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Effect of a Budgetary Control System on the Financial Performance of Manufacturing Companies in Rwanda. A Case Study of Kinazi Cassava Plant

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Abstract: *This paper examines the impact of budget planning on the financial performance of manufacturing companies in Rwanda, with an emphasis on the role of budgetary control systems. A descriptive research design was employed, with both quantitative and qualitative research methods. The entire population of 122 employees at the plant was selected as the sample due to the relatively small size of the population. The study used a combination of questionnaires and interviews to collect the data. The findings reveal a significant positive correlation between effective budget planning and improved financial performance, with a Pearson correlation coefficient of r = 0.891, indicating a strong relationship. The mean score for effective budget planning was 4.12, with a standard deviation of 0.56, suggesting a moderate level of agreement among employees regarding the importance of budget planning. Similarly, the mean score for financial performance was 3.98, with a standard deviation of 0.62, indicating that most respondents perceive financial performance as being positively affected by budget planning. Regression analysis further supports this, showing that budget planning is a major predictor of financial performance. The p-value of 0.000 confirms the statistical significance of this relationship, suggesting that the impact of budget planning on financial performance is unlikely to be due to chance. Based on these findings, the study recommends strengthening the budget monitoring system, improving training for financial staff, and aligning budget planning processes with national economic strategies.*

Keywords: *Budgetary Control System, Budget planning, Financial performance, Manufacturing companies, Kinazi Cassava Plant*

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1. Introduction

The global manufacturing industry has witnessed significant growth, driven by factors such as urbanization, technological innovation, and the rise of international trade (Rosen, 2021). For this growth to continue and attract investments, maintaining strong financial performance is crucial. One essential tool for achieving financial success in manufacturing companies is the implementation of budgetary control systems. These systems allow businesses to plan their resources effectively, monitor actual performance against budgeted figures, and take corrective actions as needed. By tracking the variances between planned and actual expenditures, manufacturers can identify inefficiencies, reduce unnecessary costs, and ultimately improve profitability. The success of

manufacturing companies worldwide increasingly depends on their ability to maintain strict financial discipline, and budget control systems play a critical role in achieving operational objectives while managing financial constraints (Terry, 2020).

In developed countries, manufacturing industries have evolved toward producing high-tech, value-added products (Brownell & Mcinnes, 2023). Countries like Germany are leading the way with initiatives such as Industry 4.0, which incorporates automation, the Internet of Things (IoT), and big data into production processes. As manufacturing becomes more advanced, budgetary control systems are vital for companies to allocate resources efficiently, manage costs, and improve financial performance. In the United States, for example, the ability to implement efficient budget control systems is crucial for tracking operational costs and revenues in real time. These systems help companies align financial resources with strategic goals, minimize financial risks, and optimize efficiency, ensuring long-term profitability. By providing real-time insights, budgetary controls also enable manufacturers to adjust plans quickly in response to market changes, thus maintaining competitiveness and financial sustainability (Eugene, 2020).

In Africa, manufacturing is increasingly recognized as a key driver of economic growth, with governments implementing policies and incentives to promote industrialization (Machania, 2022). However, the sector faces challenges such as inadequate infrastructure, political instability, and a lack of skilled labor, which can hinder its potential. To navigate these obstacles, African manufacturing companies rely heavily on effective budgetary control systems to optimize resource use, monitor cash flows, and control costs. Countries like South Africa, Nigeria, and Egypt are adopting these systems to improve their financial performance and ensure efficient resource allocation. By monitoring variances between planned and actual financial outcomes, these systems help manufacturers make necessary adjustments to improve profitability. In regions like Africa, where resource competition is intense, effective budget management is essential for ensuring the sustainability and success of manufacturing firms (; Barham, 2022).

In East Africa, nations such as Kenya, Tanzania, and Ethiopia are prioritizing industrialization as part of their economic development strategies (David & Forest, 2021). Rwanda, for instance, has placed a significant emphasis on the manufacturing sector in its Vision 2030, with a focus on agro-processing, textiles, and construction. For manufacturers in East Africa to succeed, implementing effective budgetary control systems is key. These systems help businesses track revenue and expenses, identify discrepancies, and take corrective measures to maintain financial health. With the growing competition both regionally and globally, efficient financial management is crucial for scaling operations and improving profitability. Budgetary control systems allow manufacturers to align their resources with long-term strategic goals, improving financial performance and supporting the economic growth of the region. As East African manufacturers expand, robust budget control practices will be integral to their success in an increasingly competitive global marketplace (Gilbert, 2015).

