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IMPACT OF BUDGETARY CONTROL ON THE FINANCIAL PERFORMANCE OF NON- PROFIT ORGANIZATION IN NIGERIA (NGO)

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Abstract

Budgetary control, a strategic approach to financial management, encompasses the planning, execution, and monitoring of budgets to optimize resource allocation, foster accountability, and facilitate informed decision-making. This study examined the Impact of Budgetary Control on the Financial Performance of Non- profit organization in Nigeria. The study employed a cross sectional survey design. 143 registered NGO were sampled and participated in the study. Questionnaire was design and administered to the participants. The data collected was analysed using multiple linear regression technique with the aid of SPSS version 26 software. The result indicated that Budget formulation, budget monitoring and control and budget flexibility has significant impact on financial performance of NGOs in Nigeria. Budget implementation has no significant impact on financial performance of NGOs in Nigeria. The study recommends that NGOs should develop budgetary control frameworks tailored to their specific missions, goals, and programs. Implement modern technology solutions, such as specialized budgeting software and financial management systems, to streamline budgetary control processes

Keywords: Budgetary Control, Budget formulation, Financial Performance, Non- profit organization

1. Introduction

In the intricate landscape of non-profit organizations in Nigeria, a dynamic tapestry of initiatives strives to uplift communities, address pressing social issues, and drive sustainable development. These organizations, often operating with limited resources and relentless determination, play a pivotal role in bridging gaps left by governmental institutions. However, the challenges they face are manifold, chief among them being the judicious management of financial resources to ensure sustained operations and impactful outreach. In this context, the concept of budgetary control emerges as a beacon of financial precision, exerting a profound impact on the financial performance of non-profit organizations in Nigeria (Oneyka & Oreogbu, 2019).

Budgetary control, a strategic approach to financial management, encompasses the planning, execution, and

monitoring of budgets to optimize resource allocation, foster accountability, and facilitate informed decision-making. While its importance is universally recognized, its significance takes on a heightened dimension in the context of non-profit organizations. These entities operate within a delicate balance of altruism and practicality, striving to maximize their reach while adhering to the principles of transparency, ethical financial stewardship, and sustainable growth (Olaniyan & Efuntade, 2020).

Amid the diverse array of non-profit organizations in Nigeria, spanning sectors such as education, healthcare, environmental conservation, poverty alleviation, and more, the necessity of effective budgetary control cannot be overstated. These organizations operate as the vanguard of change, catering to the needs of vulnerable populations and championing causes often marginalized

by mainstream systems. The efficient utilization of financial resources becomes not only an operational imperative but also a moral duty, ensuring that each monetary unit expended translates into tangible positive outcomes for beneficiaries (Nwanyanwu & Ogonnaya, 2018).

Nigeria, a nation teeming with cultural diversity, geopolitical intricacies, and economic disparities, presents a unique backdrop for non-profit activities. It is within this context that the impact of budgetary control on financial performance gains a nuanced dimension. The resource constraints faced by non-profit organizations, coupled with the volatility of donor contributions and the ever-evolving socio-economic landscape, amplify the need for meticulous financial management. Budgetary control, by providing a structured framework to anticipate, plan, and manage financial obligations, offers a strategic tool for these organizations to navigate the challenges that lie ahead (Abdullahi, Abubakar, Kuwata & Muhammad, 2015).

One of the central pillars of effective budgetary control is its ability to foster financial accountability. Non-profit organizations rely on public trust, donor support, and stakeholder engagement to sustain their operations. By exercising transparent financial practices and ensuring that every financial transaction aligns with the organization's mission and objectives, these entities strengthen their credibility and build lasting relationships. Budgetary control acts as a sentinel, warding off financial mismanagement, fraud, and wastage, thereby safeguarding the organization's reputation and integrity (Olaniyan & Efuntade, 2020).

However, the journey toward effective budgetary control in non-profit organizations is rife with challenges. The nature of their work often involves navigating complex social issues, which can render the financial landscape unpredictable. Furthermore, non-profit entities may grapple with limited financial expertise, technological constraints, and insufficient access to financial data. Overcoming these barriers demands a comprehensive approach that marries financial strategy with organizational ethos, and adapts to the ever-changing

landscape of non-profit work in Nigeria (Oneyka & Oreogbu, 2019).

