by 48%.

Table 3

Regression model summary

Source	SS	Df	MS		
				F (2, 67)	175.990
Model	21856.64	2	10928.3	Prob > F	0.000
Residual	4160.503	67	62.1	R-squared	0.840
Total	26017.14	69	377.1	Adj R-squared	0.835
				Root MSE	7.880

Source: Field survey, 2021. Values based on the author's calculations using STATA 12

The regression test was performed to determine the contribution of the independent variables to the dependent variable and to help model the relationship between the independent variables and the dependent variable (Table 3). Collectively, the predictor variables explain 83.5% of the variation in the organizational performance of health institutions (adjusted R-squared 0.835; $P < 0.00$). The difference between the R-squared and the adjusted R-squared is 0.005 meaning that the model fit is very good. The F-test is also significant which implies that our regression equation fits well with the data set used in the analysis.

Table 4

Multicollinearity Test

Variable	VIF	1/VIF
Budget planning	8.71	0.115
Budget monitoring	8.71	0.115
Mean VIF	8.71	

The model was tested for multicollinearity using the variable inflation factor. The collinearity tolerance (1/VIF) for all predictor variables was greater than 0.1(10%) with the corresponding variable inflation factor (VIF) equal to 8.71 for all variables which fall within the recommended interval of 1 and 10 indicating the non-existence of multicollinearity in our data set.

4. Discussion

The paper sought to establish the relationship between budget planning, budget monitoring, and organizational performance of not-for-profit health institutions in Masaka Diocese, Uganda. The results have indicated that despite the variations in opinion, budget planning and budget monitoring significantly affect the organizational performance of not-for-profit health institutions in Masaka Diocese, Uganda.

The results have revealed the importance of budget planning to improve the organizational performance of health institutions (0.904; $P < 0.05$). This finding confirms earlier studies that posited the existence of a significant positive relationship between budget planning and organizational performance (Maher, Fakhar, & Karimi, 2018; Subriyah, Brasit, & Darmawati, 2021; Keng'ara & Makina, 2020; Fonjong, 2007). The budgeting process involves the identification of potential income sources, and based on the projected revenues; the budget is formulated.

The general agreement on budgets being set with clear and measurable goals is not surprising and agrees with the recommended practices on budgeting (Rajan, Barroy, & Stenberg, 2016; Subriyah, Brasit, & Darmawati, 2021; Duan, Li, Sun & Yang, 2022). This finding is also in support of the Goal setting theory that emphasizes the need to set clear goals to achieve improved organizational performance (Locke & Latham, 2006).

The wide variations in opinion about participatory budgeting seem to suggest that the health institutions studied may not be emphasizing this key aspect of budgeting, contrary to suggestions (Etale & Idumesaro, 2019; Keng'ara & Makina, 2020). Whereas respondents on average agree on the involvement of units during the budgeting process, the findings seem to suggest a general agreement that this involvement does not prioritize the bottom-up approach. Rajan, Barroy, & Stenberg (2016) stress the need for organizations to use the bottom-up approach to budgeting to create ownership and credibility in the organizations.

The health institutions have budget committees with qualified and experienced staff. As much as the results reveal the general agreement that budget holders are trained, there are wide variations in opinion. This is complemented by a score posted leaning toward disagreement when it comes to the organization of pre-budget training sessions.

Budgets are important tools of decision-making that help organizations prioritize spending according to need, the resources envelop, and the existing economic conditions. The Covid-19 pandemic led to the closure of many economic activities that led to the slowing down of economies (Bedford, Speklé & Widener, 2022). The health needs of the communities increased amidst reducing funding from the donor community that often supports health service providers not only in the public sector but also in not-for-profit health institutions (Lukwago, 2016; Rajan, Barroy, & Stenberg, 2016).

Budgeting hedges against uncertainties in revenue flows by providing a framework for prudent budget spending and agreeable, flexible adjustments to approved budget spending. The findings revealed that the budgets follow an approved framework, the budgeting process is given adequate time, and flexibility in budget spending is accepted as in agreement with (Rajan, Barroy, & Stenberg, 2016), though in this study the variations seem to exceed the generally accepted limit of -10 and +10.