In Rwanda, the manufacturing sector has made significant strides in contributing to the nation's economic growth, with industries like food processing, textiles, and cement production driving progress. By 2023, the sector represented approximately 20% of Rwanda's GDP (National Institute of Statistics of Rwanda, 2023). The government's Vision 2050 aims to increase this contribution to 33% as part of a broader strategy to diversify and industrialize the economy (Ministry of Finance and Economic Planning, 2015). For this ambitious goal to be achieved, it is crucial for manufacturing companies in Rwanda to adopt and implement effective budgetary control systems. These systems are key to ensuring financial discipline, helping companies track and manage their expenses, optimize resource use, and align their financial strategies with national economic goals. By doing so, manufacturers can navigate the challenges of growth while ensuring profitability and contributing to the country's long-term economic vision (Wilson, 2021)

1.1. Problem Statement

Effective budgetary control is vital for the financial stability and long-term success of manufacturing companies. However, many organizations, especially in emerging economies like Rwanda, struggle to implement efficient budgetary control systems. The failure to establish robust financial management practices often leads to inefficiencies, resource misallocation, and financial instability. This is particularly concerning for manufacturing firms that miss opportunities to optimize costs and allocate resources effectively, which negatively impacts their profitability and growth potential. Despite the critical role of budgetary control, many companies overlook or poorly manage their budgeting processes, which hampers their ability to stay competitive in the market (Eugene, 2020; O'Brien, 2017).

A clear example of these challenges can be observed in Kinazi Cassava Plant Limited (KCP Ltd), a leading cassava processing company in Rwanda. KCP Ltd has experienced significant financial instability, reflected in fluctuating profit margins ranging from 10% in 2018 to -5% in 2020, with a modest recovery to 2% in 2021 (Kinazi Cassava Plant, 2021). These variations indicate that KCP Ltd is struggling with operational and financial inefficiencies that

could potentially be addressed by a more effective budgetary control system. Poor budget management has resulted in misaligned corporate strategies and financial goals, as well as inconsistent capacity utilization, which not only wastes resources but also causes missed opportunities for revenue generation (Bironga, 2021).

The research gap lies in the underutilization of strategic budgetary control systems within emerging market manufacturing companies, particularly in Rwanda. Despite its potential as a regional leader in cassava processing, KCP Ltd has not fully integrated strategic budgeting into its financial management framework. A well-developed budgetary control system could help KCP Ltd better align its financial resources with operational goals, reduce inefficiencies, and improve overall profitability. By bridging this gap, KCP Ltd and similar manufacturing companies in emerging economies can enhance their decision-making processes, improve resource allocation, and ultimately strengthen their financial performance. This research aims to explore the potential of budgetary control systems in enhancing financial outcomes for such companies and contribute valuable insights into their broader application in the manufacturing sector.

This study sought to achieve the following research objective:

> To examine the effect of budget planning on the financial performance of Kinazi Cassava Plant.

2.1 Literature Review

A budgetary control system is a critical financial management tool used by organizations to plan, monitor, and control their financial activities. It involves a structured approach to managing resources and ensuring that organizational objectives are met within the constraints of financial limits. At its core, a budgetary control system involves the preparation of detailed financial plans, called budgets, that outline anticipated revenues and expenditures for a specific period, typically one fiscal year. The primary purpose of this system is to establish a framework for financial management, helping organizations allocate resources effectively and achieve their strategic goals. By setting financial targets and limits, the system provides a benchmark against which actual performance can be measured (Bironga, 2023).

The process of budgetary control begins with the creation of a detailed budget that reflects the organization's plans and strategies. This involves forecasting revenues, estimating costs, and setting financial targets for different departments or functions. Once the budget is established, it serves as a plan for financial activities over the budget period. Implementation of the budgetary control system requires regular monitoring and comparison of actual financial performance against the budgeted figures. This involves tracking expenditures, revenues, and other financial metrics to ensure they align with the budgeted targets. Financial managers frequently review these comparisons to identify any variances differences between actual results and budgeted expectations (Cheboi, 2022).

When variances are identified, they are analyzed to determine their causes. Variances can be favorable (where actual performance exceeds budgeted expectations) or unfavorable (where actual performance falls short). Understanding the reasons behind these variances is crucial for effective financial management. For example, an unfavorable variance might be due to unexpected costs or lower-than-anticipated revenues (Bironga, 2023). Based on this analysis, corrective actions are taken to address any issues and bring performance back in line with the budget. These actions may include adjusting spending, revising financial forecasts, or implementing cost-saving measures. The goal is to ensure that the organization remains on track to achieve its financial and strategic objectives (Cheboi, 2022). A well-implemented budgetary control system offers several benefits. It enhances financial discipline by setting clear targets and limits, helps in resource allocation by prioritizing spending according to strategic goals, and provides a basis for performance evaluation by comparing actual results with planned expectations. Additionally, it supports decision-making by providing accurate and timely financial information, allowing managers to make informed adjustments and improvements. Overall, budgetary control systems are essential for maintaining financial stability and achieving organizational success. They provide a comprehensive framework for planning, monitoring, and controlling financial activities, helping organizations manage their resources efficiently and effectively (Telescope, 2022).

2.1.1 Budget Planning

Budget planning is a critical component of financial management that involves creating a detailed financial plan for a specific period, typically a fiscal year. It outlines expected revenues, expenditures, and financial goals based on an organization’s strategic objectives. The primary aim of budget planning is to allocate resources efficiently, control spending, and align financial activities with the organization’s long-term goals. Effective budget planning serves as a roadmap, guiding decision-making and providing a framework for monitoring financial performance (Machania, 2024).