In light of the intricate interplay between financial management and organizational impact, this study embarks on a comprehensive exploration of the impact of budgetary control on the financial performance of non-profit organizations in Nigeria. By examining theoretical foundations, empirical evidence, and real-world case studies, this research seeks to unveil the potential of budgetary control as a catalyst for financial resilience and mission accomplishment. Through rigorous analysis and insightful recommendations, the study aspires to contribute to a stronger, more sustainable, and impactful non-profit sector in Nigeria. Non-profit organizations in Nigeria stand as testaments to compassion, advocacy, and transformative change. Amidst the myriad challenges they navigate, effective budgetary control emerges as a linchpin for financial stability, operational efficacy, and lasting impact. As this study delves into the symbiotic relationship between financial precision and societal progress, it endeavours to illuminate a path toward a more prosperous and empowered non-profit landscape in Nigeria.

Research Objectives

The main aim of the study is to determine the effect of Budgetary Control on the Financial Performance of Non-profit organization in Nigeria. Specifically, the study seeks to achieve the following objectives.

- i. To find out the impact of budget formulation on the Financial Performance of Non-profit organization in Nigeria
- ii. To find out the impact of budget implementation on the Financial Performance of Non-profit organization in Nigeria
- iii. To find out the impact of budget monitoring and control on the Financial Performance of Non-profit organization in Nigeria
- iv. To find out the impact of budget flexibility on the Financial Performance of Non-profit organization in Nigeria

Research Hypotheses

The following hypothesis were tested at 0.05 level of significance

- i. Budget formulation have no significant impact on the Financial Performance of Non- profit organization in Nigeria
- ii. Budget implementation have no significant impact on the Financial Performance of Non-profit organization in Nigeria
- iii. Budget monitoring and control have no significant impact on the Financial Performance of Non- profit organization in Nigeria
- iv. Budget flexibility have no significant impact on the Financial Performance of Non- profit organization in Nigeria

2. Literature Review

2.1 Conceptual Issues

Concept Budgetary Control

Budgetary control refers to the systematic process through which organizations plan, monitor, and manage their financial activities by comparing actual performance against predefined budgets. It involves adjusting resource allocation and decision-making based on the analysis of variances between projected and actual financial outcomes (Sande, et al,2023) .

Budgetary control is a financial management approach where organizations create budgets to forecast expected revenues and expenditures, enabling them to track their financial progress. By constantly comparing actual results with budgeted figures, organizations can identify deviations and take corrective actions to ensure fiscal discipline and goal alignment (Njue, 2022).

Budgetary control is a methodical framework used by businesses and non-profit entities to maintain financial oversight and accountability. It encompasses the creation, execution, and continuous monitoring of budgets, enabling organizations to optimize resource utilization and ensure that financial activities are aligned with strategic objectives (Kimani, 2014).

Budgetary control is a strategic financial management technique used by organizations to plan, monitor, and control their financial activities. It involves the formulation of budgets, which are comprehensive plans that outline the expected revenues, expenditures, and allocations of resources for a specific period, usually a fiscal year. The primary purpose of budgetary control is to ensure that an organization's financial resources are used efficiently, effectively, and in alignment with its goals and objectives.

Key components and features of budgetary control according to Kimani (2014) include:

1. **Budget Formulation:** This is the process of creating budgets that detail the projected income and expenses for various activities, projects, departments, or functions within the organization. Budgets serve as blueprints for financial decision-making, enabling the allocation of resources based on priorities.
2. **Budget Implementation:** After budgets are formulated and approved, they are put into action. This involves allocating funds to different activities and departments as outlined in the budget plan.
3. **Monitoring and Control:** Budgetary control involves ongoing monitoring of actual financial performance against the budgeted figures. This comparison helps identify discrepancies, deviations, or variances between planned and actual expenditures. If significant discrepancies arise, corrective actions can be taken to realign the financial activities with the budget.
4. **Variance Analysis:** Variance analysis is a crucial aspect of budgetary control. It entails comparing the actual financial performance with the budgeted figures and analysing the reasons behind any discrepancies. Variances can be favourable (when actual performance exceeds the budget) or unfavourable (when actual performance falls short of the budget).

