FINANCIAL MANAGEMENT AND FINANCIAL PERFORMANCE OF BUSINESS ORGANISATIONS: A CASE STUDY OF KIGEZI PRIDE BAKERY IN KABALE DISTRICT

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UGANDA CHRISTIAN UNIVERSITY
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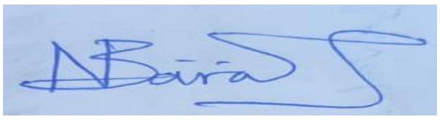
DECLARATION

I, Niwamanya Baram, declare that this research report titled “Financial Management and Financial Performance of business organizations a case study of Kigezi Pride Bakery in Kabale District” is my original work and it has never been submitted to any institution for any academic award.

Signature  **Date** 25/07/2025

NIWAMANYA BARAM

APPROVAL

This research report done by Niwamanya Baram titled "Financial Management and Financial Performance of business organizations a case study of Kigezi Pride Bakery in Kabale District" has been under my supervision and is ready for submission.

Signature.................................... **Date** 25/07/2025

MR. MUGISHA JOHNSTEVE

SUPERVISOR

DEDICATION

This research is dedicated to my family who contributed my learning through praying and well wishing. May God richly bless them abundantly.

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First and foremost, I give thanks to my Powerful Father whose goodness on me does not end. I thank him and all the thanks in Jesus' Name. Some of them to whom their true thanks are due for their invaluable contribution towards this research work are present. I am particularly thankful to parents, brothers, sisters and friends or their invaluable guidance and moral support during my study. I shall forever be thankful to them for their huge help.

I thank my supervisor, Mr. Mugisha Johnsteve, for time, effort, and guidance to the completion of this research. The financial assistance from my family that enabled me to carry out this research is much appreciated.

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"Glory be to the Almighty God"

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ABSTRACT

The research was on the financial performance and financial management of business firms, a case study of Kigezi Pride Bakery in Kabale District. The objectives of the research were; to determine the impact of budgeting on the financial performance of Kigezi Pride Bakery, to examine the impact of financial planning on the financial performance of Kigezi Pride Bakery and to determine the relationship between financial management and financial performance of business firms. Cross sectional study design was utilized and data was obtained through interviews and questionnaires. Findings of the research concerning budget impact on Kigezi Pride Bakery's financial performance were that budgeting enables Kigezi Pride Bakery to attain financial objectives, efficient use of resources, and improved decision-making. It maximizes profitability, efficiency, and co-ordination between departments and employee participation and innovation. Constant checking should be done to prevent unrealistic budgets and allow transparency and cooperation. The findings of the research on evidence related to the impact of financial planning on financial performance of Kigezi Pride Bakery revealed that financial planning at Kigezi Pride Bakery encourages goal-setting, budgeting, and resource allocation for stability and growth. It directs investment, enhances risk management through forecasting, and allows for cooperation and accountability. The findings of the study on financial management and business enterprise financial performance were that financial management improves financial performance by minimizing wastefulness, effective utilization of resources, and cautious investment choices. It achieves liquidity by cautious handling of receivables, payables, and cash flows, and cautious financing mix and risk management guarantee stability and investor confidence. The research hinted that the organizations adopt systematic financial planning processes to determine

state goals and improve effective utilization of resources for stability and growth and this will align financial resources with strategic goals to achieve stable growth.

CHAPTER ONE: INTRODUCTION

1.0 Introduction

Introduction, background of study, problem statement, objectives of study, purpose of study, specific objectives, research questions, scope of study, significance of the study, definition of key words, and conceptual framework are all discussed in this chapter.

1.1 Back ground of the study

1.1.1 Historical perspective

Beginning explicitly in the United States in the early 1900s, corporate financial management focused primarily on bookkeeping and cash management (Ahmed, 2021). Following the Great Depression of the 1930s, the United States and the United Kingdom. Instituted financial regulations to promote corporate accountability. There was a significant shift during the 1950s when finance management evolved to become an academic subject with a focus on cost management, capital planning, and financing decisions (Kannaiah et al., 2024). Financial efficiency techniques were implemented by Japan during the 1970s that shaped international practices. As a result of globalization, European and Asian businesses began implementing strategic financial planning in the 1980s and 1990s. International standards now govern financial management, which is essential to the long-term viability and expansion of businesses (Nem, 2023).

The 1920s saw a rise in the importance of financial performance in commercial Organizations in the US, as companies used balance sheets and income statements to gauge their solvency and profitability (Blessing & Sakouvogui, 2023). In order to improve openness following the Wall Street Crash in the 1930s, U.S. and U.K. regulators established financial reporting rules. Financial performance indicators such as Return on Investment (ROI) and Earnings per Share (EPS) gained popularity in Western economies in the 1950s. In order to increase operational efficiency and impact global competitiveness, Japan implemented lean financial methods in the 1970s (Hennig & Romar, 2023). In order to attract international investors, emerging economies like Brazil and India started incorporating financial performance criteria by the 1990s. Financial and non-financial metrics are now used to evaluate performance in all major economies.

1.0.1 Theoretical perspective

Jensen and Meckling's (1976) Agency Theory served as the foundation for this investigation. The relationship between principals (owners/shareholders) and agents (managers) is explained by this theory, which emphasizes the importance of financial choices and controls in ensuring that managerial decisions reflect the interests of the owners. It is often used to analyze the effects of good financial governance on the company's profitability, liquidity and value in total. Agency theory is relevant to the topic since it explains how effective financial management reduces the conflicts between the management and the shareholders. It stimulates responsibility through the means of budgeting, performance appraisal, and financial controls.

1.0.2 Conceptual perspective

Financial management is the procedure of strategic planning, organizing, directing, and controlling the financial activities of an organization (Sukenti, 2023). It involves decision-making regarding dividends, budgeting, sourcing funds, and investments thus securing the proper use of resources. The financial management has two major objectives: share value maximization and ensuring finance continuity. It plays an essential role in leading businesses to long-term sustainability, growth, and profit (Zopounidis & Lemonakis, 2024). Moreover, sound financial management supports risk mitigation and rational decision making.

Tammy (2024) explains that business organizations are structured groups of people whose main purpose is to carry out professional, commercial, or industrial activities with the goal of either making a profit or performing a specific function. They can take forms such as companies, partnerships, cooperatives, or sole proprietorships, amongst other structures. Those entities assemble resources like labor, capital, and technology to produce things or provide services to customers (Davis & DeWitt, 2021). In a business organization, effective management, clearly-defined objectives, and legal registration are the infallible marks of an organization that is ready to contribute to the process of making innovations, creating jobs, and stimulating economic growth.

1.0.3 Contextual perspective

Financial management has a very strong influence on the financial performance of commercial entities in Kenya, particularly as the country moves toward being a regional economic hub (Zada et al., 2021). In order to gain a foothold in the market and remain in business, the Kenyan corporations are going for the old-fashioned methods of sophisticated financial techniques like opening up a new format of investment options, intensive cash flow management, and full-scale budgeting along, etc. A lot of organizations were unable to reach the better capital management they aimed for, however, among them were the financial institutions and mobile banking platform M-Pesa (van Zanden, 2023). On the other hand, most of the companies have been affected negatively by such problems as lack of financial literacy and failure to adhere to the regulations.

The efficiency of financial management system in companies was a major factor that determined their bottom line in Uganda (Alkaraan et al., 2022). The firms that practiced good financial management by hiring more accountants, controlling their cash flow, and making proper investments were able to grow and even get more through selling their products and services. Besides these, in Uganda, the banks' finance and payment services have been supplemented by the vast use of mobile money platforms such as Mass and Airtel Money so that now firms can better manage their payments and working capital (Kitimbo, 2021). On the other hand, there are still problems like lack of financial knowledge among the managers, weak internal controls, and non-uniformity in following the rules. Sometimes these problems may cause performance and financial stability issues especially for the small and medium enterprises. Nevertheless, financial management is still a driving force of corporate performance in Uganda, as the companies that invest in good financial management systems are usually rewarded with increased operational efficiency and competitiveness (Ainembabazi, 2022).

Kigezi Pride Bakery is a local bakery based in the Central Division of Kabale Municipality. It was founded to take advantage of the commercial nature of Kabale at the regional level by providing the locals with bread and pastry necessities on a daily basis. Though the company employs financial management practices, Kabale District's Kigezi Pride Bakery still suffers poor financial performance caused by weak internal controls, limited market access, and high operating expenses (Kigezi Pride Bakery report, 2024). The bakery's cash management is compromised by irregular revenue streams and slow payment to suppliers. Profitability is also threatened due to weak pricing practices and weak financial forecasting. Even though they have basic financial management structures in place, inefficiencies are also brought about by poor training of employees in financial responsibility.

1.2 Statement of the problem

Strategic choices like cost control, investment, and expansion are influenced by financial performance (Molina & Wilestari, 2023). It shows how well-equipped the company is to pay its debts and keep running. Reliable financial results draw in investors and boost stakeholder trust. Strong financial performance, including consistent profitability, effective cost control, and positive cash flows, is made possible for corporate organizations by effective financial management (Nasimiyu, 2023). with or without the financial management tool of budgeting, bookkeeping, and expense tracking in Kigezi Pride Bakery, the bakery is besieged by financial issues. Based on Kigezi Pride Bakery internal Audit report of (2024), sales revenues declined from UGX 12 million to UGX 8 million monthly last year and operating expenses were up by 15%. Profit margin dropped below 3%, well short of the 10% industry norm. Operations also struggled to make commitments to suppliers within time as a result of cash flow issues. This departure from planned and actual performance is a sign of areas of weakness in financial planning and decision-making. If the trend is not rectified, Kigezi Pride Bakery is likely to fold up and go bankrupt due to heightened financial pressure as well as lose clients' confidence and good suppliers due to sustained delays in payment. It was because of this that the researcher conducted a study on financial management and financial performance of business companies, a case of Kigezi Pride Bakery in Kabale District.