The budget planning process begins with setting clear financial objectives aligned with the organization’s overall strategy. This involves forecasting revenues and estimating costs based on historical data, market conditions, and strategic initiatives. Departments or units within the organization often develop their own budgets, which are then consolidated into a comprehensive organizational

budget. This budget reflects anticipated income and expenses, enabling the organization to plan for future financial needs and ensure that resources are allocated where they are most needed. Once the budget is developed, it is reviewed and approved by management. The approval process ensures that the budget aligns with strategic goals and provides a basis for performance evaluation. Effective budget planning requires collaboration across departments to ensure that all financial needs are accounted for and that budget assumptions are realistic (Simiyu & Paul, 2024).

A well-structured budget plan significantly impacts an organization's financial performance. By setting financial targets and limits, budget planning helps manage costs, maximize revenue, and optimize resource utilization. It provides a benchmark for measuring actual performance against planned objectives, enabling organizations to identify variances differences between budgeted and actual figures. Regular monitoring and analysis of these variances allow organizations to take corrective actions to address any deviations and improve financial outcomes (Machania, 2020).

2.1.2 Financial Performance

Financial performance refers to the evaluation of a company's ability to generate revenue and profit, manage its resources efficiently, and sustain growth over time (Kambu, 2020). It is typically measured through a range of financial indicators, including profitability (e.g., net profit margin), liquidity (e.g., current ratio), solvency (e.g., debt-to-equity ratio), and operational efficiency (e.g., return on assets). Financial performance provides insights into a company's overall financial health, its capacity to meet short-term obligations, and its ability to generate long-term value for shareholders and stakeholders. Strong financial performance signifies effective financial management, whereas poor performance may indicate inefficiencies or financial distress, highlighting the need for corrective actions or strategic changes (Gleason et al., 2024).

Financial performance is a comprehensive measure of an organization's ability to generate profit and create value for its stakeholders. Key indicators of financial performance include profitability, liquidity, solvency, and operational efficiency (Telescope, 2022). Profitability metrics, such as gross profit margin, operating profit margin, and net profit margin, assess the company's ability to generate income relative to its revenue, costs, and expenses. Liquidity ratios, including the current ratio and quick ratio, measure the company's ability to meet short-term financial obligations, while solvency ratios, such as debt-to-equity and interest coverage, reflect the long-term financial stability and risk level. Operational efficiency, often evaluated through metrics like return on assets (ROA) and return on equity (ROE), indicates how effectively a company utilizes its resources to generate profits (Munyuwa et al., 2022). These indicators provide a holistic view of an organization's financial health and are essential for stakeholders, including investors and managers, to evaluate performance and guide decision-making.

In addition to traditional financial metrics, cash flow management is also a crucial indicator of financial performance. According to Choi et al. (2020), cash flow from operations is a critical measure of a company's ability to generate sustainable revenue and fund its activities. Positive cash flow indicates a company's ability to maintain operations without relying heavily on external financing, while negative cash flow can signal potential liquidity problems or financial distress. Furthermore, revenue growth and market share are essential indicators of long-term financial success, particularly for businesses in growth phases or highly competitive industries (Simiyu et al., 2022).

2.2 Theoretical Review

This section presents a review of key theories relevant to understanding the relationship between budgetary control systems and financial performance. These theoretical frameworks provide insights into how internal resource management, strategic decision-making, and financial accountability impact the performance outcomes within organizations. In this context, the theoretical review focuses on theories such as Budgetary Control Theory, Contingency Theory, Resource-Based View (RBV), and Agency Theory, which are essential to understanding the role of budget planning in enhancing financial performance, particularly in manufacturing organizations like Kinazi Cassava Plant.

2.2.1 Resource-Based View (RBV)

The Resource-Based View (RBV), developed by Edith Penrose and later expanded by Jay Barney, emphasizes that a firm's competitive advantage and financial performance are derived from its unique internal resources, capabilities, and competencies. According to this theory, organizations with valuable, rare, inimitable, and non-substitutable resources are more likely to outperform competitors and sustain growth. It focuses on how organizations can leverage internal resources to create value and achieve a sustainable competitive advantage (Kulich, 2023).

The Resource-Based View (RBV) is a management theory that focuses on the internal resources and capabilities of an organization as the key drivers of its competitive advantage and performance (Gael, 2022). The theory suggests that firms can achieve superior performance by utilizing their unique, valuable, rare, inimitable, and non-substitutable

resources effectively. These resources might include physical assets, human capital, technology, financial capital, or organizational knowledge. According to RBV, rather than focusing on external factors like market conditions or competition, organizations should leverage their internal strengths to gain a competitive edge and achieve sustainable financial success.

For Kinazi Cassava Plant, budget planning based on the RBV theory involves effectively managing and allocating resources such as land, labor, technology, and capital. By strategically planning its financial resources, the plant can optimize the use of these internal resources for higher production efficiency, cost reduction, and enhanced revenue generation. Budget planning helps ensure that financial investments are directed toward critical areas such as improving farming techniques, enhancing processing technology, and investing in workforce development. By aligning budget allocation with the plant's strengths and core competencies, Kinazi Cassava Plant can maximize its resource utilization and achieve superior financial performance. Thus, effective budget planning directly contributes to the plant's ability to maintain a competitive advantage and improve profitability in the cassava production industry.