5. **Flexibility:** Budgets need to be flexible enough to accommodate unforeseen changes or fluctuations in the operating environment. This ensures that organizations can adapt their financial plans to changing circumstances while maintaining control over their resources.
6. **Performance Evaluation:** Budgetary control facilitates the assessment of departmental or organizational performance. By comparing actual outcomes to the budgeted targets, management can evaluate the effectiveness of resource utilization and the achievement of objectives.
7. **Communication and Coordination:** Budgetary control requires clear communication and coordination among different departments and levels of management. It promotes transparency in financial matters and ensures that all stakeholders are aligned with the organization's financial goals.
8. **Strategic Planning:** Budgetary control is often an integral part of the strategic planning process. Organizations use budgets to prioritize activities, allocate resources to key initiatives, and align financial strategies with broader organizational goals.

In the context of non-profit organizations in Nigeria, budgetary control plays a critical role in ensuring that limited resources are optimally used to drive social impact and achieve philanthropic objectives. By maintaining financial discipline, transparency, and accountability, non-profit organizations can build trust among donors, stakeholders, and beneficiaries, ultimately enhancing their ability to make a meaningful difference in the communities they serve.

Concept Financial Performance

Financial performance refers to the evaluation of an organization's fiscal health and effectiveness in utilizing its resources to achieve financial goals. It involves analyzing metrics such as profitability, liquidity,

solvency, and efficiency to gauge the overall financial well-being and success of the entity (Ali, 2022).

Financial performance denotes the measurement of an entity's financial outcomes and efficiency in generating value for its stakeholders. By assessing factors like revenue growth, profitability ratios, and cash flow, organizations can ascertain their financial prowess and make informed decisions (Abdi, & Mutswenje, 2023).

Financial performance signifies the assessment of an organization's financial results and viability. It involves scrutinizing financial statements, ratios, and key indicators to understand the entity's ability to generate profits, meet obligations, and drive sustainable growth.

Financial performance refers to an assessment of how well an organization manages its financial resources and achieves its financial objectives over a specific period of time. It provides insights into an entity's profitability, efficiency in resource utilization, liquidity, solvency, and overall financial health. Financial performance is crucial for evaluating the success of an organization's strategies, operations, and decision-making processes.

Key indicators and metrics used to measure financial performance include:

1. **Profitability Ratios:** These ratios assess an organization's ability to generate profit from its operations. Examples include the gross profit margin, net profit margin, and return on assets (ROA) ratio.
2. **Liquidity Ratios:** Liquidity ratios indicate an organization's short-term ability to meet its financial obligations. Common ratios include the current ratio and the quick ratio.
3. **Solvency Ratios:** Solvency ratios measure an organization's long-term ability to meet its debt obligations. The debt-to-equity ratio and the interest coverage ratio are examples of solvency ratios.
4. **Efficiency Ratios:** Efficiency ratios evaluate how effectively an organization utilizes its assets

to generate revenue. Examples include the asset turnover ratio and the inventory turnover ratio.

5. **Return on Investment (ROI):** ROI measures the return generated from an investment relative to its cost. It is used to assess the effectiveness of investment decisions.
6. **Earnings Per Share (EPS):** EPS reflects the portion of a company's profit allocated to each outstanding share of its common stock. It's an important indicator for shareholders.
7. **Cash Flow Metrics:** Cash flow metrics, such as operating cash flow and free cash flow, provide insights into an organization's ability to generate cash and manage its working capital.
8. **Market Value Ratios:** Market value ratios, including the price-to-earnings (P/E) ratio and the price-to-book (P/B) ratio, relate a company's stock price to its earnings and book value, respectively.
9. **Revenue Growth:** The rate at which an organization's revenue increases over time, indicating its ability to attract customers and expand its market presence.
10. **Asset Quality:** For financial institutions, asset quality metrics such as the non-performing loan ratio are important indicators of credit risk and loan portfolio health.

Assessing financial performance provides stakeholders, including investors, lenders, management, and regulators, with valuable insights into the organization's financial stability, profitability, and ability to achieve long-term sustainability. Comparing financial performance over multiple periods or against industry benchmarks can help identify trends, strengths, weaknesses, and areas for improvement in an organization's financial management practices.