1.3 Purpose of the study

The research was carried out to examine financial management and financial performance of business firms, a case of Kigezi Pride Bakery in Kabale District.

1.4 Specific objectives

i. To establish the contribution of budgeting to financial performance of Kigezi Pride Bakery.

ii. To examine the contribution of financial planning to financial performance of Kigezi Pride Bakery.

iii. To establish the contribution of financial management to financial performance of business firms.

1.5 Research questions

i. What is budgeting's financial contribution to Kigezi Pride Bakery?

ii. In what ways does planning affect the financial performance of Kigezi Pride Bakery?

iii. What is the connection between financial management and the financial performance of business organizations?

16 Scope of the study

1.6.1 Content scope

The study was committed to the financial performance and financial management of business organizations, an illustration being Kabale District's Kigezi Pride Bakery, the effect of financial planning on financial performance, the effect of budgeting on financial performance and financial management's interrelationship with financial performance of business organizations.

1.6.2. Statement of time scope

This study continued for four years between 2020 to 2024 tracking the financial management and performance of business firms, the case of Kigezi Pride Bakery.

1.6.3 Geographical scope

Geographical area where the study was conducted was Kigezi Pride Bakery. Kabale District is surrounded by Rwanda in the east and south, Rubanda District in the west, Kanungu District in the north-west, Rukungiri District in the north-east, and Rukiga District in the north-east.

1.7 Relevance of the study

The study can provide results that have the potential to help Kigezi Pride Bakery enhance budgeting, planning, and internal controls so that financial decisions are more effective and informed.

The study can serve as a model to other small and medium-sized enterprises (SMEs) in the area, offering real-life examples of how efficient financial practices can enhance performance.

The study would be a contribution to the literature of SMEs' financial management and offers practice-oriented guidelines for researchers, students, and practitioners who are concerned with improving business financial performance.

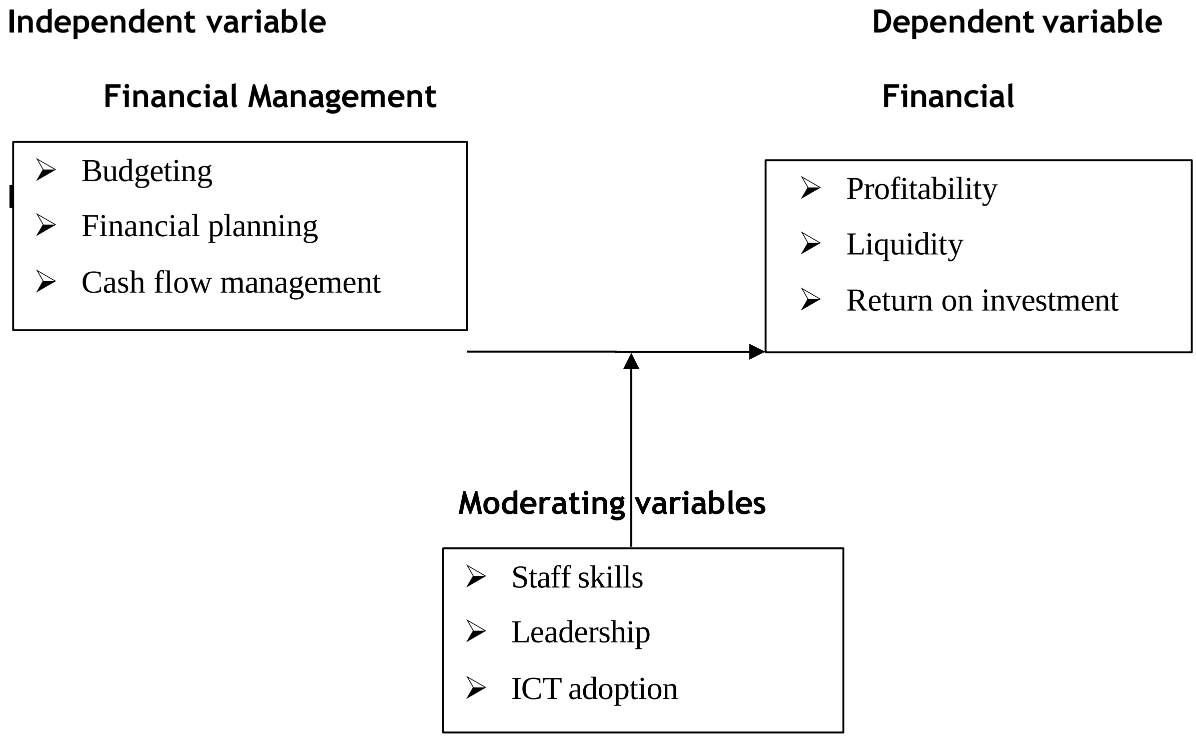
1.7 definition of key terms

Financial management involves planning, organizing, directing, and controlling the money of an organization.

Business Company's financial performance refers to measuring the process of how a company employs its assets in an effort to generate revenues and profits.

Business companies are legally formed entities created with the aim of engaging in commercial, industrial, or professional undertakings with the purpose of making a profit or pursuing a specific objective.

1.7 Conceptual frame work



Source: Researcher, 2025

The study on financial performance of business organization and financial management, financial management is used as the independent variable that comprises leading practices such as financial planning, budgeting, and control over the flow of cash. Such practices are aimed at maximizing the dependent variable financial performance, which is measured in terms of return on investment, liquidity, and profitability. But the extent and nature of such correlation could be subject to intervening factors such as staff competences, leadership, and ICT adoption. For example, even appropriate budgets can fail to have meaningful financial effects if there are not sufficient competent staff, good leadership, and updated ICT infrastructure to facilitate implementation and monitoring.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter integrates and relates the research of many scholars who have authored books about the topic. Data that indicates and is related to this research was collected by the researcher from many sources related to it, such as researchers, journals, and web pages. It is suspected that these data sources contain secret information that benefited the researcher in this research.

2.1 Financial performance

As per Diana and Maria (2020), thus, the company's financial performance indicates the extent to which a firm generates revenue and generates a level of profitability over time as it optimizes its resources, planning, and assets. In the short and long term, it indicates a firm's health and longevity as a firm. Financial metrics such as net gain, return on equity (ROE), return on assets (ROA), and operating margins are generally used to measure this achievement. They tend to provide useful information about a firm's efficiency in its management and its firm's financial performance (Iacuzzi, 2022). Such data are crucial to the firm's management, investors, and other stakeholders to make wise and informed choices.

Auliyah and Agit (2024) state that a good financial performance is often a result of proper financial planning and management alongside efficient execution. Such companies are also able to withstand an economic downturn, which might otherwise cripple their less fortunate competitors, by managing their debts effectively and even further investing in the acquisition of new growth opportunities. Poor financial performance, in turn, is a clear signal of bad management, high costs, or low revenues, any of which could plunge the company further into its current financial problems. In addition, a company’s steady profit stream makes it more attractive to investors and its access to bank loans easier. Therefore, financial performance is the primary aspect determining the competitiveness and trustworthiness of an organization. Financial statement analysis is one of the simplest ways to assess a company's financial condition (Olayinka, 2022). It implies that the company is assessing the impact of its decisions on cash, income, and balance through the examination of cash flow, income, and balance sheet. Through the use of ratios like profit margin, debt-to-equity ratio, and current ratio, one can easily measure his performance against industry norms. Such an analysis enables corporations to identify their strengths, weaknesses, and areas that need improvement. It also allows the firm to refresh its strategy in order to be more efficient in its operations and thus maximally profit.

External factors like economic trends, governmental restrictions, and market conditions can also have an impact on financial performance (Wu & Tham, 2023). To put it another way, inflation, changes in interest rates, or shifts in consumer behavior have an impact not only on sales but also on the cost of operations. Consequently, external monitoring is as important as internal controls and strategic planning. Organizations must be powerful and versatile in order to keep their financial results positive even in changing situations. Proactive financial risk management enhances sustainability in the long run.

2.2 Financial Management

Financial management is the strategic planning, organizing, directing, and controlling of monetary activities, including the acquisition and usage of cash in an organization (Jang, 2024). It involves making major decisions concerning risk management, financing, investment, and budgeting in order to assure the financial stability and growth of the company. One of the key goals of financial management is to increase the value of the shareholders while at the same time ensuring an effective allocation of resources (Shaheen, 2023). Moreover, it helps the company to maintain a proper mixture of risk, liquidity, and return. A company that is making profits might still suffer from serious financial issues if the management of its finances is not done properly.

Budgeting, which can be defined as the act of predicting revenues and planning the expenses accordingly for a certain period, is one of the chief functions of financial management (Sitinjak et al., 2022). The company views budgeting as a practice that can assist in monitoring its spending and in resource allocation. In addition, it sets a standard for measuring the performance and it empowers the necessary adjustments. Financial managers are each department's spending watchdogs through their budgets. This not only supports inter-departmental cooperation but also instills a financial discipline culture across the entire company. One of the key aspects of financial management is the investment decision-making process (Luna-Pereira et al., 2022). It is the managers' responsibility to evaluate the risks against the returns before the funds are committed to either a project or an asset. They often utilize tools such as internal rate of return, net present value, and cost-benefit analysis to assist them in their decision-making process (Campbell & Brown, 2022). The aim is to invest in projects that are congruent with the company's goals and can provide a competitive edge over the long term. Wise investment decisions are the support of finance and the source of the company's competitive edge. Financial managers take part in one of the most important decisions regarding the company's financing; that is, what is the optimal mix of debt and equity for the firm to operate? Moreover, they should monitor the capital structure, which means considering the cost of borrowing, interest rates, and the duration of loan repayment.