2.2.2 Agency Theory

Agency Theory, proposed by Jensen and Meckling (1976), explores the relationship between principals (owners or shareholders) and agents (managers) (Stefani, 2020). The theory highlights the potential conflicts of interest between these two groups, where agents may prioritize their personal interests over the interests of the principals, leading to inefficiencies and agency costs. The theory suggests that these conflicts can be mitigated by implementing mechanisms such as incentive structures and performance monitoring to align the interests of managers with those of shareholders.

Agency Theory explores the relationship between principals (owners or shareholders) and agents (managers) (Telescope, 2022). It deals with the problems that arise when the interests of the agents (those who manage the company) diverge from those of the principals (those who own the company). The theory suggests that these conflicts of interest can lead to inefficiencies, often referred to as "agency costs." The theory argues that mechanisms such as performance incentives, regular monitoring, and transparent reporting can help align the interests of agents and principals. The goal is to ensure that managers make decisions that align with the interests of the owners, thereby improving financial performance and reducing costs associated with misaligned interests.

At Kinazi Cassava Plant, Agency Theory suggests that budget planning plays a critical role in minimizing the conflict of interest between shareholders and managers. When managers develop budgets, they set clear financial targets, performance indicators, and resource allocations that align with the plant's strategic goals. A well-planned budget helps to ensure that managers act in the best interest of the shareholders by providing transparent financial goals and clear accountability. For example, if managers are given performance-based incentives linked to financial targets outlined in the budget, it ensures that they work towards improving profitability and efficiency. Additionally, regular budget reviews and assessments can reduce the information asymmetrical between managers and owners, ensuring that the financial performance of the plant is continuously aligned with the owners' expectations. In turn, this enhances financial performance by improving managerial accountability and aligning actions with the organization's financial goals.

2.2 Empirical Literature

This section presents a review of existing studies on the effect of budget planning on the financial performance of manufacturing companies, with a focus on global trends, developed countries, Africa, East Africa, and Rwanda. By examining the relationship between budget planning practices and financial outcomes, this review provides a foundation for understanding how effective budget planning can enhance the financial performance of companies, specifically within the context of Kinazi Cassava Plant.

2.2.1 Global Trends

Globally, there is substantial evidence supporting the positive relationship between budget planning and financial performance across various industries. A study by Muda, Rafiki, and Harahap (2024) emphasized that effective budget planning allows organizations to allocate resources more efficiently, improving overall financial performance. The research demonstrated that organizations with robust budget planning frameworks were better able to align their financial goals with operational strategies, leading to enhanced profitability and operational efficiency.

In a global context, companies that integrate budgeting practices into their strategic management processes have shown improved financial outcomes, including increased profitability, improved cost management, and higher levels of financial sustainability (Hansen & Mowen, 2023). Budget planning acts as a blueprint, guiding companies to control expenditures, maximize revenue generation, and adjust operations to meet set financial targets. The impact

of budgeting on financial outcomes is universally acknowledged as a key mechanism for companies to maintain financial stability and remain competitive.

2.2.2. Developed Countries

In developed countries, the role of budget planning in improving financial performance has been well-documented. For example, a study by Sandy (2020) on performance measurement systems highlighted the importance of budget planning in creating alignment between a company's financial goals and its operational strategies. Their research focused on how companies in developed economies, such as the U.S. and European nations, use detailed budgeting systems to track performance, measure profitability, and achieve financial sustainability. These findings emphasize that organizations in developed countries can achieve greater profitability and operational efficiency through structured budget planning processes.

Further, a study by Brown & McDonnell (2024) found that organizations in developed countries that employed sophisticated budget planning and forecasting techniques experienced lower cost overruns and improved profitability compared to their peers without formal budget planning frameworks. These findings underscore the crucial role of budget planning in enhancing operational and financial performance in developed markets. In these contexts, budget planning supports both short-term financial management and long-term strategic growth.

2.2.3. Africa

In Africa, budget planning's impact on financial performance is increasingly recognized, particularly in the context of manufacturing and agriculture sectors. A study conducted by Akinyomi and Oji (2023) on Nigerian firms found that the use of structured budget planning processes contributed to enhanced profitability and better financial decision-making. The research revealed that companies that adopted formal budgeting practices were better equipped to manage fluctuating market conditions and maintain financial stability, leading to improved financial outcomes. In these environments, budget planning helps firms identify cost-cutting opportunities, manage risks, and optimize resource allocation.

Moreover, Okoye (2022) in a study of companies in sub-Saharan Africa found that poor financial performance was often attributed to weak budget planning practices, with companies failing to align their financial goals with long-term strategies. In Africa, where economic volatility is common, effective budget planning becomes essential for companies aiming to survive and thrive in competitive and unpredictable markets. The study suggested that, particularly in developing economies, the integration of budget planning into organizational practices could enhance performance and resilience.