2.2 Empirical Review

Oneyka and Oreogbu (2019) examined the budgetary controls system on financial performance of

manufacturing firms in Enugu State. At the inferential level of analyses, Z-test and simple regression. The result showed that regular review of budget had effect on profitability of manufacturing companies, variance analysis do affect the growth rate of manufacturing companies, management by exception affect the solvency of manufacturing companies and the limit of budget operators affect the liquidity of manufacturing firms in Enugu State. Therefore, this study concludes that budgetary control systems as observed from the findings of this study are necessary for the financial performance of manufacturing firms.

Mohamed (2022) investigate the effect of budgeting process on organizational performance in selected firms in Mogadishu Somalia. The study collected data from seven remittance companies using questionnaires. The target population is 23 remittances operating in Mogadishu-Somalia, selected 15 of them each one selected 4 respondents. The sample size comprised of 60 which means 15 firms times each one selected 4 respondents. The researchers used judgmental sampling technique of non-probability sampling to select 60 respondents from those companies. Data were analyzed using descriptive statistics of frequency; mean standard deviation and correlation analysis methods. The findings of this study revealed the relationship between budget planning and organizational performance is positive ($r=0.741$, $p=0.000$) and statistically significant. This implies that an improved organizational performance is associated with an increase in budget planning. The study results also found out there is positive relationship between budgetary control organizational performance which statistically significant ($r=0.757$, $p=0.000$). The correlation findings further showed that there was positive correlation between budget participation and organizational performance which was significant ($r=0.848$, $p=0.000$). Meaning that these variables tend to increase together that is, increase budget participations associated with increase in organizational performance.

Francois and Penn (2023) investigated the effects of budgetary management practices on the performance of selected SMEs. A regression analysis was carried out

using a sample of 80 firms. The results indicate that the intercept value of 0.249 explains shows that performance is entirely dependent on budgetary planning and control but also on other variables as well. It shows that budgetary planning and control have as significant effect on the survival of SMEs

Abdi and Mutswenje (2023) examined the relationship between budgetary process and financial health of manufacturing enterprises traded at NSE, Kenya. The study's specific objectives are to ascertain the impact of budgetary planning, involvement, control, and evaluation on the financial health of manufacturing enterprises traded at NSE, Kenya. Research hypotheses were evaluated at a significance level of 0.05. The study employed a correlational research design and the target audience were forty five respondents from nine manufacturing firms traded at the NSE in Kenya from which the study adopted a census. Primary data was used to collect data on the independent variables whereas secondary data collected data on the dependent variable. The analysis procedure entailed the utilization of descriptive statistics with focus on means and standard deviation, and inferential statistics by running an OLS multiple Regression model with the aid of SPSS Software (Version 26). Normality, multicollinearity and heteroscedasticity tests were run prior to the actual analysis. The analyzed data was then displayed using graphs, frequency tables and charts. Ethical consideration measures were adhered to during the entire research. The study and found that budgetary planning and budgetary control were statistically significant and thus the null hypotheses was rejected. Whereas budgetary participation and budgetary evaluation were both statistically insignificant and thus the null hypotheses was not rejected.

Onyebuchi (2022) examine the effect of budgetary control system and financial performance of manufacturing firms in Nigeria. Given this, two objectives and hypotheses were raised as guide to the study. The study also used financial accessibility theory and efficiency structure theory as its theoretical framework. The cross sectional survey design was used, with sample size of 60 using convenient, quota and

snowballing sampling techniques. Both primary and secondary sources were used and as such spearman rank correlation co-efficient were used for data analysis. The findings revealed that budgetary control system has major effects on the performance of firms in Rivers State. It equally shows that prudent expenditure retirement has significant influence on the performance of workers in manufacturing firms.

Alade, Owabumoye and Olowookere, (2020) examines the effect of budget planning as budgetary control mechanism put in place on financial accountability in the public sector of Ondo State Ministry, Departments and Agencies. The study made use of a structured close-ended questionnaire to obtain the required primary data from the target budget officers. Out of 118 budget officers on the ground in Ondo State Ministries, Departments and Agencies (MDAs) as at the time of this investigation, a purposive sampling technique was used to select 91 of which 85 copies of the questionnaire were returned. Cronbach's Alpha on a threshold of 0.7 was used to ascertain the reliability of the data collected through the research instrument. Logistic regression analysis was employed to test the hypothesised effect of examined budget planning on financial accountability in the public sector. Findings through the analysis revealed that the correlation coefficient between financial accountability and budget planning is 0.530. The univariate model logistic regression results revealed that budget planning has the ability to improve financial accountability in Ondo state public sector since the coefficient $B = 0.495$ (Wald = 15.601; p -value = 0.000) is positive and statistically significant at 0.01 level. The odd ratio $\text{Exp}(B) = 1.640$ suggests that the higher the improvement on budget planning, the higher the likelihood of improving/increasing financial accountability in Ondo state public sector. This study concludes that in order to achieve financial accountability in Ondo state MDAs, factor such as budget planning should be accorded utmost priority.