2.3 Influence of budgeting on financial performance

A corporation can accomplish a lot if it implements the budget control policy strictly by eliminating wastes, discovering and taking advantage of saving opportunities, and even directing the money to the most important areas. Financial management of this nature leads to a significant increase in profits and efficient operations. Budgeting could then be an essential factor in the timely detection of financial deviations, which allows for the quick implementation of corrective actions. In this sense, it serves as a tool for the maintenance of accountability and financial soundness. Besides, budgeting is an instrument that helps to strengthen the company's strategic alignment, which indeed is quite a big factor for financial success (Mbogo et al., 2021). By turning long-term goals into budget plans that can be acted upon, it ensures that all the departments are working together. The alignment leads to better cooperation and effective resource utilization, which in turn results in improved overall performance. Moreover, the departments are made responsible for their results and expenses, thereby nurturing an environment of accountability. Consequently, through budgeting, the organization not only gains in terms of transparency but also in productivity across its different units.

As Okeke et al. (2024) point out, budgeting has the added advantage of improving financial forecasting and thus businesses can predict revenue and expense trends. Accurate forecasting leads to the determination of working capital requirements, debt management as well as investment choices. Companies that do regular planning and budget monitoring are more likely to be effective in mitigating risks and adapting to the changes in the economy. Quite the contrary, being able to predict future financial performance has refined the financial resilience and decision-making. In uncertain situations, a well-structured budget may be the deciding factor between the area of growth and that of bankruptcy. Dordunu (2023) mentions that budgeting indirectly affects financial performance via its influence on employee motivation and performance. The employees' absorption of the information about the financial goals as well as the full employees' and management participation in the budgeting process result in upturn of their commitment to the financial objectives accomplishment. The limitation of the budget is a source of a department's creativity and resourcefulness in reaching their goals. The budget compliance linked with performance assessment further supports the proliferation of a result- based culture. This culture in turn promotes good financial performance over the long term and thus sustains the competitive advantage.

Private sector businesses utilize budgets to strategize their expansion, manage costs of stocks, and determine prices of products (Alsharari, 2021). It helps in building a framework for measuring the ROI of different projects. The public sector budgeting, besides, assures that the governmental funds are put to good use and that the services are rendered timely. Budgeting makes it possible for non-profits to function continuously and to allocate the funds received from the donors prudently. Without a doubt, budgeting is still the most effective way of measuring financial performance across all industries. Private sector firms apply budgets for their growth strategies, stock cost management, and product pricing decision (Alsharari, 2021). It also plays a vital role in setting up a criterion for project ROI evaluation. In addition to this, public sector budgeting ensures that public resource allocation is efficient and timely delivery of services. Budgeting allows non-profits to survive and to use donor contributions wisely.

2.4 Relationship between financial management and financial performance of business organizations

Proper management of finances is one of the most important and critical activities that directly affect the financial performance of an organization (Tuffour et al., 2022). In an effort to create value for the organization and achieve its financial goals, it includes planning, directing, controlling, and organizing the operations of money. According to Wang (2024), good financial management entails having a sound risk management, successful resource allocation, and making financial decisions which can ultimately realize the strategic objectives of the organization. The practice of financial management, as a rule, determines the fate of the enterprise in terms of profit-making, liquidity, and growth sustenance. It follows that good financial management is a harbinger of financial performance. In two main ways, financial management has a positive impact on the financial success of the company, and these are effective cost control and planning (Schubert & Kirsten, 2021).

Although right investments work in favor of long-term development and setting the company apart from the competition, wrong ones can drain resources and negatively impact the company's financial soundness. Therefore, effective financial management is likely to develop the company's ability to expand and innovate. Another major aspect of financial management is effective working capital management, which directly impacts an organization's liquidity and operational efficiency (Mazanec, 2022). The constant monitoring of the levels of inventory, payables, and receivables ensures that there is enough cash flow in the company to meet its obligations. Through the management of current assets and liabilities, financial managers aim to achieve the right mix of liquidity and profitability. Poor working capital management can lead to cash crises and disruptions in operations, whereas good management ensures smooth business operations and enhanced financial prosperity.

Financial performance is furthermore influenced by the capital structure decisions of the financial management (Miglo, 2025). The right mix of the debt and equity financing affects the company's cost of capital as well as its financial risk. Thus, a well-balanced capital structure can create the highest value for the shareholders and also cutting the costs of borrowing. Even though the stronger part of equity financing can change the ownership structure, the strong part of debt financing, on the other hand, could lead to financial risk because of the interest costs. Financial control and financial stability are also the results of proper financial management (Rachmad, 2025). By identifying, assessing and mitigating financial risks, the top executives protect the company from possible losses due to fluctuations in the market, defaults on loans or the operations being inefficient. Effective risk management ensures that the resources are not wasted and it also guarantees the continuity of the business in the adverse conditions. This proactive approach not only raises the organization's financial performance and market reputation but also brings about a general increase in trust among the stakeholders and investors. Moreover, according to Shaheen (2023), financial management indirectly becomes a key player in the strategic decision-making that aligns with the company's objectives. Marketing, production, the area of expansion, and the pricing strategies are all, to a large extent, dictated by the crucial revelations that financial data and analysis provide. When financial management is involved in strategic planning, financially sound decisions that foster long-term success are the result. Organizations will experience better financial results as their capacity to adjust to market changes and grab new opportunities increases if financial management is integrated into their strategic operations.

Efficient financial management has a positive impact on all areas of budgeting, investment, working capital, capital structure, risk management, and making strategic choices (Rahmah & Peter, 2024). Taking all these processes together, they contribute to the company's long-term sustainability, operational effectiveness, liquidity, and profitability. Financial management is still the main factor of success in a business since companies practicing and giving importance to sound financial management techniques are more likely to achieve remarkable financial performance and maintain a competitive advantage in their sectors. Effective cash flow management, which is also supported by financial management, is necessary for maintaining liquidity and operational efficiency (Kariuki & Njeru, 2023). When the cash inflows and outflows of an organization are managed effectively, it can meet its short-term obligations without any issues. Moreover, it puts the business in a position to take advantage of investment opportunities as they come up. Good cash flow management mitigates financial stress and reliance on external financing.

CHAPTER THREE: METHODOLOGY

3.0 Introduction

Research strategy used in the studies of the scholar is addressed in the present chapter. Research design, target population, sample size, data sources and data collection methods, data analysis, and research process are some of the things that are addressed in the present chapter.

3.1 Research

To achieve data collection within regions with little existing information, the cross-sectional research design was utilized. Since it enabled data to be collected at a single moment in time, a cross-sectional research design was utilized in order to conduct a survey among the respondents from Kigezi Pride Bakery. Quantitatively and qualitatively, both data were collected in order to enable a valid study finding and recommendation.

3.2 Study

According to Mugenda (2011), a population is a whole collection of individuals that possess certain observable characteristics. Respondents of 108 persons from Kigezi Pride Bakery constituted the population of research that was sampled by the researcher.

3.3 Sample size

The size of individual units or participants taken from the general study population defines the sample size (MacCallum et al., 2022). The study consisted of just 85 respondents, as per Krejcie and Morgan's 1970 research. These consisted of seventy-five (75) clients, sales representatives eight (8), Managing director one (01), and finance one (01).

Table 1 Category of respondent

Category of respondents	Population	Sample Size	Sampling technique
Managing Director	01	01	Purposive sampling
Finance	01	01	Purposive sampling
Sales agents	12	8	Simple random sampling
Clients	94	75	Simple random sampling
Total	**108**	**85**	

3.1 Data sources

Both primary and secondary sources provided data for the study. This made it simple to compare the secondary data that was available with the field-generated replies from primary data sources in order to draw insightful interpretations of the results.

3.1.1 Primary data

The managing director, finance, sales representatives, and customers of Kigezi Pride Bakery provided the primary data. To collect primary data from respondents, the researcher employed interview guides and questionnaires.

3.1.2 Secondary data

Secondary data was obtained from a variety of sources, including online publications, books and publications from various libraries, and bakery reports.

3.2 Data collection tools

Interview guidelines, questionnaires, and documentation were used to collect data. These instruments were employed by the researcher to gather data.

3.2.1 Interview guide

The respondents in the study area were questioned orally as part of this data gathering technique. It involved direct communication between the respondents and the researcher. The primary purpose of this approach was to gather information from respondents who were illiterate.

3.2.2 Questionnaires

Self-administered surveys were among them; these involved preparing a list of written questions and sending them to respondents, especially clients. The data collected from the participants was documented and examined in order to evaluate the research.

3.3 Data collection instruments

Questionnaires and interview guides were among the study tools used to gather data.

3.3.1 Interview guide

The managing director and finance provided primary qualitative data for the study using interview guides. To gather information, the researcher employed a structured interview guide that included lists of respondents and a set of questions. The tool was employed because it provided precise responses, allowing the researcher to re-ask.

3.6.2. Structured questionnaire

The researcher utilized a set of structured questions that were distributed through email to the clients, as this methodology gave a good rate of return and permitted privacy when the respondents answered the questions.