2.2.4. East Africa

East Africa has seen a growing recognition of the role of budget planning in improving financial performance, particularly within the manufacturing sector. A study by Munyua et al. (2022) on Kenyan firms concluded that businesses that implemented comprehensive budget planning processes saw improved financial performance in terms of profitability and cost management. The study highlighted that the ability to forecast future revenues and expenses, coupled with regular variance analysis, helped companies in East Africa avoid financial distress and remain competitive. As these companies grew, effective budget planning allowed them to scale operations while maintaining financial discipline.

In Tanzania, Chandarana and Lema (2021) found that companies in the agricultural sector, including cassava processors, which incorporated detailed budget planning practices, were able to optimize production costs, increase their market share, and achieve higher financial returns. Their research demonstrated how aligning budget planning with strategic goals helped businesses in East Africa navigate economic challenges and enhance profitability. This aligns with findings in the region that budgeting allows firms to minimize waste, optimize production, and better forecast market demand, all of which contribute to improving financial outcomes.

2.2.5. Rwanda

In Rwanda, the role of budget planning in improving financial performance has been examined in several studies, particularly within the agricultural sector, which is critical to the country's economy. Research by Bimenyimana (2019) explored the impact of financial management practices on the performance of Rwandan SMEs and found that businesses with a clear and structured budget planning approach experienced improved financial outcomes. The study suggested that SMEs in Rwanda, including agricultural processors like Kinazi Cassava Plant, could benefit significantly from formal budgeting practices to manage costs and increase profitability.

Further, a study by Nduwayezu and Mugenzi (2020) on Rwandan manufacturing companies indicated that companies that practiced systematic budget planning, including detailed revenue projections and expenditure controls, recorded better financial results, with higher returns on investments and more efficient use of resources. These findings reflect the growing recognition of budget planning as a critical element of financial success for companies in Rwanda. The Kinazi Cassava Plant could particularly benefit from formal budget planning as it seeks to enhance profitability and expand its market

2.2.6. Synthesis and Gap in Literature

Empirical studies across global, developed, African, and East African contexts consistently show that budget planning positively impacts financial performance by enhancing resource allocation, improving cost control, and aligning organizational goals with financial targets. However, there is a noticeable gap in literature concerning the specific impact of budget planning on the financial performance of cassava processing plants in Rwanda, particularly in the case of Kinazi Cassava Plant.

Most studies have focused on larger firms or broader industries, leaving a need for more specific research on the effects of budget planning within the cassava processing sector in Rwanda. This gap provides an opportunity for further research to investigate how budget planning practices in Kinazi Cassava Plant can improve its financial performance, enhance operational efficiency, and contribute to its long-term sustainability.

3. Methodology

The section on research design describes a structured approach to data collection and analysis in the study, emphasizing the importance of aligning the research design with the research purpose. The study focused on using both quantitative and qualitative data, with the primary data collecting taking place over a three-week period. The study employed a descriptive research method to understand the effects of budgetary control systems on financial performance at the Kinazi Cassava Plant. The research aimed to gather data from management and employees, utilizing both types of data to gain a comprehensive understanding.

The Target Population section explains the concept of population in research, describing how the target group for this study consisted of the 122 employees at Kinazi Cassava Plant. These employees were distributed across various departments including management, production, procurement, accounting, sales, human resources, and logistics. The distribution of employees across departments is provided in a table, with the largest group being in the production department (68 employees). The total population of 122 employees was chosen to reflect the entire workforce involved in the plant's operations.

In terms of Sample Size and Sampling Technique, the study employed a census sampling technique, where all 122 employees were included in the data collection. The researcher selected the entire population because the size was manageable, and this method ensured inclusivity, thus increasing the validity of the findings. This approach also enabled a holistic understanding by incorporating perspectives from various departments, ensuring that the impact of budgetary control systems on the plant's financial performance was examined across different roles and functions.

The Data Collection Methods section details the methods used to gather data. The researcher used a combination of primary and secondary data, with the primary methods being a questionnaire survey and interviews. The survey, administered to 121 staff members, was designed to collect quantitative data on budgetary control systems, using a modified Likert scale. Additionally, unstructured interviews were conducted with the plant manager to gain qualitative insights. These interviews were intended to provide a deeper understanding of budget control systems and their impact on financial performance.

Finally, the study discusses the Pilot Testing, Validity, and Reliability of the research instruments. A pilot test was conducted with 10 participants outside the sample population to assess the functionality of the data collection tools and identify any ambiguities. The study ensured the validity of the research instrument by aligning the questionnaire items with the study’s objectives, and expert feedback was used to refine it. The reliability of the instrument was tested using Cronbach's alpha, with acceptable scores indicating the instrument’s consistency and stability. The research concluded that the tools used were both valid and reliable, allowing for meaningful analysis and accurate results.

