

The Effect Of Challenges Of Budget Implementation On The Financial Performance Of International Non Govenmental Organizations In Kenya.

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Abstract:

The main purpose of this study was to establish the effect of challenges of budget implementation on the financial performance of international nongovernmental organizations in Kenya. The study took the form of a non-experimental investigation in which the researcher sought to identify cause and effect relationship. The study made use of both qualitative and quantitative data. The data was collected from a total of 40 INGO's out of the total sample size of 44. The data was analyzed using descriptive statistics, frequencies and percentages as well as regression analysis. The findings indicate that most INGOs conduct their budgeting on an annual basis. The review of the budgets is also done on an annual basis. The most popular approach to projecting for revenues and expenditures is through a mathematical formula and this is common in most of the organizations. The main purpose of the budgeting process is to assist the organizations to plan for the future and also to communicate within the departments as well as measure performance. The challenges of budget implementation explain more than 50% of the revenue decrease rate in percentage. The study also found that there is a positive relationship between the challenges of budget implementation and the revenue decrease rate of an INGO. The study recommends that it will be important for the INGOs to address the challenges of budget implementation and also adopt participative budgeting by all the stakeholders in order to achieve efficiency in budget implementation. It will also be important for the NGOs to also consider trend analysis since it is based on facts that have occurred in the past. This will ease implementation hence increasing the revenue growth rate.