3.4 Research procedure

Upon completion of the proposal, the researcher undertook the following actions. When the researcher arranged interviews with the respondents, the researcher obtained an introduction letter from Uganda Christian University research coordinator describing the background of the researcher. Interviews and data collection followed. Interviews and data collection by administration followed. The researcher finally reviewed, explained, presented, and concluded. Following this were data editing, coding, and revision.

3.5 Data quality control

Methods and techniques applied to ensure the accuracy, credibility, and integrity of the data throughout the lifecycle of the data are referred to as data quality control (DQC) (Anderson et al., 2010).

3.5.1 Reliability

The researcher also pre-tested the research instruments, i.e., the questionnaire, which had been selected as most preferred among the respondents who did not conduct the survey.

3.5.2 Validity

Validity is used to describe how well a sample of items on a test represents the content area it has been constructed to measure. It presents a measure of the level of research being carried out. A set of experts will rate the research instrument prepared by the researcher. Next, content validity index was determined. According to Amin (2015), it is demanded that an instrument must have cumulative average index of 0.70 and above to be authentic. When the validity value came out to be 0.8, data collection was established to be authentic by the researcher.

$$CVI = \frac{\text{Number of related items}}{\text{Total number of items}}$$

3.6 Data presentation and analysis

The activity of organizing the information gathered to express a certain meaning refers to data analysis. When a researcher orients data that they have collected in a format to be grasped by other individuals, the process refers to data analysis. In as much as the research contained both qualitative and quantitative data, this necessitated the classification, comparison, evaluation, and integration of empirical data obtained from questionnaires, schedules of interviews, and field notes to extract the meaning to a coherent explanation of the topic under research.

The generation of coherent meaning was achieved through the categorization of data units in alignment with the study's objectives. Subsequently, the data was organized, uploaded onto a computer system, and analyzed utilizing Microsoft Excel, a software application designed for statistical analysis. A descriptive analysis was performed.

To enhance understanding, the results of the study were subsequently presented in tabular form. The conclusions and recommendations were further structured based on the objectives that emerged from the findings.

3.5 Ethical considerations

Making ensuring that respondents' rights and welfare are upheld is the main goal of adhering to ethics during the research project. Durrheim and Blanche (2021). By promising the study participants that the information they provided would be kept private, not shared with outside parties, and used exclusively for scholarly reasons, the researcher made sure he had their agreement.

3.13 Limitations of the study and how they were handled

The researcher anticipated that some respondents would avoid answering some important questions and that others would fail to disclose the reality of their information. Nonetheless, the investigator ensured that he persuaded the participants to provide crucial details in their entirety.

There was not enough time for research. Actually, it took a lot of time for the researcher to build the study tools, collect data, and draft the proposal. But in order to finish on time, the researcher made a concerted effort, gave up some of the activities, and focused on the research.

Delays in receiving completed questionnaires were an issue for the researcher. This resulted from the majority of responders being preoccupied with their work. However, the researcher promptly provided the material to the responders and explained the goal of the study.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS OF THE FINDINGS

4.0 Introduction

Interpretations and inferences of the research work are discussed in this chapter. Data obtained from the respondents and the research instrument introduced in the methodology section form the basis of the conclusions. Data have been represented as per the research objectives of the work.

4.1 Demographic characteristics of respondents

Age, sex, and marital status of respondents were taken into account by the researcher. In characterizing the chief responders who happened to be sampled, as shown below, this biographical information was paramount to both the research and the researcher.

4.1.1 Sex of the respondents

The author controlled for respondents' sex, and the findings are presented in Table 4.1.1 as follows.

Table 4.1.1: Sex of respondents

Sex	Frequency	Percentage
Female	38	45
Male	47	55
Total	**85**	**100**

Source: Primary Data 2025

According to data gathered from the survey, 38 (45%) of the respondents were female, while 47 (55%) of the respondents were male. This indicates that both sexes are fairly represented, with men participating at a slightly higher rate. According to the gender distribution, Kigezi Pride Bakery's financial management procedures were understood by both men and women, offering a varied viewpoint on how financial choices affected the operation of the bakery.

4.2.4 Highest level of educational attained by the respondent

The researcher also took into account the respondents' greatest educational attainment and the findings shown in Table 4 below.2.4 were noted.

Table 4.2.4: Showing the highest level of educational attained by the respondents

Level of education	Frequency	Percentage
Tertiary	15	18
Primary	23	27
Secondary	26	31
University	21	24
Total	**85**	**100**

Source: *Primary data, 2025*

The majority of respondents (31%), followed by primary education (27%), university education (24%), and tertiary education (18%), had completed secondary education, and according to the statistics shown in Table 4.2.4 above. According to this distribution, a sizable percentage of the respondents had basic to moderate education, while a sizable portion also had advanced degrees. Because it showed that many participants could comprehend and interact with financial management principles, the participation of respondents with secondary and university degrees was very significant.

4.2.4 Number of years in business

The researcher also took into account the respondents' years of business experience and the findings shown in Table 4 below.2.4 were noted.

Table 4.2.4: Showing the respondents' number of years in business

Number of years	Frequency	Percentage
1-2	34	40
2-3	16	19
3-4	11	13
4-5	6	7
Above 5	18	21
Total	**85**	**100**

Source: *Primary data, 2025*

The findings in Table 4.2.4 above indicate that the majority (40%) had between one and two years of experience, followed by those with five or more years (21%), two to three years (19%), three to four years (13%), and four to five years (7%). According to this distribution, a sizable portion of respondents had substantial history with the company, even though the majority were relatively new. Long- term employees, particularly those with more than five years of experience, were essential in providing in-depth knowledge of financial management procedures and how they affect performance over the long run.

4.1 Influence of budgeting on financial performance of Kigezi Pride Bakery

The researcher then investigated the respondent's thoughts on influence of budgeting on financial performance of Kigezi Pride Bakery and the results reported below in Table 4.

Table 4.2: Influence of budgeting on financial performance of Kigezi Pride Bakery

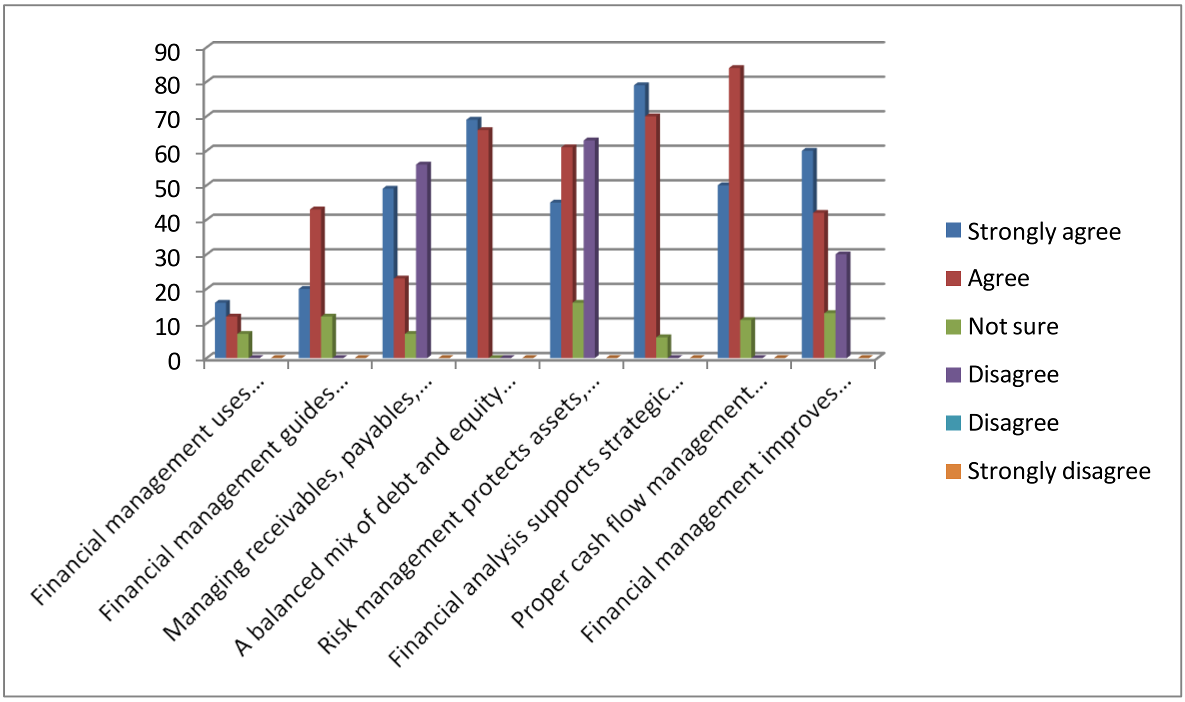
Influence of budgeting on financial performance of Kigezi Pride Bakery	SA		A		N		D		SD	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	%	
Budgeting helps organizations set goals, estimate income and expenses, and allocate resources wisely, preventing shortfalls and improving decision-making	26	40	32	50	7	10	-	-	-	
Sticking to a budget reduces waste, uncovers savings, and ensures funds go to key areas, boosting profitability and efficiency	40	62	13	20	12	18	-	-	-	
Budgets align departments with long-term goals and hold them accountable, ensuring coordinated efforts across the organization	19	30	13	20	7	10	26	40	-	-

Accurate budgeting supports financial forecasting, helping organizations prepare for economic changes and manage debt effectively	39	60	26	40	-	-	-	-	-	-
Employee involvement in budgeting increases motivation, promotes innovation within limits, and ties performance to financial goals	15	24	11	16	16	26	23	34	-	-
Budgeting is vital in all sectors guiding resource use, pricing, service delivery, and financial planning	29	44	30	46	6	10	-	-	-	-
Unrealistic budgets cause overspending and inefficiency, stressing the need for regular reviews	40	62	14	22	11	16	-	-	-	-
Budgeting enhances transparency, communication, and collaboration across departments, uniting teams around shared goals	20	30	22	34	13	20	10	16	-	-

SA=Strongly Agree A=Agree N=Not sure D=Disagree SD=Strongly Disagreed

Source: Field data, 2025

Figure 1 showing the influence of budgeting on financial performance of Kigezi Pride Bakery



Source: Field data, 2025

According to the study's findings, 40% of participants strongly agreed, 50% agreed, and 10% were unsure that budgeting aids firms in setting objectives, estimating revenue and expenses, and allocating resources sensibly, avoiding shortages and enhancing decision-making. This suggests that 90% of respondents agreed with the claim that budgeting aids businesses in setting objectives, estimating revenue and expenses, and allocating resources sensibly, hence avoiding shortages and enhancing decision-making.