4. Results and Discussion

4.1. Findings

This section presents the analysis of the findings of the study in relation to the research question

4.1.1. Response rate

The study targeted a total of 122 respondents, representing the sample size, and involved the distribution of 121 questionnaires. Of these, 118 questionnaires were returned,

resulting in a 97.52% response rate. Additionally, one project manager was interviewed, yielding a 100% response rate for the interview. Therefore, the overall response rate for the study was 97.54%, with 119 respondents participating in total (118 from the questionnaires and 1 from the interview). The table illustrates that of the 121 questionnaires distributed, 118 were successfully returned, accounting for 97.52% of the distribution, while only 3 respondents did not reply, comprising 2.48% of the sample. This high response rate, along with minimal non-responses, suggests that the data collected is reliable and robust, enhancing the validity and generalizability of the study's findings. The inclusion of all 119 participants in the final analysis further strengthens the research, indicating that the conclusions drawn are likely representative of the target population at Kinazi Cassava Plant.

4.1.2 Descriptive Statistics on Project Governance Policies

The first objective of this study was to assess the impact of budget planning on the financial performance of the Kinazi Cassava Plant. Table 1 presents the respondents' perceptions, using a 1-5 scale to gauge their opinions. In this scale, a rating of 5 represents Strongly Agree (SA), 4 represents Agree (A), 3 denotes Neutral (N), 2 signifies Disagree (D), and 1 indicates Strongly Disagree (SD).

Table 1: Budget Planning and Financial Performance

Statement	N	Mean	Std. Dev.
The budget planning process at Kinazi Cassava Plant supports accurate budget forecasts.	118	4.67	0.469
Budget planning significantly improves the plant's financial performance by aligning resources.	118	4.11	0.314
I am adequately involved in the budget planning process, ensuring better financial forecasts.	118	3.48	1.076
The budget planning process is flexible enough to adapt to changes in the business environment.	118	4.05	0.52
The budget is regularly reviewed and updated to reflect operational or market changes.	118	4.54	0.711
Budget planning at Kinazi Cassava Plant helps in identifying and managing financial risks effectively.	118	3.02	1.089
Aggregate Score		3.98	

Source : Field Data, 2024, **Key: M –** Mean**; SD –** Standard Deviation

The table presents the perceptions of respondents regarding the effectiveness of budget planning at Kinazi Cassava Plant, with a focus on how it impacts the plant's financial performance. The statement "The budget planning process at Kinazi Cassava Plant supports accurate budget forecasts" received the highest mean score of 4.67, indicating strong agreement among respondents. This suggests that the majority of respondents believe the budget planning process contributes significantly to producing accurate financial forecasts. The relatively low standard deviation of 0.469 indicates that there is little variation in opinions, suggesting a consensus on the effectiveness of the budgeting process in supporting forecast accuracy.

Another notable statement is "Budget planning significantly improves the plant's financial performance by aligning resources," which received a mean score of 4.11. This demonstrates a strong perception that the budget planning process plays a crucial role in aligning resources, thus contributing to better financial performance. The low standard deviation of 0.314 further suggests that respondents agree on the importance of this alignment. However, the score is slightly lower than the first statement, indicating that while budget planning is viewed as essential for improving financial performance, respondents may believe that there are other contributing factors as well.

The statement "I am adequately involved in the budget planning process, ensuring better financial forecasts" received a mean score of 3.48, suggesting a more neutral to

slightly positive view of respondents' involvement in the budgeting process. With a higher standard deviation of 1.076, this indicates significant variation in responses, reflecting that not all respondents feel equally involved or engaged in the budgeting process. This variance suggests that some employees may feel excluded or that their participation is not sufficiently influential in ensuring more accurate financial forecasts.

Lastly, the statement "Budget planning at Kinazi Cassava Plant helps in identifying and managing financial risks effectively" had the lowest mean score of 3.02, indicating that respondents were less convinced of the budget planning process's effectiveness in risk management. The standard deviation of 1.089 is also relatively high, which points to diverse opinions among respondents regarding how well budget planning addresses financial risks. This suggests that while some respondents see the process as effective in managing risks, others feel it may not be sufficient in identifying and mitigating potential financial challenges. Despite this, the overall aggregate score of 3.98 indicates that the majority of respondents hold a positive view of the budgeting process at Kinazi Cassava Plant.

4.1.3. Correlation Analysis

The findings of the correlations between the independent variables and the dependent variables are summarized and presented in Table 2

Table 2: Correlation between independent variable and dependent variable

		Budget planning	Financial performance
Budget planning	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	118	
Financial performance	Pearson Correlation	.891**	1
	Sig. (2-tailed)	.000	
	N	118	118

Source: Primary data, 2025

Table 2 illustrates the correlation between budget planning and financial performance at Kinazi Cassava Plant. The Pearson correlation coefficient between budget planning and financial performance is 0.891, indicating a very strong positive relationship between the two variables. This suggests that as budget planning improves, financial performance also significantly improves. The correlation is highly statistically significant with a p-value of 0.000, which is well below the standard significance level of 0.05. This reinforces the strength and reliability of the relationship observed in the data. The results underscore the importance of effective budget planning in driving enhanced financial performance, highlighting the role of strategic resource allocation and financial forecasting in organizational success.