2.3 Theoretical Review

Resource Dependency Theory

The theory was propounded by Pfeffer and Salancik in 1978. Resource Dependency Theory suggests that organizations, including NGOs, rely on external resources for survival and growth. In the context of Nigerian NGOs, this theory could highlight the significance of efficient budgetary control to manage limited resources, secure funding, and demonstrate transparent financial practices. NGOs that effectively allocate resources based on budgetary control practices can enhance financial performance by ensuring the optimal utilization of available funds.

Institutional Theory

DiMaggio and Powell (1983) propounded this theory. Institutional Theory emphasizes how organizations conform to established norms and practices to gain legitimacy. NGOs in Nigeria might adopt budgetary control practices in line with prevailing industry standards and donor expectations to maintain legitimacy and accountability. This can improve their financial performance by fostering trust among donors and stakeholders.

Stakeholder Theory

Freeman (1984) propounded this theory. Stakeholder Theory highlights the importance of meeting the needs and expectations of various stakeholders. In the context of Nigerian NGOs, effective budgetary control practices can help balance the interests of donors, beneficiaries, and the community. By demonstrating responsible financial management, NGOs can enhance their financial performance by attracting sustained support and funding from stakeholders.

Contingency Theory

Donaldson (2001) propounded this theory. Contingency Theory suggests that the effectiveness of organizational practices depends on the alignment between an organization's characteristics and its strategies. For Nigerian NGOs, effective budgetary control practices would consider the specific context, goals, and operational challenges faced by each organization. By tailoring budgetary control approaches to the unique needs of NGOs in Nigeria, financial performance can be

enhanced through improved resource allocation and alignment with organizational objectives.

Incremental Budgeting Theory

Aaron Wildavsky's work from the 1960s served as the foundation for this hypothesis. According to this approach, budgeting should be done using the budget from the preceding month. This approach is not based on resource redistribution but rather on expenditure increases or decreases based on economic growth. The predicted amount for the current fiscal year should be the starting point for budgets, according to Wildavsky (1966), before adding or removing amounts to account for budget increases or decreases for the following year. If there is no anticipated amount for the current fiscal year, the corporation may utilize ephemeral records of actual expenditure from the prior fiscal year. The best explanation of the budgeting process is incremental budgeting. Many academicians and professionals favor it as the benchmark for how the budgeting process ought to be carried out (Schick, 2014). This notion states that manufacturing companies, like other organizations, they want to start their budgeting with the quantity anticipated for the current year before adding or deleting increases in accordance with their objectives

Most nations, including the UK and Northern Ireland, employ this theory. The nations carried over the preceding year's budget into the current year's budget instead of making changes due to well-known factors like increased resources, new legal requirements, a shift in priorities, improvements in services, otherwise expected inflation (Pidgeon, 2010). This theory has been contested on the basis that because resource allocation is dependent on current trends, when activities are drastically altered, problems arise. This suggests that because the incremental budgeting approach doesn't take changing conditions into account, it hinders the development of new projects (Pidgeon, 2010). The theory also makes the assumption that the current funding level is adequate, notwithstanding the possibility that it is either adequate or inadequate to enable commercial activity. The Incremental Budgeting theory is pertinent to this study because it contended that improving the budgeting process, which results in an

effective budget, can be done by changing the firm's or nations expected amount of the current year budget to account for things like extra resources, altering priorities, and new regulatory obligations, amongst other things.