According to the study's findings, as shown in table 4.2 above, 62% of respondents strongly agreed that following a budget lowers waste, reveals savings, and guarantees that money goes to important areas, increasing profitability and efficiency. Another 20% concurred.

This indicates that 50% of the respondents agreed with the statement that budgets ensure coordinated effort throughout the organization by holding departments accountable and focusing them on long-term goals.

From the study, 60% of the respondents strongly agreed that effective budgeting helps in financial forecasting, which enables organizations to be ready for economic changes and to manage debt effectively. A further 40% of respondents agreed. This indicates that the vast majority of respondents (100%) agreed that effective budgeting helps in financial forecasting, enabling companies to manage debt and prepare for economic changes effectively.

Of the research evidence in the table 4.2 above, 24% of the respondents strongly agreed that employee budgeting motivates more, brings creativity to a reasonable extent, and links performance to monetary goals. Among the respondents, 16% agreed, 26% did not know, and 34% disagreed. Thus, 42% of the respondents agreed that employee budgeting engages employees, raises motivation, induces creativity to reasonable extent, and links performance to figures.

Survey responses revealed that 44% strongly agreed, 46% agreed, and 10% were unsure that budgeting has to lead pricing, service provision, resource allocation, and financial planning in each sector. This shows that 90% of respondents agreed that budgeting impacts each of the following: financial planning, pricing, service provision, and resource allocation.

As we can also see from table 4.2 above, it was found that 62% of respondents strongly agreed with 2% agreeing and 16% unsure that unrealistic budgets lead to inefficiency and wasteful spending, emphasizing a regular review and update. This shows that 84% of respondents strongly agreed that wasteful spending and inefficiencies are a product of unrealistic budgets, emphasizing a regular reassessment.

From the responses in table 4.2 above, it was found that 30% of the respondents strongly agreed that budgeting makes departments more communicative, collaborative, and transparent and brings together teams to shared goals. It shows that most of the respondents (50%) agreed in the statement that budgeting makes departments more communicative, collaborative, and transparent by uniting groups to shared ends. Influence of financial planning on financial performance of Kigezi Pride Bakery. The researcher recorded how financial planning affected Kigezi Pride Bakery's financial performance, and the findings are shown in Table 4.3 below.

Table 4.3 Respondents views on the influence of financial planning on financial performance of Kigezi Pride Bakery

Influence of financial planning on financial performance of Kigezi Pride Bakery	**SA**		**A**		**N**		**D**		**SD**	
	Frequenc	%	Frequenc	%	Frequenc	%	Frequenc	%	Frequenc	%
Financial planning sets clear goals, assesses finances, and ensures efficient resource use for growth and stability	19	30	29	44	17	26	-	-	-	-

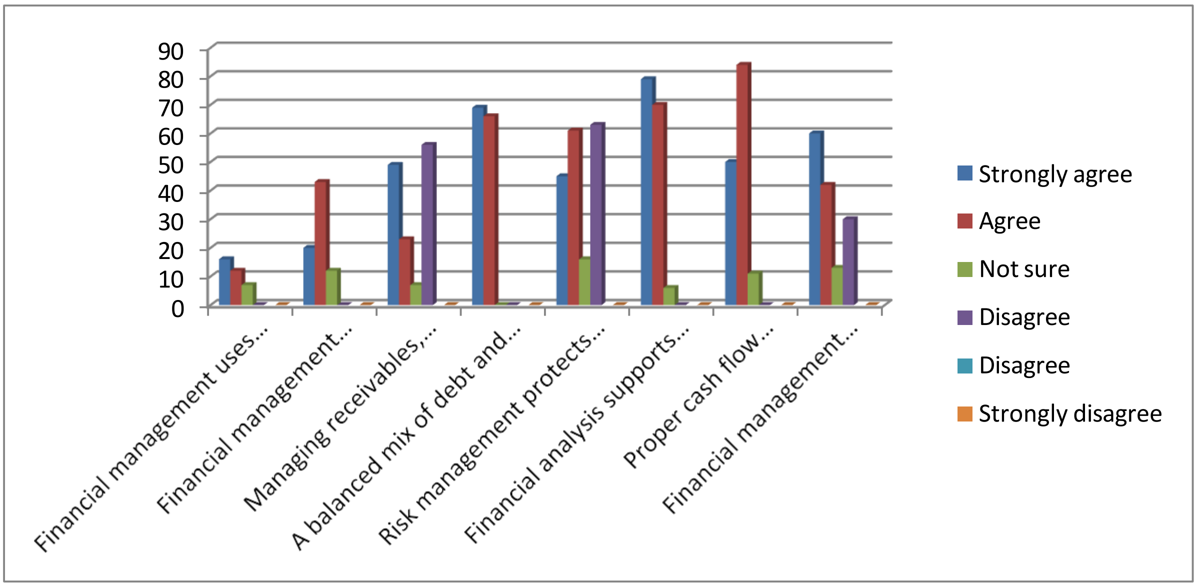
Financial planning enables better budgeting by projecting revenues and expenses, promoting fiscal discipline, reducing waste, and avoiding budget overruns	32	50	14	22	7	10	12	18	-	-
Financial planning guides capital investment by determining when and how much to invest, ensuring better returns and sustainable growth	39	60	18	28	8	12	-	-	-	-

Forecasting and scenario analysis allow organizations to anticipate financial risks and build contingency plans, improving stability	40	62	13	20	12	18	-	-	-	-
Financial planning ensures that strategic goals are supported by available resources, increasing project success rates and operational effectiveness	19	30	13	20	7	10	26	40	-	-
inancial planning fosters collaboration across departments, enhances transparency, and encourages accountability through shared financial understanding	39	60	26	40	-	-	-	-	-	-
A detailed financial plan improves external trust, attracting funding and capital needed for innovation, expansion, and competitiveness	15	24	11	16	16	26	23	34	-	-
Setting targets and timelines allows for regular review, timely corrections, and a culture of accountability and improvement	29	44	30	46	6	10	-	-	-	-

SA=Strongly Agree A=Agree N=Not sure D=Disagree SD=Strongly Disagreed

Source: Field data, 2025

Figure 2 showing the influence of financial planning on financial performance of Kigezi Pride Bakery



Source: Field data, 2025

The study's outcome conclusion disclosed that 74% of the population, who were asked to comment, were of the same opinion, the financial planning provides a clear picture of the goals, financial situation, and the way in which the resources will be used to bring about and maintain stability. Out of the group, 30% firmly supported this assertion, 44% were in the same boat, and 26% expressed their uncertainty. The study's findings, as shown in table 4.3 above, revealed that half of the respondents were of the opinion "financial planning helps in budgeting by projecting revenues and expenses, encouraging fiscal restraint, cutting waste, and preventing overspending"; they were in fact, the strongest supporters of this statement. Of the surveyed participants, 22% agreed, 10% were uncertain, and 18% disagreed. This indicates that through the methods of forecasting revenues and expenses, encouraging strict financial practices, reducing waste, and preventing budget overruns, financial planning enhances better budgeting, according to 72% of respondents. Based on the survey results depicted in table 4.3 above, 28% of the respondents were in agreement and 4% were uncertain that financial planning assists in deciding the timing and the extent of the investment in capital projects, which would result in greater returns and sustainable growth. This is to say that 88% of the respondents agreed that planning for the future financially would help to decide when and how much to invest in capital projects, resulting in higher returns and long-term growth.

From the data presented in table 4.3 above, the study results indicate that 62% of the participants were very much in favor, and 20% were in favor of the idea that forecasting and scenario analysis could help the companies to identify financial risks and prepare alternative actions, thus boosting their resilience and stability. This means that a total of 82% of the people surveyed believed that the combination of scenario analysis and forecasting is a major tool for opening up financial risks and making plans that will fortify and stabilise the firm's position. In the survey summarized in table 4.3, 30% strongly agreed, 20% agreed, 10% were undecided, and 40% disagreed that financial planning in advance, in effect, ensures that the resources required for the execution of strategic goals are there, thus increasing the success rates of projects and the performance of operations. Hence, it is deduced that 50% of the people surveyed held the view that there is a link between financial planning and project success and operational effectiveness, with the latter being dependent on the former through guaranteeing that available resources support strategic goals.