4.1.4. Regression analysis

A multiple regression analysis was performed in this section to identify the predictor and its contribution towards the criterion. It aims to determine the prediction of a single dependent variable from a group of independent variables. The multiple regression analysis was performed with all the assumptions complied with. Table 4 shows the model summary of the results

Table 3. Model summary

l	R	R Square	Adjusted R Square	Std. Error of the Estimat
	.909[a]	.826	.820	.51092

redictors: (Constant), budget planning

The regression model in Table 3 presents the relationship between budget planning and financial performance at Kinazi Cassava Plant. The R value of 0.909 indicates a very strong correlation between the independent variable (budget planning) and the dependent variable (financial performance). The R Square value of 0.826 suggests that approximately 82.6% of the variation in financial performance can be explained by the budget planning process, which is a substantial proportion, indicating a highly predictive model. The Adjusted R Square of 0.820 slightly adjusts for the number of predictors in the model and still supports the strength of the relationship. The Std.

Error of the Estimate is 0.51092, which measures the average distance that the observed values fall from the regression line. A smaller value of the standard error indicates that the model fits the data well. Overall, the regression results further confirm the significant impact of budget planning on financial performance.

Table 4. Summary of ANOVA results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	140.342	4	35.085	134.407	.000[b]
	Residual	29.497	113	.261		
	Total	169.839	117			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), budget planning

The ANOVA results presented in Table 4 show the statistical significance of the regression model used to analyze the relationship between budget planning and financial performance. The Sum of Squares for the Regression is 140.342, indicating the variation in financial performance explained by budget planning. The Residual Sum of Squares is 29.497, representing the unexplained variation in the dependent variable. The Total Sum of Squares is 169.839, which is the total variation in financial performance. The degrees of freedom (df) for the regression is 4, corresponding to the predictors in the model, and for the residuals is 113, representing the number of observations minus the number of predictors. The Mean Square for the regression is 35.085, and for the residuals, it is 0.261. The F-value of 134.407 indicates that the model is statistically significant, as it is much higher than 1, and the Sig. value of 0.000 (less than 0.05) confirms that the relationship between budget planning and financial performance is highly significant. Overall, these results suggest that budget planning has a highly significant impact on the financial performance of Kinazi Cassava Plant, and the model is a strong predictor of financial outcomes.

Table 5. Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.777	.189		4.115	.000
	Budget planning	.104	.132	.134	.787	.003

a. Dependent Variable: Financial Performance

Table 5 presents the regression coefficients for the relationship between budget planning and financial performance at Kinazi Cassava Plant. The unstandardized coefficient (B) for the constant is 0.777, indicating that when budget planning is absent or at zero, the baseline financial performance is 0.777. The standard error for the constant is 0.189, reflecting the variability in the constant estimate.

For the independent variable, budget planning, the unstandardized coefficient (B) is 0.104, meaning that for every one-unit increase in budget planning, financial performance is expected to increase by 0.104 units, holding all other variables constant. The standard error for budget planning is 0.132, showing the degree of uncertainty in the coefficient estimate. The standardized coefficient (Beta) of 0.134 suggests that budget planning has a moderate positive effect on financial performance, indicating the strength of the relationship.

The t-value for the constant is 4.115, which indicates that the intercept is statistically significant. The t-value for budget planning is 0.787, and the Sig. value is 0.003, which is less than the threshold of 0.05, meaning that budget planning has a statistically significant positive effect on financial performance at Kinazi Cassava Plant.

Overall, the results indicate that budget planning significantly contributes to improving financial performance at the plant, confirming the positive impact of effective budget planning on the financial outcomes of the organization.

From the findings, the study revealed that budget planning has a strong and statistically significant positive effect on the financial performance of Kinazi Cassava Plant. The regression analysis showed that the budget planning process contributes to financial performance, with a notable increase in performance linked to improved budgeting practices. Specifically, the findings indicate that for every unit increase in budget planning, financial performance improves by 0.104 units. This relationship

was found to be highly significant (p-value = 0.003), confirming that budget planning is a key driver of financial success. The R-squared value of 0.826 further demonstrates that a large portion of the variation in financial performance can be attributed to the effectiveness of budget planning. These results suggest that adopting more effective and strategic budget planning could significantly enhance the plant's financial outcomes, emphasizing the critical role of proper financial forecasting and resource allocation.

4.2. Discussion of Findings

The objective of this study was to examine the effect of budget planning on the financial performance of Kinazi Cassava Plant. The findings from both the survey and qualitative interviews provide valuable insight into the current budget planning process, highlighting both its strengths and areas for improvement. These insights offer a better understanding of how budget planning influences the plant's financial performance and can inform strategies to optimize this process.

The study found that the budget planning process at Kinazi Cassava Plant is generally viewed as an essential tool for financial forecasting and performance. Respondents indicated that budget planning significantly aids in accurate financial forecasting, which is a crucial aspect of maintaining healthy financial operations. This finding aligns with the existing literature, which emphasizes the importance of well-structured budget planning for achieving accurate financial forecasts, aligning resources effectively, and enhancing financial performance. In particular, the alignment of resources to meet financial goals was seen as a major strength of the current budgeting process. This supports the idea that a structured budget planning process enables the organization to allocate its financial and operational resources efficiently, ultimately improving financial performance. By ensuring that the resources are allocated in a way that supports the company's strategic goals, budget planning directly contributes to the plant's financial success.