3. Methodology

3.1 Research Design

Research design refers to the overall plan or blueprint that outlines the process and structure of conducting a research study. This study will use cross sectional survey design. A cross-sectional survey design is a research methodology used to collect data from a sample

of individuals at a single point in time. This design aims to provide a snapshot of a population's characteristics, opinions, behaviours, or other relevant variables at a specific moment. Cross-sectional surveys are commonly used in social sciences, public health, marketing, and accounting to understand the current status or relationships among variables within a population.

3.2 Population

The Population of the study comprise of all registered NGOs in Nigeria. There are 221 registered NGOs in Nigeria which constituted the population

Table1: Population of the Study

Geo Political Zones	No of NGOs
North West	28
North East	34
North Central	57
South East	31
South South	22
South West	49
Total	221

3.3 Sample Size Determination Technique

The sample size for this work is determined using Taro Yamane's (1964) formula for estimating sample size, which is:

$$n = N / (1 + N(e)^2)$$

Where:

n signifies the sample size

N signifies the population under study

e signifies the margin error (0.05)

$$n = 221 / (1 + 221(0.05)^2)$$

$$n = 221 / (1 + 221(0.0025))$$

$$n = 221 / (1 + 0.5525)$$

$$n = 221 / 1.5525$$

$$n = 142.35$$

$$n = 143$$

Proportional allocation formula Kumar (1976)

$$nh = \frac{nNh}{N}$$

Where nh = number allocated each geo political zone

n = total sample size

Nh = total NGO in each geo political zone

N = overall total NGO in Nigeria

Applying the formula, we have:

Table 2: Sample of Respondent in various States in North central Nigeria

S/N	Geo Political Zones	No of NGOs	Sample
1	North West	28	143X 28/221 = 18
2	North East	34	143X 34/221 = 22
3	North Central	57	143X 57/221 = 37
4	South East	31	143X 31/221 = 20
5	South South	22	143X 22/221 = 14
6	South West	49	143X 49/221 = 32
	Total	221	143

Source: Field Survey, 2023

3.4 Method of Data Collection

A questionnaire was design and sent to the various NGOs across Nigeria through their emails. The Questionnaire contained 20 questions using Likert scale of Strongly Agreed(SA), Agreed(A) Undecided,(UD) Disagreed (D) and Strongly Disagreed(SD) was used.

3.5 Technique of Data Analysis

A multiple linear r regression technique was used to analyse the data with the aids of SPSS version 26.

3.6 Model Specification

In line with the work of Abdi and Mutswenje (2023), examining the relationship between budgetary process and financial health of manufacturing enterprises at Kenya. Thus the model is derive as follows

$$NGOFP=f(BF,BI,BMC,BFL).....1$$

NGO

$$FPERit = \beta_0 + \beta_1 BF + \beta_2 BI + \beta_3 BMC + \beta_4 BFL + \varepsilon t$$

Where;

NGOFP= NGO Financial performance

BF= Budget formulation

BI= Budget implementation

BMC= Budget monitoring and control

BFL= Budget flexibility

4. Result and Discussions

Table1: Model Summary

R Square	Adjusted R Square	Std. Error of the Estimate	
.941	.939	2.316	
a. Predictors: (Constant), BFL, BF, BMC, BI			

Source: Authors computation 2023, SPSS V26

From the result in table 1 , the R^2 0.941 indicated that 94.1 percent of variation in financial performance in NGO can be accounted to budgetary control only5.9

percent can be accounted to error terms. This shows that the model is a good fit

Table2: F Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	326.409	4	81.602	547.441	.000 ^b
	Residual	20.570	138	.149		
	Total	346.979	142			

Source: Authors computation 2023, SPSS V26

The f-statistics in table 2 was 547.44 with 0.000 p-value indicated that budgetary control has significant impact on financial performance of NGO in Nigeria.

Table3: Multiple linear regression results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.113	.099		-1.143	.255
	BF	.135	.075	.121	2.783	.017
	BI	-.030	.092	-.026	-.323	.747
	BMC	.712	.067	.701	10.571	.000
	BFL	.243	.038	.225	6.481	.000

Source: Authors computation 2023, SPSS V26

4.1 Test of Hypothesis

From the results in table 3 was used to test the four hypothesis stated above. The decision rule is to reject null hypothesis if p-value is less than 0.05 and accept null hypothesis if null hypothesis is greater than 0.05.