The research results revealed that 60% of the participants were in complete agreement that financial planning increased collaboration among the departments, shattered the wall of secrecy, and made the parties liable to each other through financial understanding. Besides that, 40% of the respondents were of the same view. That's to say that the entire 100% of the respondents were in favor of the idea that financial planning led to the departments working together, making it possible to see and understand the whole finance picture, and sharing the responsibility. The results of the study illustrated in table 4.3 above reveal that 24% of the respondents were very much in agreement, 16% were in favor, 26% were undecided, and 34% were against the statement that a well-defined and comprehensively executed financial plan builds external trust and attracts the investment and capital which are required for innovation, expansion, and maintaining competitiveness. This shows that a little under half (42%) of the respondents were in agreement regarding the fact that a good financial plan opens the door to external trust and cash flow and capital for the purposes of competitiveness, expansion, and innovation. The study's results indicated that 44% of the subjects were very much in agreement, 46% were in favor, and 10% were undecided about the claim that goal setting and deadline setting would lead to continuous evaluation, quick corrections, and the establishment of an improvement-oriented culture. This suggests that 90% of respondents agreed with the claim that establishing goals and deadlines promotes responsibility and progress by enabling frequent reviews and prompt corrections.

4.2 Relationship between financial management and financial performance of business organizations

The researcher took into account the respondents' views regarding the connection between business organizations' financial success and financial management, and the findings are shown in the table below.

Table 4.4: Relationship between financial management and financial performance of business organizations.

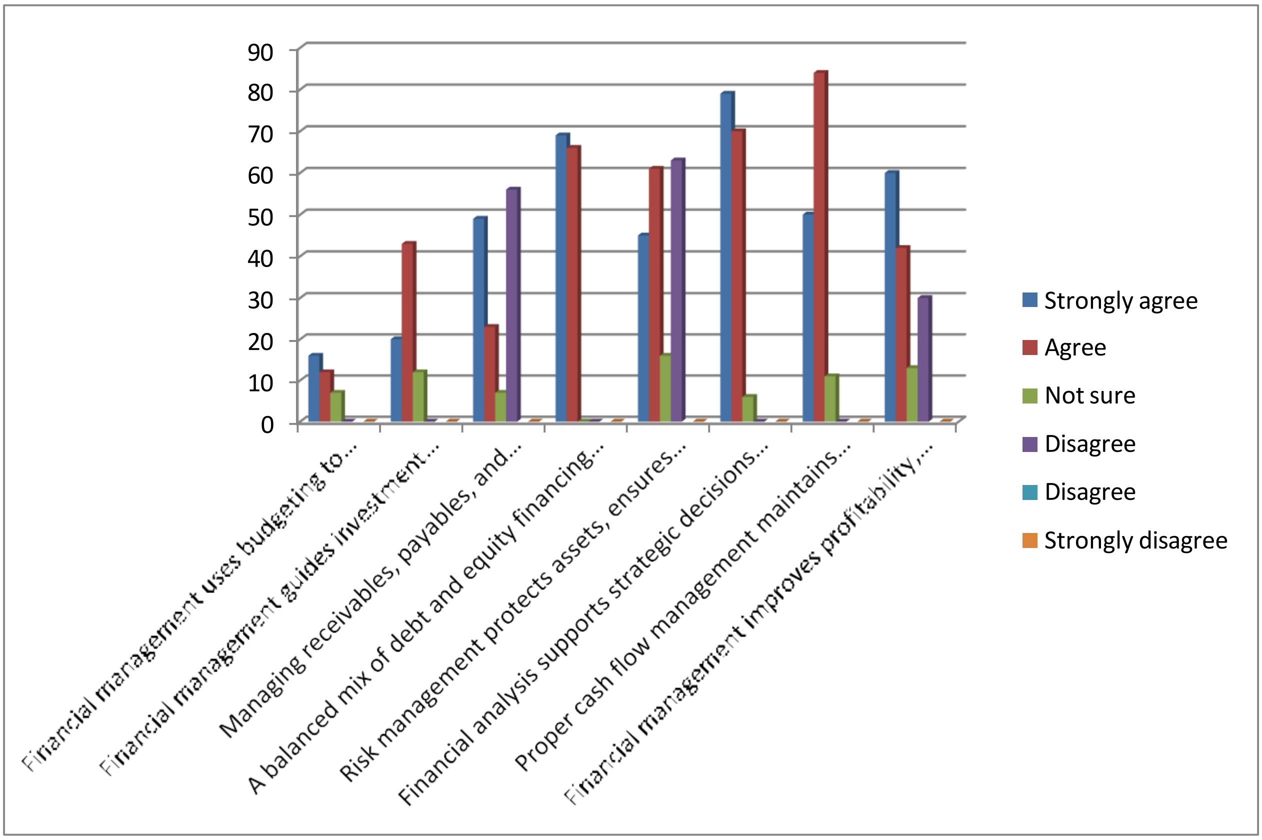
Relationship between financial management and financial performance of business organizations	SA		A		N		D		SD	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Financial management uses budgeting to reduce waste, optimize resources, and increase profits	29	44	30	46	6	10	-	-	-	-
Financial management guides investment decisions by evaluating risks, costs, and returns	40	62	14	22	11	16	-	-	-	-
Managing receivables, payables, and inventory improves liquidity and operational efficiency	20	30	22	34	13	20	10	16	-	-
A balanced mix of debt and equity financing enhances financial stability and shareholder value	39	60	26	40	-	-	-	-	-	-
Risk management protects assets, ensures continuity, and builds investor confidence	40	62	13	20	12	18	-	-	-	-

Financial analysis supports strategic decisions in pricing,	19	30	13	20	7	10	26	40	-	-
and expansion										
Proper cash flow management maintains liquidity and reduces reliance on borrowing	39	60	26	40	-	-	-	-	-	-
Financial management improves profitability, liquidity, and long-term sustainability	15	24	11	16	16	26	23	34	-	-

SA=Strongly Agree A=Agree N=Not sure D=Disagree SD=Strongly Disagreed

Source: Field data, 2025

Figure 3 showing the relationship between financial management and financial performance of business organizations



Source: Field data, 2025

Out of the answers, it was observed that 44% strongly agreed, 46% agreed, and 10% remained uncertain that budgeting is utilized to avoid wastage, make optimum use of resources, and achieve higher profitability. It indicates that the statement that budgeting is utilized to avoid wastage, make optimum use of resources, and achieve higher profits was approved by 90% of the takaifiers.

From the research finding as described in table 4.4 above, it was observed that 62% of the respondents strongly agreed that finance administration influences investment decision making to balance costs, risks, and returns to stimulate long-term growth, and 2% agreed and 16% did not know. It implies that 84% of the respondents agreed upon the statement that finance administration influences investment decision making to balance costs, risks, and returns to stimulate long-term growth.

From table 4.4 of the survey responses above, 30% of respondents strongly indicated that inventory, payable, and receivables controls increase liquidity and business efficiency. It thus indicates that 50% of respondents strongly subscribed to the fact that efficient inventory, payable, and receivables controls increase liquidity and business efficiency.

As per the report, there is agreement of 40% and strong agreement of 60% that a balanced combination of debt and equity finance enhances shareholder value and financial effectiveness. It shows that most respondents (100%) concurred that a balanced combination of debt and equity finance increases financial soundness and shareholder value.

The findings of the research, as shown in table 4.4 presented earlier, revealed that 20% of the respondents agreed and a remarkable 62% strongly agreed that risk management safeguards assets, gives continuity, and fosters investor confidence. This shows that 82% of the respondents concurred that the assertion that risk management constructs investor confidence, safeguards assets, and gives a guarantee of continuity.

Out of the research survey covered in table 4.4, it was identified that 30% strongly agreed, 20% agreed, 10% remained uncertain, and 40% disagreed that strategic prices, production, and growth decisions are aided by the analysis of finance. Therefore, a half of the respondents expressed that they agreed that strategic prices, output, and growth decisions are assisted by studies of finance.

According to the outcome of the research, there was agreement from 40% and strong agreement from 60% that effective cash flow management achieves liquidity and minimizes dependency towards borrowings. It also shows that the vast majority of the respondents (100%) are in agreement that effective cash flow management achieves liquidity and minimizes dependency towards borrowings.

From the responses to the survey as presented in table 4.4 above, 24% strongly agreed, 16% agreed, 26% were unsure, and 34% disagreed that financial management increases sustainability, profitability, and liquidity. It, therefore, implies that 42% of respondents agreed that financial management increases sustainability, liquidity, and profitability.

CHAPTER FIVE: DISCUSSION OF FINDINGS

5.0 Introduction

They are listed in this chapter in the order determined by the research aims.

5.1.1 Importance of budgeting to the financial performance of Kigezi Pride

The research findings provide evidence to back the body of work that budgeting is valuable in ensuring financial success. Nguyen (2024) makes the point that budgeting is a crucial financial tool that allows organizations to set sound objectives, estimate incomes and outlays, and make efficient resource allocation. This point of view has a basis in that there was a high degree of consensus (90%) among respondents that budgeting was valuable in planning objectives and enhancing decision-making, which indicates that budgeting as a whole is generally accepted as being central to planning and controlling finance.

In the same vein, Schubert and Kirsten (2021) point out that the practice of budgeting which is done through a disciplined manner results in a strong positive financial outcome as a very large percentage (82%) of the surveyed people agreed that abiding by the budget leads to elimination of wastage and maximum financial success. Looking through the literature, the budgeting process is found to be a very efficient way to synchronize different departments with the long term goals of a firm (Mbogo et al., 2021). Nevertheless, a large part of the respondents (40%) did not agree with this, while half did. This could be a possible area of concern that needs to be addressed maybe through better communication between departments or through the use of more appropriate budgeting techniques at Kigezi Pride Bakery. On the other hand, Okeke et al. (2024) place great emphasis on budgeting as a tool for risk management and financial forecasting and they state that all the respondents

(100%) agreed that an accurate budget enables a company to predict changes and manage its financial obligations efficiently. The overwhelming agreement on this topic signifies the role of budgeting in safeguarding against financial difficulties and maintaining flexibility. The results on the issue of employee participation, however, were not so straightforward. Just 42% of the respondents regarded employee participation in budgeting as a factor that increases both motivation and innovation while 60% either did not have a clear opinion or were against this view.