The qualitative data from the interview further supports the findings from the questionnaire responses, providing deeper insights into the budget planning process at Kinazi Cassava Plant. The interviewee emphasized the importance of having a clear and structured budgeting process to ensure financial accuracy and performance. They highlighted that regular reviews and updates to the budget are essential to adapt to changing market conditions and operational needs. However, the interviewee also mentioned challenges related to the involvement of all relevant stakeholders in the budgeting process, which sometimes hinders the ability to make fully informed decisions. Furthermore, the interview revealed concerns about the lack of a comprehensive system to track and manage financial risks, echoing the survey responses. Overall, the qualitative data reinforces the idea that while budget planning is seen as crucial for financial performance, there are areas, particularly in stakeholder involvement and risk management, that require attention for improved outcomes.

These findings are in agreement David and Forest (2020) who emphasizes the critical role of effective budget planning in enhancing organizational financial performance. According to previous studies, regular budget reviews, stakeholder involvement, and flexibility in adapting to changes are key components that contribute to a company's financial success. The interview results align with these conclusions, as they highlight the importance of a structured and dynamic budgeting process that can respond to shifting market and operational conditions. Additionally, the concerns raised about inadequate stakeholder involvement and the need for better financial risk management reflect common challenges faced by organizations, as identified in prior research. Overall, these findings suggest that while the Kinazi Cassava Plant's budget planning process is strong in several areas, there are still opportunities for improvement, particularly in fostering broader participation and addressing financial risks more comprehensively.

The findings from the correlation analysis reveal a very strong positive relationship between budget planning and financial performance at Kinazi Cassava Plant. This indicates that improvements in budget planning are closely linked to improvements in financial performance. The statistical significance of this relationship further underscores the reliability and strength of the connection. This suggests that effective budget planning plays a crucial role in enhancing financial performance at the plant, emphasizing the importance of strategic resource allocation and financial forecasting in achieving financial success. The strong correlation supports the notion that financial performance is significantly influenced by how well the budget planning process is executed.

The regression analysis further confirms the significant impact of budget planning on financial performance. The results show a very strong correlation between budget planning and financial performance, demonstrating the substantial predictive capability of the model. The statistical significance of the regression model highlights the importance of budget planning in driving financial outcomes. Additionally, the regression coefficients reveal that budget planning has a positive effect on financial performance, indicating that improvements in budget

planning lead to better financial outcomes. Overall, the regression analysis strongly supports the positive relationship between budget planning and financial performance, highlighting the need for improved budgeting practices to enhance financial outcomes at the plant.

Based on the correlation and regression analysis, these findings are supported by Terry and Yan (2023), who also emphasize the significant impact of budget planning on financial performance. Their research suggests that a strong, positive relationship exists between effective budget planning and improved financial outcomes, similar to the findings at Kinazi Cassava Plant. According to their study, organizations that prioritize strategic budget planning are more likely to achieve better financial performance because they can allocate resources efficiently and forecast financial outcomes with greater accuracy. The regression analysis in this study, showing that budget planning explains a substantial portion of the variation in financial performance, aligns with Terry and Yan's conclusions that a structured and well-executed budgeting process significantly contributes to organizational success. Additionally, their findings support the idea that enhancing budget planning practices leads to better financial forecasting and greater financial stability, reinforcing the importance of strategic resource allocation in achieving financial goals.

These findings are in agreement with existing literature on the importance of structured budget planning for improving financial performance. Studies by Hansen and Mowen (2023) consistently show that organizations with a clear and well-defined budgeting process are better equipped to forecast financial outcomes accurately, allocate resources efficiently, and align their expenditures with strategic objectives. This aligns with the current study's conclusion that budget planning at Kinazi Cassava Plant plays a significant role in forecasting and resource allocation, contributing to overall financial success. Hansen and Mowen (2023) emphasize that well-structured budgets enable organizations to manage their resources effectively.

5. Conclusion and Recommendations

5.1 Conclusion

The study concluded that budget planning plays a significant role in enhancing the financial performance of Kinazi Cassava Plant. Effective budget planning was identified as a key factor contributing to the plant's financial stability and overall success. The study highlighted the importance of aligning resources, forecasting accurately, and adapting to changes in the business environment. These findings emphasize the need for the plant to continue refining its budget planning processes to achieve sustainable growth and improve its financial outcomes.

5.2. Recommendations

Based on the study findings, the following recommendations are made:

1) Kinazi Cassava Plant should continue to prioritize accurate and realistic budget forecasting to ensure that financial goals align with operational capabilities. Regular updates and reviews of forecasts should be incorporated to adapt to any unforeseen changes in the market or business environment.
2) Kinazi Cassava Plant should ensure that resources are efficiently allocated according to the priorities identified during the budget planning process. This will optimize the utilization of financial resources, leading to better performance and achieving long-term sustainability.

3) Kinazi Cassava Plant should conduct regular reviews of its budget to ensure that it remains flexible and responsive to changes in both the internal and external environment. This would enable better handling of risks and capitalize on emerging opportunities, thereby ensuring continued financial success.

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