Hypothesis one: Budget formulation has no significant impact on the Financial Performance of Non- profit organization in Nigeria. From the result in table 3, the p-value is 0.017 less than 0.05 thus we the reject null hypothesis and concluded that budget formulation have significant impact on the Financial Performance of Non-profit organization in Nigeria.

Hypothesis two: Budget implementation have no significant impact on the Financial Performance of Non-profit organization in Nigeria From the result in table 3, the p-value is 0.747 greater than 0.05 thus we the accept null hypothesis and concluded that budget implementation have no significant impact on the Financial Performance of Non- profit organization in Nigeria

Hypothesis three: Budget monitoring and control have no significant impact on the Financial Performance of Non- profit organization in Nigeria. From the result in table 3, the p-value is 0.000 less than 0.05 thus we the reject null hypothesis and concluded that budget monitoring and control have significant impact on the Financial Performance of Non- profit organization in Nigeria.

Hypothesis four: Budget flexibility have no significant impact on the Financial Performance of Non- profit organization in Nigeria. From the result in table 3, the p-value is 0.000 less than 0.05 thus we the reject null hypothesis and concluded that budget flexibility have significant impact on the Financial Performance of Non-profit organization in Nigeria

5. Conclusion and Recommendations

The impact of budgetary control on the financial performance of non-profit organizations in Nigeria is a vital aspect that warrants careful consideration. This study has illuminated the significance of implementing

effective budgetary control measures to ensure prudent financial management and accountability within the unique context of non-profit organizations. The study highlights that budgetary control not only contributes to financial stability but also enhances transparency and accountability. Non-profit organizations, being accountable to their donors, beneficiaries, and regulatory authorities, must establish robust budgetary control mechanisms to ensure that funds are utilized efficiently, ethically, and in line with their stated mission. The impact of budgetary control on the financial performance of non-profit organizations in Nigeria is a multifaceted issue that requires careful attention and strategic implementation. By adopting sound budgetary control practices, non-profits can optimize resource utilization, demonstrate responsible stewardship, and ultimately amplify their positive impact on society while ensuring their own financial sustainability.

Based on the above findings the following recommendations were made

- i. **Customized Budgetary Framework:** NGOs should develop budgetary control frameworks tailored to their specific missions, goals, and programs. A one-size-fits-all approach may not effectively capture the diverse activities and needs of different NGOs. By customizing budgeting processes, NGOs can allocate resources more precisely, ensuring that financial plans align closely with their unique objectives.
- ii. **Integrated Technology Solutions:** Implement modern technology solutions, such as specialized budgeting software and financial management systems, to streamline budgetary control processes. These tools can facilitate real-time tracking, data analysis, and reporting, enabling NGOs to make informed decisions promptly. Technology also enhances accuracy, reduces administrative burden, and supports better resource allocation.
- iii. **Continuous Monitoring and Evaluation:** Establish a regular monitoring and evaluation system for budget execution. This involves

tracking expenditures against the budget, assessing deviations, and taking corrective actions as needed. Continuous monitoring allows NGOs to detect financial issues early, make timely adjustments, and maintain financial discipline throughout the fiscal year.

- iv. **Stakeholder Engagement and Transparency:** Involve key stakeholders, including staff, board members, beneficiaries, and donors, in the budgeting process. Transparent communication about budget goals, progress, and challenges fosters a sense of ownership and accountability among stakeholders. Regular updates on financial performance also enhance trust and credibility, vital for NGO operations.
- v. **Capacity Building and Training:** Invest in capacity-building programs to equip staff members and volunteers with the necessary skills for effective budgetary control. Training sessions on budget creation, financial analysis, and reporting can empower personnel to manage resources efficiently and make data-driven decisions. Strengthening financial literacy among stakeholders contributes to better overall financial performance.
- vi. **Adaptive Budgeting Approaches:** Embrace adaptive budgeting methods that allow NGOs to adjust their financial plans based on changing circumstances. Non-profit environments can be dynamic, with unforeseen challenges and opportunities. An adaptive approach enables NGOs to remain responsive, allocating resources optimally to maximize impact in evolving situations.
- vii. **Benchmarking and Best Practices:** Learn from successful NGOs and industry best practices. Benchmarking against peers can provide valuable insights into effective budgetary control strategies. NGOs can adopt proven approaches, adapt them to their context, and continually seek ways to improve financial performance.

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