This difference with Dordunu (2023) who advocates for participative budgeting as a means of improving performance and morale might imply that the employees of the case study organization were not that much involved in the budgeting process thus losing an opportunity to enhance internal accountability and productivity.
The research concurred with Alsharari (2021), who recognized the necessity of budgeting in all areas of activity as the key to the planning, pricing, and service provision issues. The high level of agreement (90%) among the participants means that budgeting is deemed essential for both operational and strategic decision-making across the board. Not only did Matsoso et al. (2021) sound the alarm about the ineffective budgeting methods which bring about financial crises and inefficiency, but they also stated that 84% of the participants thought that unrealistic budgets cause extra expenditures and support the need for assessments that take place frequently which is the same concern as a belief that stresses the need for continuous budget monitoring and amending. Such monitoring and amending of budgets result in the spirit of cooperation and transparency between the different departments which is how Abbasov (2025) puts it. Although 50% of the respondents concurred, the low support, thus, may indicate that Kigezi Pride Bakery

may want to undertake something more towards cooperation and communication in the form of shared and clear budgeting procedures.

5.1.1 Influence of financial planning on financial performance of Kigezi Pride Bakery

The conducted research closely relates its findings to the literature dealing with financial planning's impact on financial performance of an organization. The biggest part of respondents (74%) was unanimous that planning of finance assures watersheds of funds for advancement and stability, sets the clear objectives, and evaluates the existing position financially. This backs Stühlinger's (2022) theory that financial planning is the pillar of good decision-making, which enables the companies to make wise resource allocations and, thus, reach the position of long-term stability. The overall agreement at Kigezi Pride Bakery indicates that financial planning is regarded as a crucial tool for the company's financial success planning. According to Schubert and Kirsten (2021), a financial plan that is properly prepared will allow businesses to make an accurate estimation of their income and expenses, which will result in higher budgetary discipline and less wasteful spending. This was the viewpoint of 72% of survey participants showing that the financial planning at Kigezi Pride Bakery is positively perceived as a means of reducing material loss and preventing budget overruns. Nonetheless, 18% vented their disagreement, which could be interpreted as a sign of either poor financial planning implementation that generates confusion or variegated application of planning across the different departments of the organization. Along with that, financial planning is a major contributing factor to financial performance when the management is deciding on the allocation of capital. According to Yogananda (2025), planning of finance provides organizations with a forecast of the investment's size, timing, and rate of return, all of which lead to enduring prosperity. Reflecting this perspective, 88% of the respondents showed, thus, a great deal of trust in the role of financial planning in capital allocation direction. Kigezi Pride Bakery is, therefore, very likely, through financial planning, capable of identifying and taking advantage of investment opportunities.

Among the respondents, 82% said that financial planning contributes to risk management and the establishment of the firm's contingency plans through forecasting and scenario planning. This confirms the conclusion of Amaravathi and Nandhini (2025), who point at the necessity of taking proactive measures against financial risks to ensure stability. Researchers have reached a unanimous agreement that through financial planning, a company can strategically prepare itself to withstand unforeseen problems like inflation or market fluctuations. Yet, merely 50% of the respondents maintained that financial planning ensures that the resources at the company's disposal are in line with the company's strategic goals. This can be viewed as a disagreement with Suwarno et al. (2023) who stated that project success is very much determined by financial plans being in sync with organizational goals, but not to such a wide extent as to be considered outright conflict. The lower degree of agreement at Kigezi Pride Bakery could be interpreted as an indication of difficulties faced in the process of transforming strategic dreams into financially backed projects, or even inefficient resource allocation procedures. A 100% agreement among all the parties involved was that financial planning is a criterion for measuring departmental accountability, transparency, and cooperation. Mohammed (2024) supports this by stating that finance is a common language that facilitates good communication between departments and accountability group. The universal agreement rests on the observation that the company possesses a strong financial literacy culture which might have a positive impact on overall performance. Out of those surveyed, only 42% thought that a detailed financial plan is necessary to attract outside finance and increase investor confidence. This comes as a surprise, especially considering Yoganandham's (2025) emphasis on the improvement of outside trust through well-structured financial plans. The lack of confidence among the respondents might indicate that the financial plans fall short in terms of being professionally done and deep enough for investors or that lack of proper communication is the reason for being unnoticed by the outside world. A company must work on these areas if it aims at obtaining outside funds for the purposes of its growth and innovative activities. To conclude, an overwhelming majority of 90% of the participants agreed that the setting of financial objectives and timelines promotes regular assessments of performance, fast corrective actions, and a growth-oriented atmosphere. The findings of Mwangi and Kamau (2022) support this as they stated that financial planning aids in continual organizational development and also helps in performance assessment. This overwhelming agreement at Kigezi Pride Bakery gives an indication that they have greatly enhanced their operational discipline and performance supervision through their financial planning.

5.1.2 Relationship between financial management and financial performance of business organizations.

The practice of budgeting as a financial management technique prevents an organization from being wasteful, forces it to utilize its resources in the best possible manner, and finally, to be more profitable. This view was expressed by as many as 90% of the respondents, thus supporting Schubert & Kirsten (2021), who claim that budgetary control leads to both cost reduction and improved efficiency in operations. The high unanimity of the Kigezi Pride Bakery respondents indicates that the budgeting process not only is applicable but also interprets correctly as an instrument for increasing the profits of the company. The strong support was also given to the function that financial management plays in directing investment choices, as 84% of respondents concurred that it aids in weighing expenses, risks, and anticipated returns in order to guarantee long-term prosperity. This is in line with Daniyal & Tukiran (2024), who stress that financial analysis-based investment choices foster competitive advantage and sustained growth. This probably indicates a conscious attempt to connect strategic financial forecasting with investment planning at Kigezi Pride Bakery, which improves the company's capacity to make well-informed, value-generating decisions.

Nevertheless, only 50% of the respondents in the survey were of the opinion that the efficient management of stock, payables and receivables results in better operational efficiency and liquidity in the case of working capital management. Although, this makes up half of the respondents, it is still a small percentage compared to the literature's stress on working capital. Proper working capital management, according to Mazanec (2022), is a must for maintaining daily liquidity and uninterrupted operations. The participants' mixed opinions could indicate either a lack of awareness or a disparate application of working capital techniques within the organization. On the contrary, the research found that the notion of a balanced capital structure improving financial stability and increasing shareholder value is unanimously accepted. This gives credence to Miglo's (2025) view that an ideal debt-to-equity ratio brings down financial risk while still yielding maximum returns. All the participants said that Kigezi Pride Bakery is probably managing its funding sources in a very proactive manner, thus, reducing borrowing costs, and securing long-term financial stability.

Risk management is seen as the main reason why 82% of respondents have confidence in investors, business continuity, and the safety of their assets. Rachmad (2025) considers that risk management is a major factor in the overall stability of finances. It seems that Kigezi Pride Bakery has not only understood but also taken the right proactive measures to reduce risk, thus, increasing its power to handle the fluctuation of the economy. The survey also provided insights into the extent that financial management supports strategic decision-making. Only half of the respondents agreed that financial analysis has an impact on pricing, manufacturing, and growth decisions. This is a rather low level of support compared to Shaheen (2023) who argued that financial insights should be used for forming strategies. Moreover, it indicates that Kigezi Pride Bakery either does not or inadequately uses financial analysis in operational decision making. The fact that all the respondents (100%) were in agreement as to the importance of cash flow management is very much in support of the argument by Kariuki & Njeru (2023) that good cash flow management is a major factor in the liquidity and reduce reliance on outside funding. There is no doubt that Kigezi Pride Bakery has very good cash flow management which enables the company to remain solvent and open to opportunities.

Nonetheless, the broad assertion that financial management improves profitability, liquidity, and sustainability in general received less than half of the support (42%). This unexpected result can be interpreted as indicating not only doubts regarding the all-encompassing impact of financial management but also possible imperfections in the manner financial strategies are applied or communicated throughout the organization. Moreover, it can imply that some techniques (like cash flow management or budgeting) are effective but have not yet been fully integrated into the overall financial transformation process.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

This chapter presents conclusions and recommendations drawn from an analysis of the findings and structured in relation to the objectives of the study.

6.1 Conclusion

6.1.1 Influence of budgeting on Kigezi Pride Bakery

Financial performance From the study findings on the influence of budgeting on Kigezi Pride Bakery's financial performance, budgeting assists in goal setting, income and expenditure estimation, and resource allocation, which prevents shortages and enhances decision-making. Budgeting helps one to be efficient and profitable by eliminating wastage, spotting areas of savings, and directing money where it is needed most. Correct budgeting leads to financial forecasting, which enables companies to be ready for economic shifts and debt management. Budgets also guarantee the assignment of responsibility to departments and their alignment with the long-term objectives in such a way that the whole organization is synchronized in its efforts. Involvement of employees in the budgeting process increases motivation, allows for innovative solutions within reasonable limits, and connects performance with financial goals. Budgeting is a key factor in many sectors, influencing prices, and services provided, resource allocation, and financial planning; unrealistic budgets lead to Moreover, the communication and the time-consuming process of the organization's efforts will be. Regular revisions and assessments are a must in order to keep the budgets realistic, which in turn will bring about openness among the departments, better communication, and collaboration, and will also unite the teams around the common goals.