The findings revealed that budget monitoring does lead to improvements in the organizational performance of health institutions, which echoes earlier research works conducted by (Balogun, Mamidu, & Owuze, (2015); Chaudhary & Chaudhary, (2018); Maher, Fakhar, & Karimi, (2018); Keng'ara & Makina, (2020); Subriyah, Brasit, & Darmawati, 2021). The health institutions conduct regular annual audits and management is actively involved in budget control. The health institutions have a clear monitoring framework; variances in set targets are monitored, monthly reports on budget performance are prepared, and issues raised in audit reports are timely handled. The provision of feedback on the monitoring exercise in the form of monitoring reports is supportive (Imo & Des-Wosu,

2018). There were variations in opinion reported as regards health institutions following approved budgets. This may be explained given that in one health institution raised, the average variances for the years 2016 to 2020 exceeded 50 percent, mainly accounted for by unexpected cash inflows from both the central government and the donor community.

The predictor variables were found to explain 83.5% of the variation in organizational performance of not-for-profit health institutions. This finding parallels the importance of budgeting in the public sector for the effective delivery of health services (Barroy, Dale, Sparkes, & Kutzin, 2018). The finding also supports the view held by various researchers that budgets are important tools of control that help institutions achieve their organizational objectives (Maher, Fakhar, & Karimi, 2018; Keng'ara & Makina, 2020; Chaudhary & Chaudhary, 2018). The health institutions, despite the hardships caused by the COVID-19 pandemic, were able to meet set targets, such as the prompt payment of employee salaries and the promise to serve clients better through new service offerings. The attainment of set targets was enabled by the support mainly from co-workers and somehow from immediate supervisors given the variation in opinion.

Average scores were registered concerning the training of employees in the use of new technologies, the reduction in patient complaints, the growth in patient numbers, and the use of digital services. The use of technology is associated with improvements in the patient experience, provided the employees are trained in the use of such acquired technologies (Subriyah, Brasit, & Darmawati, 2021). A positive patient experience will improve patient satisfaction, improve the credibility of the institution, and result in improved organizational performance.

5. Conclusion

Budget planning is associated with improved organizational performance in not-for-profit health institutions. This is enabled when the involvement of all stakeholders is solicited. The health institutions have budget committees with qualified and experienced staff. During the budgeting planning phase, potential income sources are identified, and budget priorities are set, which enables the formulation of clear and measurable goals. There is a budget framework that allows room for flexibility, though the findings reveal wide variations beyond the generally acceptable range of -10 and +10. The wide variations in the respondent's opinions despite the general agreement on the items tested seem to suggest room for improvement in participatory budgeting processes in the health institutions studied. One possible area that may need attention is the organization of pre-budget training sessions involving stakeholders.

In support of earlier research done, the findings have revealed that budget monitoring is essential to the improvement of the organizational performance of not-for-profit health institutions. The preparation of monitoring reports enables the provision of timely feedback on how well the institution is meeting set targets, which helps to fix the observed variations. Monitoring reports not only motivate staff and aid the management decision-making process but also promote transparency and accountability practices in the organization. Transparency and accountability practices are key aspects that attract donor funding to an institution, and since not-for-profit health institutions seek funding from external sources, this practice should be upheld.

Budget planning and monitoring have been found to play a key role in improving the organizational performance of not-for-profit health institutions. The prioritizing and setting of clear goals have enabled the attainment of most of the targets set by the health institutions. The targets such as the prompt payment of employee salaries and new service offerings to patients have improved the effective delivery of health services. There is, however, more to be done to reduce patient complaints, strengthen supervisor support, and integrate technology into most of the health institutions' processes.

6. Recommendation

There is a need to educate all the stakeholders about the budget process and, if possible, to regularly organize pre-budget training sessions that should be communicated to all concerned. This may help reduce the wide variation in opinion evidenced under participatory budgeting. There is a need to study the potential income sources and expenditures to minimize the variances between planned and actual expenditures. The health institution boards should provide guidelines on acceptable variations. It may also be important to study the cause of the persistent wide variations, whether it is because of a lack of technical expertise and experience in budgeting by the budget committee, or how best to make planned budget figures more reflective of the actuals.

There is a need to strengthen the budget monitoring units of health institutions to reduce budget variances and build the credibility of the institutions. The monitoring unit should integrate into their reports suggestions on managing patient complaints, strengthening supervisor support, and integrating technology into health institutions' processes.

Declarations

Author contributions

Kizza James: Conceived and guided the study

Dorothy Ssendagire: reviewed the literature

Ekyagonza Lucy: Collected the data

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Data availability

The data used are primary and will be made available on request

Declaration of conflict of interest

The authors declare no conflict of interest

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