6.1.2 Influence of financial planning on financial performance of Kigezi Pride Bakery

Financial planning aids budgeting with cost and revenue projections, promoting fiscal discipline, reducing wastages, and avoiding budget overrun; financial planning directs capital expenditures on when and how much to invest, assuring higher returns and sustainable growth; forecasting and scenario planning enable organizations to prepare in advance and develop contingency for financial risks, enhancing resilience and stability; financial planning assures that strategic objectives have backing of available resources, enhancing project success rate and operating efficiency; and financial planning enhances interdepartmental coordination, external credibility, individual responsibility through shared knowledge regarding finance, enhanced transparency, attracts funds and resources required for innovations, expansions, and competitiveness, and institutes goal setting and timeliness. Facilitates regular review, timely corrections, and a culture of improvement and accountability. Those were the results of the research on the impact of financial planning on the financial performance of Kigezi Pride Bakery.

6.1.3. Interrelation of financial administration of business organizations and their financial performance

The findings of the study linking financial management and business firms' financial performances were as follows: a balanced combination of debt and equity finance promotes financial health and shareholders' value; risk management protects assets, delivers sustainability, and teaches investor confidence; financial management guides investment decisions by evaluating risks, costs, and returns; and financial management employs budgeting in avoiding wastages, optimizing resources, and maximizing profits. Finance studies allow for expansion and pricing policies. Financial management improves profitability, liquidity, and long-term survival, and effective controls over cash flow preserve liquidity and prevent reliance on borrowing.

Recommendations

The researcher has made the following recommendations based on the study findings; the financial planning processes should be implemented in a systematic way by the organizations involved to set clear objectives and also to allocate resources properly for expansion as well as stability.

This is a very important factor in achieving growth at a steady rate because it enables the alignment of financial resources with the strategic objectives.

The management of bakery should always make use of financial projections as a means of improving budgeting processes, fostering fiscal discipline, and getting rid of budget overruns. Accurate projections are decisive in preventing financial crises and smooth running of operations.

The owners of the bakery should, as part of their financial planning, consider capital investment techniques for the present and long term to keep the business running and to boost profits in the same time.

Future profitability and increased competitiveness have been the result of such strategic investments.

Businesses should use scenario analysis and forecasting to foresee risks and increase resilience through efficient backup plans. This equips the company to deal with financial uncertainty in a proactive manner.

Measurable goals and deadlines should be incorporated by financial planners in order to facilitate ongoing performance evaluation and promote an accountable Culture. This increases organizational efficiency by ensuring quick reviews and improvements.

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APPENDIX I.

QUESTIONNAIRE

I, am Niwamanya Baram, a student of Bishop Barham University College Campus offering a degree in business administration. I am carrying out my research on "financial management and financial performance of business organizations, a case of Kigezi Pride Bakery in Kabale District". I kindly request you to provide the necessary information having chosen you to be one of the respondents to enable me complete my research successfully. This questionnaire is for academic purposes only and will be kept confidential.

SECTION A:

DEMOGRAPHIC DATA

You are kindly requested to tick your most appropriate option

1. Sex

(a). Female ☐

(b).Male ☐

2. Education level

(a) Primary ☐

(b). Secondary ☐

(c) University ☐

(d) Tertiary ☐

(e).Others specify………………………………………………

3. For how long have you been in the business?

a) Below one year
b) 1-2 ☐
c) 2-3 ☐
d) 3-4 ☐
e) 4-5 ☐
f) Above 5 years ☐

SECTION: B

5. Influence of budgeting on financial performance of Kigezi Pride Bakery

Please respond to the following statements on the scale provided Tick appropriately using SA- Strongly agree, A- Agree, N- Not sure, D- Disagree and SD- Strongly disagree the boxes that most closely fit your opinion

	Influence of budgeting on financial performance of Kigezi Pride Bakery	**SA**	**A**	**N**	**D**	**SD**
1	Budgeting helps organizations set goals, estimate income and expenses, and allocate resources wisely, preventing shortfalls and improving decision-making					
2	Sticking to a budget reduces waste, uncovers savings, and ensures funds go to key areas, boosting profitability and efficiency					
3	Budgets align departments with long-term goals and hold them accountable, ensuring coordinated efforts across the organization					
4	Accurate budgeting supports financial forecasting, helping organizations prepare for economic changes and manage debt effectively					

5	Employee involvement in budgeting increases motivation, promotes innovation within limits, and ties performance to financial goals					
6	Budgeting is vital in all sectors guiding resource use, pricing, service delivery, and financial planning					
7	Unrealistic budgets cause overspending and inefficiency, stressing the need for regular reviews and updates					
8	Budgeting enhances transparency, communication, and collaboration across departments, uniting teams around shared goals					

9. How does budgeting contribute to cost control and resource allocation at Kigezi Pride Bakery?

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10. In what ways does employee involvement in budgeting affect financial outcomes at Kigezi Pride Bakery?

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……

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6. Please respond to the following statements on the scale provided Tick appropriately using SA- Strongly agree, A- Agree, N- Not sure, D- Disagree and SD- Strongly disagree the boxes that most closely fit your opinion

(Please respond to the following statements by ticking where applicable to you)

	Influence of financial planning on financial performance of Kigezi Pride Bakery	**SA**	**A**	**N**	**D**	**SD**
1	Financial planning sets clear goals, assesses finances, and ensures efficient resource use for growth and stability					

2	Financial planning enables better budgeting by projecting revenues and expenses, promoting fiscal discipline, reducing waste, and avoiding budget overruns					
3	Financial planning guides capital investment by determining when and how much to invest, ensuring better returns and sustainable growth					
4	Forecasting and scenario analysis allow organizations to anticipate financial risks and build contingency plans, improving resilience and stability					
5	Financial planning ensures that strategic goals are supported by available resources, increasing project success rates and operational effectiveness					
6	Financial planning fosters collaboration across departments, enhances transparency, and encourages accountability through shared financial understanding					
7	A detailed financial plan improves external trust, attracting funding and capital needed for innovation, expansion, and competitiveness					
8	Setting targets and timelines allows for regular review, timely corrections, and a culture of accountability and improvement					

9. How does budgeting as a component of financial planning affect the profitability

of Kigezi Pride Bakery?

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………

10. To what extent does financial forecasting contribute to the financial stability of Kigezi Pride Bakery?

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………

7. Relationship between financial management and financial performance of business organizations

	Relationship between financial management and financial performance of business organizations	SA	A	N	D	SD
1	Financial management uses budgeting to reduce waste, optimize resources, and increase profits					
2	Financial management guides investment decisions by evaluating risks, costs, and returns for long-term growth					
3	Managing receivables, payables, and inventory improves liquidity and operational efficiency					
4	A balanced mix of debt and equity financing enhances financial stability and shareholder value					
5	Risk management protects assets, ensures continuity, and builds investor confidence					

6	Financial analysis supports strategic decisions in pricing, production, and expansion					
7	Proper cash flow management maintains liquidity and reduces reliance on borrowing					
8	Financial management improves profitability, liquidity, and long-term sustainability					

9. How does effective budgeting influence the financial performance of business organizations?

……

……………………………………………………………

…………………………………………………………………………………………………

10. To what extent does working capital management affect the profitability and liquidity of business organizations?

Thank you for your cooperation

APPENDIX II:

INTERVIEW GUIDE

1. What is the influence of budgeting on financial performance of Kigezi Pride Bakery?
2. How does budget preparation impact cost control at Kigezi Pride Bakery?
3. What role does budget monitoring play in enhancing financial decision-making at Kigezi Pride Bakery?
4. What is the influence of financial planning on financial performance of Kigezi Pride Bakery?
5. How does financial forecasting affect the bakery's ability to manage cash flow and expenses?
6. How does financial planning support long-term growth and investment decisions in the bakery?
7. What is the relationship between financial management and financial performance of business organizations?
8. How does effective working capital management influence profitability and liquidity in business organizations?
9. How does risk management contribute to the overall financial performance of business organizations?

Appendix III: Sample Size Determination Using Krejcie and Morgan Table.

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368

140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note;” N” is population size and “S” is sample size.

Source: Krejcie and Morgan, 1970.

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DEPARTMENT OF BUSINESS AND ADMINISTRATION

6th May 2025

Dear Sir/Madam,

RE: INTRODUCTORY LETTER FOR DATA COLLECTION

This is to introduce to you **NIWAMANYA BARAM** REG NO: **M23/BBUC/BBA/015** who is a student at Uganda Christian University, Bishop Barham University College. He/She is a finalist pursuing a Bachelor's Degree in Business Administration. It is a requirement of the University for students on this program to write a dissertation in partial fulfilment of the award for the degree. For this purpose, he/she is conducting research on the topic: **Financial Management and Financial Performance of Business Organizations. A Case Study of Kigezi Pride Bakery in Kabale District.**

The findings and analysis of this research will be treated confidentially and will not be used for any other purpose other than the partial fulfilment of the award of the above qualification.

Please accord him/her every possible assistance.

Thank you.

Yours faithfully,

HEAD OF BUSINESS ADMINISTRATION DEPT. B B U C

MS. PATIENCE NAJUNA

COORDINATOR,

BUSINESS & ADMINISTRATION

Tel. 0774166711 or pnajuna@ucu.ac.ug

KIGEZI PRIDE BAKERY

Date: 10/05/2025

KABALE DISTRICT

Permission granted

Manager 0759643400

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